

# Agenda Item 8

From CABINET held on 4 February 2020

Council Agenda Item 8 (Minute No 13)

## **PCC Budget and Council Tax 2020/21 and Medium Term Budget Forecast**

### **RECOMMENDED**

- 1 That the following be approved in respect of the Council's Budget:
  - 1) The revised Revenue Estimates for the financial year 2019/20 and the Revenue Estimates for the financial year 2020/21 as set out in the General Fund Summary (Appendix A)
  - 2) The Portfolio Cash Limits for the Revised Budget for 2019/20 and the Budget 2020/21 incorporating the savings amounts for each Portfolio and amounting to £2.5m as set out in Sections 7 and 11, respectively
  - 3) Any underspendings for 2019/20 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known and potential future commitments in future years such as Special Educational Need (SEN) School Places, Sea Defences (enhancements to core scheme), Environmental Improvements, Transport Improvements, Affordable Housing, City Wide Regeneration, Digital Infrastructure and the maintenance of the Council's Core Operational Assets, for which there is currently insufficient funding
  - 4) That the Council's share of the additional £1.0bn national allocation for Adults and Children's Social Care (but confirmed for 2020/21 only) and amounting to £3.9m is allocated as follows:
    - Adult Social Care (to meet the costs of the underlying budget deficit caused by increasing demographic pressures and to contribute towards the cost of the increase in the National Living Wage (6.2%) for care providers) - £1.0m
    - Children's Social Care (to meet the underlying budget deficit in Children's Social Care caused by the costs of rising numbers of Looked After Children) - £2.9m
  - 5) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves
  - 6) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
  - 7) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold<sup>1</sup> for 2020/21 announced by Government (as calculated in recommendation 4(d))
  - 8) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation 4(d)) to take advantage

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<sup>1</sup> Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,612,800 is passported direct to Adult Social Care

- 9) That a transfer from the MTRS Reserve of £5,978,000 be made in 2020/21 to fund Spend to Save and Spend to Avoid Costs schemes described in the Capital Programme 2019/20 to 2024/25 report considered elsewhere on this Agenda
- 10) That a transfer to the MTRS Reserve be made in 2020/21 for the sum of £3.5m in order to replenish the reserves to levels sufficient to be able to continue as a primary vehicle to generate future savings and enable cost avoidance
- 11) Managers be authorised to incur routine expenditure against the Cash Limits for 2020/21 as set out in Section 11
- 12) That the savings requirement for 2021/22 be set at a minimum on-going sum of £1.0m
- 13) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished
- 14) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 12 and that this be incorporated into Service Business Plans
- 15) The minimum level of General Reserves as at 31 March 2021 be maintained at £8.0m to reflect the known and expected budget and financial risks to the Council
- 16) Members have had regard for the Statement of the Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 15.

2 That the following be **noted** in respect of the Council's Budget:

- 1) The Revenue Estimates 2020/21 as set out in Appendix A have been prepared on the basis of a 2.0% tax increase for the "Social Care Precept" (amounting to £1,612,800) and that this is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the current underlying budget deficit, the cost of the new National Living Wage and demographic pressures arising from a "living longer" population
- 2) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider Health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 2.0% tax increase (amounting to £806,400 for each 1%) is not taken, then equivalent savings will need to be made in Adult Social Care in 2020/21
- 3) In general, any reduction to the proposed increase in the level of Council Tax for 2020/21 will require equivalent offsetting saving to be made in order for the Budget 2020/21 to be approved. Each 1% reduction requires additional savings of £806,400 to be made.

- 4) The indicative savings proposals set out in Appendix C which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in recommendation 1.2) above are robust and deliverable
- 5) The likely impact of savings as set out in Appendix C
- 6) That the responsibility of the City Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the City Council to approve any individual savings within those Portfolios / Committees
- 7) That it is the responsibility of the individual Portfolio Holders (not Full Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix C with alternative proposal(s) amounting to the same value within their Portfolio
- 8) Managers will commence the implementation of the approved savings required and any necessary consultation process or notice process
- 9) The Revenue Forecast for 2021/22 to 2023/24 as set out in Section 12 and Appendix B
- 10) The estimated Savings Requirement of £3.0m for the 3 year period 2021/22 to 2023/24, for financial and service planning purposes, be phased as follows:

<b>Financial Year</b>	<b>In Year Savings Requirement £m</b>	<b>Cumulative Saving £m</b>
2021/22	1.0	1.0
2022/23	1.0	2.0
2023/24	1.0	3.0

- 11) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Resources (S.151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in Paragraph 8.45
- 12) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £8.1m<sup>2</sup> and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
- 13) The Council's share of the Council Tax element of the Collection Fund surplus for 2019/20 is estimated to be £545,672
- 14) The Council's share of the Business Rate element of the Collection Fund surplus for 2019/20 is estimated to be £1,286,772
- 15) The Retained Business Rate income<sup>3</sup> for 2020/21 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2020, the

<sup>2</sup> Including the net transfers from the reserve of £2.478m contained with the recommendations of the Capital Programme 2019/20 to 2024/25 report elsewhere on this agenda

<sup>3</sup> Includes Retained Business Rates £41,679,307, "Top Up" £6,952,434, a surplus on the Collection Fund of £1,286,772 plus S.31 Grants of £5,473,326 for compensation due to national Government business rate relief initiatives

Non Domestic Rates poundage for 2020/21 and estimated rateable values for 2020/21 and has been determined at £55,391,749

- 3 That the S.151 Officer has determined that the Council Tax base for the financial year 2020/21 will be **57,735.2** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
- 4 That the following amounts be now calculated by the Council for the financial year 2020/21 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£478,744,767	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£394,890,163	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£83,854,604	Being the amount by which the aggregate at 4 (a) above exceeds the aggregate at 4 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,452.40	Being the amount at 4(c) above (Item R), all divided by Item 3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands (Portsmouth City Council)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
968.27	1,129.64	1,291.02	1,452.40	1,775.16	2,097.91	2,420.67	2,904.80

Being the amounts given by multiplying the amount at 4 (d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- 5 That it be noted that for the financial year 2020/21 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
140.97	164.47	187.96	211.46	258.45	305.44	352.43	422.92

- 6 That it be noted that for the financial year 2020/21 Hampshire Fire and Rescue Authority are recommended to approve the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
46.04	53.71	61.39	69.06	84.41	99.75	115.10	138.12

- 7 That having calculated the aggregate in each case of the amounts at 4(e), 5 and 6 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2020/21 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1,155.28	1,347.82	1,540.37	1,732.92	2,118.02	2,503.10	2,888.20	3,465.84

- 8 The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2020/21, which represents a 3.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act; and it be noted that:
- i) The 3.99% increase includes a 2.0% increase to support the delivery of Adult Social Care
  - ii) As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2020/21 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- 9 The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts

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# Agenda Item 9

From CABINET held on 4 February 2020

Council Agenda Item 9 (Minute No 14)

## Capital Programme 2019/20 to 2024/25

- 1 That the following be approved in respect of the Council's Capital Programme:
- 1) The Revised Capital Programme 2019/20 to 2024/25 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and rephrasing described in Sections 6 and 8 be approved
  - 2) The Section 151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
  - 3) That the Section 151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and also for any match funding requirements that may be required of the City Council in order to secure additional external capital funding (e.g. bids for funding from Government or the Solent Local Enterprise Partnership)
  - 4) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer, the following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2019/20 to 2024/25 and be financed from the available corporate capital resources:

<b>Recommended New Capital Schemes</b>	<b>Corporate Resources Required £</b>	<b>Total Scheme Value £</b>
<b>Community Safety</b>		
Redeployable CCTV Cameras	50,000	50,000
<b>Culture &amp; City Development</b>		
CCTV - Portsmouth Museum & Cumberland House	50,000	50,000
City Museum	195,000	195,000
Farlington Pavilion	170,000	240,000
Portsmouth Watersports Centre	90,000	90,000
Southsea Castle	100,000	100,000
Kings Theatre Regeneration	350,000	4,650,000
Bransbury Park Pavilion	150,000	150,000
Kings Theatre Landlord's Backlog Maintenance Obligations	300,000	300,000
Southsea Common & Town Centres Litter Management	50,000	50,000
New Eastney Swimming Pool - Feasibility / Outline Plan	100,000	100,000
<b>Education</b>		
School Places SEND - Phase 1 & Phase 2	2,000,000	4,768,000
<b>Environment &amp; Climate Change</b>		
Greening the City	100,000	100,000

<b>Recommended New Capital Schemes</b>		<b>Corporate Resources Required £</b>	<b>Total Scheme Value £</b>
	Anaerobic Digestion Plant	200,000	22,200,000
	Food Waste Collection (Recycling) - expand by a further round	221,000	221,000
	Southsea Sea Defences - Public Realm Enhancements Phase 1	200,000	200,000
<b>Health, Wellbeing &amp; Social Care</b>			
	Medina House Heating & Cooling System	110,000	110,000
<b>Housing</b>			
	Landlord's Maintenance - Repairs across the whole City Council Estate	2,140,000	2,140,000
	Transitional Accommodation for Homeless - Adaptations to General Fund Property	700,000	700,000
<b>Leader</b>			
	Electrification of Light Goods Vehicles	80,000	100,000
	Living Walls Phase 1	20,000	20,000
	Wind turbines at the Port	800,000	2,700,000
	The Camber Quay - Structural Investigations	50,000	50,000
	Shore to Ship Electric "Plug In" Facility (Feasibility / Design)	75,000	75,000
<b>Resources</b>			
	LAN Access Switches	528,000	528,000
	CISCO Data Centre Switches	60,000	60,000
	Replacement Servers & Storage	945,000	945,000
	Upgrade to Planet Press	650,000	650,000
	Checkpoint Internal Firewall	142,000	142,000
	Enterprise Voice (CISCO IPT)	630,000	630,000
<b>Traffic &amp; Transportation</b>			
	Local Transport Plan 3	835,000	835,000
	Air Quality Improvement	220,000	10,220,000
	Electric Vehicle Charging Infrastructure	76,000	306,000
	Local Cycling and Walking Investment Plan	100,000	100,000
	Continuous Improvements to Neighbourhood Living and Street Environment	100,000	240,000
	Cycle Parking Across the City	25,000	25,000
	One-way Streets and Low Traffic Neighbourhoods	120,000	120,000
	Full Business Case For Extension to Tipner Park & Ride Multi Storey Car Park	500,000	500,000
	Non-PFI Asset Management Register/Plan	100,000	100,000
<b>Total Recommended Sum To Be Approved</b>		<b>13,332,000</b>	<b>54,760,000</b>

- 5) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer the following schemes as described in Section 10 be funded from Prudential Borrowing up to the amounts shown



	<b>Total Prudential Borrowing £</b>
Anaerobic Digestion Plant	22,000,000
Port - Floating Dock Jetty Dredge	2,000,000
Wind turbines at Port	1,900,000
City Centre Co-working space	450,000
Kings Theatre Regeneration	3,000,000
Guildhall Regeneration	1,700,000
Acquisition of New Council Housing	1,700,000
Transitional Accommodation for Homeless (Adaptations to HRA Property)	800,000
Development of Cruise and Ferry Port	4,714,000
<b>Total Recommended Sum To Be Approved</b>	<b>38,264,000</b>

- 6) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer the following schemes as described in Section 11 be funded from the MTRS Reserve

<b>Scheme</b>	<b>Total MTRS Funding £</b>
Port - Floating Dock Jetty Dredge	1,000,000
City Centre Co-working space	450,000
Adaptions to Carers' Homes	1,000,000
Applications Upgrade linked to Software Modernisation	250,000
Office 365	820,000
Implementation of Northgate Citizen Access Suite	110,000
Migration to Azure (Cloud Servers)	2,348,000
<b>Total Recommended Sum To Be Approved</b>	<b>5,978,000</b>

- 7) The following Schemes as described in Section 13 be included within the "Reserve List" of Capital Schemes to be considered once additional capital resources are identified

<b>Future Priority Capital Schemes – Not in Priority Order</b>
Additional School Places - Primary & Secondary
Anti-Poverty Projects
Digital Strategy (incl. modernisation of Information Technology systems)
Landlord's Repairs and Maintenance
Local Transport Plan - Road safety and traffic improvement schemes
Local Football Facilities (Park Life)
Sea Defences
Berth 4 Replacement & Jetty Repairs at The Camber Quay
Cathodic Protection at the Hard
Design and Build of 2,000 Space Multi Storey Car Park at the Existing Park & Ride Site

- 8) The Prudential Indicators described in Section 14 and set out in revised Appendix 3 (as attached) be approved.

- 2 That the following be noted in respect of the Council's Capital Programme:
- 1) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7
  - 2) That Cabinet Members, in consultation with the Section 151 Officer, have authority to vary Capital Schemes and their associated funding within their Portfolio in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
  - 3) As outlined in Section 12 and Appendix 2 the release of £229,000 from the Culture & City Development Portfolio Reserve to fund the following schemes Canoe lake de-silting (£25,000); Parks & Open Spaces Boundary Protection Measures (£10,000); Burfields Road Barns - Demolition (£162,000), Hotwalls Paving Maintenance (£32,000)
  - 4) As outlined in Section 12 and Appendix 2 the release of £20,000 from the Leader (Port) Portfolio Reserve towards a £100,000 scheme for the Electrification of Light Goods Vehicles
  - 5) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Sections 8 and 14

PRUDENTIAL INDICATORS

Details of the Capital Programme are contained in Appendix 1

Ratio of Financing Costs to Net Revenue Stream							
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Non - HRA	10.3%	12.0%	16.3%	17.5%	16.4%	14.5%	12.7%
HRA	7.4%	7.4%	7.9%	8.4%	8.9%	9.2%	9.6%

Capital Financing Requirement							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Non - HRA	453,626	633,173	681,251	706,789	709,738	703,783	688,692
HRA	173,068	175,807	189,155	209,201	225,455	241,033	263,318

Authorised Limit for External Debt							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Borrowing	658,069	744,623	828,030	879,720	904,532	918,002	929,637
Other Long Term Liabilities (ie Credit Arrangements)	66,151	62,377	57,151	51,340	46,032	42,494	38,366
<b>Total</b>	<b>724,220</b>	<b>807,000</b>	<b>885,181</b>	<b>931,060</b>	<b>950,565</b>	<b>960,496</b>	<b>968,003</b>

Operational Boundary for External Debt							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Borrowing	640,093	714,623	813,255	864,649	889,160	902,322	913,644
Other Long Term Liabilities (ie Credit Arrangements)	66,151	62,377	57,151	51,340	46,032	42,494	38,366
<b>Total</b>	<b>706,244</b>	<b>777,000</b>	<b>870,406</b>	<b>915,990</b>	<b>935,193</b>	<b>944,816</b>	<b>952,010</b>

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# Agenda Item 10

From CABINET held on 4 February 2020

Council Agenda Item 10 (Minute No 12)

## **Treasury Management Mid-Year Review**

**RECOMMENDED to Council that:**

- (1) It be noted that there have been no breaches of the Treasury Management Policy 2019/20 in the period up to 30 September 2019.**
- (2) The actual Treasury Management indicators for September 2019 in Appendix A be noted.**

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