



NOTICE OF MEETING

CABINET

MONDAY, 8 FEBRUARY 2016 AT 1.00 PM

EXECUTIVE MEETING ROOM - THE GUILDHALL

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057
Email: joanne.wildsmith@portsmouthcc.gov.uk

Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs
Councillor Ken Ellcome
Councillor Lee Mason
Councillor Robert New

Councillor Linda Symes
Councillor Steve Wemyss
Councillor Neill Young

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meeting - 3 December 2015 (Pages 1 - 10)**

A copy of the record of the previous decisions taken at Cabinet on 3 December 2015 is attached.

RECOMMENDED that the record of decisions of the previous decisions taken at Cabinet on 3 December is approved as a correct record and signed by the Leader.

4 Council Tax Discounts (including Policy on Empty Dwellings) (Pages 11 - 20)

The purpose of the report by the Director of Community and Communication is to ask Council to approve changes to Portsmouth City Council's "Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings" for implementation on 1 April 2016 (attached as appendix 1).

RECOMMENDED

That Cabinet agree and recommend to Council

- (1) To continue the current policy of 0% council tax discounts on second homes**
- (2) To continue the current policy of giving 40% council tax discounts for 12 months for empty and unfurnished properties undergoing major repair**
- (3) To amend the first phase of the empty homes period to reduce the council tax discount from 100% to 0% with effect from 1 April 2016.**

5 Portsmouth City Council Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20 (Pages 21 - 80)

Purpose of Report

The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2016/17 and the associated level of Council Tax necessary to fund that Budget.

The report makes recommendations on the level of Council spending for 2016/17 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy in order to achieve its stated aim as follows:

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services

The recommended Budget for 2016/17 has been prepared on the basis of the decisions taken by the City Council on the 8th December 2015 relating to:

- The Council Tax proposals for the general increase as well as the additional flexibility to increase Council Tax for Adults Social Care Services
- The approved budget savings
- The transfer from the MTRS Reserve to increase the size of the Business Intervention Fund to increase the scale and pace of the programme of Service interventions

This report also provides a comprehensive revision of the Council's rolling 3

year financial forecast for the new period 2017/18 to 2019/20 (i.e. extending the forecast to 2019/20) considering both the future outlook for both spending and funding. In that context, wider recommendations are made regarding the levels of reserves to be maintained and additional contributions to the Capital Programme in order to meet the Council's aspirations for the City as well as maintaining the Council's overall financial strength.

In particular, this report sets out the following:

- (a) The challenging financial climate facing the City Council in 2016/17 and beyond and the consequential budget deficits that result
- (b) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings as approved in the report to Council in November 2013
- (c) A brief recap of the budget decisions taken by the City Council at its meeting of the 8th December 2015
- (d) The Revised Revenue Budget and Cash Limits for the current year
- (e) The Local Government Finance Settlement for 2016/17 to 2019/20
- (f) The Business Rate income for 2016/17 and future years
- (g) The Council Tax base and recommended Council Tax for 2016/17
- (h) The proposed Revenue Budget and Cash Limits for 2016/17
- (i) The forecast Revenue Budget, provisional Cash Limits and revised Savings Requirements for 2017/18, 2018/19 and 2019/20
- (j) Estimated Revenue Balances over the period 2015/16 to 2019/20
- (k) The Medium Term Resource Strategy (MTRS) Reserve, its financial position and proposed use to achieve cashable efficiencies
- (l) The forecast Collection Fund balance as at 31 March 2016 for both Council Tax and Business Rates
- (m) The Non Domestic Rates poundage for 2016/17
- (n) The statement of the Section 151 Officer on the robustness of the budget in compliance with the requirements of the Local Government Act 2003.

RECOMMENDED

That Cabinet agrees and recommends to Council that the recommendations in paragraphs 3.1-3.8 be approved.

6 Capital Programme 2015/16 to 2020/21 (Pages 81 - 150)

Purpose

The purpose of this report is to:

- Summarise the key features of the Capital Strategy approved by the City Council on 4th February 2009 and the revised Capital Investment Priorities of the City Council, approved by City Council on 24th January 2012
- Highlight the inter-relationship between the capital programme, the revenue budget and the Medium Term Financial Strategy
- Determine the corporate capital resources available including:
 - Adjustments for under and overspendings to the existing approved Capital Programme
 - Update the capital resources available for all new and changed grants, capital receipts, revenue contributions and other contributions
 - The identification of additional assets which the Administration wishes to declare surplus to requirements
- Seek approval of the overall Capital Programme and "new starts" (including the Housing Investment Capital Programme) for 2015/16 and future years in accordance with the Capital Strategy
- Describe and approve the Prudential Indicators arising from the revised Capital Programme 2015/16 to 2020/21
- Delegate authority to the S.151 Officer to alter the mix of capital funding to make best use of City Council resources

RECOMMENDED

That Cabinet agrees and recommends to Council that the recommendations set out in paragraphs 3.1 and 3.2 of the report be approved

7 Special Educational Needs and Disabilities (SEND) Implementation Grant (New Burdens) 2016-17 allocation (Supplementary Item) (Pages 151 - 154)

A supplementary item has been added to the agenda with the agreement of the Leader of the Council; the report by the Director of Children's Services was not available at the time of publication of the main agenda as this was dependent upon confirmation of the grant, which was only made on 29 January 2016. The reason for urgency is the need to confirm staff in post following the announcement of the SEND Implementation Grant for 2016-17.

The purpose of the report is to seek agreement to allocate the Special Educational Needs Implementation Grant for 2016-17.

This funding will be used to continue to fund the additional staff who have been recruited to carry out the transfer of existing statements and learning disability assessments to education health and care plans, as specified in the new special educational needs and disabilities legislation.

The funding allocated to Portsmouth for 2016-17 is £131,559. This has been allocated as an un-ring fenced grant and so Cabinet approval is required in order to allocate this grant to the education directorate to support continued implementation of the SEND reforms.

RECOMMENDED that the Cabinet:

- (1) Approve the full allocation of the Special Educational Needs Implementation Grant of £131,559 in 2016-17.**
- (2) Approve the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful transfer of existing statements and learning disability assessments to education health and care plans.**

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

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Agenda Item 3

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 3 December 2015 at 1.00 pm at the Guildhall, Portsmouth

Present

Councillor Donna Jones (in the Chair)

Councillors Ken Ellcome
Lee Mason
Robert New
Linda Symes
Steve Wemyss
Neill Young

69. Apologies for Absence (AI 1)

Apologies for absence were received from Councillor Luke Stubbs who was at a Health & Social Care conference in West Sussex.

70. Declarations of Interests (AI 2)

Councillor Wemyss made a declaration in that he lived in close proximity to Skye Close when it was mentioned during the discussions on the budget savings proposals.

71. Record of Previous Decision Meeting - 5 November 2015 (AI 3)

DECISION

That the record of decisions taken at the Cabinet meeting of 5 November 2015 be agreed as a correct record and signed by the Leader.

72. Still Human, Still Here (information item) (AI 4)

David Williams, the Chief Executive, presented the report which was in response to a previous notice of motion passed at full council. The report described the campaign, membership and issues for the city. The Leader thanked the officers for the detailed report and felt this was a worthy cause. It was noted that many of the functions related to Home Office powers for dealing with granting of asylum. A campaign had been set up to lobby the government regarding the accompanying financial burdens. Councillor Young as Cabinet Member for Children & Education had concerns regarding the unaccompanied children seeking asylum and the independent fostering agencies charging more for the services and he hoped the campaign may help the city council with these concerns.

This report was noted.

73. Process for Community Infrastructure Levy (CIL) Neighbourhood Proportion Spend (AI 5)

Claire Upton-Brown presented the report by the Director of Culture & City Development which aimed to put in place a less cumbersome process to spend CIL than the original procedure introduced in 2013. The Leader welcomed this and wished to add an additional recommendation (c) regarding the DCLG regulations for neighbourhood contributions to enable spend across ward boundaries where it was appropriate to do so.

DECISIONS: the Cabinet agreed the revised process for agreeing the spending of the neighbourhood proportion of the levy, as set out in section 4 of this report. That is:

- a) To delegate the function of decisions as to the expenditure of CIL to the Assistant Director of Culture & City Development in consultation with the S.151 Officer;**
- b) To adopt the procedure referred to in section 4 of the report;**
- c) Cabinet noted that DCLG regulations require that neighbourhood contributions from the biggest schemes are not pooled on a city wide basis in areas with adopted Neighbourhood Plans and therefore Cabinet will in general not look to allocate pooled Neighbourhood Proportion funds to schemes in such areas.**

74. Property Investment Strategy (AI 6)

Tom Southall presented the report by the Director of Housing & Property, seeking further funds for this property investment, which would be forwarded to council for approval as this altered the corporate capital programme. Councillor Donna Jones as Leader was very supportive of this and felt that in response to the Chancellor's autumn statement the removal of the local government grant formula there was a need to look for high yields through rents. She wished to stress that in response to the misconception in recent publicity this was to do with borrowing for investment and an income for the city council and it was not a capital spend that could be used for alternative projects such as the Northern Quarter. If there was a good proposition available in the Portsmouth area this would be considered as well as those outside of the area.

RECOMMENDED City Council that:

- i) The Director of Finance & S151 Officer be authorised to amend the Corporate Capital Programme, Property Investment Fund by adding an additional £20m financed from Prudential borrowing in 2015/16, to acquire additional investment property.**
- ii) That any unutilised borrowing ability within the Property Investment Fund in 2015/16 be automatically carried forward into 2016/17.**

75. Budget & Performance Monitoring Report Quarter 2 to end September 2015 (AI 7)

A deputation was made by Councillor Gerald Vernon-Jackson, Leader of the Opposition, who was worried by this report with a projected overspend of almost £6 million. He had reviewed the previous monitoring reports within the 11 years of Liberal Democrat administration and he stated that there had been underspends in ten of these years. He therefore questioned the financial competence of the present administration and felt that the other budget reports (on this agenda) showed that there were cuts that would affect the most vulnerable.

Chris Ward, the Director of Financial Services and Section 151 Officer introduced his report which at this stage showed a forecast overspend of £3.2 million with the main areas of Children & Education £2.3 million and Health & Social Care £2.2 million but there were offset savings due to the Ferry Port income and changes in the way debt was funded which brought this down to £3.2 million.

RECOMMENDED to Council that:

- (i) The forecast outturn position for 2015/16 be noted:**
 - (a) An overspend of £2,695,900 before further forecast transfers from/(to) Portfolio Specific Reserves**
 - (b) An overspend of £3,123,300 after further forecast transfers from/(to) Portfolio Specific Reserves.**
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2016/17 Cash Limit.**
- (iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2016/17 Portfolio cash limit will be managed to avoid further overspending during 2016/17.**

76. Proposals to meet the underlying budget deficit of the Health & Social Care portfolio (AI 8)

Chris Ward, the Director of Financial Services and Section 151 Officer, reported on these two big areas of overspend which were projected to fall within their cash limit over this year and the next financial year. For Health & Social Care it was £2.4 million deficit but there had been progress on this, so £2.2 million was now forecasted and the proposals aimed for a further improvement to the situation to eliminate the deficit by the end of the financial year.

DECISIONS:

(1) The following was approved:

- (i) That the proposed savings as set out in Appendix A for the Health and Social Care Portfolio amounting, in total, to £2.4m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.**
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.**

(2) the following was noted:

- (i) The savings proposals set out in Appendix A are indicative 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 A with alternative proposal(s) amounting to the same value within their Portfolio.**
- (ii) The likely impact of savings as set out in Appendix A of the report.**

77. Proposals to meet the underling budget deficit of the Children & Education portfolio (AI 9)

Chris Ward, the Director of Financial Services and Section 151 Officer, reported that the Children & Education portfolio had started with a £7.2 million deficit. This was now forecast at £2.3 million which had made progress to be £1.8 million and this would be remedied further to eliminate the deficit by the end of the financial year.

DECISIONS:

(1) the following was approved:

- (i) That the proposed savings as set out in Appendix A for the Children and Education Portfolio amounting, in total, to £2.7m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.**
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.**

(2) the following was noted:

- (i) **The savings proposals set out in Appendix A are indicative 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 A with alternative proposal(s) amounting to the same value within their Portfolio.**
- (ii) **The likely impact of savings as set out in Appendix A of the report.**

78. Portsmouth City Council Revenue Budget - Savings Proposals (AI 10)

The Director of Financial Services and Section 151 Officer presented the report which would be taken to council the following week that set out the way to prepare for the February budget for £11 million of savings with a total of £31 million over three years. This was predicated on a 2% Council Tax increase. There was also the new burden relating to the national living wage, which was a cost pressure largely in Adult Social Care amounting to approximately £1.5 million. The government would allow an increase in council tax of a further 2% which could be used for the cost pressures for Adult Social Care. There was a proposed extra £0.5m released from the Spend to Save for business interventions.

A deputation was then made by Councillor Gerald Vernon-Jackson as Leader of the Opposition to express his concern regarding the in-year savings and cuts to the services such as Children's Services and he felt these were based on unrealistic expectations such as fewer children being taken into care. He also felt there was choice being taken away from clients in Adult Social Care. His concerns also related to the cuts to domestic violence, school crossing patrols, children's dental care, community centres, hate crime, town centre management and that union workers support being lessened which he felt was undeliverable and a cost shunt.

Councillor Lynne Stagg then made a deputation expressing her concern regarding the cuts to domestic violence and public health (alcohol abuse) and she felt these would cause knock-on effects on other services.

In response, Councillor Jones, as Leader stated that looking at the combined budget reports in relation to Children's Services budget this had been overspent in eight out of the ten years under the previous administration and they had used money from reserves previously put aside by the Conservative administration. There had also been an inheritance of a £3.8 million deficit for 2014/15 that had already been reduced to £2.2 million with further savings outlined. She therefore thanked Councillor Young and the officers in halving the deficit in a 12 month period. There had also been a shortfall of £1.5 million for Health & Social Care under the previous Administration which would be funded by a one-off reserve and measures were now in place to seek remedy of the previous deficit and there were the further implications of the national living wage to be factored in.

The Leader stated that the Children's Centres were not going to be cut but they would be less running of buildings but more people running services at new satellite centres in the communities. She was pleased that new director Alison Jeffery was joining in January who would look at the numbers of children coming into local authority care. There were plans to redesign the adult respite care service and she was pleased with the close integration with the CCG. Cllr Jones, Cllr Stubbs and the Chief Executive were working closely with the CCG and Ursula Ward of the NHS Hospitals Trust to look at a rejuvenation of Adult Social Care services.

Councillor Jones was disappointed by the recent publicity regarding school crossing patrols and the contact made by Councillor Vernon-Jackson with the headteachers as the appropriate consultation will be started after a decision is made. With regard to libraries the approach was being taken in asking a partner organisation to run one of the libraries and it was not a matter of closing a library. There was also the opportunity to ask the Police Commissioner for funding towards domestic violence as the Chancellor had maintained the police budget so Councillor Rob New would be making this approach. Councillor Jones had had a useful meeting at the Staff Joint Meeting with the unions and stressed that staff would continue to be supported. There would be efficiencies regarding reducing the three different providers to two for alcohol and drug treatment.

Councillor Young, as Cabinet Member for Children & Education emphasised that these the pressures on services were shared nationally and these needed to be addressed in a controlled and measured way. He would looking to see how to reduce costs and was working with providers on 'Positive Activities'. He stressed that with the aspirational reduction in the numbers of looked after children whilst ensuring a supportive and safe environment, working with the families, with children being taken into care as a last resort.

Councillor Rob New as Cabinet Member for Environment & Community Safety shared others concerns regarding the reduction to the domestic violence budget of £230,000 in non-statutory services, but was seeking government funding to help with this and looking at redesigning the domestic abuse service and was grateful for the positive input from the Safer Portsmouth Partnership. He reported on the creation of a cross-Hampshire task force to ask the government for assistance. He also thanked Penny Mordaunt MP and the cross-party strategy with his opposition spokespersons on the provision of drop-in surgeries which they had become involved in. Councillor Donna Jones was also grateful to Penny Mordaunt MP for arranging a funding seminar for managers (taking place the following week) regarding government grants available in non-statutory services.

Councillor Linda Symes, as Cabinet Member for Culture, Leisure & Sport was grateful to those who were offering their time to help in the libraries and museums and said that there was no truth in the rumour that the City Museum was planning to be sold off. She was pleased that there had been innovation in seeking funding from sponsorship on the Emirates Spinnaker Tower. Councillor Wemyss, Cabinet Member for Housing felt that the Liberal Democrats should suggest alternatives rather than make criticisms and invited

a constructive approach and this was reiterated by Councillor Ellcome. Councillor Donna Jones, as Leader wished to stress that the budget included a third of the items as income generation rather than cuts.

RECOMMENDED (1) that the following be approved:

- (a) That the Council's Budget for 2016/17 be prepared on the basis of a 2% Council Tax increase**
- (b) That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for those otherwise unfunded cost pressures.**
- (c) The savings proposals for each Portfolio amounting, in total, to £11m for 2016/17 and continuing into future years as set out in Appendix A to enable appropriate consultation and notice periods to be given to affected parties**
- (d) That £500,000 be released from the MTRS Reserve to increase the Business Intervention Fund in order to increase the scale and pace of the programme of Service interventions described in paragraphs 10.17 and the funding to be used flexibly across years**
- (e) That the allocation of the Business Intervention Fund to Service interventions be delegated to the S151 Officer in consultation with the Leader of the Council.**

(2) that the following be noted:

- (a) The Budget Savings Requirement for 2016/17 of £11m approved by the City Council was based on a Council Tax increase of 2.0%; each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £625,000¹**
- (b) The key themes arising from the budget consultation**
- (c) The indicative savings proposals set out in Appendix B which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in paragraph (1)(c) above are robust and deliverable**
- (d) The likely impact of savings as set out in Appendix B based on the scale of the Portfolio savings as recommended in paragraph (1)(c)**
- (e) That the responsibility of the City Council is to approve the overall Budget and the associated cash limits of its Portfolios and**

¹ Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

Committees; it is not the responsibility of the City Council to approve any individual savings within those Portfolios / Committees

- (f) That it is the responsibility of the individual Portfolio Holders (not the City 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 B with alternative proposal(s) amounting to the same value within their Portfolio**
- (g) Managers will commence any necessary consultation process or notice process necessary to implement the approved Portfolio / Committee savings**
- (h) That there is no general provision for Budget Pressures and that it is the responsibility of the Portfolio Holder to manage any Budget Pressures which arise from the overall resources available to the Portfolio (which includes their Portfolio Reserve)**
- (i) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Information Services (S151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in paragraph 10.14**
- (j) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies currently holds a very modest uncommitted balance of £3.0m and will only be replenished from an approval to the transfer of any non-Portfolio underspends at year end into this reserve.**

79. Exclusion of Press and Public (AI 11)

DECISION:

That under the provisions of section 100A of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from consideration of the following item on the grounds that the report contains information that was defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972 relating to the exempt appendices of the report on the Sports and Leisure Centres Strategic Contract Review.

80. Sports and Leisure Centres Strategic Contract Review (AI 12)

(TAKE IN REPORT BY THE DIRECTOR OF CULTURE & CITY DEVELOPMENT WITH EXEMPT APPENDICES)

The report was presented by David Evans who was accompanied by James Fitzgerald who answered members' questions within the exempt session and explained the background to the review, its findings and proposed savings.

DECISIONS:

- (1) That the Cabinet approved the re-procurement option for the Mountbatten Centre Contract and other Leisure Management Contracts for the provision of these facilities.**
- (2) That the City Solicitor, the Director of Finance and Information Services (Section 151 Officer) in consultation with the Cabinet Member for Culture, Leisure and Sport have delegated authority to conclude all necessary actions to implement the decision.**

The meeting concluded at 2.25 pm.

.....
Councillor Donna Jones
Leader of the Council

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Title and date of meetings:	Cabinet - 8 February 2016 Council - 9 February 2016
Subject:	Council Tax Discounts
Report by:	Director of Community and Communication
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Purpose of report

The purpose of this report is to ask Council to approve changes to Portsmouth City Council's "Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings" for implementation on 1 April 2016 attached as appendix 1.

2. Recommendations

That Cabinet agree and recommend to Council

- (1) To continue the current policy of 0% council tax discounts on second homes**
- (2) To continue the current policy of giving 40% council tax discounts for 12 months for empty and unfurnished properties undergoing major repair**
- (3) To amend the first phase of the empty homes period to reduce the council tax discount from 100% to 0% with effect from 1 April 2016.**

3. Background

The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 allowing local discretion over the implementation of certain discounts and charges applied within the Council Tax regime.

The Council's current policy has been effective since 1 April 2013, and the purpose of this report is to recommend a change in relation to the part of this policy regarding the first phase of a property being empty.

Currently a 100% discount is available for up to 1 month, however experience of administering this policy suggests reducing the discount to 0% will reduce collection

administration costs by reducing the level of disputes between tenants and landlords in relation to which party should attract the discount. In addition the reduction in this discount may provide an incentive of maintaining the property as occupied.

It is proposed that Portsmouth City Council amends the current policy relating to second homes, long term empty properties and determining discounts for certain dwellings as set out in 4 below for the reasons given in that section.

4. Reasons for recommendations

Properties that are empty and unfurnished 0% discount (Change from current 100% discount for one month)

The reasoning behind the change is:

- Reducing the discount from 100% to 0% on empty and unfurnished properties will provide some incentive to keep the property occupied.
- The current scheme encourages disputes between tenants and property owners regarding vacation dates and which party is eligible to the current 100% discount.

In essence unless an empty and unfurnished property is undergoing major repair, there will be no discount available

Properties that are empty and unfurnished and undergoing major repair 40% discount for 12 months - no change

- Continuing to provide for a 12 month discount whilst a property is undergoing long term repair etc. provides some incentive to return properties to habitable use.

Long term empty properties 50% premium - no change

Long-term empty homes are properties that have been empty for longer than 2 years.

Portsmouth levies a premium of 50% on top of the full Council Tax charge on these properties. It is proposed that this premium charge continues unchanged.

- The purpose of applying a premium is to encourage owners to bring empty properties back into use.

5. Equality impact assessment

These recommendations do not have any negative impacts on any of the protected characteristics as described by the Equality Act 2010. The people that receive the council tax reductions are social, private landlords or second property owners; this will not disproportionately impact negatively on any of the equality groups. As this

will not have any adverse impacts a preliminary equality assessment has not been completed.

6. Legal implications

The Local Government Finance Act 1992, section 11A, and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 provide the power, and prescribe the various classes of dwellings to which that power applies in relation to the recommendation.

Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, Cabinet is empowered to make this decision.

7. Director of Finance's comments

The value of new income arising from this proposal is difficult to quantify. However, the approved budget savings for 2016/17 include a provision for additional income of £100,000 as a consequence of the review of exemptions, discounts and late notifications

.....
 Signed by:

Appendices: Appendix 1 - Portsmouth City Council - Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings.

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Local Government Finance Act 2012	
Local Government Finance Act 1992	
Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012	
Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003	
Council Tax (Exempt Dwellings) Order 1992	

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**Portsmouth City Council
Council Tax**

**Policy for Second Homes, Long Term Empty
Properties and determining discounts for certain
dwellings.**

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Introduction

The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 allowing local discretion over the implementation of certain discounts and charges applied within the Council Tax regime.

The following policy details the approach to be taken by Portsmouth City Council with effect from 1st April 2016.

Second Homes - Policy effective from 1st April 2014 to remain unchanged

The City Council under this policy will make a charge for second homes of 100% (a discount of 0%). This is the level charged from 1st April 2014.

In the following cases a charge of 50% will apply (rather than the 100%) as required by legislation;

- Dwellings which are furnished but unoccupied because the owner is liable to a Council Tax elsewhere in job-related accommodation;
- Empty but furnished dwellings of service personnel resident in accommodation provided by the Ministry of Defence;
- If the dwelling is a caravan or houseboat;
- Clergy who are required to live in accommodation provided by their employer to perform the duties of their office.

The legislation outlining the above is the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012. The regulations require the authority to determine the classes under which a discount will be granted. For the purposes of this policy the classes and discounts to be granted by the City Council from 1st April 2014 are as follows;

Class	Descriptions	Discount
A	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is restricted by the planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year.	0%
B	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is not restricted by the planning condition preventing occupancy for continuous period of at least 28 days in the relevant year	0%

Empty Homes - Policy effective from 1st April 2016

For Council Tax purposes, the revised legislation determines that the charge for empty dwellings will follow three phases namely;

First Phase: a period during which a dwelling will attract the discount of between 0% and 100% determined by the local authority (as a result of the measures outlined within the Local Government Finance Act 2012). If the dwelling remains empty and substantially unfurnished, this period will last up to 6¹ months as determined by the authority (12 months if the dwelling in addition to being unoccupied and substantially unfurnished is undergoing major repairs²);

Second Phase: a period during which the discount attracted will be between 0% and 50%. The rules for this phase are based on the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012. During this phase the authority can determine (in accordance with Class C of the regulations) the level of discount between 0% and 50%. The second phase will last indefinitely unless the local authority has made a determination implementing the empty homes premium.

Third Phase: an indefinite period starting when the dwelling has been empty for two years. In this phase, the liability will be up to 150% of the council tax, which would be payable if the dwelling were occupied, and the single person discount did not apply. The level of this additional premium can be between 0% and 50%³ depending on the decision of the local authority.

The City Council has resolved that the following will apply from 1st April 2016:

Where a dwelling is unoccupied and substantially unfurnished

If a dwelling becomes unoccupied and substantially unfurnished the City Council will apply a discount of 0%, requiring the full council tax charge to be payable.

Where a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable

- (a) If a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable, a discount of 40% will be granted for any period up to one year so long as it remains so;
- (b) If a dwelling in (a) above remains unoccupied and substantially unfurnished for a period of greater than one year, 0% discount will be given after the end of that year.

¹ This replaces Class C of the Council Tax (Exempt Dwellings) Order 1992

² This replaces Class A of the Council Tax (Exempt Dwellings) Order 1992

³ Section 11b of the Local Government Finance Act 1992, inserted by the Local Government Finance Act 2012

Where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more

- (a) Where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more, the City Council has resolved to charge an empty homes premium of 50% in addition to the full Council Tax charge, as allowed within Section 11b of the Local Government Finance Act 1992, inserted by the Local Government Finance Act 2012.

Publication of the changes

The City Council, in accordance with the legislation, will publish the changes to the Council Tax regime within 21 days of making such a resolution.

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Agenda Item 5



Portsmouth
CITY COUNCIL

Agenda item:

Decision maker:	City Council
Subject:	Portsmouth City Council - Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20
Date of decision:	8 February 2016 (Cabinet) 9 February 2016 (City Council)
Report by:	Director of Finance & Information Services (Section 151 Officer)
Wards affected:	All
Key decision:	Yes
Budget & policy framework decision:	Yes

1. Executive Summary

- 1.1 The proposals within this report recommend a Budget for 2016/17 that provides for £11m of savings, a Council Tax increase of 3.99% (2% of which is raised specifically to be passported to Adult Social Care) and forecasts that the 3 year period beyond 2016/17 will require a further £24m in savings.
- 1.2 These proposals are made in the context of an improving economy but where the public finances of the country still need to be repaired and, as a consequence, severe funding reductions to Local Government will continue to 2020. In parallel, the largest parts of Local Government services (such as Adult Social Care and Children's Social Care) face continued and significant cost pressures.
- 1.3 Over the last 5 years, the City Council has experienced Government funding reductions of £59m (representing a 38% reduction in funding). When combined with the need to meet unavoidable cost pressures, the City Council has had to make savings of £75m through efficiencies and service reductions. Over that period, a £75m represents 38%¹ of the Council's controllable budget.
- 1.4 On 17 December 2015, the provisional Local Government Settlement for the next 4 years was announced, with the final settlement due in early February 2016. For

¹ Controllable spending in 2010/11 is estimated at £200m

2016/17 the settlement amounts to £94.7m representing an £11.2m (or 10.5%) reduction in cash terms. In real terms² this represents a reduction of over 13.1%.

- 1.5 Funding from Government for the whole 4 year period 2016/17 to 2019/20 is set to reduce by £23.5m from £106m to £82.5m, representing a reduction in Government funding of 22.1% and phased as follows:
- 2016/17 - £11.2m (10.5%)
 - 2017/18 - £7.5m (7.1%)
 - 2018/19 - £2.8m (2.6%)
 - 2019/20 - £2.0m (1.9%)
- 1.6 For the whole period of austerity (2011/12 to 2019/20) total funding reductions will be £82.5m or 41% of total controllable spending³.
- 1.7 This 4 year settlement⁴ is an "an offer" by Government to any Council that wishes to take it up but will be conditional on Councils publishing an Efficiency Plan, the detail of which has yet to be published. It is understood that Councils do not need to make a decision on the "offer" at this stage.
- 1.8 Government have recognised that there are significant cost pressures facing Adult Social Care and whilst Local Government will still be subject to further funding reductions of 22.1%, they have offered the flexibility to increase Council Tax by an additional 2% each year for each of the next 4 years to offset some of those pressures, in particular the new National Living Wage. The proviso being that the amount of Council Tax amounting to £1.25m yielded from this 2%, and known as the "Social Care Precept", must be spent on Adult Social Care.
- 1.9 Separate from the ability to increase Council Tax for the "Social Care Precept", Government have announced that the general allowable threshold for a Council Tax increase in 2016/17 will be 2%, any increase for general purposes beyond this will be the subject of a "yes" vote in a local referendum.
- 1.10 Even with 4% per annum increases in Council Tax for the next 4 years (amounting to circa £2.5m per annum); the Council's Budget Deficit, and therefore Savings Requirements will still amount to £11m for 2016/17 and a further £24m for the period 2017/18 to 2019/20.
- 1.11 Despite funding reductions and cost pressures and the need to protect core services to residents, the Council still has an important role in stimulating the local economy.
- 1.12 The Council has the opportunity through its capital programme and borrowing powers to invest in both the regeneration of the City (to raise prosperity generally as well as improving the Council's financial position) and cost reduction schemes for the Council itself. There are significant proposals within this report to supplement the capital resources available for investment, including the transfer of £1.5m from underspendings in 2015/16 as well as any further underspending that arise at year end. This recognises that capital investment needs and aspirations significantly

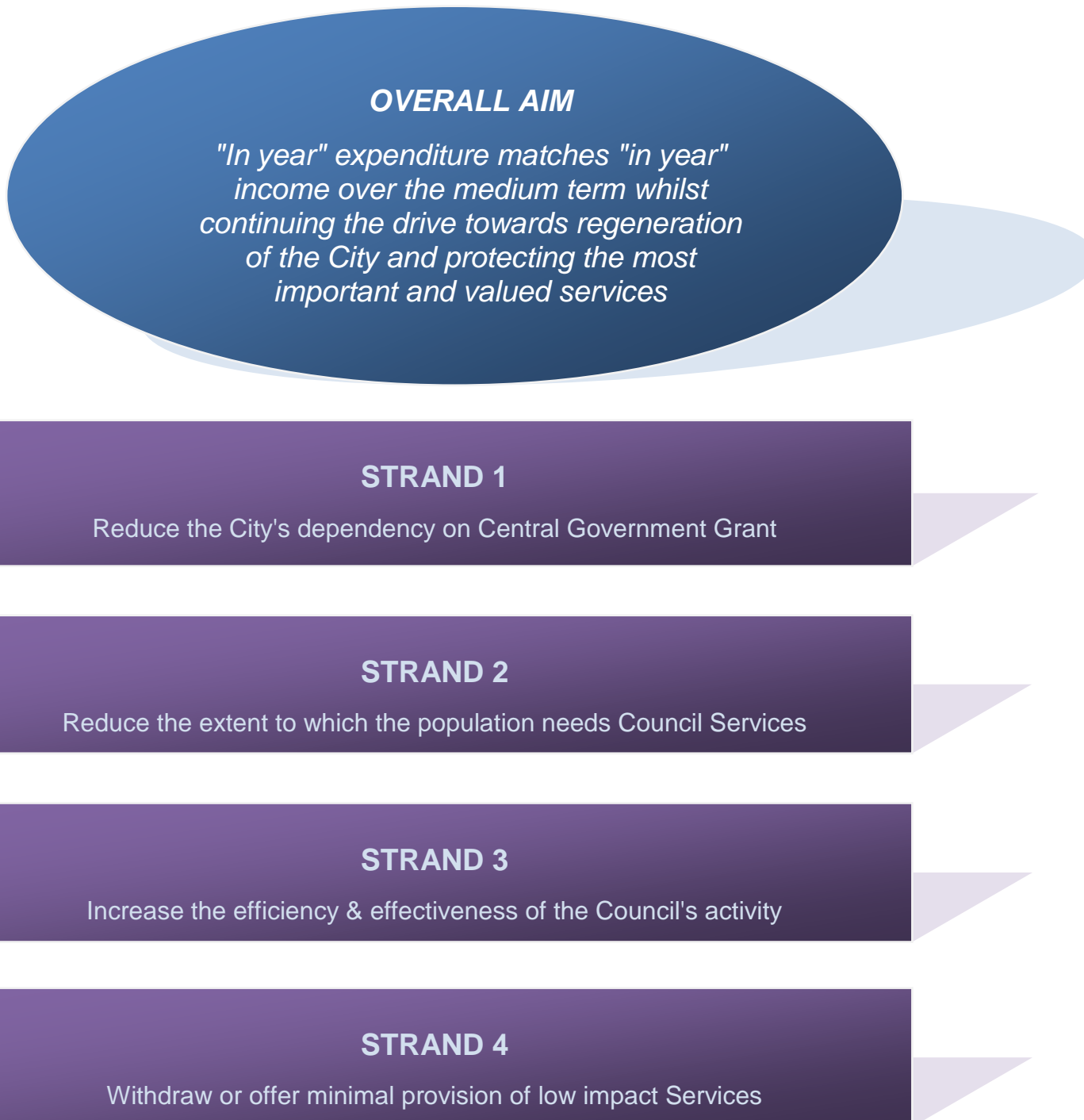
² Adjusting for inflation on a like for like basis and taking account of new burdens

³ Controllable spending in 2010/11 is estimated at £200m

⁴ This excludes the New Homes Bonus and the additional Better Care Fund allocations

exceed the resources available and that there are likely to be opportunities throughout the year to lever in additional capital funding for schemes that have strong potential to be catalytic to economic growth, but only if the Council itself can provide matched funding contributions.

1.13 The Council's stated Medium Term Financial Strategy which seeks to achieve these aspirations whilst delivering the necessary savings of £11m in 2016/17 and a further £24m over the period 2017/18 to 2019/20 is described below:



1.14 The Council made a series of decisions in December 2015 for the forthcoming financial year that were consistent with this strategy. These have been incorporated within the proposed Budget and Council Tax for 2016/17. There are further proposals within this report that seek to build on the Council's Medium Term Financial Strategy. The combined proposals overall consist principally of the following:

- A balanced suite of savings amounting to £11m for 2016/17
- Savings protection for Education & Children and the essential care services with spending reductions of 2.5% in Children & Education services and 5.2% in Health & Social Care services versus the average saving across the Council of 8.3%.
- To re-instate £50,000 to the Environment & Community Safety cash limit in order to fund Domestic Violence Services funded from additional income arising from the Council's Property Investment Portfolio. Further discussions are also planned to take place with the Hampshire Police & Crime Commissioner's Office after the May elections with the intent to secure a contribution for the remaining £130,000
- A Council Tax increase of 3.99% in 2016/17 comprising:
 - (a) A 1.99% increase yielding £1,254,400 (equating to 35 pence per week for a Band B⁵ Tax payer) for general purposes including covering the costs of inflation (£2.6m) and other cost pressures
 - (b) A further 2% increase yielding £1,254,400 (equating to a further 35 pence per week for a Band B Tax payer) for the "Social Care Precept" and to be passported direct to Adult Social Care to fund increasing demographic pressures and other cost pressures such as the National Living Wage estimated at circa £1.5m alone
- Support all Services to meet the financial challenges ahead by maintaining a financial framework that incentivises responsible spending and strong forward financial planning with the following:
 - The continuation of greater financial autonomy including the right of each Portfolio to retain 100% of any year-end underspending and for it to be held in an earmarked reserve for the relevant Portfolio
 - Correspondingly, the requirement that any Budget Pressures are funded within the overall resources available to the Portfolio Holder (which includes their Portfolio Reserve)
- Require that for 2017/18 a minimum on-going savings sum of £9.0m be made

⁵ The average Council Tax Payer in Portsmouth lives in a Band B property

- To support the delivery of future years savings:
 - An increase of £500,000 to the Business Intervention Fund to enable the necessary business interventions to take place across the Council's activities at the necessary scale and pace to deliver significant change and cost reduction in the future
 - The transfer of £1.5m (from 2015/16 underspendings) to the MTRS Reserve recognising this as the Council's primary vehicle for providing funding for Spend to Save initiatives
- The transfer of £1.5m (from 2015/16 underspendings) to supplement the Capital Programme where there remains an enormous gap between Service needs, regeneration aspirations and the associated level of capital resources available
- That any further underspendings for 2015/16 arising at the year-end (outside of those made by Portfolios) be transferred to Capital Resources in order to provide funding for known future requirements such as Secondary School Places, Sea Defences and enabling infrastructure for the City's development where there is a known funding shortfall and because further Capital Investment by the Council is likely to lever in significant additional external capital funding which, when combined, is likely to have a transformational effect on the City's growth potential

1.15 Alongside the £11m of savings being made in 2016/17, Portfolios are planning to hold £5.5m in their Earmarked Reserves to meet any necessary budget pressures, fund Spend to Save schemes and provide financial cover for uncertainties and consequent financial risks that may occur in the future.

1.16 The Council's rolling 3 year financial forecasts have also been comprehensively revised and now extended to cover the further year to 2019/20. The forecast budget deficit for the period 2017/18 to 2019/20 amounts to some £24m. To effectively manage the impact of such a reduction, the proposals within this report recommend that those savings are "smoothed out" as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2017/18	9.0	9.0
2018/19	8.0	17.0
2019/20	7.0	24.0

1.17 The most critical assumptions made in arriving at the £24m forecast Budget deficit are set out below:

- Reductions in overall general Government funding of 7.9% in 2017/18, a further 3.2% in 2018/19 and a further 2.3% in 2019/20, representing an overall reduction in funding over the period of £12.2m⁶
- A 4.0% per annum increase in Council Tax for 2017/18 to 2019/20, raising £8.4m
- An underlying zero growth assumption for changes in Business Rates from 2017/18 onwards, to reflect the uncertainty relating to appeals and mandatory reliefs but also to allow the opportunity for any incremental business rates to be used to deliver that growth (e.g. enabling infrastructure for new developments)
- That any loss of business rates income arising from the continuation of the cap on increases provided by Government in 2014/15 and 2015/16 will continue to be recompensed by Government via grant funding
- New Homes Bonus grant reductions based on the Government's assumptions of the changes to the scheme
- An overall composite inflationary provision covering all pay and prices amounting to 1.8% for 2017/18, a further 2.3% for 2018/19 and a further 2.4% for 2019/20 amounting to a total for the period of £11.0m
- Any new burdens arising from the Adult Social Care Act will be funded in full
- Some provision for the potential on-going risks associated with the budget pressures within Children's and Adult's Social Care

1.18 Historically Children & Education, Health & Social Care and Environment & Community Safety have received significant protection from savings. Importantly, these Portfolios account for 66% of the Council's total controllable budget from which savings can be made. Looking forward beyond 2016/17, the scale of the future savings requirements will be such that the Council will no longer be able to afford the same levels of protection that have been provided in the past for these services without severe cuts to all other Services.

1.19 It remains a particularly challenging time for the Council, the future savings required are significant and the risks to the delivery of savings are substantial. Uncertainty remains over future cost pressures in the essential care services as well as funding levels, particularly business rates. To deliver the scale of the savings required and to maintain the Council's financial health, the Council should regard the savings process as a continual one rather than a "once a year" planning exercise. Correspondingly, the Council may need to receive budget proposals more frequently throughout the year.

⁶ This includes the RPI uplift on Business Rates of £3.8m which forms part of the Local Government Finance Settlement and is a component of the calculation of Government Grants

1.20 For now, based on the proposals contained within the 2016/17 Budget and the proposals for future savings, the Council's financial health remains sound and provides a good degree of resilience against this uncertain climate.

2. Purpose of Report

2.1 The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2016/17 and the associated level of Council Tax necessary to fund that Budget.

2.2 The report makes recommendations on the level of Council spending for 2016/17 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy in order to achieve its stated aim as follows:

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services

2.3 The recommended Budget for 2016/17 has been prepared on the basis of the decisions taken by the City Council on the 8th December 2015 relating to:

- The Council Tax proposals for the general increase as well as the additional flexibility to increase Council Tax for Adults Social Care Services
- The approved budget savings
- The transfer from the MTRS Reserve to increase the size of the Business Intervention Fund to increase the scale and pace of the programme of Service interventions

2.4 This report also provides a comprehensive revision of the Council's rolling 3 year financial forecast for the new period 2017/18 to 2019/20 (i.e. extending the forecast to 2019/20) considering both the future outlook for both spending and funding. In that context, wider recommendations are made regarding the levels of reserves to be maintained and additional contributions to the Capital Programme in order to meet the Council's aspirations for the City as well as maintaining the Council's overall financial strength.

2.5 In particular, this report sets out the following:

- (a) The challenging financial climate facing the City Council in 2016/17 and beyond and the consequential budget deficits that result
- (b) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings as approved in the report to Council in November 2013
- (c) A brief recap of the budget decisions taken by the City Council at its meeting of the 8th December 2015
- (d) The Revised Revenue Budget and Cash Limits for the current year
- (e) The Local Government Finance Settlement for 2016/17 to 2019/20
- (f) The Business Rate income for 2016/17 and future years
- (g) The Council Tax base and recommended Council Tax for 2016/17
- (h) The proposed Revenue Budget and Cash Limits for 2016/17
- (i) The forecast Revenue Budget, provisional Cash Limits and revised Savings Requirements for 2017/18, 2018/19 and 2019/20
- (j) Estimated Revenue Balances over the period 2015/16 to 2019/20
- (k) The Medium Term Resource Strategy (MTRS) Reserve, its financial position and proposed use to achieve cashable efficiencies
- (l) The forecast Collection Fund balance as at 31 March 2016 for both Council Tax and Business Rates
- (m) The Non Domestic Rates poundage for 2016/17
- (n) The statement of the Section 151 Officer on the robustness of the budget in compliance with the requirements of the Local Government Act 2003.

3. Recommendations

3.1 That the following be approved in respect of the Council's Budget:

- (a) The revised Revenue Estimates for the financial year 2015/16 and the Revenue Estimates for the financial year 2016/17 as set out in the General Fund Summary (Appendix A)
- (b) The Portfolio Cash Limits for the Revised Budget for 2015/16 and Budget for 2016/17 as set out in Sections 7 and 9, respectively
- (c) That the "clawback" requirement for overspendings be waived for 2015/16 for both the Education & Children's Portfolio and the Health & Social Care Portfolio given the scale of those overspendings and also that their Portfolio Cash Limits were set in the knowledge of the financial risks contained therein which were fully provided for within the Council's contingency provision
- (d) That £1.5m be transferred to the Revenue Reserve for Capital to supplement the resources available for the Capital Programme in order to ensure the Council can properly meet its statutory responsibilities including School Places, Sea Defences and Roads Maintenance

- (e) That £1.5m be transferred to the MTRS Reserve to restore it to a level sufficient to enable the Council to pursue both Spend to Save schemes, Invest to Save schemes and fund redundancy costs, all aimed at facilitating the Council's savings strategy
- (f) That £1,686,600 is carried forward from 2015/16 to 2016/17 in respect of contingent items that were expected to arise in 2015/16 but are now expected to occur in 2016/17
- (g) Any further underspendings for 2015/16 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known future commitments such as Secondary School Places, Sea Defences and the enabling transport infrastructure necessary for the City's development and growth which have, as yet, insufficient funding
- (h) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- (i) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold⁷ for 2016/17 announced by Government (as calculated in recommendation 3.4 (d))
- (j) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation 3.4 (d)) to take advantage 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 £1,254,400 is passported direct to Adult Social Care
- (k) Managers be authorised to incur routine expenditure against the Cash Limits for 2016/17 as set out in Section 9
- (l) That the savings requirement for 2017/18 be set at a minimum on-going sum of £9.0m
- (m) 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
- (n) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 11 and that this be incorporated into Service Business Plans
- (o) The minimum level of Revenue Balances as at 31 March 2017 be set at £7.0m (£6.5m in 2015/16) to reflect the known and expected budget and financial risks to the Council
- (p) 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 17.

⁷ Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

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

- (a) The Revenue Estimates 2016/17 as set out in Appendix A provide full funding for the Domestic Violence Service in 2016/17 ensuring that the service remains intact. A sum of £50,000 funded from additional income arising from the Council's Property Investment Portfolio has been identified to mitigate the overall reduction of £180,000 to the Service in future years. Discussions with Hampshire Police & Crime Commissioner's Office will take place after the May elections with the intent to secure a contribution for the remaining £130,000
- (b) The Revenue Estimates 2016/17 as set out in Appendix A have been prepared on the basis that the 2% tax increase for the "Social Care Precept" (amounting to £1,254,400) is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the cost of the new National Living Wage
- (c) In the event that the additional flexibility of the "Social Care Precept" and associated 2% tax increase (amounting to £1,254,400) is not taken, then equivalent savings will need to be identified
- (d) In general, any reduction from the 3.99% Council Tax increase proposed will require additional savings of £627,200 for each 1% reduction in order for the Budget 2016/17 to be approved
- (e) The Revenue Forecast and the associated provisional Portfolio Cash Limits for 2017/18 onwards as set out in Section 10 and Appendix B
- (f) The estimated Savings Requirement of £24m for the three year period 2017/18 to 2019/20, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2017/18	9.0	9.0
2018/19	8.0	17.0
2019/20	7.0	24.0

- (g) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold a relatively modest uncommitted balance of £2.4m⁸ and will only be replenished 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
- (h) The Council Tax element of the Collection Fund for 2015/16 is estimated to be a deficit of £269,000 which is shared between the City Council (84%), Police & Crime Commissioner (11%) and the Hampshire Fire & Rescue Authority (4%)
- (i) The Business Rate element of the Collection Fund for 2015/16 is estimated to be a deficit of £635,828 which is shared between the City Council (49%), the Government (50%) and the Hampshire Fire & Rescue Authority (1%)

⁸ Including the transfer into the reserve of £1.5m contained with the recommendations in this report and the transfer out of the reserve of £0.3m as described in the Capital Programme 2015/16 to 2020/21 report contained elsewhere on this agenda

- (j) The Non Domestic Rates poundage for 2016/17 will be 49.7p, and 48.4p for small businesses
- (k) The Business Rate income⁹ for 2016/17 (excluding "Top Up") based on the estimated Business Rate element of the Collection Fund deficit as at March 2016, the Non Domestic Rates poundage for 2016/17 and estimated rateable values for 2016/17 has been set at £39,581,127

3.3 That the S.151 Officer has determined that the Council Tax base for the financial year 2016/17 will be **53,538.8** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

3.4 That the following amounts be now calculated by the Council for the financial year 2016/17 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£478,280,306	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£413,052,380	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£65,227,926	Being the amount by which the aggregate at 3.4 (a) above exceeds the aggregate at 3.4(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)	£1,218.33	Being the amount at 3.4(c) above (Item R), all divided by Item 3.3 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
£	£	£	£	£	£	£	£
812.22	947.59	1,082.96	1,218.33	1,489.07	1,759.81	2,030.55	2,436.66

Being the amounts given by multiplying the amount at 3.4(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.

⁹ Including the Collection Fund deficit of £311,600 and excluding the "Top Up" grant from Government of £4,503,001.

- 3.5 That it be noted that for the financial year 2016/17 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 £
106.97	124.80	142.63	160.46	196.12	231.78	267.43	320.92

- 3.6 That it be noted that for the financial year 2016/17 Hampshire Fire and Rescue Authority are recommending 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)

A £	B £	C £	D £	E £	F £	G £	H £
41.73	48.69	55.64	62.60	76.51	90.42	104.33	125.20

- 3.7 That having calculated the aggregate in each case of the amounts at 3.4(e), 3.5 and 3.6 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 2016/17 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
960.92	1,121.08	1,281.23	1,441.39	1,761.70	2,082.01	2,402.31	2,882.78

- 3.8 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.

4. Economic & Financial Context

- 4.1 The previous Budget report to the City Council in December 2015 described the overall national picture for public finances, the overall financial position for the Council currently and the forecast position for future years.
- 4.2 The global economic downturn and subsequent recovery has had a significant detrimental effect on the public finances nationally. The overall welfare bill has risen at the same time as a fall in tax revenues. This has caused the national debt to rise from £0.5 trillion in 2008 to £1.5 trillion or 80.5% of Gross Domestic Product (GDP) currently.
- 4.3 Part of the response from Central Government has been to reduce spending (and funding) across the public sector. Over the past 5 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £59m (amounting to 38%). This has primarily been through reductions in Revenue Support Grant and has made no allowance for the differing council tax levels and tax bases of Councils meaning that those Councils with low Council Tax bases, such as Portsmouth, have suffered greater relative funding reductions than those with higher Council Tax bases. Taken together with other financial pressures that have been experienced by the City Council (mainly relating to inflation, the effects of an ageing population on care services and the increased requirements for the safeguarding of vulnerable children), the City Council has had to make overall savings over the same period of over £75m. In context, this represents circa 38% of the Council's controllable spending.
- 4.4 This report includes a complete revision of the Council's financial forecasts (covering both expenditure and funding) to 2019/20. The forecasts take into account the £11.0m savings decisions made by the City Council in December 2015 and the intent to increase the level of Council Tax in 2016/17 by 2.0% and each year thereafter and by a further 2.0% in 2016/17 and each year thereafter to take advantage of the Government's proposal to fund the increasing cost pressures in Adult Social Care. The forecasts contained within this report now indicate a savings requirement for the next 3 years, from 2017/18 to 2019/20, of £24m.

5. Medium Term Financial Strategy and Budget Decisions 2016/17

5.1 In response to the considerable financial challenge, the City Council approved the following Medium Term Financial Strategy (for both revenue and capital):

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services

STRAND 1

Reduce the City's dependency on Central Government Grant:

- Entrepreneurial activities
- Income Generation
- Capital investment for jobs and business growth (increased Business Rates)

STRAND 2

Reduce the extent to which the population needs Council Services

- Re-direction of resources towards preventative services (avoid greater costs downstream)
- Design fees & charges policies to distinguish between want and need
- Capital investment towards jobs and skills to raise prosperity

STRAND 3

Increase the efficiency & effectiveness of the Council's activity:

- Contract reviews
- Rationalisation of operational buildings
- Support to the Voluntary Sector
- Targeted efficiency reviews in "resource hungry" services
- Capital investment for on-going savings or cost avoidance

STRAND 4

Withdraw or offer minimal provision of low impact Services:

- Strong focus on needs, priorities and outcomes
- Use the insights of Councillors to inform priorities
- Use the results of public consultation to inform priorities

5.2 The Strategy has a strong regeneration focus with a presumption that Capital investment will be targeted towards economic growth and Invest to Save schemes once the Council's statutory obligations have been met.

5.3 Despite the challenging financial circumstances, the City Council made a series of Budget decisions in December 2015 that were generally consistent with the strategy. The key Budget decisions made included:

- A balanced suite of savings amounting to £11.0m (of the original forecast £31.0m¹⁰ required over the 3 year period 2016/17 to 2018/19) which sought to protect Education & Children and the essential care services whilst still aiming to retain good quality sustainable public services across other portfolios. This involved spending reductions of 2.5% in Children & Education services and 5.2% in Health & Social Care services versus the average saving that was required across the Council of 8.3%. This protection necessarily required reductions in other valued Portfolios of up to 25% as described below:

Portfolio / Committee	Savings Proposal	
	£	% Budget
Children & Education	760,600	2.5%
Culture, Leisure & Sport	734,800	10.1%
Environment & Community Safety	777,700	5.5%
Governance, Audit & Standards	68,000	9.2%
Health & Social Care	2,605,100	5.2%
Housing	391,000	9.7%
Leader	7,700	3.6%
Planning, Regeneration & Economic Development	814,700	25.1%
Resources	3,540,400	18.8%
Traffic & Transportation	800,000	24.2%
Transfers to the Housing Revenue Account	500,000	0.7%
Grand Total	11,000,000	8.3%*

- To prepare the 2016/17 Budget on the basis of a general Council Tax increase of 2.0% in 2016/17
- That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for those otherwise unfunded cost pressures.
- An increase of £500,000 to the Business Intervention Fund to enable the necessary business interventions to take place across the Council's activities at the necessary scale and pace to deliver significant change and cost reduction in the future.

¹⁰ Assuming a general Council Tax increase of 1.99%. Should the Council Tax not be increased by 1.99%, then each 1% change will add £0.627m to the savings requirement

- Continuation of the financial framework underpinning the Medium Term Financial Strategy to create the conditions that would incentivise responsible spending and strong forward financial planning as follows:
 - The continuation of greater financial autonomy including the right of each Portfolio to retain 100% of any year-end underspending and it to be held in an earmarked reserve for the relevant Portfolio
 - Correspondingly, any Budget Pressures to be funded within the overall resources available to the Portfolio Holder (which includes their Portfolio Reserve)

5.4 The combined effect of all of these decisions has enabled the Council to:

- Meet its £11.0m savings requirement
- Provide protection for the Council's services to the vulnerable and highest priority activities
- Provide funding to promote business change and cost reduction through the Business Intervention programme in order to provide the foundations for future savings
- Embed a financial framework which is better able to respond to the greater financial challenges ahead

5.5 The Council has since received considerable representation against the decision to reduce the funding for the Domestic Abuse Service by £180,000 which was due to take effect in 14 months time (April 2017). Due to the severity of the funding reductions facing the Council it is not possible to protect any Service in full and savings are necessary across all City Council Services. The Administration are however, seeking opportunities to re-instate the full £180,000. They have re-instated the first £50,000 funded from increased income arising from the Council's Property Investment Portfolio and will be in discussions with Hampshire Police & Crime Commissioner's Office after the May elections to secure a contribution of the remaining £130,000. In the interim, the remaining £130,000 will be funded from the Environment & Community Safety Portfolio reserve, ensuring that the Service remains intact. The recommended Revenue Estimates 2016/17, as set out in Appendix A, provide the full £180,000 for the Domestic Violence Service.

6. Revised Budget 2015/16

6.1 The original revenue Budget approved by the City Council on 10 February 2015 was £168,340,900.

6.2 The Council has received regular quarterly Budget Monitoring reports on the 2015/16 Budget throughout the year which have consistently reported that an overall improvement in the Council's financial position was expected by year end. The improvement that has been reported has largely resulted from savings in the sums required to be set aside for the repayment of debt, improved returns from Treasury

Management activities and the improvement in the trading surpluses at the Commercial Port.

- 6.3 Throughout the year, it has also been reported that there were key overspendings in the Children's & Education and Health & Social Care Portfolios with underlying budget deficits of £2.7m and £2.4m, respectively. These underlying deficits have largely arisen from both unavoidable demand led cost pressures combined with the slippage or non-achievement of previously approved savings. The Budget approved by the Council in February 2015 however, had anticipated that there were financial risks with the Budgets of those portfolios and accordingly financial provision of £4.1m was made within the Council's overall contingency provision, but for 2015/16 only. Proposals to remedy the underlying deficits have now been approved by Cabinet and are planned to be implemented for 2016/17.
- 6.4 The Council's budget rules state that any overspending in one year will be "clawed back" in the next financial year via a cash limit reduction. Given the scale of the underlying deficits of both of these Portfolios together with the need to make further savings in 2016/17 of £760,000 (2.5%) for Education & Children and £2.6m (5.3%) for Health & Social Care, it is proposed to waive the "clawback" requirement in this instance for 2015/16 only.
- 6.5 Compared to the Original Budget, the Council's financial position (taking into account both changes in spending and funding) is expected to be an improvement of £5.7m. The proposals that follow seek to use £1.5m of that improvement to supplement the resources available for Capital Investment and use a further £1.5m to replenish the MTRS Reserve¹¹. The remaining £2.7m will accrue to General Balances in order to fund a proposed carry forward¹² of £1.7m and allow the remaining £1.0m to enable future savings requirements to be smoothed over a 3 year period.
- 6.6 Significant changes to the Original Budget approved by Council now being proposed as part of the Revised budget are as follows:
- A contribution to the Revenue Reserve for Capital of £1.5m to enable the Council to increase the Capital Resources available to properly fund its statutory responsibilities including School Places, Sea Defences and Roads Maintenance
 - A contribution to the MTRS Reserve of £1.5m to restore it to a level sufficient to enable the Council to pursue both Spend to Save schemes, Invest to Save schemes and fund redundancy costs, all aimed at facilitating the Council's savings strategy
 - An overall reduction in the anticipated trading income from the Port and MMD amounting to £1.0m. Net trading income is expected to improve from 2016/17
 - Reductions in other expenditure of £2.9m which includes the improvement in the forecast costs of the Council's Treasury Management activities arising from the additional returns from higher cash balances and reduced sums required to be set aside for the repayment of debt largely arising from the change in the Council's policy approved in October 2015.

¹¹ The Reserve used to fund redundancy costs and large scale spend to save initiatives

¹² There are underspendings in 2015/16 which represent slippage and those costs are now expected to occur in 2016/17

- Carry forward of underspendings relating to contingent items amounting to £1.7m which are now expected to occur in 2016/17
- Lower than anticipated costs of inflation of £1.0m

6.7 In preparing the Revised Estimate for 2015/16, total adjustments amounting to £1.1m have been made to reduce the overall Budget for the current year to £167,224,700. This is set out below:

MOVEMENTS BETWEEN ORIGINAL AND REVISED BUDGET 2015/16	
	2015/16 £000
Original Net Budget 2015/16	168,341
<u>Add:</u>	
Recommended transfer to Revenue Reserve for Capital (arising from 2015/16 underspend)	1,500
Recommended transfer to MTRS Reserve (arising from 2015/16 underspend)	1,500
Port & MMD - lower than anticipated trading income	1,024
Grants received In Year and passported to Services	945
<u>Less:</u>	
Other Expenditure (including Treasury Management activities)	(2,900)
Recommended carry forward of Contingencies from 2015/16 to 2016/17	(1,687)
Lower than forecast cost of Inflation	(1,032)
Other "Windfall" items	(466)
Revised Net Budget 2015/16	167,225
Decrease in Net Budget 2015/16	(1,116)

6.8 The overall effect of the changes described above on the Council's Revised Budget is best illustrated through the overall impact on General Balances and is summarised below.

MOVEMENT IN GENERAL BALANCES 2015/16	
	2015/16 £000
Reduction in Expenditure	(1,116)
Increase in Funding (primarily additional Grants)	(1,566)
<u>Improvement in General Balances</u>	<u>(2,682)</u>

6.9 Whilst the analysis above describes an overall improvement in the Council's financial position of £2.7m¹³, this is after recommendations to spend £3m supporting both the Capital programme and Spend to Save schemes and also incorporates a recommended carry forward of funding for contingent items amounting to £1.7m which was originally anticipated to take place in the current year but which is now expected to take place in 2016/17. In the absence of these proposals, the actual underspend is £5.7m in 2016/17 but taking account of the proposed carry forward, which is simply a timing issue, the overall improvement amounts to £4.0m.

6.10 In summary, the overall £5.7m underspend is proposed to be used as follows:

- Transfer to Capital - £1.5m
- Transfer to MTRS Reserve - £1.5m
- Carry forward into 2016/17 to fund contingent items - £1.7m
- Retained in General Balances to be used to help smooth the savings required over the financial years 2017/18 to 2019/20. - £1.0m

6.11 The Revised Revenue Budget is set out in the General Fund Summary (Appendix A).

¹³ This is the overall underspend assuming the recommendations to transfer £1.5m to supplement Capital Resources and a further £1.5m to replenish the MTRS Reserve is approved. Without these transfers the overall underspend would be £5.7m

6.12 As described in the Capital Programme 2015/16 to 2020/21 report contained elsewhere on this agenda, there are significant future capital obligations and aspirations. These include schemes such as the following where funding has yet to be identified to meet them in full but which will likely require funding in 2017/18:

Capital Scheme - Significant Obligation / Aspiration	Unfunded Requirement £m
Secondary School Places 2018/19 to 2020/21	6.0 - 10.0
Special Educational Needs Re-modelling	1.3 - 3.3
School Condition (roofs, boilers, electrics, windows etc.)	2.5 - 4.0
Sea Defences Contribution to £87m Scheme	4.75
Enabling Transport Infrastructure match funding - City development	5.0 - 10.0
Landlords Repairs & Maintenance	1.0 - 2.0
Local Transport Plan - Road safety and traffic improvement schemes	1.5
Total Funding Requirement	22.1 - 35.6

- 6.13 The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital grant funding, capital receipts and CIL contributions that the Council receives (circa £10m per annum) plus any Government funding which may be available for school places of circa £6m to £8m. With potentially available capital funding of £18m versus an aspiration of between £22m to £36m of Capital Investment, there is a significant shortfall to be met.
- 6.14 Given that some of this Capital Investment is likely to have a transformational effect on the City's growth potential, it is recommended that any further underspendings for 2015/16 arising at the year-end (outside of those made by Portfolios) be transferred to Capital Resources in order to provide funding for purposes such as Secondary School Places, Sea Defences and the enabling transport infrastructure necessary for the City's development and growth.

6.15 Although financially neutral, the Revised Budget also takes into account both the use of Portfolio Reserves in 2015/16 as well as any forecast transfer to Portfolio Reserves. Overall, it is expected that there will be a net reduction in Portfolio Reserves of £1.0m (arising from their use in the year) with a forecast balance on all Portfolio Reserves of £5.5m at the end of this financial year. See Table 3 below.

Transfers (From)/To Portfolio Reserves 2015/16			
PORTFOLIO	Balance 1 April 2015 £000	Transfer To / (From) Reserves £000	Forecast 31 March 2016 £000
Children & Education	42	(42)	0
Culture Leisure & Sport	410	40	450
Environment & Community Safety	1,241	(223)	1,018
Health & Social Care	731	(707)	24
Housing	542	(95)	447
Leader	7	(1)	6
Planning Regeneration Economic Development	1,799	573	2,372
Resources	1,397	(606)	791
Traffic & Transportation	33	0	33
Governance & Audit Committee	255	92	347
Licensing Committee	0	0	0
TOTAL	6,457	(969)	5,488

6.16 In the first instance, these Earmarked Reserves are to be used to meet any necessary budget pressures facing a Portfolio. These Reserves therefore, are an important feature of the overall budget proposal since they can be used to mitigate (and provide financial cover) for a number of uncertainties and consequent financial risks that may occur.

6.17 In summary, in funding the Revised Budget of £167,224,700 the City Council will have, compared to budget, an overall improvement in General Balances of £2,682,285¹⁴ As previously explained, £1,686,600 of this is proposed to be carried forward and spent in 2016/17 leaving an overall £995,685 improvement in the Council's overall financial position which can be used to help smooth the savings required over the financial years 2017/18 to 2019/20.

¹⁴ Actual contribution to General Balances in 2015/16 will be £1,531,854

7. Revised Cash Limits 2015/16

7.1 The Cash Limits relate to that element of the Budget that is Portfolio and Service related and is controllable. Cash Limits are allocated to Portfolio Holders and Managers to spend so that there is clear accountability for spending decisions.

7.2 The Cash Limits for 2015/16 have been revised to take account of:

- Items released from Contingency in the current year
- Windfall savings and windfall costs
- Passporting of grants that were received for new burdens or specific purposes
- Adjustments to reflect forecast underspends, transfers to Portfolio reserves, additional unavoidable costs and other City Council decisions throughout the year

7.3 The table below sets out the revised Cash Limits for 2015/16 and those items outside the Cash Limit (e.g. capital and similar charges, levies and insurance premiums), which together form the Revised Budget for each Portfolio.

PORTFOLIO	Revised Cash Limits 2015/16 £'000	Items Outside the Cash Limit £'000	Revised Budget 2015/16 £'000
Children & Education	31,054	19,094	50,148
Culture Leisure & Sport	7,215	3,870	11,085
Environment & Community Safety	15,183	1,778	16,961
Health & Social Care	40,680	3,314	43,994
Housing	3,959	5,743	9,702
Leader	241	20	261
Planning Regeneration Economic Development	(8,047)	13,041	4,994
Resources	20,245	4,219	24,464
Traffic & Transportation	16,742	684	17,426
Governance & Audit Committee	272	47	319
Licensing Committee	(242)	16	(226)
PORTFOLIO EXPENDITURE	127,302	51,826	179,128

7.4 The current policy is that any overspend against the cash limit will in the first instance be deducted from any Portfolio reserve or if that is exceeded from the following financial year's cash limit.

8. Revenue Budget 2016/17

8.1 At last year's Annual Budget Meeting in February 2015, forecasts for this coming financial year 2016/17 and the subsequent two financial years estimated that an overall 3 year savings requirement of £31m would be necessary to meet the budget deficits over that period¹⁵. The forecasts for the 3 year period were prepared on the basis of the following:

- A reduction in Government Funding of £22.8m
- Inflationary costs of £13.1m

Offset by:

- Additional income from Council Tax of £3.8m (2.0% per annum)
- Other net improvements amounting to £1.1m

8.2 Since those forecasts were prepared in February last year, the Council has now received an "offer" of a 4 year Finance Settlement from Government and alongside this has comprehensively reviewed all other elements of the forecast. This includes the following:

Funding

- Central Government Funding (Local Government Finance Settlement)
- Business Rate Income
- Council Tax Income

Expenditure

- Savings proposals (agreed by the City Council on 8th December 2015)
- Inflationary Costs
- Other cost pressures (including "new burdens" passed down from Central Government)
- Debt Financing costs and interest rates
- Contingencies

8.3 As reported to the City Council in December 2015, the advice of the S.151 Officer was that "whilst it is likely that the overall financial forecasts will change, the savings requirement for 2016/17 at £11.0m¹⁶ remains robust and prudent. Given what is known, or reasonably expected, regarding future funding reductions and given future uncertainties also, a savings requirement of less than these sums would not be prudent". Now that the Local Government Finance Settlement has been received and the Council's forecasts for future years have been comprehensively revised, that advice still holds.

8.4 Details of the Local Government Finance Settlement are set out below.

¹⁵ This assumed Council Tax increases of 2.0% per annum from 2016/17 to 2018/19. Each 1 % reduction in Council Tax will add £627,000 to the forecast deficit.

¹⁶ Assuming both the general Council Tax increase of 1.99% and the additional 2% "Social Care Precept" is taken

Local Government Finance Settlement 2016/17 to 2019/20

8.5 The Local Government Finance Settlement is the term used to describe the main non-ring-fenced Revenue and Capital grant funding allocations from Government. The provisional settlement was announced on 17 December 2015 and the final settlement will be announced in early February 2016.

Provisional Settlement 2016/17

8.6 The settlement for 2016/17 amounts to £94.7m representing a 10.5% reduction in cash terms. This amounts to £11.2m as set out below. In real terms (adjusting for inflation on a like for like basis and taking account of new burdens) the reduction is over 13.1%.

LOCAL GOVERNMENT FINANCE SETTLEMENT <i>YEAR ON YEAR COMPARISON</i>	Actual Settlement 2015/16	Actual Settlement 2016/17	Actual Change	
	£	£	£	%
Revenue Support Grant (Adjusted Like for Like)	40,436,503	30,363,225	(10,073,278)	-24.9%
Business Rates Retention - Baseline Funding Level (Note 1)	44,038,593	44,405,581	366,988	0.8%
Sub Total - Settlement Funding Assessment	84,475,096	74,768,806	(9,706,290)	-11.5%
Other Grants - See Note 2	21,422,466	19,970,156	(1,452,310)	-6.8%
Total Settlement - Like for Like Comparison	105,897,562	94,738,962	(11,158,600)	-10.5%
Additional Grants - New Responsibilities (See Note 3)	0	0	0	
Total Settlement - Cash	105,897,562	94,738,962	(11,158,600)	-10.5%
Note 1 - Business Rate Retention				
The Baseline Funding level is the Government's assessment of the funding needed from Business Rates, it does not represent actual funding from Government. The actual income from Retained Business Rates may be above or below this level				
Note 2 - Unannounced Grants				
The following grants have yet to be announced and at present are assumed to be as follows:				
Local Council Tax Support and Housing Benefit Administration Subsidy		1,413,602		
Local Council Tax Support Scheme - Administration (to be rolled into LCTS in futur		44,590		
Local Reform & Community Voices Grant		107,556		
Community Right to Bid		0		
Community Right to Challenge		0		
Sub Total		1,565,748		
Note 3 - New Burdens				
The following new burdens are included within the Revenue Support Grant:				
Care Act		144,500		
Sub Total		144,500		
Note 4 - Real Terms Change				
The level of inflation estimated for 2016/17 is £2.6m and therefore adjusting the settlement for inflationary effects provides a real reduction in funding of 13%				

8.7 The £11.2m (or 10.5%) cash reduction in funding for 2016/17 is very close to the Council's forecast upon which the savings requirement of £11m¹⁷ for 2016/17 was based (forecast reduction of £10.6m) representing a variance of £0.6m (or 0.6%) as set out below.

LOCAL GOVERNMENT FINANCE SETTLEMENT <i>COMPARISON WITH FORECAST</i>	Forecast Settlement 2016/17 £	Actual Settlement 2016/17 £	Actual Change	
			£	%
Revenue Support Grant (Adjusted Like for Like)	30,520,840	30,363,225	(157,615)	-0.5%
Business Rates Retention - Baseline Funding Level (Note 1)	44,955,917	44,405,581	(550,336)	-1.2%
Sub Total - Settlement Funding Assessment	75,476,757	74,768,806	(707,951)	-0.9%
Other Grants - See Note 2	19,848,609	19,970,156	121,547	0.6%
Total Settlement - Like for Like Comparison	95,325,366	94,738,962	(586,404)	-0.6%
Additional Grants - New Responsibilities (See Note 3)	0	0	0	
Total Settlement - Cash	95,325,366	94,738,962	(586,404)	-0.6%
Note 1				
The Baseline Funding level is the Government's assessment of the funding needed from Business Rates, it does not represent actual funding from Government. The actual income from Retained Business Rates may be above or below this level				
Note 2				
The following grants have yet to be announced and at present are assumed to be as follows:				
Local Council Tax Support and Housing Benefit Administration Subsidy		1,413,602		
Local Council Tax Support Scheme - Administration (to be rolled into LCTS in fu		44,590		
Local Reform & Community Voices Grant		107,556		
Community Right to Bid		0		
Community Right to Challenge		0		
Sub Total		1,565,748		
Note 3				
The following new burdens are included within the Revenue Support Grant:				
Care Act		144,500		
Sub Total		144,500		

Note:

The Settlement analyses exclude Public Health Grant as this is a specific grant which does not form part of the non ring-fenced grant allocation. The Public Health Grant is expected to reduce by £1.6m for 2016/17 on a like for like basis (including the 2015/16 "In Year" reduction) to £14.6m (£16.2m for 2015/16). The Public Health Grant has been increased by £4.0m due to the transfer of responsibilities for Health Visitors. Total Public Health Grant for 2016/17 is expected to be £18.6m

¹⁷ Assuming a general Council Tax increase of 1.99%

- 8.8 As yet, there has been no announcement for grants expected to amount to circa £1.6m mainly relating to the administration of Housing Benefit and Council Tax Support.
- 8.9 The Settlement has also confirmed that additional funding of £144,500 has been provided for the additional new burdens associated with the implementation of the Care Act and this has been passported within the proposed Budget for 2016/17 to Adult Social Care.
- 8.10 Given that the 2016/17 Local Government Finance Settlement is broadly in line with the Council's forecasts upon which the minimum £11m savings requirement was based, there is no need to seek any further savings beyond those approved at the December 2015 Council meeting.

Provisional Settlement 2016/17 to 2019/20

- 8.11 The Government have made "an offer" of a 4 year funding settlement¹⁸ to any council that wishes to take it up and this will be conditional on Councils publishing an Efficiency Plan. It is understood that Councils do not need to make a decision on this offer at this stage and that more details of the requirements of the Efficiency Plan and the alternative to the 4 year offer is expected to be published alongside the final settlement in early February.
- 8.12 The overall provisional settlement also sets out the proposed referendum threshold ("cap")¹⁹ for Council Tax of 2% plus the flexibility to increase Council Tax by a further 2% for Adult Social Care, and known as the "Social Care Precept", on the proviso that it is passported to Adult Social Care. This is in recognition of the increasing demographic and cost pressures in Adult Social Care services.
- 8.13 In overall terms, funding from Government is set to reduce by £23.5m from £106m currently to £82.5m over the period of the whole settlement, representing a reduction in Government funding of 22.1% and phased as follows:
- 2016/17 - £11.2m (10.5%)
 - 2017/18 - £7.5m (7.1%)
 - 2018/19 - £2.8m (2.6%)
 - 2019/20 - £2.0m (1.9%)
- 8.14 Over the first 3 years of the settlement period (i.e. 2016/17 to 2018/19) the Council had originally forecast an overall reduction in Government funding of £22.8m, the actual indicative settlement over the period illustrates a £21.5m reduction in Government funding suggesting an overall improvement against the Council's

¹⁸ This excludes the New Homes Bonus and the additional Better Care Fund allocations

¹⁹ Any increase beyond the threshold can only be implemented following a "Yes" vote in a local referendum

forecast of £1.3m. However, £0.4m of this improved funding relates to new burdens associated with the Care Act and will come with associated costs. The net improvement in the Government funding position compared to the Council's forecast therefore amounts to just £0.9m.

8.15 The final year of the settlement 2019/20 was outside of the Council's 3 year rolling forecast.

8.16 Government's assessment of the overall impact of the Settlement on Local Authorities is determined by their "Core Spending Power" calculation. This illustrates that over the period 2016/17 to 2019/20, spending power in cash terms²⁰ will reduce by 0.9% compared to the average reduction nationally of 0.5%. "Core Spending Power" is measured by the following:

- Core grant funding (Revenue Support Grant)
- Business Rates Baseline Funding (An estimate of the Council's business rate base in 2013/14 uplifted annually by the Retail Price Index (RPI) plus a "top up" amount which is also uprated annually by RPI)
- Council Tax
- New Homes Bonus
- Improved Better Care Fund

8.17 As a measure of funding, the "Core Spending Power" calculation is generally robust although it is important to note that contained within that calculation is an assumption that **all Local Authorities will increase Council Tax for both General Purposes (linked to the Consumer Price Index) and for the Social Care Precept (SCP) in each and every year.** In aggregate, those assumed tax increases for each year are set out below:

Financial Year	General Purposes (CPI)	Social Care Precept	Total Expected Council Tax Increase
2016/17	2.0%	2.0%	4.0%
2017/18	1.5%	2.0%	3.5%
2018/19	2.3%	2.0%	4.3%
2019/20	2.4%	2.0%	4.4%

²⁰ This does not account for the impact of inflation on Council costs

8.18 Additionally, the "Core Spending Power" calculation includes additional funding for "New Burdens" relating to the implementation of the Care Act which will, of course, come with additional cost pressures. This amounts to £0.9m by 2019/20 or 0.6% and therefore in cash terms a more reliable measure would be a 1.5% cash reduction in funding assuming that the Council increases the Council Tax as described above.

8.19 Whilst the "Core Spending Power" calculation is useful for measuring funding, it takes no account of differential cost pressures across the Country and across different tiers of Local Government and cannot therefore be described as a holistic measure of a Council's change in its overall financial position.

Retained Business Rates 2016/17 & Future Years

8.20 As explained in previous reports, the City Council now retains 49% of all Business Rates received. This system was introduced for the first time in 2013/14 and was accompanied by a broadly equivalent reduction in Government Grant and therefore at commencement did not represent any additional funding. The new system of retained Business Rates does however present both opportunities and risks. Authorities with strong business rates growth will benefit and be able to retain 49% of that growth, whereas Authorities whose business rates decline, or are subject to "shocks" such as closure (or relocation) of major businesses in an area, will see a reduction in their funding.

8.21 The new system is complex but some of the other key features are highlighted below:

- For businesses the National Non Domestic Rates (NNDR) system will remain the same. Local Authorities will not have control over how the level of tax is determined for ratepayers
- If the business rate tax base grows the City Council will be rewarded with increased funding, but if it declines Council funding will reduce
- Estimates of likely successful appeals (both known and as yet unknown) must be taken into account when determining the amount of business rates that can be retained
- A 1% change in Business Rates will result in circa £400,000 change in funding
- Local Authorities that have very significant business rate growth will pay a levy
- A safety net payment will come into effect if an Authority's income falls by more than 7.5% of the baseline funding level (for Portsmouth this would require a fall in Business Rates retained to £41.1m).

8.22 It should be noted that estimating the value of likely successful appeals is notoriously complex and can be subject to significant variance from year to year as appeals are settled.

- 8.23 Despite the complications and risks associated with appeals, there remains the financial incentive within the system for many Local Authorities (including Portsmouth²¹) to generate economic growth and job creation. Irrespective of the financial incentive, the Council's Medium Term Financial Strategy is aimed at reducing the need for Council Services generally and therefore growth, jobs and prosperity are vital to achieve that.
- 8.24 Retained business rates²² are estimated to increase from £42.8m²³ in the current year to £44.1m in 2016/17. The increase, on a like for like basis after taking account of Retail Relief which ends in 2015/16 is £0.7m (1.6%), of which 0.8% is represented by the annual Retail Price Index uplift.
- 8.25 Given the potential volatility associated with business rates arising from revaluation appeals and applications for mandatory business rate reliefs (e.g. charitable relief) that can easily offset any modest growth, retained business rates are forecast to grow by inflation alone across the whole period 2016/17 to 2019/20 which amounts to £5.3m (or 12.5%).

Council Tax Proposals 2016/17 to 2019/20

- 8.26 As described in the Budget report to Council in December 2015, the Council currently receives approximately £6.0m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group, a gap which if closed would not need to be funded through reductions in services or additional income.
- 8.27 The provisional Local Government Finance Settlement for 2016/17 has set a referendum threshold of 2% for Council Tax for 2016/17. This means that Councils can increase the level of Council Tax by up to 2% without constraint. Any increase beyond the threshold can only be implemented following a "Yes" vote in a local referendum.

As previously described, the Government's calculations of "Core Spending Power"²⁴ assume that Local Authorities will increase their Council Tax by:

- i) The referendum limit in 2016/17 and then by the rate of the Consumer Price Index for the next 3 years
- ii) By a further 2% per annum for the "Social Care Precept" in each and every year for the next 4 years

²¹ Applies to Local Authorities that, in general, remain above the safety net threshold over time

²² This includes retained business rates plus the business rate top up allocated by Government

²³ This excludes compensation for National Business Rate reduction schemes which are recompensed through S31 Grant amounting to £2.1m in 2015/16 and falling to £1.5m in 2016/17. The reduction of £0.6m relates to Retail relief that will not continue in 2016/17 and therefore increase the Business Rate income by an equivalent sum.

²⁴ Core Funding plus Council Tax plus New Homes Bonus plus improved Better Care Fund

8.28 The recommendations approved by the City Council in December 2015 included the following:

- (a) That the Council's Budget for 2016/17 be prepared on the basis of a 2% Council Tax increase
- (b) That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for those otherwise unfunded cost pressures.

Accordingly, the proposals within this report are for a total Council Tax increase of 3.99% as follows:

- (a) A 1.99% increase yielding £1,254,400 (equating to 35 pence per week for a Band B Tax payer) for general purposes including covering the costs of inflation (£2.6m) and other cost pressures
- (b) A further 2% increase yielding £1,254,400 (equating to a further 35 pence per week for a Band B Tax payer) for the "Social Care Precept" and to be passported direct to Adult Social Care to fund increasing demographic pressures and other cost pressures such as the National Living Wage estimated at circa £1.5m alone

8.29 The Council could elect not to increase the level of Council tax by 3.99% but if it chose to do so would need to identify additional savings over and above the £11m savings approved by the City Council in December 2015. For every 1% reduction in Council Tax, additional savings of £627,200 will be required to be approved in order for the Council to approve its Budget 2016/17.

8.30 For the Council's financial forecast covering the following 3 years from 2017/18 to 2019/20, and in accordance with the Government's calculations of "Core Spending Power", Council Tax increases have been assumed at 4% per annum. This reflects the expectation that the referendum thresholds for general purposes will continue to be set at 2% per annum and that the Council will continue to take advantage of the additional flexibility offered by the Government of 2% per annum for the "Social Care Precept", on the proviso that it is passported.

Cumulative Effects of the Overall Local Government Funding System

8.31 Over the past 4 years and including the coming year, the emphasis of the Local Government Funding system has changed considerably. There are now clear financial incentives for Local Authorities to promote business growth, increase the number of homes and increase employment. This is illustrated by the following:

- The Business Rates retention scheme allows the City Council to retain circa £400,000 for every 1% increase in Business Rate growth. Equally, the City Council will lose £400,000 for every 1% decline in the Business Rate base
- For every new home built, the City Council is able to retain circa £1,152 p.a. in New Homes Bonus grant for a period of 6 years²⁵
- The risk of increased numbers of households requiring financial support to pay their Council Tax (formerly Council Tax Benefit) falls on the City Council. The City Council therefore will be worse off if caseloads increase and better off if caseloads fall. The estimated value of the Council Tax support for 2016/17 is £11m. Each 1% change therefore will represent a cost / saving of £110,000.

It is important therefore that when the Council is developing policy and strategy and making its decisions, particularly relating to the Capital Programme, that it is cognisant of these financial incentives.

Summary of Proposed Revenue Budget 2016/17

8.32 The proposed Budget for 2016/17 has been prepared to include the following:

- Reduction in general Government funding of £11.2m
- A Council Tax increase of 3.99%, yielding £2.5m
- An increase in the Council Tax base equivalent to 262 Band D properties yielding £0.3m
- An increase in retained Business Rates²⁶ of £1.2m, largely reflecting the uplift arising from the increase in RPI²⁷
- Overall deficit on the Collection Fund attributable to the City Council amounting to £0.5m, representing a deficit in Council Tax of £0.2m and a deficit in Business Rates retained of £0.3m
- Passporting the "Social Care Precept" funding of £1.25m (amounting to the equivalent of a 2% increase in Council Tax) to Adult Social Care for demographic pressures and the costs associated with the National Living Wage

²⁵ Subject to a current consultation and expected to reduce to 4 years in order to achieve a savings of £593m nationally to redirect into the improved Better Care Fund

²⁶ This includes the deficit brought forward on the Collection Fund of £0.3m

²⁷ RPI - Retail Price Index each September is used to increase the business rate multiplier that is applied to rateable values and determine rates due. Through the Government funding mechanism, any increases in business rate income arising from RPI, is offset by an equivalent reduction in general government funding.

- Funding for additional New Burdens associated with the Care Act (£0.1m)
- The £11.0m savings proposals approved by the City Council in December 2015
- A proposal to re-instate £50,000 to the Environment & Community Safety cash limit in order to fund Domestic Violence Services funded from additional income arising from the Council's Property Investment Portfolio. With further discussions planned to take place with the Hampshire Police & Crime Commissioner's Office after the May elections with the intent to secure a contribution for the remaining £130,000.
- The revenue implications arising from the Capital Programme contained elsewhere on this agenda, including savings arising from Invest to Save Schemes
- An allowance for pay inflation of 3.2% (which includes a pay award of 1.0% and the uplift in National Insurance contributions associated with removal of the "contracted out rebate" that is currently in place for employers with occupational pension schemes)
- An allowance for inflation on non-pay expenditure of 0.1% and for income of 0.8%
- Overall contingency provision to cover known and anticipated financial risks of the Council amounting to £6.7m (£7.3m in 2015/16), especially those relating to increases in demand for Adults & Children's Services and the delivery of budget savings
- Adjustments to reflect revised income from the Port and MMD
- Adjustment to forecast borrowing costs and investment rates
- The retention into an earmarked reserve, by right, of any Portfolio underspendings arising in the previous year

Analysis of Spending & Funding Changes 2015/16 to 2016/17

8.33 The proposed Budget for 2016/17 as described above results in net spending of £157,992,700. This amounts to a net decrease in spending of £10,348,200 or 6.1% over the Original 2015/16 budget of £168,340,900.

MOVEMENTS BETWEEN ORIGINAL BUDGET 2015/16 AND ORIGINAL BUDGET 2016/17	
<u>Total Reduction in Net Expenditure Comprises:</u>	£000
<u>Increases in Expenditure:</u>	
Inflation provision 2016/17	2,121
Revenue Contribution to Capital	1,500
Passporting of the "Social Care Precept"	1,254
Passporting of New Burdens (Care Act /Independent Living Fund)	613
Other approved expenditure (e.g. from Portfolio Reserves)	450
	5,938
<u>Less Reductions in Expenditure:</u>	
Budget Savings approved on 8 December 2015	(11,000)
Transfers to / (from) Reserves	(1,850)
Ongoing effect of previous years' savings	(854)
Improvement in treasury and debt management	(781)
Reduction in contingency provision	(631)
Changes to trading income at Port & MMD	(626)
Prior years' Budget Pressures falling out	(417)
On-going impact of Spend to Save schemes	(126)
	(16,287)
Total Net Reduction in Expenditure	(10,348)
<u>Matched By:</u>	
Reduction in contribution from General Balances	(2,576)
Reduction in Revenue Support Grant	(8,012)
Increase in Retained Business Rates	1,316
Reduction in Other General Grants	(1,813)
Increase in Council Tax	738
Total Decrease in Funding	(10,348)

8.34 The proposed Budget for 2016/17 as described in this Section is recommended for approval.

9. Cash Limits 2016/17

9.1 As previously described, Cash Limits relate to that element of the Budget that is Portfolio and Service specific and which is controllable. Cash Limits have been prepared to reflect all changes set out in the proposed Budget for 2016/17 described in Section 8 and in particular include:

- Inflation
- Reductions to Cash Limits to take out the approved Budget savings
- Additions to Cash Limits for passporting funds relating to new burdens
- Adjustments to reflect the revenue costs of the proposed Capital Programme
- Windfall costs and savings
- Other refinements

9.2 The table below shows the proposed Cash Limits for 2016/17 and also those items outside Cash Limits (i.e. capital and similar charges, levies and insurance premiums), which together form the Budget for each service.

PORTFOLIO	Cash Limits 2016/17 £'000	Items Outside the Cash Limit £'000	Budget 2016/17 £'000
Children & Education	30,510	19,094	49,604
Culture Leisure & Sport	6,362	3,870	10,232
Environment & Community Safety	14,243	1,786	16,029
Health & Social Care	38,937	3,314	42,251
Housing	3,606	5,743	9,349
Leader	238	20	258
Planning Regeneration Economic Development	(9,353)	13,041	3,688
Resources	17,987	4,231	22,218
Traffic & Transportation	14,210	684	14,894
Governance & Audit Committee	203	47	250
Licensing Committee	(226)	16	(210)
PORTFOLIO EXPENDITURE	116,717	51,846	168,563

9.3 Managers will be expected to contain their expenditure in 2016/17 within Cash Limits and to regularly monitor their budgets to ensure this is achieved. Managers will continue to have the freedom to change their budgets within the Cash Limit in the year, provided they do not enter into commitments which would increase their expenditure in future years beyond the agreed Cash Limit for 2016/17, but mindful of the requirement to make savings in future years.

- 9.4 As set out in the Council's Financial Rules, any overspends against the current year's Cash Limit will become the first call on any retained underspendings from previous years contained within a Portfolio's Earmarked Reserve. Should a Portfolio's Earmarked Reserve be depleted, any remaining overspend will be deducted from the 2017/18 Cash Limit.
- 9.5 Managers have delegated authority to incur committed routine expenditure within their approved Cash Limit. Routine expenditure is any expenditure incurred to meet the day-to-day operational requirements of the service, or any specific approved budget pressure. Managers wishing to incur expenditure on any other specific item should seek approval from the relevant Portfolio holder before incurring that expenditure.
- 9.6 These Cash Limits will be adjusted under the delegated authority of the S.151 Officer to reflect transfers of budgets that come to light after the Budget has been approved, such as changes to the assumptions on inflation rates and any other virements.
- 9.7 Managers will be required to report their forecast outturn position to the relevant Portfolio holder on a regular basis and the City Council will receive a report on the overall budget position every quarter.

10. Future Years' Medium Term Forecasts - 2017/18, 2018/19, and 2019/20

- 10.1 A new medium term forecast has now been completed and "rolled on" a further year to cover the period 2017/18 to 2019/20. All of the financial assumptions have been comprehensively revised and a savings requirement for the new period determined.
- 10.2 The previous medium term forecast estimated that savings of £31m would be required across the previous 3 year period 2016/17 to 2018/19. The proposed Revenue Budget for 2016/17 provides for £11m of those savings that, based on the "old" forecast, would have left a residual £20m remaining to be found for the following 2 years.
- 10.3 The new medium term forecast takes account of the £11m savings being achieved in 2016/17, comprehensively revises the remaining £20m that was estimated to be required and makes a forecast for the additional year 2019/20. It is now estimated that the savings required for the new 3 year period 2017/18 to 2019/20 will be £24m (or £50m cumulatively over the period) as described in the paragraphs that follow.

10.4 The most significant changes that will affect Local Government and the Council through the period 2017/18 to 2019/20 are as follows:

Funding & Income

- Continuing significant reductions in Local Government funding, expected through to 2020
- The outcome of the consultation on the New Homes Bonus which seeks to make £593m of savings nationally to be re-directed into an improved Better Care Fund from 2017/18
- The net gain/loss that will be experienced between a reduction in New Homes Bonus offset by an increase in the improved Better Care Fund
- The extent to which the Council may benefit or lose from increases / decreases in Business Rate growth and any losses from appeals or additional mandatory relief awards (e.g. Charitable relief attracting an 80% reduction)
- The Council Tax referendum thresholds that will be set and whether or not the Council will increase the level of Council Tax to those thresholds
- Whether the Council will take advantage of the flexibility to raise Council Tax by a further 2% per annum for the "Social Care Precept"
- The extent to which schools will convert to Academies and the consequent loss of funding and economies of scale
- The phasing out of the Education Services Grant over the period (currently amounting to £1.8m) related to the removal of statutory education responsibilities and the extent to which the Council elects to take out associated costs
- Changes in trading volumes and income from the Port and MMD
- The extent to which the Council can exploit investment opportunities and raise income
- The decisions taken by the Council in directing its Capital Programme towards economic growth, income generation and cost savings schemes

Spending

- The actual cost of funding the new burdens arising from the Care Act
- The significantly increasing cost of the Council's essential care services arising from an ageing population, increased life expectancy and the consequent increased complexity of care needs
- Inflation and interest rates generally and their impact on service costs, debt costs and investment income

10.5 More specifically, the City Council's medium term future forecasts for the period 2017/18 to 2019/20, have been prepared on the basis of the following:

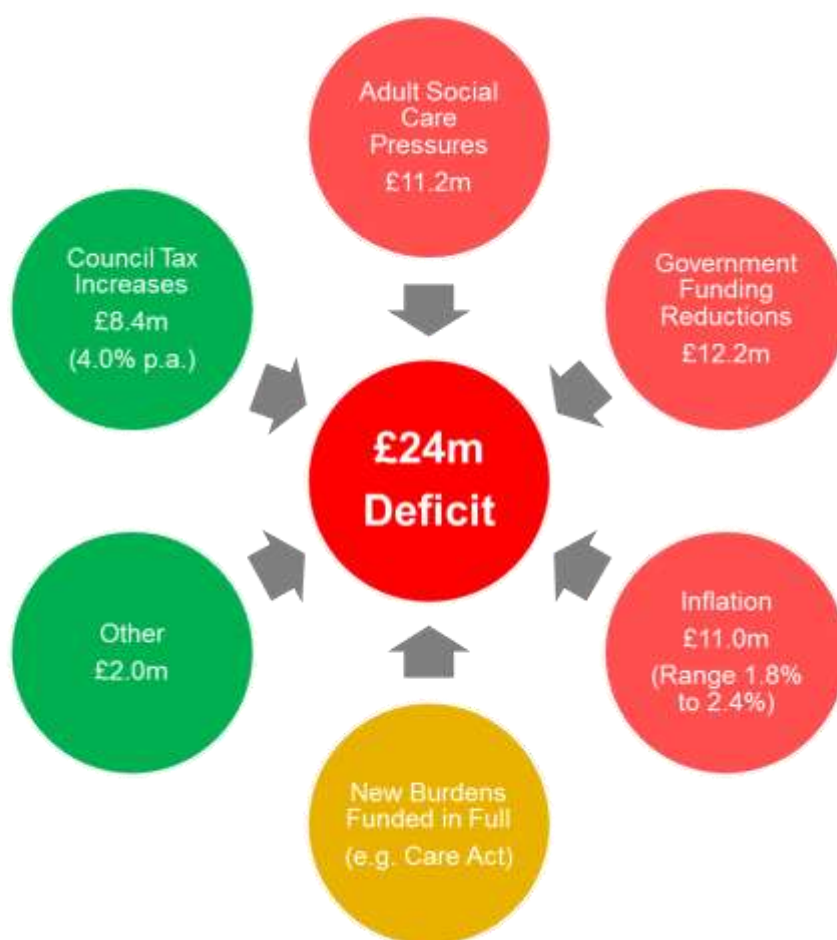
- Reductions in overall general Government funding of 7.9% in 2017/18, a further 3.2% in 2018/19 and a further 2.3% in 2019/20, representing an overall reduction in funding over the period of £12.2m²⁸
- A 4.0% per annum increase in Council Tax for 2017/18 to 2019/20, raising £8.4m
- That any additional cost of the Council Tax Support Scheme will be offset by further changes to the scheme in order to cap the cost at £13.0m per annum (PCC element £11.0m p.a.)
- An underlying zero growth assumption for changes in Business Rates from 2017/18 onwards, to reflect the uncertainty relating to appeals and mandatory reliefs but also to allow the opportunity for any incremental business rates to be used to deliver that growth (e.g. enabling infrastructure for new developments)
- Indexation uplifts on retained Business Rates of 2.0% for 2017/18, a further 3.0% for 2018/19 and a further 3.2% for 2019/20 amounting to a total for the period of £3.7m²⁹
- That any loss of business rates income arising from the continuation of the cap on increases provided by Government in 2014/15 and 2015/16 will continue to be recompensed by Government via grant funding
- New Homes Bonus grant reductions based on the Government's assumptions of the changes to the scheme
- An overall composite inflationary provision covering all pay and prices amounting to 1.8% for 2017/18, a further 2.3% for 2018/19 and a further 2.4% for 2019/20 amounting to a total for the period of £11.0m
- Interest rates on any new borrowing of 4.0% for 2017/18, 4.3% for 2018/19 and 4.4% for 2019/20
- Investment rates on any new lending of 1.5% for 2017/18, 2.0% for 2018/19 and 2.25% for 2019/20
- Any new burdens arising from the Care Act will be funded in full
- Some provision for the potential on-going risks associated with the budget pressures within Children's and Adult's Social Care
- The ongoing effect of savings and passported funding for new burdens included in the 2016/17 budget

²⁸ This includes the RPI uplift on Business Rates of £3.7m which forms part of the Local Government Finance Settlement and is a component of the calculation of Government Grants

²⁹ This is included within Government Grant funding of £12.2m (see above)

- A “one-off” Revenue contribution to Capital in 2017/18 to supplement the Capital Resources available for that year since future years capital allocations have already been relied upon (and are therefore very limited) to fund the existing and future Capital Programme
- Changes to the Port dividend for 2017/18, 2018/19, and 2019/20 to reflect current forecasts
- An assumption of a steady state for other budgets

10.6 The overall deficit of £24m for the period 2017/18 to 2019/20 is summarised below.



10.7 The medium term financial forecasts are set out as part of the General Fund Summary in Appendix A but in a more summarised fashion in Appendix B.

10.8 In summary, the overall savings requirement has been revised downwards for both 2017/18 and 2018/19 by £3m overall and the forecast has been “rolled on” to now include a deficit in 2019/20 of £7m. The overall forecast budget deficit and savings requirement for the 3 year period 2017/18 to 2019/20 is now £24m.

10.9 The fundamental aim of the Medium Term Resource Strategy is for in-year expenditure to equal in-year income. The proposed Savings Requirements set out below have been set to accord with that aim and also with the minimum level of General Balances that the Council is required to hold based on its risk profile.

10.10 The Savings Requirements recommended below have been phased to have regard to a managed reduction in spending and service provision over a realistic period:

	Revised Underlying Budget Deficit	Revised In Year Target	Revised Cumulative Saving
	£m	£m	£m
2017/18	9.2	9.0	9.0
2018/19	15.7	8.0	17.0
2019/20	23.9	7.0	24.0

10.11 Section 11 of this report sets out how the Savings Requirement of £24m would be apportioned across Portfolios if done on a proportional basis (i.e. savings are made in proportion to the size (and therefore scope) of their cash limit). This should act as a guide for Portfolio Holders and Service Managers to the scale of savings that will be required to be made in future years. Ultimately however, it will be for the Administration to determine how those savings requirements will be allocated throughout next year's budget process.

11. Illustrative Savings Requirements 2017/18, 2018/19, and 2019/20

11.1 Some Portfolios have historically been unable to make proportional savings without serious detrimental implications for service users. Historically, those Portfolios have been Children & Education, Health & Social Care and Environment & Community Safety. These Portfolios have received protection in two ways:

- They have not been required to make their full pro rata savings requirement
- They have been awarded additional sums for unavoidable budget pressures associated with rising demand and demographic changes or exceptional inflationary costs

11.2 Importantly, these Portfolios account for 66% of the Council's total controllable budget from which savings can be made. Looking forward beyond 2016/17, the scale of the future savings requirements will be such that the Council will no longer be able to afford the same levels of protection that have been provided in the past for its Children & Education, Health & Social Care and Environment and Community Safety services without severe cuts to all other Services.

11.3 For planning and impact evaluation purposes, it is proposed to continue to plan for savings over the medium term on the basis that proportional savings will need to be made across all Portfolios. For illustrative purposes therefore, Portfolios will be required to achieve the savings shown below in 2017/18, 2018/19 and 2019/20:

Illustrative Savings - Pro Rata to 2016/17 Cash Limits			
PORTFOLIO	Savings 2017/18 £'000	Savings 2018/19 £'000	Savings 2019/20 £'000
Children & Education	2,325	2,066	1,808
Culture Leisure & Sport	504	448	392
Environment & Community Safety	1,017	904	791
Health & Social Care	2,971	2,641	2,310
Housing	275	245	214
Leader	18	16	14
Planning Regeneration Economic Development	280	249	218
Resources	1,302	1,157	1,012
Traffic & Transportation	217	193	169
Governance, Audit & Standards Committee	52	46	40
Licensing Committee	40	36	31
PORTFOLIO SAVINGS REQUIREMENTS	9,000	8,000	7,000

12. Estimated Revenue Balances 2015/16 to 2019/20

12.1 General Fund Revenue Balances as at 31 March 2016 (Revised Estimate) are anticipated to be £16.4m after transfers to and from other reserves. The Council is expected therefore to remain within the approved level of minimum General Balances of £6.5m.

12.2 In accordance with Best Practice, the level and nature of all revenue reserves and balances has been reviewed as part of the budget process. The exercise has attempted to identify and assess all of the City Council's potential financial risks over the next few years in order to determine the prudent level of balances that should be retained, based on the City Council's risk profile. Each risk has been considered alongside the probability of it happening.

12.3 The outcome shows that for 2016/17 the City Council should hold a minimum of £7.0m in General Balances to cover these major risks. It is therefore recommended that the minimum level of revenue balances is increased by £0.5m as at 31 March 2017. Assuming the savings required to fund the forecast deficit in 2016/17 are

achieved, revenue balances as at 31 March 2017 are forecast to be £17.8m. These sums in balances are needed to retain funds for spreading the savings required over future years so that service reductions can be phased in a managed way and to provide a level of comfort against future uncertainties and the delivery of the continuing and significant future Savings Requirements.

12.4 The minimum level of balances for 2017/18 and future years will be reviewed annually as part of the budget process.

12.5 The statement below gives details of the general balances in hand at 1 April 2015, together with the proposed use of reserves from 2015/16 to 2019/20, and the resultant balances at 31 March 2020 **assuming that the target savings recommended in Section 10 are achieved.**

General Balances - Forecast to 2019/20	£000
Balances as at 1 April 2015	14,864
Surplus / (Deficit) 2015/16	1,532
Estimated Balances 31 March 2016	16,396
Surplus / (Deficit) 2016/17	1,426
Estimated Balances 31 March 2017	17,822
Surplus / (Deficit) 2017/18	(238)
Estimated Balances 31 March 2018	17,584
Surplus / (Deficit) 2018/19	1,269
Estimated Balances 31 March 2019	18,853
Surplus / (Deficit) 2019/20	76
Estimated Balances 31 March 2019	18,928

12.6 The level of balances held over the period will be higher than the minimum level recommended. This prudent approach is being taken for a number of specific reasons, which include:

- The Council is not permitted to budget for a level of General Balances below the minimum level determined by the S.151 Officer
- The balances are predicated on total savings (as yet unidentified) of £24m being achieved over the next 3 years (£9.0m in 2017/18, £8.0m in 2018/19 and £7.0m in 2019/20). If those savings are not made, Balances would be less than the minimum level by 31 March 2019. Moreover, the Council would have a deficit of £14.1m (versus its minimum) and be in breach of its requirement to set a balanced budget

- The uncertainty over the level of funding generally (in particular retained Business Rates), demographic cost pressures for care services, inflation and interest rates in future years
- The uncommitted balance available in the MTRS reserve of just £2.4m³⁰ means there is only limited funds available to fund the implementation costs of future efficiency savings (see Section 13)

12.7 Furthermore, the City Council is pursuing a number of initiatives that will rely temporarily on the use of the Council's reserves generally in order to deliver them in a more cost efficient way (i.e. as opposed to borrowing). Examples include, the City Deal, Dunsbury Hill Farm and the Investment Property Fund. In the current climate where borrowing rates are significantly greater than investment rates, it makes financial sense to utilise General Balances and Reserves (that would otherwise be invested until required) and defer any borrowing decisions to a later date once investment rates recover. Retaining Balances therefore is an extremely important element of delivering the Council's Regeneration Strategy that will ultimately result in increased jobs, new homes and improved prosperity for the City.

13. Medium Term Resource Strategy Reserve

13.1 The MTRS Reserve was originally established to fund:

- Spend to Save and Spend to Avoid Cost initiatives
- Invest to Save capital schemes
- Feasibility Studies where there is likely to be an efficiency gain
- One-off redundancy costs arising from proposed savings
- The funding of expenditure of a "one-off" nature that is critical to the successful achievement of the outcomes that the residents of Portsmouth value most highly and where no other alternative funding source is available

13.2 Historically, the Reserve has been replenished by transfers of underspends from previous years. Under the new financial framework of retained underspendings by Portfolios, the opportunities for replenishing this reserve are now diminished. The calls on the reserve however, for smaller scale Spend to Save or Invest to Save schemes are also diminished, since these are funded from Portfolio Reserves where available. It is important that the reserve is maintained to fund larger scale Spend to Save schemes that would otherwise be unaffordable by a Portfolio.

13.3 It is anticipated that the main call on the MTRS Reserve over the next few years will be redundancy costs arising out of the savings needed to balance the Budget, Invest to Save Schemes of a capital nature and the revenue costs associated with transforming Services.

13.4 In order to provide for future years anticipated redundancy costs (i.e. over the course of the coming year and the further 3 year forecast); satisfy the demands for Invest to Save Schemes and meet all other commitments, it is recommended that £1.5m is transferred into the Reserve in 2015/16 from the forecast underspend in the year, (as set out in Section 6).

³⁰ Including the transfer into the reserve of £1.5m as recommended in this report

13.5 The statement below provides details of the MTRS Reserve balances in hand at 31 March 2015, together with all approved transfers in and out of the Reserve over the period 2015/16 to 2019/20 assuming that the recommendation to transfer £1.5m from the 2015/16 budget as described above is approved.

MTRS Reserve - Forecast to 2019/20	£000
Balances as at 1 April 2015	17,586
Surplus / (Deficit) 2015/16	<u>(3,016)</u>
Estimated Balances 31 March 2016	14,570
Surplus / (Deficit) 2016/17	<u>(4,943)</u>
Estimated Balances 31 March 2017	9,627
Surplus / (Deficit) 2017/18	<u>(2,680)</u>
Estimated Balances 31 March 2018	6,947
Surplus / (Deficit) 2018/19	<u>(2,250)</u>
Estimated Balances 31 March 2019	4,697
Surplus / (Deficit) 2019/20	<u>(2,250)</u>
Estimated Balances 31 March 2020	2,447

13.6 In the event that the recommended £1.5m transfer is not approved, the Reserve will be left with a very modest £0.9m, rendering it ineffective as a vehicle for the facilitation of future Spend to Save schemes of any meaningful scale.

13.7 In future years, for this Reserve to continue in this capacity, it will be necessary to replenish it either from non Portfolio underspends or alternatively from the Revenue Budget.

14. Collection Fund (Surplus) / Deficit

14.1 The Collection Fund is a fund maintained by the City Council into which are paid amounts collected in respect of Council Tax and National Non Domestic Rates (referred to as Business Rates) and out of which are paid the following:

Council Tax Precepts:

- Hampshire Police & Crime Commissioner (11% share)
- Hampshire Fire and Rescue Authority (4% share)
- Portsmouth City Council (85% share)

Business Rates Demands (NNDR):

- Government (50% share)
- Hampshire Fire and Rescue Authority (1% share)
- Portsmouth City Council (49% share)

14.2 The consolidated Collection Fund forecast for 2015/16 shows an overall deficit of £0.9m. This represents a deficit in relation to Council Tax of £0.269m and a deficit in relation to Business Rates amounting to £0.636m. The deficit relating to each element of the fund is shared with the constituent parties that make the demand on the fund and in the relative proportions to those demands. The share of the £0.269m Council Tax deficit attributable to Portsmouth City Council is £0.227m and the share of the Business Rate deficit attributable to Portsmouth City Council is £0.312m. This results in an overall deficit on the fund relating to Portsmouth City Council of £0.539m.

14.3 The overall deficit has been taken into account within the budget proposals for 2016/17 contained within this report.

14.4 The Council Tax deficit has arisen largely from a higher than anticipated number of discounts and exemptions given compared to the estimate, compensated by a further improvement in the collection rate. The forecast deficit on Business Rates of £0.636m when compared to the deficit brought forward of £5.312m represents a reduction of £4.676m over the 12 months ending March 2016. Following receipt of additional data received from the Valuation Office Agency, the provision required for backdated appeals has been comprehensively reviewed and reduced by £2.3m. The majority of the appeals relevant to the 2005 valuation list have now been resolved. The Chancellor of the Exchequer made a policy announcement in the Autumn Statement 2014 that for rating appeals to be backdated to April 2010, appeals relevant to the 2010 list would need to be submitted by 31 March 2015. This has had a positive effect and reduced some of the uncertainty attached to estimating the value of backdated appeals. However, there remains a great deal of volatility in this aspect of the Business Rates retention system.

14.5 The Collection Fund forecast for the year ending 2015/16 is set out below.

PORTSMOUTH CITY COUNCIL	Council Tax £'000	NNDR £'000
Forecast Collection Fund Statement 2015/16		
<u>INCOME</u>		
(Surplus) / Deficit brought forward	(1,729)	5,312
Council Tax	(74,682)	
MoD Contribution in lieu	(867)	
Non Domestic Rates Income		(83,954)
Provision for Losses on Appeals (Backdated)		(2,279)
Transitional Relief due from Government		(470)
	(77,278)	(81,391)
<u>EXPENDITURE</u>		
<u>Collection Fund Estimated Surplus / (Deficit) 2014/15:</u>		
- Portsmouth City Council	1,850	(1,319)
- Hampshire Police & Crime Commissioner	243	
- Hampshire Fire & Rescue Authority	97	(27)
- Government		(1,346)
<u>Council Tax Precepts:</u>		
- Portsmouth City Council	62,416	
- Hampshire Police & Crime Commissioner	8,382	
- Hampshire Fire & Rescue Authority	3,270	
Provision for Losses	1,289	976
Provision for Losses on Rating Appeals 15/16		2,603
<u>Retained Business Rates:</u>		
- Government (50%)		40,431
- Portsmouth City Council (49%)		39,622
- Hampshire Fire & Rescue Authority (1%)		809
Collection costs		278
	77,547	82,027
<u>ESTIMATED BALANCE AS AT 31 MARCH 2016</u>		
	269	636
<u>To be apportioned between:</u>		
Portsmouth City Council	227	312
Hampshire Police & Crime Commissioner	30	0
Hampshire Fire & Rescue Authority	12	6
Government	0	318
<u>DEFICIT APPORTIONED OVER THREE AUTHORITIES AND THE GOVERNMENT:</u>		
	269	636

15. Council Tax 2016/17

15.1 The determination of the Council Tax is in part derived from the Tax Base (i.e. the number of Band D equivalent properties from which the full amount of Council Tax is payable). The S.151 Officer has, under delegated responsibilities, determined that the Council Tax Base for 2016/17 will be 53,538.8.

15.2 The City Council's determination of the 2016/17 Council Tax is shown below:-

- (i) the calculation of the Council Tax for 2016/17 in respect of City Council purposes is as follows:

COUNCIL TAX 2016/17	£
Gross Expenditure	478,280,306
Less: Gross Income	<u>(362,718,999)</u>
Net Expenditure	115,561,307
Less: Government Grants	(50,333,381)
<u>City Council Tax Requirement</u>	<u>65,227,926</u>
<u>Divided by:</u>	
Council Tax Base	53,538.8
<u>Council Tax - City Council Band D</u>	<u>1,218.33</u>

This amounts to a Council Tax increase of 3.99%

- (ii) The Hampshire Police & Crime Commissioner is currently consulting upon a precept for 2016/17 of £8,590,836 and a Band D Council Tax of £160.46 (1.99% increase).
- (iii) Hampshire Fire and Rescue Authority have indicated that their precept for 2016/17 will be £3,351,529 and the Council Tax for Fire and Rescue Authority purposes at Band D will be £62.60 (1.99% increase).

(iv) The Council Tax to be levied for all bands in 2016/17 will be as follows:-

Band	Valuation	Portsmouth City Council	Hampshire Police & Crime Commissioner	Hampshire Fire & Rescue Authority	Total
		£	£	£	£
A	Up to £40,000	812.22	106.97	41.73	960.92
B	£40,001 - £52,000	947.59	124.80	48.69	1,121.08
C	£52,001 - £68,000	1,082.96	142.63	55.64	1,281.23
D	£68,001 - £88,000	1,218.33	160.46	62.60	1,441.39
E	£88,001 - £120,000	1,489.07	196.12	76.51	1,761.70
F	£120,001 - £160,000	1,759.81	231.78	90.42	2,082.01
G	£160,001 - £320,000	2,030.55	267.43	104.33	2,402.31
H	£320,001 & over	2,436.66	320.92	125.20	2,882.78

The amount payable by any household will be affected by discounts, exemptions and benefit.

The overall increase in tax is as follows:-

TOTAL BAND D COUNCIL TAX	2014/15	2015/16	Increase
	£	£	%
Portsmouth City Council Purposes	1,171.53	1,218.33	3.99%
Hampshire Police & Crime Commissioner	157.33	160.46	1.99%
Hampshire Fire and Rescue	61.38	62.60	1.99%
Total Charge – Band D Property	1,390.24	1,441.39	3.68%

16. Non Domestic Rates

16.1 The business rate poundage to be applied to valuations is 49.7p (49.3p in 2015/16). In addition, the small business multiplier is 48.4p (48.0p in 2015/16). The uplift in both multipliers reflects the September RPI inflation figure at 0.8%.

17. Statement of the Section 151 Officer in Accordance with the Local Government Act 2003

17.1 Section 25 of the Local Government Act 2003 (“the Act”) requires the Chief Financial Officer to report to the City Council on the following matters:

- The robustness of the estimates included in the budget made for the purposes of setting the Council Tax; and
- The adequacy of proposed financial reserves

17.2 Section 25 of the Act concentrates on uncertainties within the budget year rather than the greater uncertainties in future years. In the current economic climate, there continue to be uncertainties in both the current and future years i.e. beyond 2016/17. Particular uncertainties exist regarding the extent of successful appeals and mandatory reliefs which affect Retained Business Rates, the ability of the Council to continue to make the necessary savings at the required scale and pace, the likely demographic cost pressures arising in demand driven services such as Adults and Children’s Social Care and the extent to which new policy changes will be funded (most notably those arising from the Care Act). All of these uncertainties increase the need for adequate reserves and balances to be maintained in current and future years.

17.3 A minimum level of revenue reserves must be specified within the Budget. The Local Authority must take full account of this information when setting the Budget Requirement.

17.4 Should the level of reserves fall below the minimum approved sum of £7.0m as proposed in this report, either arising from an overspend in the previous year or the current year, the S.151 Officer has a duty to report this to the Council with recommendations as to the actions that should be taken to rectify the shortfall. In the most extreme of circumstances, the S.151 Officer can impose a spending freeze until a balanced budget is approved by the Council.

(a) Robustness of the Budget

17.5 In setting the Budget, the City Council should have regard to the strategic and operational risks facing the City Council. Some of these risks reflect the current economic climate and the national issues surrounding local authority funding levels.

17.6 Estimates and forecasts have been prepared to include all known significant financial factors over the medium term in order to inform spending decisions.

17.7 Assumptions for the Budget and forecasts for future years are considered to be sound and based on the best available information. These are set out in detail in Sections 8 and 10 and use the following sources as their evidence base:

- Government funding as set out in the provisional settlement for 2016/17 to 2019/20.
- A "no growth" assumption for Retained Business Rates on the basis that any income arising from growth will be offset by both appeals, reliefs and the need to borrow to invest in order to generate that growth (e.g. City Deal, City Centre Redevelopment)
- An assumption that the current rateable value will be reduced by 2.6% arising from appeals against the 2010 rating list. This is based on the current success rate of appeals. Also, that appeals against the 2005 rating list are largely resolved which is based on the latest information from the Valuation Office.
- Increases in Council Tax based on what is likely to be politically acceptable and in particular that the Council will continue to take advantage of the flexibility to tax for Adult Social Care at 2% per annum
- Inflation on Retained Business Rates and prices in accordance with inflation estimates from the Office for Budget Responsibility
- Provisions for anticipated national policy changes arising out of the Care Act based on Portsmouth's share of "relative need"³¹
- Specific provisions for increases in demand for both Adult's & Children's Social Care based on current trends
- A general provision for (as yet) unknown budget pressures based on the estimated probability of those pressures being unable to be managed within Portfolio cash limits
- Prudential borrowing requirements based on approved Capital schemes
- Revenue contributions to capital based on estimates of future needs
- Balances and contingencies based on a risk assessment of all known financial risks

17.8 Savings contained within the Budget are those where Portfolio Holders and Directors assess the confidence level of achievement is medium and above. Savings proposals have also been subject to scrutiny by Members. Responsibility and accountability for delivering the savings rests with the relevant Portfolio Holders and Directors and progress will be monitored throughout the year as part of the Budget Monitoring process.

³¹ Relative need is based on the Government's "Relative Needs Formula" that is used in allocating general government funding

- 17.9 The most volatile budgets are those of Adult's and Children's Social Care. Budget provision has been made available to cover these risks both directly within Service cash limits as well as within the City Council's overall contingency provision.
- 17.10 Additionally, Portfolios will be able to retain any underspendings in 2015/16 and utilise them as necessary in 2016/17 and future years for any purpose but with a clear priority to meet essential cost pressures in the first instance.
- 17.11 The forecasts prepared for the forthcoming and future years are robustly based and illustrate the expected costs the City Council will incur in order to deliver current levels of service.
- 17.12 Portfolio Holders will be given regular budget updates by Directors to ensure that action to address any potential over or underspend is taken promptly and quarterly budget monitoring reports will continue to be presented to the City Council.
- 17.13 To encourage budget discipline all future overspendings will be deducted from any retained underspendings accumulated in Portfolio Earmarked Reserves in the first instance and once depleted from the following year's Cash Limits.
- 17.14 Prudential Indicators are accurately calculated based on the Council's audited Balance Sheet, notified income streams and in depth financial appraisals of proposed capital schemes. These are published and reviewed on a regular basis to ensure that the City Council complies with the concepts of Affordability, Prudence, and Sustainability. The City Council has agreed to consider Prudential Borrowing for "Spend to Save Schemes" only, as it is currently unaffordable for any other purpose given the forecast budget deficits in 2017/18 and future years.
- 17.15 Future years' budgets will be particularly challenging due to continued funding reductions and uncertainties. The Council's forecasts plan for a savings target of £9m in 2017/18, £8m in 2018/19 and £7m in 2019/20.

(b) The Adequacy of Proposed Financial Reserves

- 17.16 During 2015/16, a review of the level and nature of all revenue reserves and balances has been undertaken. All of the City Council's potential financial risks over the next few years and the probability of each risk happening has been assessed. The outcome from this review concludes the need to retain a minimum level of General Balances of £7.0m as at 31 March 2017 (an increase of £0.5m from the current year) and reflect the increased risk associated with the need to make further savings.
- 17.17 Balances provide a buffer against unexpected costs such as pay awards, inflation, shortfalls in income and overspends and enable the City Council to manage change without undue impact on the Council Tax or immediate reductions to services. They are a key element of strong financial standing and resilience as they mitigate risks such as increased demand and other cost pressures.

- 17.18 The level of balances held will be higher than the minimum level recommended. This prudent approach is being taken for a number of specific reasons as set out in Section 12. The position will continue to be reviewed and reported to Members on an annual basis.
- 17.19 As previously mentioned, the Council will maintain Portfolio Earmarked Reserves to retain accumulated Portfolio underspends in order that Portfolios can better manage any known or unknown cost pressures that arise. It is forecast that Portfolio Reserves will amount to £5.5m as at 31 March 2016 which will be available for 2016/17.
- 17.20 The MTRS Reserve is the Council's primary vehicle for funding Spend to Save and Spend to Avoid Costs Initiatives, Feasibility Studies and redundancy costs and currently stands at £17.6m. Taking account of all approvals from this reserve and future estimated redundancy costs over the next 4 years, it is estimated that the Reserve will have an uncommitted balance of £2.4m. In order for this Reserve to continue in this capacity, it will be necessary to replenish it from any non Portfolio underspendings, transfers from other reserves no longer required or alternatively from the Revenue Budget.
- 17.21 The Council maintains a number of other Earmarked Reserves for specific purposes, all of which are at the levels required to meet known future commitments. The major reserves include the following:
- Revenue Reserve for Capital – to fund the Capital Programme
 - Highways PFI Reserve – to fund future commitments under that contract
 - Off Street Parking Reserve – to fund investment in transport
 - Insurance Reserve – to fund potential future liabilities
- 17.22 The Council's contingency provision for 2016/17 has been set on a risk basis at £6.7m and reflects anticipated calls on the budget where the timing and value is not yet known. The use and application of the contingency will continue to be exercised tightly.

18. Conclusion

- 18.1 The proposed Budget 2016/17 has been prepared to incorporate the decisions of Council in December 2015 to make savings amounting to £11m and set a Council Tax increase of 3.99%.
- 18.2 The decisions made by the City Council in December 2015 alongside the recommendations within this report are made as part of a co-ordinated package of measures for both the Revenue Budget and Capital Programme that are aligned with the approved Medium Term Financial Strategy with its stated aim that

"In-year" expenditure matches "In-year" income over the medium term whilst continuing the drive towards the regeneration of the City and protecting the most important and valued services.

18.3 The proposals contained within the December 2015 report and this report, now culminating in the proposed Budget for 2016/17, will:

- Provide a suite of savings amounting to £11m of the original forecast £31m³² required over the 3 year period 2016/17 to 2018/19
- Provide savings protection for Education & Children and the essential care services whilst still aiming to retain good quality sustainable public services across other portfolios. This involves spending reductions of 2.5% in Children & Education services and 5.2% in Health & Social Care services versus the average saving that was required across the Council of 8.3%.
- Re-instate £50,000 to the Environment & Community Safety cash limit in order to fund Domestic Violence Services funded from additional income arising from the Council's Property Investment Portfolio. With further discussions planned to take place with the Hampshire Police & Crime Commissioner's Office after the May elections with the intent to secure a contribution for the remaining £130,000.
- Provide for a Council Tax increase of 3.99% in 2016/17 comprising:
 - (c) A 1.99% increase yielding £1,254,400 (this equates to 35 pence per week for a Band B³³ Tax payer) for general purposes including covering the costs of inflation (£2.6m) and other cost pressures
 - (d) A further 2% increase yielding £1,254,400 (this equates to a further 35 pence per week for a Band B Tax payer) for the "Social Care Precept" and to be passported direct to Adult Social Care to fund increasing demographic pressures and other cost pressures such as the National Living Wage estimated at circa £1.5m alone
- Support all Services to meet the financial challenges ahead by maintaining a financial framework that incentivises responsible spending and strong forward financial planning with the following:
 - The continuation of greater financial autonomy including the right of each Portfolio to retain 100% of any year-end underspending and for it to be held in an earmarked reserve for the relevant Portfolio
 - Correspondingly the requirement that any Budget Pressures are funded within the overall resources available to the Portfolio Holder (which includes their Portfolio Reserve)
- Require that for 2017/18 a minimum on-going savings sum of £9.0m be made

³² Assuming a Council Tax increases across the period of 2% per annum

³³ The average Council Tax Payer lives in a Band B property

- To support the delivery of future years savings:
 - An increase of £500,000 to the Business Intervention Fund to enable the necessary business interventions to take place across the Council's activities at the necessary scale and pace to deliver significant change and cost reduction in the future
 - The transfer of £1.5m (from 2015/16 underspendings) to the MTRS Reserve recognising this as the Council's primary vehicle for providing funding for Spend to Save initiatives
- The transfer of £1.5m (from 2015/16 underspendings) to supplement the Capital Programme where there remains an enormous gap between Service needs, regeneration aspirations and the associated level of capital resources available
- That any further underspendings for 2015/16 arising at the year-end (outside of those made by Portfolios) be transferred to Capital Resources in order to provide funding for known future requirements such as Secondary School Places, Sea Defences and enabling infrastructure for the City's development where there is a known funding shortfall and because this Capital Investment is likely to have a significant transformational effect on the City's growth potential

18.4 The proposed Budget for 2016/17 is financially balanced, robustly based and provides sufficient cover for anticipated and potential financial risks within the year. Furthermore, the overall financial health of the Council currently remains sound providing a good degree of resilience against an uncertain climate.

18.5 The bigger challenge for the Council is from 2017/18 onwards where further significant cuts still need to be made and high levels of uncertainty exist around future funding and future costs. The main risks include:

- The ability to make savings to meet the continuing funding reductions from Government
- The level of Business Rates appeals and reliefs experienced plus the extent of Business growth or contraction
- The extent to which new burdens arising from national policy changes will be fully funded
- The demographic pressures arising from demand led essential Care Services

18.6 Historically Children & Education, Health & Social Care and Environment & Community Safety have received significant protection from savings. Importantly, these Portfolios account for 66% of the Council's total controllable budget from which savings can be made. Looking forward beyond 2016/17, the scale of the future savings requirements will be such that the Council will no longer be able to

afford the same levels of protection that have been provided in the past for these services without severe cuts to all other Services.

- 18.7 Given the level of savings required over the next 3 years of £24m, the degree of uncertainty that exists and the inevitable financial pressures that the Council will face, it is important that the Council continues to follow its Medium Term Financial Strategy. The Council should be particularly mindful of the potential future income or reduced demand / costs that the Council could derive through the delivery of its Capital Programme. This is likely to be the biggest influence on enabling jobs, growth and overall improved prosperity within the City.
- 18.8 To deliver the scale of the savings required and to maintain the Council's financial health, the Council should regard the savings process as a continual one rather than a "once a year" planning exercise. Correspondingly, the Council may need to receive budget proposals more frequently throughout the year.

19. Equality Impact Assessment (EIA)

- 19.1 Consideration of the impact of budget pressures and proposed savings on all customers, services and staff has been taken into account in formulating this budget. The proposed Budget 2016/17 is based on the savings proposals set out in the report to Council in December 2015. Those savings were proposals only for the purposes of setting Portfolio Cash Limits and the overall City Council Budget. Whilst most are likely to be implemented, there will be some that require further consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, Portfolio holders have the discretion to alter, amend or substitute any proposal with an alternative proposal following appropriate consultation.
- 19.2 A city-wide budget consultation took place during September and October to help inform how to make £31m of savings over the next 3 years. The consultation took the form of a questionnaire which was also supplemented by a series of public meetings with residents and one public meeting with the business community. The Scrutiny Management Panel also met to consider the proposals contained within this report and have the opportunity to make their representations to the Cabinet prior to their recommendation to the City Council.
- 19.3 With regard to this report, a public meeting of the Scrutiny Management Panel was also held on the 2 February 2016 where a presentation was made of the proposed Council Tax and Revenue Budget 2016/17 and the Council's future financial forecasts for 2017/18 to 2019/20. The Scrutiny Management Panel have again had the opportunity to raise or refer any comments or representations to the Cabinet prior to this City Council meeting.

20. City Solicitor's Comments

20.1 The Cabinet has a legal responsibility to recommend a Budget and Council Tax amount to the Council and the Cabinet and Council have authority to approve the recommendations made in this report.

20.2 The S.151 Officer has a statutory duty under the Local Government Act 2003 to report on the robustness of the budget proposals and adequacy of reserves. The S.151 Officer's Statement within this report fulfils those obligations.

21. S.151 Officer's Comments

21.1 All of the financial information is reflected in the body of the report and the Appendices.

.....
Signed by: Section 151 Officer

Appendices:

- A** General Fund Summary
- B** Forecast Expenditure 2016/17 to 2019/20

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Budget Working Papers	Office of Director of Finance & Information Services
Local Government Finance Settlement 2016/17	Office of Director of Finance & Information Services

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 9 February 2016.

.....
Signed by: Leader of Portsmouth City Council

APPENDIX A

Calculation of the Council Tax 2016/17

<u>Portsmouth City Council</u>	2016/17	2015/16
	£	£
Gross Expenditure	478,280,306	512,652,086
LESS: Gross Income	(362,718,999)	(390,077,681)
Net Expenditure 2016/17	115,561,307	122,574,405
LESS: Government Grants	(50,333,381)	(60,158,567)
Council Tax Requirement - Portsmouth City Council Purposes	65,227,926	62,415,838
Council Tax Base	53,538.8	53,277.2
Council Tax - Portsmouth City Council Purposes at Band D		
<u>65,227,926</u>		
53,538.8 =	£1,218.33	£1,171.53

<u>Hampshire Police & Crime Commissioner Precept</u>	8,590,836	8,382,102
Council Tax - Hampshire Police & Crime Commissioner Purposes at Band D	£160.46	£157.33

<u>Hampshire Fire and Rescue Authority Precept</u>	3,351,529	3,270,155
Council Tax - Hampshire Fire and Rescue Authority Purposes at Band D	£62.60	£61.38

The Council Tax to be levied for all bands in 2016/17 will be as follows :

		Portsmouth City Council £	Hampshire Police & Crime Commissioner £	Hampshire Fire & Rescue Authority £	TOTAL 2016/17 £	TOTAL 2015/16 £
Estimated Valuation as 1 April 1991						
Up to £40,000	A	812.22	106.97	41.73	960.92	926.83
£40,001 - £52,000	B	947.59	124.80	48.69	1,121.08	1,081.30
£52,001 - £68,000	C	1,082.96	142.63	55.64	1,281.23	1,235.77
£68,001 - £88,000	D	1,218.33	160.46	62.60	1,441.39	1,390.24
£88,001 - £120,000	E	1,489.07	196.12	76.51	1,761.70	1,699.18
£120,001 - £160,000	F	1,759.81	231.78	90.42	2,082.01	2,008.12
£160,001 - £320,000	G	2,030.55	267.43	104.33	2,402.31	2,317.07
£320,001 and over	H	2,436.66	320.92	125.20	2,882.78	2,780.48

GENERAL FUND SUMMARY - 2015/16 to 2019/20

APPENDIX A

Original Budget 2015/16 £	NET REQUIREMENTS OF PORTFOLIOS	Revised Budget 2015/16 £	Original Budget 2016/17 £	Forecast 2017/18 £	Forecast 2018/19 £	Forecast 2019/20 £
49,657,057	Children & Education	50,148,757	49,604,257	51,694,357	52,376,357	53,092,357
10,889,660	Culture Leisure & Sport	11,085,560	10,232,060	10,499,160	10,670,160	10,857,860
17,261,513	Environment & Community Safety	16,961,513	16,029,713	16,329,713	16,684,113	17,074,213
44,983,979	Health & Social Care	43,993,979	42,250,279	45,384,879	50,228,679	55,910,279
7,454,128	Housing	9,701,528	9,348,628	9,517,728	9,505,528	9,595,628
235,553	Leader	261,253	257,853	262,653	268,553	274,953
6,702,329	Planning Regeneration Economic Development	4,993,529	3,688,129	3,094,329	3,112,529	2,847,729
23,611,634	Resources	24,463,534	22,218,534	23,009,634	23,543,834	24,130,434
16,641,207	Traffic & Transportation	17,425,907	14,894,007	16,020,007	16,932,307	16,536,007
288,800	Governance, Audit & Standards Committee	318,800	249,700	114,600	120,100	125,800
(226,295)	Licensing Committee	(226,195)	(210,295)	(210,795)	(216,395)	(222,595)
177,499,565	Portfolio Expenditure	179,128,165	168,562,865	175,716,265	183,225,765	190,222,665
	<u>Other Expenditure</u>					
0	Precepts	0	0	37,400	38,300	38,300
(125,000)	Portchester Crematorium - Share of Dividend	(125,000)	(125,000)	(100,000)	(100,000)	(100,000)
6,261,000	Pension Costs	6,261,000	6,672,000	7,172,000	7,672,000	7,672,000
7,305,000	Contingency Provision	5,600,000	6,673,600	4,607,500	4,607,500	4,607,500
65,500	Revenue Contributions to Capital Reserve	1,645,700	1,565,500	1,500,000	0	0
1,411,700	Transfer to / (from) Other Reserves	1,444,900	(438,300)	(585,400)	(503,000)	(503,000)
(27,300,865)	Asset Management Revenue Account	(29,478,065)	(27,242,965)	(25,815,965)	(26,591,165)	(25,278,465)
3,224,000	Other Expenditure	2,748,000	2,325,000	1,775,000	2,375,000	3,125,000
(9,158,665)	Other Expenditure	(11,903,465)	(10,570,165)	(11,409,465)	(12,501,365)	(10,438,665)
168,340,900	TOTAL NET EXPENDITURE	167,224,700	157,992,700	164,306,800	170,724,400	179,784,000
	FINANCED BY:					
1,150,431	Contribution (to) from Balances and Reserves	(1,531,854)	(1,426,053)	9,237,942	15,731,202	23,924,278
38,375,386	Revenue Support Grant	38,537,645	30,363,225	22,313,120	16,956,583	11,482,607
42,768,544	Business Rates Retention	42,768,544	44,084,127	45,268,918	46,604,385	48,093,945
21,783,181	Other General Grants	23,184,969	19,970,156	19,652,090	20,884,689	22,916,811
64,263,358	Collection Fund	64,265,396	65,001,245	67,834,730	70,547,541	73,366,359
168,340,900		167,224,700	157,992,700	164,306,800	170,724,400	179,784,000
	BALANCES & RESERVES					
14,599,236	Balance brought forward at 1 April	14,863,858	16,395,712	17,821,765	8,583,823	(7,147,379)
(1,150,431)	Deduct (Deficit) / Add Surplus for Year	1,531,854	1,426,053	(9,237,942)	(15,731,202)	(23,924,278)
13,448,805	Balance carried forward at 31 March	16,395,712	17,821,765	8,583,823	(7,147,379)	(31,071,657)
6,500,000	Minimum Level of Balances	6,500,000	7,000,000	7,600,000	7,600,000	7,600,000
1,150,431	Underlying Budget Deficit / (Surplus)	(1,531,854)	(1,426,053)	9,237,942	15,731,202	23,924,278

APPENDIX B**FORECAST EXPENDITURE 2016/17 to 2019/20**

	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000
Service Cash Limits	116,717	123,853	131,359	138,346
Contingency	6,674	4,608	4,608	4,608
Debt financing costs	23,210	24,637	23,862	25,175
Levies and insurance premiums	1,393	1,410	1,414	1,424
Other income/expenditure	9,998	9,798	9,482	10,231
	157,992	164,306	170,725	179,784
<u>less</u>				
- Council Tax Income	65,001	67,835	70,548	73,366
- Revenue Support Grant	30,363	22,313	16,957	11,483
- Business Rates Retention	44,084	45,269	46,604	48,094
- Other General Grants	19,970	19,652	20,885	22,917
	159,418	155,069	154,994	155,860
Budget (Deficit)/Surplus	1,426	(9,237)	(15,731)	(23,924)

Deficits in 2017/18 to 2019/20 reflect future savings requirements

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Agenda item:



Decision maker: Cabinet
City Council

Subject: Capital Programme 2015/16 to 2020/21

Date of decision: 8th February 2016 (Cabinet)
9th February 2016 (City Council)

Report by: Director of Finance and Information Service & Section 151

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Executive Summary

- 1.1 In accordance with the Council's Capital Strategy and Medium Term Financial Strategy the Administration, through these proposals, have prioritised those schemes that meet the Council's statutory responsibilities and those that are most likely to drive cost reduction for the Council and economic growth for the City.
- 1.2 The Administration's new scheme proposals contained within this report will lead to additional capital investment totalling £173.2m.
- 1.3 The programme has been designed to support educational attainment by investing £7.25m into school buildings. This will provide sufficient school places for the rising population and also meet the most critical repairs across the school estate, targeting resources at schools with the most acute needs. In addition a further £1.1m is being invested in other council buildings to ensure that they remain fit for purpose.
- 1.4 Firm City Council contributions totalling £1.25m are proposed towards an £87m¹ bid for Sea Defence works across Old Portsmouth, Southsea and Eastney with a future commitment (subject to sufficient available capital resources) of a further £4.75m in future years.
- 1.5 Significant investment continues to be made into core City transport infrastructure amounting to £3.5m and includes proposals for smart traffic signalling technology to be deployed at critical junctions across the city to improve journey times.
- 1.6 Future plans are also proposed for a significant capital injection into the Portsmouth International Ferry Port to replace linkspans that will secure Port income streams.

¹ Assuming further contributions from the Council are made available in future periods of £4.75m

- 1.7 It is also proposed to increase the overall value of the Property Acquisition Fund to £110m with a further injection of £60m in order that it is of sufficient scale to be properly balanced across sectors, geography and investment size and continues to make meaningful contributions towards the Council's income aspirations as a mechanism to avoid service cuts.
- 1.8 Finally, there are a range of other proposals that seek to both reduce Council costs and increase the income generating capacity of the Council itself, so that the Council is well positioned to meet its future savings requirements of £24m for the period 2017/18 to 2019/20.
- 1.9 To deliver these necessary schemes, the Administration proposes to make a revenue contribution to Capital of £1.5m arising from the overall £5.7m underspend against the Revenue Budget in 2015/16. Additionally, the Administration proposes to "stretch" the Capital Resources available by relying on future years' capital grant allocations and future years' Community Infrastructure Levy contributions. The consequence of this is to reduce the resources that would otherwise be available in future years. The Administration considers that this is the best way of utilising capital resources in accordance with the Council's Capital Strategy and Medium Term Financial Strategy.
- 1.10 The Council has the opportunity through its capital programme to invest in both the regeneration of the City and cost reduction schemes for the Council itself. Capital investment needs and aspirations however continue to significantly exceed the resources available. Importantly, there are likely to be opportunities throughout the year to lever in additional external capital funding for schemes that have strong potential to be catalytic for economic growth but only if, the Council itself can provide matched funding contributions. As a consequence, to maximise the Capital Investment opportunities for the City, the "Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20" report, elsewhere on this agenda, proposes that any further underspending, beyond the estimated £5.7m, that arise at year end will also be used to supplement the Capital Resources available for 2016/17 and future years.

2. Purpose

2.1 The purpose of this report is to:

- Summarise the key features of the Capital Strategy approved by the City Council on 4th February 2009 and the revised Capital Investment Priorities of the City Council, approved by City Council on 24th January 2012
- Highlight the inter-relationship between the capital programme, the revenue budget and the Medium Term Financial Strategy
- Determine the corporate capital resources available including:
 - Adjustments for under and overspendings to the existing approved Capital Programme

- Update the capital resources available for all new and changed grants, capital receipts, revenue contributions and other contributions
- The identification of additional assets which the Administration wishes to declare surplus to requirements
- Seek approval of the overall Capital Programme and "new starts" (including the Housing Investment Capital Programme) for 2015/16 and future years in accordance with the Capital Strategy
- Describe and approve the Prudential Indicators arising from the revised Capital Programme 2015/16 to 2020/21
- Delegate authority to the S.151 Officer to alter the mix of capital funding to make best use of City Council resources

3. Recommendations

3.1 That the following be approved in respect of the Council's Capital Programme:

- 1) The Revised Capital Programme 2015/16 to 2020/21 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and re-phasing described in Sections 6 and 8 be approved
- 2) The S.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 S.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) The following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2015/16 to 2020/21 and be financed from the available corporate capital resources:

Recommended New Capital Schemes	Corporate Resources Required £	Total Scheme Value £
Children & Education		
School Conditions Project	725,000	750,000
Special Education Needs - Building Alterations	1,200,000	3,200,000
Secondary School Places Expansion 2016/17 - 2018/19 (Phase 1)	1,500,000	1,500,000
Secondary School Places Expansion 2019/20 - 20/21 (Phase 2)	1,800,000	1,800,000
Culture Leisure & Sport		
Round Tower Improvement Works	80,000	80,000
Environment & Community Safety		
Southsea Coastal Flood Defence	1,250,000	82,063,000
Health & Social Care		
Refurbishment of Hilsea Lodge Annexe	140,000	140,000
Reconfiguration of Corben Lodge	1,150,000	1,150,000
Housing		
New Green & Clean Rest Areas	67,000	67,000
PRED		
Public Realm Improvement By The Hard	300,000	300,000
Guildhall Investment (Match funding)	300,000	300,000
Resources		
Landlord's Maintenance	1,100,000	1,100,000
Utilities' Management	983,000	1,233,000
Traffic & Transportation		
LTP3	353,000	353,000
Traffic Signal Upgrade Packages	910,000	910,000
Eastern Road Waterbridge	1,060,000	1,800,000
Total Recommended Sum to be Approved	12,918,000	96,746,000

- 5) The following schemes as described in Section 10 and Appendix 2 be approved as Invest To Save Schemes and funded from Prudential Borrowing (subject to the approval of a detailed financial appraisal by the S.151 Officer) up to the limit shown:

	Prudential Borrowing Required £
Eastern Road New Build	1,723,000
Purchase of New Depot	2,200,000
Commercial Property Acquisition	60,000,000
Purchase of Linkspans Berths 3 and 4	8,700,000
Utilities' Management	250,000
Photovoltaic Cell Investment Fund	1,950,000
Total Recommended Sum to be Approved	74,823,000

- 6) As described in Section 10, early years borrowing costs relating to the above schemes totalling £73,900 in 2016/17 and £179,900 in 2017/18 be funded from the MTRS reserve
- 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

Future Priority Capital Schemes – Not in Priority Order
Secondary School Places 2018/19 to 2020/21
Special Educational Needs Re-modelling
School Condition (roofs, boilers, electrics, windows etc.)
Sea Defences
Enabling Transport Infrastructure match funding - City development
City Promotion & Inward Investment schemes
Landlords Repairs & Maintenance
Local Transport Plan - Road safety and traffic improvement schemes

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

3.2 That the following be noted in respect of the Council's Capital Programme:

- 1) That the capital resources proposed to be allocated include £1.5m of funding from Revenue as recommended in the "Budget and Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20 "report contained elsewhere on this agenda. In the event that this funding is not approved, schemes with Corporate Capital Resources amounting to £1.5m will be required to be removed from the new schemes starting in 2016/17 detailed in Appendix 2
- 2) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7
- 3) As outlined in Section 12 and Appendix 2 the use of The Parking Reserve to fund the refurbishment of Isambard Brunel Car Park at a cost of £450,000
- 4) 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 Section 14

4. Background

4.1 On the 4th February 2009 the City Council approved the Capital Strategy 2008 - 2018. The key features of that strategy, which have been considered in the development of the Administration's Capital Programme proposals, are as follows:

- Contribution to the Corporate Plan & Vision for Portsmouth for non commercial activities (Replaced by "Plan on a Page")
- Rate of return and payback for commercial activities
- Retention of Community Assets
- Retention and maintenance of Heritage Assets
- The extent and level of surety of external funding
- The use of Capital Investment Options Appraisal
- A whole life cost approach to Capital Investment
- Delivery of Value for Money
- The approach to risk - the expected benefits must outweigh the risk
- Any overspendings on approved Capital Schemes being the first consideration for the use of any available capital resources

4.2 On 24th January 2012 the City Council approved the "Capital Investment Aspirations and Priorities 2011/12 and the Future". This update report to the Capital Strategy 2008 – 2018 revised the Capital Investment Priorities, as the Capital Strategy was in its 3rd year, and proposed the following categories of Capital Schemes that are the priorities for attracting Corporate Capital Funding:

- **Category 1** - Programmes of a recurring nature that are essential to maintain operational effectiveness
- **Category 2** - Specific schemes that:
 - Have a significant catalytic potential to unlock the regeneration of the City
 - Are significant in terms of the Council strategies that they serve
 - Are significantly efficiency generating
 - If not implemented would cause severe disruption to Service delivery

4.3 The Capital Programme for 2016/17 will be the seventh year that fully embraces the revised financial framework for allocating capital resources to new capital schemes. The financial framework approved within the Capital Strategy has evolved from the previous framework based on passporting of funding, to one that is based on pooling resources designed to offer Members greater choice and transparency with the overall aim of delivering better outcomes from the resources available. It seeks to strike the correct balance of allocating capital resources between short and medium term needs and priorities and longer term aspirations, in order to support the delivery of the 10 year Capital Strategy.

- 4.4 The Administration have focussed a significant proportion of their available Capital Resources towards improving the condition of school buildings and increasing the number of pupil places within secondary schools to meet forecast increases in demand.
- 4.5 The next large physical regeneration project planned by the City Council over the next 5 - 10 years is the seafront development, which includes improvement of sea defences and key sites identified in the Seafront Master Plan. Consistent with this plan, the Council expects to be awarded £80.8m by The Environment Agency to complete improvements to the sea defences along Southsea Seafront. In anticipation of this grant award, the Administration has allocated £1.25m match funding in 2016/17.
- 4.6 Other regeneration schemes in the pipeline include housing and employment space developments at Port Solent, Tipner and Horsea under the City Deal Programme and the development of a Business Park at Dunsbury Hill Farm.
- 4.7 There remain significant future capital obligations and aspirations. These include schemes such as the following where funding has yet to be identified to meet them in full but which will likely require funding in 2017/18:

Capital Scheme - Significant Obligation / Aspiration	Unfunded Requirement £m
Secondary School Places 2018/19 to 2020/21	6.0 - 10.0
Special Educational Needs Re-modelling	1.3 - 3.3
School Condition (roofs, boilers, electrics, windows etc.)	2.5 - 4.0
Sea Defences Contribution to £87m Scheme	4.75
Enabling Transport Infrastructure match funding - City development	5.0 - 10.0
Landlords Repairs & Maintenance	1.0 - 2.0
Local Transport Plan - Road safety and traffic improvement schemes	1.5
Total Funding Requirement	22.1 - 35.6

- 4.8 The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital grant funding, capital receipts and CIL contributions that the Council receives (circa £10m per annum), plus any Government funding that may be available for school places of circa £6m to £8m. With potentially available capital funding of £18m versus an aspiration of between £22m to £36m of Capital Investment, there is a significant shortfall to be met.
- 4.9 Given that some of the Capital Investment is likely to have a transformational effect on the City's growth potential, it is recommended that any further underspendings for 2015/16 arising at the year-end (outside of those made by Portfolios) be transferred to Capital Resources in order to provide funding for purposes such as Secondary School Places, Sea Defences and the enabling transport infrastructure necessary for the City's development and growth.

5. Considerations in Formulating the Revised & Future Capital Programme

5.1 In considering the revised Capital Programme for 2015/16 and the future Capital Programme for 2016/17 to 2020/21, the following factors have been taken into account:

- The outline Medium Term Financial Strategy with its bias towards driving regeneration
- The Council's Capital Strategy, which informs the capital investment needs, priorities and aspirations of the Council
- Any over or underspendings against approved capital schemes
- The priority and immediacy of new capital schemes and the revenue impacts of those capital schemes
- The availability of capital resources and the potential risks associated with those capital resources being realised
- The inter-relationship with the Revenue Budget, in particular the additional revenue costs/savings associated with the proposed new capital schemes
- The effective exclusion of the use of Prudential Borrowing, except for Invest to Save Schemes, arising from the unaffordability of its associated borrowing costs

5.2 To determine the capital resources available, all capital funding sources have been reviewed. This review covered all of the resources anticipated to be available over the medium term. In assessing the level of anticipated capital resources available, a prudent and responsible approach has been taken and only those resources that have a high degree of certainty and that are likely to be available within a reasonable time frame have been included.

5.3 In determining the capital resources available, a small amount has been retained as a contingency to: mitigate the risk of capital receipts; Community Infrastructure Levy and Government Grants being lower than expected; to meet unavoidable increases in costs to approved schemes; as a source of finance to attract match funding from external capital grants that may become available, and as a funding source for small scale capital schemes that arise after the capital programme has been approved.

6. Revised Capital Programme – 2015/16 to 2020/21

6.1 Since the revised Capital Programme 2014/15 to 2019/20 was approved in February 2015, other schemes that have not required corporate capital resources have been added to the recommended Capital Programme shown in Appendix 1. These schemes have been funded from sources such as Specific Grants, Contributions or other scheme specific capital resources.

6.2 The Capital Programme approved in February 2015 (incorporating the Housing Investment Programme) has been further revised to reflect additions, changes, under and overspendings, slippage and revised phasing of capital schemes. Further details of these changes are set out in Section 8. The revised capital programme for 2015/16 and beyond is attached at Appendix 1 and is recommended for approval.

7. **Passported Capital Allocations (Grants)**

7.1 Set out below is the current position on all new ring-fenced Grant Allocations for 2016/17. The allocation is passported directly to the relevant Portfolio/Board so that they can be applied in accordance with the conditions for their use.

Grant	Grant Description	Allocation
Children's & Education Services:		
Devolved Formula (indicative allocation)	Devolved Formula Capital Grant (DFCG) is a Standards Fund grant that allocates capital funding to schools. The grant is used to fund capital improvements/maintenance, remodelling and/or new build.	345,600
Health & Wellbeing Board:		
Disabled Facilities Grant (indicative allocation)	To be allocated in accordance with the arrangements for the distribution of the Better Care Fund	1,100,000
Total		1,145,600

8. **Forecast of Corporate Capital Resources (Non Passported) 2016/17 & Beyond**

8.1 The forecast of corporate capital resources (i.e. non passported sources of finance) available to the City Council for new capital schemes comprise the following and are described in more detail in the paragraphs below:

- Contributions to the "Corporate Pool" of all non ring-fenced capital grants from Government, commonly referred to as the "Single Capital Pot" allocations
- The anticipated balance on the Revenue Reserve for Capital
- Changes to the existing Capital Programme - additions or deductions for any changes in the costs or funding requirements associated with the existing capital programme
- Any allowances for Prudential Borrowing (unsupported borrowing)
- The forecast value of additional capital receipts taking into account:

- New assets declared surplus to requirements
 - Any increase or decrease in the estimated value of existing assets to be disposed of
 - Any requirements to provide for affordable housing, parking or any other conditions which could have a significant impact on the disposal value and other costs associated with disposal
- Other Corporate Capital Grants & Contributions e.g. Community Infrastructure Levy
 - Any Revenue Contributions to Capital

Contributions to the Corporate Pool including the “Single Capital Pot” allocations

- 8.2 The Council receives allocations of capital funding each year under the guise of the “Single Capital Pot”. The “Single Capital Pot” is not a grant or capital allocation in itself but is a term used to define all non ring-fenced Government Supported Capital Expenditure (either Grant or Supported Borrowing).
- 8.3 Government Supported capital expenditure is a combination of bid based and formula based allocations. These allocations take the form of a direct Capital Grant.
- 8.4 The Single Capital Pot is intended to be a non ring-fenced source of finance and available for directing towards the priorities of the Authority. In practice however, the Single Capital Pot allocations are notified to individual Authorities in terms of the amounts that each Government Department has contributed. Furthermore, those Government Departments have an expectation that the amounts that they have allocated to each Authority will be directed towards their services. If these sums are not spent in the areas to which they are allocated, it is possible that future allocations could be jeopardised. This practice is contradictory to the principles of both the Single Capital Pot and the Council’s Capital Strategy that is now in place.
- 8.5 In addition, there are other non ring-fenced sources of capital funding that are Corporately Pooled such as:
- Capital Receipts from the Sale of Council Houses
 - Capital Receipts from the Sale of other HRA Assets
 - Section 106 Contributions
- 8.6 The allocations which were previously passported directly to Portfolios and which now contribute towards the “Corporate Pool” as part of the overall sum of Capital Resources available are as follows:

Contributions to Corporately Pooled Resources	Full Year Allocation	Allocated in Previous Years	Net
	£'000s	£'000s	£'000s
Culture, Leisure & Sport:			
S106 (Open Spaces)	730	(730)	0
Education:			
S106 (Education)	1,122	(1,122)	0
LA Basic Need	2016/17	6,418	(6,418)
	2017/18	2,508	2,508
DfE Capital Maintenance	2015/16	1,804	(1,172)
	2016/17	1,443	1,443
Housing:			
S106 (Housing)	838	(562)	276
Housing Capital Receipts	1,687	(1,143)	544
Traffic & Transportation:			
S106 (Sustainable Transport)	248	(245)	3
LTP IT Block	2015/16	1,851	1,851
Community Infrastructure Levy			
	9,890	(6,876)	3,014
Total Contributions to Corporate Pool	28,539	(18,268)	10,271

8.7 It should be noted that:

- the maintenance element of the Local Transport Plan (LTP) has not been pooled and is earmarked to fund part of the Unitary Charge paid to Ensign under the Highways PFI contract. This amounts to £1.311m in 2016/17
- that the Administration has relied on all of the LA Basic Need Grant for the years 2016/17 and 2017/18 and City Wide Neighbourhood CIL totalling £352,000 to fund scheme proposals scheduled to commence in 2016/17 to 2018/19 for additional school places required over the medium term
- Detailed feasibility and design of schemes aimed at increasing the number of school places commencing in 2019/20 are currently being prepared. Based on the limited work undertaken to date, the combined cost of these schemes is expected to be circa £6m - £10m. Bearing in mind the magnitude of the expected cost there is a significant risk that future LA Basic Need grant allocations from Government will not be sufficient to fund the full cost of the school places expansion. The Administration has therefore

considered it prudent to allocate £1.8m towards the cost of these schemes now from currently available pooled resources

- 8.8 The impact of committing future capital resources to schemes is to reduce the Corporate Capital Resources that will be available in 2017/18 with the consequence that the number and/or size of category 1 or category 2 new scheme starts in 2017/18 will also be reduced.

Revenue Reserve for Capital & Revenue Contributions to Capital

- 8.9 The Revenue Reserve for Capital has been built up over a number of years from Revenue Contributions to finance capital schemes and as at 31st March 2015 stood at £12.8m. Sums are transferred into this reserve in advance and then drawn from the reserve once the capital expenditure is incurred.
- 8.10 The balance on the Revenue Reserve for Capital and Revenue Contributions from/to this reserve have been taken into account in arriving at the overall level of capital resources available.

Changes to the Existing Capital Programme

- 8.11 In arriving at the overall level of capital resources available, the current approved Capital Programme has been reviewed and amended, in accordance with the approved Capital Strategy, for under and overspending plus any adjustments for additions to or shortfalls in estimated funding. These adjustments are reflected in the proposed Capital Programme at Appendix 1. The more significant amendments to the existing Capital Programme are set out below:

Underspendings:

- Review of Business Software
- Southsea Shopping Centre
- Land Purchase - Limberline Road
- Merefield House Relocation
- Dame Judith Professional Centre
- Replacement Emergency Generator
- Tipner Motorway Junction Park & Ride
- Northern Road Bridge
- Removal of Hazards within the Home

Overspendings / Funding Shortfalls:

- The Hard Public Transport Interchange
- Hampshire Community Bank
- Commercial Letting of Brunel Wing
- Civic Office Ducting
- Major Repairs Dwellings (HRA)

In Year Additions:

- King Richard School Re-build
- Installation of Skate Park Equipment at Milton Park
- Cycle Track Fencing at Mountbatten Centre
- Re-provision of Children's Home
- Medina House Refurbishment
- Commercial Property Acquisition Fund
- Dunsbury Hill Farm - Utilities & Enabling
- Freehold Acquisition of Land Adjacent to MMD
- Traffic Management Centre Refurbishment
- Construction of New Council Dwellings
- Buckland Family Centre
- Emergency Repairs to Southsea Sea Defences

8.12 The funding required to finance the overall recommended Capital Programme attached at Appendix 1 plus the changes described in this Section and Sections 6 and 7 have been fully taken into account in arriving at the capital resources available.

Prudential Borrowing

8.13 Prudential Borrowing is what is termed “unsupported borrowing” and means that the Government does not provide any revenue support through Government Grant for the repayment of that debt (neither principal nor interest). The City Council therefore, must fund all of the repayments associated with this type of borrowing. There are strict rules governing the use of Prudential Borrowing around the concepts of Affordability, Sustainability and Prudence. Thus far, the City Council has only been able to utilise Prudential Borrowing for Invest to Save Schemes where there is a demonstrable case that the capital expenditure incurred will result in savings that at least cover either the cost of borrowing or, alternatively, where other savings can be made to cover those borrowing costs.

Capital Receipts

8.14 In forecasting the level of Capital Resources available to the City Council over the medium term, the following core assumptions have been made:

- Capital receipts have only been assumed for the disposal of assets that have been approved by Members
- Capital receipts are only assumed where they are expected to be realised within a reasonable timeframe since there are inherent risks associated with changing circumstances over longer time periods
- Some of the more significant capital receipts being relied upon to fund the current capital programme include:
 - Derby House
 - Chaucer House
 - Great Western
 - Navigators

- Edinburgh House
 - Hilsea Lodge
 - Archive Store
 - Harbour School Fratton
 - Highland Road Public Toilets
 - Rodney Road
 - Land at King Richard School
- Revisions to reflect the current financial conditions in the property market

Corporate (Non ring-fenced Capital Grants)

8.15 The Capital Programme also relies upon other non ring fenced Capital Grants

Summary of Total Available Capital Resources

8.16 Taking all of the above factors into account, as well as making some contingency provision for contractual disputes, likely match funding contributions for funding bids and other potential costs, the Capital Resources available at this time are as follows:

CORPORATE CAPITAL RESOURCES AVAILABLE	£000
Corporate Capital Resources (including "Pooled Resources")	12,918
Add: Funds Released from Uncommitted Schemes	Nil
Total Corporate Capital Resources Available	12,918

9. Priority Capital Schemes – 2016/17 & Beyond (Corporate Resources)

9.1 The programme has been specifically designed to support educational attainment by investing £7.25m into school buildings. This will provide sufficient school places for the rising population and also meet the most critical repairs across the school estate, targeting those resources towards schools with the most acute needs for new places and repair works.

9.2 The Administration also plan to support the economic growth of the City by improving the attractiveness of the area around The Hard and commencing the detailed design of sea defences at Southsea in order to protect the City's seafront assets. Significant investment also continues to be made into other core services such as Transportation, including proposals for smart traffic signalling technology to be deployed at critical junctions across the city to improve journey times and to enhance the City's attractiveness to businesses and residents alike.

9.3 As described in Section 8, the Administration have "stretched" the Capital Resources available by relying on future years' capital grant allocations and future years' Community Infrastructure Levy contributions. The consequence, therefore, of delivering these high impact schemes is to reduce the resources that would otherwise be available in future years. The Administration considers that

this is the best way of utilising capital resources in accordance with the Capital Strategy.

9.4 At this time, the Administration is recommending the allocation of £12.918m to the following capital schemes, which it deems to be of particular importance to the delivery of its Capital Strategy:

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Corporate Resource Allocation £	Total Scheme Value £
School Conditions Project	Category 1 - Short / Medium Term Need & Priority - Raise Standards in English & Maths through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	725,000	750,000
Special Education Needs - Building Alterations	Category 1 - Short / Medium Term Need & Priority - Raise Standards in English & Maths through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	1,200,000	3,200,000
Secondary School Places Expansion 2016/17 - 2018/19 (Phase 1)	Category 1 - Short / Medium Term Need & Priority - Raise Standards in English & Maths through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	1,500,000	1,500,000
Secondary School Places Expansion 2019/20 - 20/21 (Phase 2)	Category 1 - Short / Medium Term Need & Priority - Raise Standards in English & Maths through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	1,800,000	1,800,000
Round Tower Improvement Works	Category 2 - Short / Medium Term Need & Priority - Regenerate the City by improving facilities, encouraging tourism and investment	80,000	80,000
Southsea Coastal Flood Defence	Category 2 - Short / Medium Term Need & Priority - Regenerate the City by improving facilities, encouraging tourism and investment	1,250,000	82,063,000
Refurbishment of Hilsea Lodge Annex	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	140,000	140,000
Reconfiguration of Corben Lodge	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	1,150,000	1,150,000
New Green & Clean Rest Areas	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	67,000	67,000
Public Realm Improvement By The Hard	Category 2 - Short / Medium Term Need & Priority - Regenerate the City by improving facilities, encouraging tourism and investment	300,000	300,000
Guildhall Investment (Match funding)	Category 2 - Short / Medium Term Need & Priority - Regenerate the City by improving facilities, encouraging tourism and investment	300,000	300,000
Landlord's Maintenance	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	1,100,000	1,100,000
Utilities' Management	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by improved efficiency	983,000	1,233,000
LTP3	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	353,000	353,000
Traffic Signal Upgrade Packages	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	910,000	910,000
Eastern Road Waterbridge	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	1,060,000	1,800,000
Total Corporate Capital Resources Allocated		12,918,000	96,746,000

9.5 Of the 16 schemes above recommended for approval, 13 are explicitly outlined within the Capital Strategy. Future additions to the Strategy will be made using this Capital Programme Review exercise at its annual re-fresh.

9.6 The proposed Capital Schemes recommended for approval are described in more detail in Appendix 2 and set out:

- Description of the Scheme and its key aims
- The total cost of the scheme including funding from other sources
- The net cost of the scheme to be funded from Corporate Capital Resources
- Any additional on-going revenue costs/savings associated with the scheme

10. New Capital Schemes To Be Funded From Prudential Borrowing

10.1 To achieve further revenue savings the Administration plan to invest in a centralised depot, the refurbishment and reconfiguration of existing Adult Social Care facilities and the provision of a brand new social care facility at Eastern Road.

10.2 To secure existing income streams and create additional income, the Administration plan to invest in Port infrastructure and increase the overall value of the Property Acquisition Fund. The Fund is proposed to be increased to £110m with an injection of £60m so that it is of sufficient scale to be properly balanced across sectors, geography and investment size.

10.3 To significantly reduce the Council's Carbon Footprint and reduce energy costs, major investment in photovoltaic technology is also planned alongside further investment in other energy management schemes.

10.4 These schemes meet the Prudential Borrowing Criteria outlined at Paragraph 8.13 and it is recommended that prudential borrowing up to the limit shown for each scheme below (and set out in more detail in Appendix 2) is approved:

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Prudential Borrowing Required £
Eastern Road New Build	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	1,723,000
Purchase of New Depot	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	2,200,000
Commercial Property Acquisition	Category 2 - Long Term Need & Priority	60,000,000
Purchase of Linkspans Berths 3 and 4	Category 1 - Short / Medium Term Need & Priority – Regenerate the City by securing the existing trade through the Ferry Port and attracting new business	8,700,000
Utilities' Management	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by improved efficiency	250,000
Photovoltaic Cell Investment Fund	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by improved efficiency	1,950,000
Total Capital Schemes To Be Funded From Prudential Borrowing		74,823,000

- 10.5 The following schemes whilst meeting the Prudential Borrowing criteria in the longer term do not generate sufficient revenue savings in the early years to meet the borrowing costs associated with them. It is therefore recommended that the borrowing costs associated with each of the schemes identified below are funded from the MTRS Reserve for the first two years.

Capital Scheme	2016/17	2017/18	Total
Eastern Road New Build	3,900	31,000	34,900
Purchase of New Depot	45,000	98,900	143,900
Utilities' Management	25,000	50,000	75,000
Total	73,900	179,900	253,800

11. New Capital Schemes To Be Funded From The MTRS Reserve

- 11.1 With the exception of the schemes outlined above, no new capital schemes have been added which require funding from the MTRS Reserve.

12. New Capital Schemes To Be Funded From The Parking Reserve

- 12.1 City Council note the use of the Parking Reserve to fund the following scheme

Isambard Brunel Car Park Upgrade

It is proposed that a programme to refurbish the car park and upgrade drainage is undertaken at a cost of £450,000 as set out in more detail in Appendix 2.

13. Future Priority Capital Schemes

- 13.1 In addition to the Capital Investment proposals described above, the Administration is keen to plan a path ahead in accordance with the Capital Strategy and set out their future proposals for Capital Investment once further Capital Resources become available. The Administration's proposals are set out below.

Future Priority Capital Schemes – Not in Priority Order
Secondary School Places 2018/19 to 2020/21
Special Educational Needs Re-modelling
School Condition (roofs, boilers, electrics, windows etc.)
Sea Defences
Enabling Transport Infrastructure match funding - City development
City Promotion & Inward Investment schemes
Landlords Repairs & Maintenance
Local Transport Plan - Road safety and traffic improvement schemes

14. Prudential Borrowing and Prudential Indicators

- 14.1 Prudential Borrowing is a potential source of capital finance under the Local Government Act 2003. This requires that Local Authorities comply with the Prudential Code for Capital Finance. The key objective of the Prudential Code is to ensure that the capital investment plans of local authorities are Affordable,

Prudent and Sustainable. The Prudential Code sets out a clear governance procedure for those matters that the Authority must have regard to as follows:

- **Affordability** e.g. implications for Council Tax and Council housing rents
- **Prudence and Sustainability** e.g. implications of external borrowing
- **Value for money** e.g. options appraisal
- **Stewardship of assets** e.g. asset management planning
- **Service objectives** e.g. strategic planning for the authority
- **Practicality** e.g. achievability of the forward plan

14.2 Prudential Borrowing requires that the capital investment of the Authority remains within sustainable limits and that the revenue consequences, including both debt financing and other revenue costs, are affordable over the long term. In considering the affordability of its Capital plans, the Authority must consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years as a minimum. The Authority is also required to consider known significant variations beyond this timeframe and pay due regard to risk and uncertainty.

14.3 Whilst the City Council is able to set a balanced budget in 2016/17 current forecast revenue deficits amount to £9.2m in 2017/18, £15.7m in 2018/19 and £23.9m in 2019/20. This means that until such time as the Council is able to balance its budget over the medium term, it is unable to demonstrate that it can afford any additional borrowing costs over that period and therefore cannot demonstrate compliance with the affordability test of the Prudential Code. Prudential Borrowing is available however, for Invest to Save Schemes.

14.4 The Secretary of State has reserve powers to impose regulations on Local Authorities if it feels that an Authority is either not compliant with the code or if it is in the national economic interest. These reserve powers include:

- National Borrowing Limits – if there are national economic reasons
- Borrowing Limits for an individual Authority
- Limits set either nationally or locally for different kinds of borrowing
- Any headroom that a Local Authority has under National Borrowing Limits that may be transferred between Authorities

14.5 The Prudential Indicators of the Council are determined largely from its Capital Investment decisions and are presented in Appendix 3. In summary, the Council's indicators illustrate that its current Capital Programme is affordable. The ratio of financing costs to net revenue stream for the General Fund are estimated to be in 2015/16 11.7% rising to 16.7% by 2020/21. For the Housing Revenue Account, fixed borrowing costs range from 13.2% in 2015/16 falling to 13.1% by 2020/21. The forecast HRA balance for the next 5 years remains in surplus indicating that this is a sustainable level of borrowing.

- 14.6 Represented in terms of the effect on a Band D taxpayer, the revenue effect (i.e. additional costs/savings against the revenue budget) of the recommended capital programme is equivalent to a reduction of £46.75 per annum per taxpayer in 2017/18 or equivalent to a 3.8% decrease in the Council Tax.
- 14.7 The Council's underlying need to borrow to finance its current and future capital expenditure (i.e. its Capital Financing Requirement) is increasing. The Council's 2015/16 revised Operational Boundary is £477.3m and is forecast to increase to 548.8m over the period to 2020/21
- 14.8 The Council's Limit for External Debt, recommended for 2016/17, should be broadly equivalent to its underlying need to borrow (described above) but should allow for a little headroom in excess of it. This has been set accordingly. Furthermore, the Operational Boundary for external debt serves as a limit/early warning tool to highlight whether the External Limit is nearing a breach. This therefore, is set at the level to which external debt is more likely to be.

15. Conclusion

- 15.1 The Capital Programme and new capital schemes recommended as part of this report attempt to strike the right balance between meeting the short and medium term needs and priorities of the Council and the longer term aspirational vision for the City.
- 15.2 In particular, the proposals seek to meet the Council's statutory obligations to provide sufficient school places and to support schools in their pursuit of improved educational attainment. As a whole, the Capital Programme is designed to drive economic growth, support schools in their pursuit of improved educational attainment, generate savings and income for the Council in order to protect services from cuts and continue to protect the vulnerable in society. The programme is clearly aligned with the Medium Term Financial Strategy and the approved Capital Strategy.
- 15.3 This programme sets out the future Capital Investment agenda for the Council. It looks beyond the coming year and uses a financial framework for allocating capital resources based on the concept of pooling non-ring fenced resources so that there is greater transparency and choice for new capital investment with greater opportunity for enhanced outcomes for residents.

16. Equality Impact Assessment

- 16.1 This Capital Programme earmarks sums for future capital schemes. Prior to the commencement of any capital scheme, a report and financial appraisal on that scheme will be approved either by the Portfolio Holder, the Cabinet or the City Council and at that time an Equalities Impact Assessment will be undertaken.

17. City Solicitor's Comments

17.1 The City Solicitor has confirmed that it is within the City Council's powers to approve the recommendations set out above.

18. S.151 Officer's Comments

18.1 All of the financial information is reflected in the body of the report and the Appendices.

Chris Ward

Director of Finance and Information Service & Section 151 Officer

Background List of documents –

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

<i>Title of document</i>	<i>Location</i>
Capital 2016/17	Office of Deputy Head of Finance
Capital Strategy 2008 – 2018	Council's Web Site
Capital Investment Aspirations & Priorities 2011/12 and the Future	Council's Web Site

The recommendations set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 9th February 2016

Signed: -----

**CAPITAL
PROGRAMME
&
FINANCING**

2015/16 - 2020/21

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Summary of Capital Programme (All Services)	Expenditure to 31 March 15 £	Revised Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £	Estimate 2020/21 £	Expenditure in Subsequent Years £	Final Cost £
Children & Education	41,097,647	17,991,636	11,765,002	2,238,317	0	1,800,000	0	0	74,892,602
Culture, Leisure & Sport	24,647,646	843,144	3,714,216	3,010,744	0	0	0	0	32,215,750
Environment & Community Safety	2,168,810	8,205,397	16,559,429	29,707,429	24,705,602	37,147,429	50,651,427	47,693,428	216,838,951
Health & Social Care (Adults Services)	3,987,118	683,282	7,099,535	1,754,653	400,000	0	0	0	13,924,588
Planning Regeneration & Economic Development	22,279,185	119,423,488	142,816,760	27,026,729	40,442,860	21,399,776	13,977,686	0	387,366,484
Commercial Port	21,806,206	5,508,606	2,303,499	11,642,919	2,700,000	5,110,000	0	0	49,071,230
Resources	22,443,188	5,933,612	9,216,632	45,000	0	0	0	0	37,638,432
Traffic & Transportation	72,700,721	14,568,867	16,277,504	4,760,747	4,585,820	3,030,930	1,502,306	31,948,001	149,374,896
Total Capital Programme (Excluding Housing Investment Programme)	211,130,521	173,158,032	209,752,577	80,186,538	72,834,282	68,488,135	66,131,419	79,641,429	961,322,934
Housing Investment Programme	111,200,390	36,855,102	41,199,528	25,658,612	19,427,387	19,511,331	26,033,079	21,309,012	301,194,441
Total Capital Programme	322,330,911	210,013,134	250,952,105	105,845,150	92,261,669	87,999,466	92,164,498	100,950,441	1,262,517,375
Analysis of Programme by Source of Finance									
Unsupported Borrowing		65,412,605	99,348,357	19,961,400	7,144,267	5,429,716	3,553,939	0	200,850,284
Corporate Reserves (Including Capital Receipts)		8,044,937	15,272,762	6,069,197	3,403,007	1,832,141	3,012,918	431,858	38,066,820
Revenue & Reserves		33,341,448	33,660,653	18,820,247	26,112,793	24,745,708	19,003,025	50,809,720	206,493,594
Grants		28,674,531	39,479,992	34,926,187	36,295,823	38,386,563	50,580,000	47,622,000	275,965,096
Contributions		74,539,613	63,190,341	26,068,119	19,305,779	17,605,338	16,014,616	2,086,863	218,810,669
Total Financing		210,013,134	250,952,105	105,845,150	92,261,669	87,999,466	92,164,498	100,950,441	940,186,463

RESOURCES AVAILABLE

Specific Resources

	Revised Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Expenditure in Subsequent Years	Final Cost
	£	£	£	£	£	£	£	£
Borrowing	0	0	0	0	0	0	0	0
Unsupported Borrowing	65,412,605	99,348,357	19,961,400	7,144,267	5,429,716	3,553,939	0	200,850,284
Other Capital Receipts	2,727,929	4,351,950	2,997,654	1,025,208	1,800,284	2,981,061	400,000	16,284,086
Other Capital Reserves	33,016,763	33,028,416	18,741,747	26,112,793	24,745,708	19,003,025	50,809,720	205,458,172
Other Contributions	68,920,933	53,565,079	25,572,952	17,893,976	17,076,329	15,975,046	2,047,293	201,051,608
Government Grants	3,316,410	145,312	1,291,013	0	0	0	0	4,752,735
Other Grants	10,686,821	19,589,234	30,928,800	24,616,000	37,076,000	50,580,000	47,622,000	221,098,855
Sub Total - Specific Resources	184,081,461	210,028,348	99,493,566	76,792,244	86,128,037	92,093,071	100,879,013	849,495,740

Specific Resources Used

Specific Resources Available

Corporate Resources

Corporate Capital Receipts	7,528,129	3,099,808	2,272,580					12,900,517
Corporate Capital Reserves	10,041,253	(75,000)	(75,043)					9,891,210
Corporate S106 Contributions & CIL	10,036,085	1,684,328	973,126	129,278	0			12,822,817
Capital Settlement - Non Ring Fenced Grants	34,159,529	11,022,993	3,779,728	1,151,000				50,113,250
Corporate Grants	4,962,929	0	0	0				4,962,929
Sub Total - Corporate Resources	66,727,925	15,732,129	6,950,391	1,280,278	0	0	0	90,690,723

Corporate Resources Used

Corporate Resources Available

Total Resources Available

Total Resources Used

Total Remaining Resources Available

	Revised Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Expenditure in Subsequent Years	Final Cost
	£	£	£	£	£	£	£	£
Specific Resources Used	184,081,461	210,028,348	99,493,566	76,792,244	86,128,037	92,093,071	100,879,013	849,495,740
Specific Resources Available	0	0	0	0	0	0	0	0
Corporate Resources Used	25,931,673	40,923,757	6,351,584	15,469,425	1,871,429	71,427	71,428	90,690,723
Corporate Resources Available	40,796,252	15,604,624	16,203,431	2,014,284	142,855	71,428	0	0
Total Resources Available	250,809,386	225,760,477	106,443,957	78,072,522	86,128,037	92,093,071	100,879,013	940,186,463
Total Resources Used	210,013,134	250,952,105	105,845,150	92,261,669	87,999,466	92,164,498	100,950,441	940,186,463
Total Remaining Resources Available	40,796,252	15,604,624	16,203,431	2,014,284	142,855	71,428	0	0

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Primary Capital Programme	GGR(DCSF)DF	421,700	200,000							621,700
		GGR(DCSF)PC	3,233,032								3,233,032
		GGNR(DCSF)LAM	1,895,064	379,254							2,274,318
		B	2,000,894								2,000,894
		UB		(2,224)							(2,224)
		GGR(DCSF)DSG	350,512								350,512
		CRGG	415,720								415,720
		CorpRsv	16,500	78,748							95,248
		OG(DCLG)CD	3,438,533								3,438,533
		OC	216,383								216,383
		GGR(DCSF)SSEYC	639,840								639,840
		CP(DCSF)BN	551,290	1,705,897							2,257,187
		GGR(DCSF)TC	121,151								121,151
		CP(DCSF)CM	4,149	48,305							52,454
		CP(EFA)2YR	0	7,278							7,278
		LOT	0	26,724							26,724
	Sub Total		13,304,769	2,443,982	0	0	0	0	0	0	15,748,751
	Victory School	GGR(DCSF)DF	161,200								161,200
		GGNR(DCSF)LAM	3,043,300								3,043,300
		GGR(DCSF)TC	2,005,481								2,005,481
		GGR(DCSF)PC	4,579,448								4,579,448
		B	115,000								115,000
		OG(DCLG)CD	146,307								146,307
		CorpRsv	94,074	64,690							158,764
	Sub Total		10,144,810	64,690	0	0	0	0	0	0	10,209,500

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate						Exp. in Subsequent Years	Final Cost
				Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21		
3	Sufficiency Programme Phase One 2013- 2015	OG(DCLG)CD	2,912,328								2,912,328
		EEA	1,090,806	649,252							1,740,058
		S106(EC)	120,338	550,000							670,338
		GGR(DCSF)DF	55,192								55,192
		CP(DCSF)BN	19,800	1,003,947							1,023,747
		GGR(DCSF)SF	0	27,287							27,287
		CP(DCSF)CM	0	40,241							40,241
		LOT	0	42,060							42,060
	Sub Total		4,198,464	2,312,787	0	0	0	0	0	0	6,511,251
4	Sufficiency Programme Phase Two 2015- 2017	CP(DCSF)BN	0	4,603,870	582,296						5,186,166
		CIL	0	1,667,130	3,250,868						4,917,998
		Sub Total	0	6,271,000	3,833,164	0	0	0	0	0	10,104,164
	Secondary School Feasibility Study	S106(EC)	0	130,000	20,000						150,000
6	Temporary Accommodation	S106(EC)	0	300,000							300,000
		CP(DCSF)CM	0	12,890							12,890
		Sub Total	0	312,890	0	0	0	0	0	0	312,890
7	Vanguard Centre	CP(DCSF)BN	0	222,800	1,244,900						1,467,700
		CorpRsv	0		320,179	213,200					533,379
		CP(DCSF)CM	0		338,000						338,000
		S106(EC)	0		121,921						121,921
		CP(DCLG)DFG	0		39,000						39,000
		Sub Total	0	222,800	2,064,000	213,200	0	0	0	0	0

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
						0					
8	King Richard School Rebuild 900-1000 places	GGR(DCSF)TC	0			1,251,400					1,251,400
		OCRec(HRA)	0			300,000					300,000
		CorpRsv	0			434,104					434,104
	Sub Total		0	0	0	1,985,504	0	0	0	0	1,985,504
9	Portsmouth College Sufficiency Post 16	CP(DCSF)CM	0	152,557							152,557
		OG(DCLG)CD	92,443								92,443
	Sub Total		92,443	152,557	0	0	0	0	0	0	245,000
10	Schools Devolved Formula Capital 2010-17	GGR(DCSF)DF	2,425,711	2,250,548							4,676,259
		GGR(DCSF)DSG	3,727,500								3,727,500
		SRCCO	1,136,059								1,136,059
		GGNR(DCSF)LAM	335,598								335,598
	Sub Total		7,624,868	2,250,548	0	0	0	0	0	0	9,875,416
11	Adaptations to Foster Carer Properties	CROC	0	150,000							150,000
		CorpRsv	0		45,000						45,000
	Sub Total		0	150,000	45,000	0	0	0	0	0	195,000
12	Universal Infant Free School Meal Works	OG	0	582,063							582,063
		RCCO	0	125,000	83,937						208,937
	Sub Total		0	707,063	83,937	0	0	0	0	0	791,000
13	Universal Infant Free School Meal Provision	CRGG	0	35,585							35,585
		GGR(DCSF)SSEYC	0	273							273
		OC	176,388								176,388
		OG(DCLG)CD	415,012								415,012
		CP(DCSF)CM	0	1,444							1,444
	Sub Total		591,400	37,302	0	0	0	0	0	0	628,702

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
14	Salix	UBS	0	98,620							98,620
		SRCCO	0	17,658							17,658
	Sub Total		0	116,278	0	0	0	0	0	0	116,278
15	St Edmunds SI Provision	CP(DCSF)CM	0	315,671							315,671
		OC	0	77,324							77,324
		GGR(DCSF)SF	0	11,469							11,469
		GGR(DCSF)SSEYC	0	341							341
		CorpRsv	0	10,866							10,866
		OG(DCLG)CD	121,329								121,329
	Sub Total		121,329	415,671	0	0	0	0	0	0	537,000
16	Access SEN Pupils	B	67,529								67,529
		OG(DCLG)CD	85,409								85,409
		CP(DCSF)CM	61,704	36,846							98,550
		CP(EFA)2YR	0	25,894							25,894
	Sub Total		214,642	62,740	0	0	0	0	0	0	277,382
17	ALN Lift Repairs	CP(DCSF)BN	41,033								41,033
		OG(DCLG)CD	1,028								1,028
		CP(DCSF)CM	0	130							130
	Sub Total		42,061	130	0	0	0	0	0	0	42,191
18	Mayfield East Field	CP(DCSF)CM	750								750
19	Schools Conditions Projects - Modernisation	CP(DCSF)CM	550	1,094,749	113,347						1,208,646
		GGR(DCSF)DF	0	123,193	90,809	30,268					244,270
		CP(EFA)2YR	0	31,000							31,000
	Sub Total		550	1,248,942	204,156	30,268	0	0	0	0	1,483,916

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
20	School Condition Projects 2014-2016	B	1,000								1,000
		UB		42,120							42,120
		CorpRsv	0	32,013							32,013
		SRCCO	0	8,727							8,727
		GGR(DCSF)DF	83,924	254,691	13,120	9,345					361,080
		GGR(DCSF)SF	0	365							365
		GGNR(DCSF)LAM	20,000	13,988							33,988
		CP(DCSF)BN	0	3,464							3,464
		CP(DCSF)CM	278,750	673,155	51,625						1,003,530
		CP(EFA)2YR	0	63,733							63,733
		OG(DCLG)CD	1,571,898								1,571,898
		OG	7,936								7,936
	Sub Total		1,963,508	1,092,256	64,745	9,345	0	0	0	0	3,129,854
	King Richard - Contingency re Condition Issues	B	3,801								3,801
		CP(DCSF)CM	171,418								171,418
		CP(DCSF)BN	44,600								44,600
	Sub Total		219,819	0	0	0	0	0	0	0	219,819
22	Electrical Distribution Boards - Various Schools	B	25,665								25,665
		OG(DCLG)CD	65,254								65,254
	Sub Total		90,919	0	0	0	0	0	0	0	90,919
23	Cliffdale - Boilers/Heating System	B	100,054								100,054
		CP(DCSF)CM	180,465								180,465
		CRGG	60,000								60,000
	Sub Total		340,519	0	0	0	0	0	0	0	340,519
24	Fluorescent Light	CP(DCSF)CM	109,811								109,811
		OG(DCLG)CD	84,189								84,189
		GGR(DCSF)DF	41,775								41,775
	Sub Total		235,775	0	0	0	0	0	0	0	235,775

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
25	King Richard Legionella Control	CP(DCSF)CM	11,205								11,205
		OG(DCLG)CD	103,518								103,518
		GGR(DCSF)DSG	30,000								30,000
		GGR(DCSF)DF	28,000								28,000
	Sub Total		172,723	0	0	0	0	0	0	0	172,723
26	City Boys Legionella Control	CP(DCSF)CM	2,409								2,409
		OG(DCLG)CD	34,036								34,036
	Sub Total		36,445	0	0	0	0	0	0	0	36,445
27	City Boys ASC Provision	CP(DCSF)CM	(9,500)								(9,500)
		OG(DCLG)CD	17,000								17,000
	Sub Total		7,500	0	0	0	0	0	0	0	7,500
28	Wimborne Junior Boilers & Heating System	CP(DCSF)CM	13,201								13,201
		OG(DCLG)CD	364,510								364,510
	Sub Total		377,711	0	0	0	0	0	0	0	377,711
29	Paulsgrove Primary Structural Repairs	CP(DCSF)CM	22,857								22,857
		OG(DCLG)CD	20,193								20,193
	Sub Total		43,050	0	0	0	0	0	0	0	43,050
30	Meon Junior Emergency Lighting	CP(DCSF)CM	7,181								7,181
		OG(DCLG)CD	38,964								38,964
	Sub Total		46,145	0	0	0	0	0	0	0	46,145
31	City Boys Concrete Panel Replacement	GGR(DCSF)DF	23,873								23,873
		OG(DCLG)CD	319,752								319,752
	Sub Total		343,625	0	0	0	0	0	0	0	343,625
32	Court Lane Junior Legionella Works	GGR(DCSF)DF	28,233								28,233
		OG(DCLG)CD	163,337								163,337
	Sub Total		191,570	0	0	0	0	0	0	0	191,570

CHILDREN & EDUCATION PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
33	Gatcombe Park Primary Window Replacement	GGR(DCSF)DF OG(DCLG)CD	970 34,659								970 34,659
	Sub Total		35,629	0	0	0	0	0	0	0	35,629
34	Highbury Primary Replacement Boiler & Heating (Design Only)	CP(DCSF)CM OG(DCLG)CD	1,623 9,530								1,623 9,530
	Sub Total		11,153	0	0	0	0	0	0	0	11,153
35	Arundel Court Federation Legionella	GGR(DCSF)DF	1,760								1,760
36	Cottage Grove Flat Roof Replacement	GGR(DCSF)DF OG(DCLG)CD CP(DCSF)CM	14,796 64,455 1,976								14,796 64,455 1,976
	Sub Total		81,227	0	0	0	0	0	0	0	81,227
37	Cumberland Infant Installation of Emergency Lighting	GGR(DCSF)DF OG(DCLG)CD	15,884 29,548								15,884 29,548
	Sub Total		45,432	0	0	0	0	0	0	0	45,432
38	Langstone Infant Asbestos in Boiler Room	GGR(DCSF)DF	2,400								2,400
39	Moorings Way Replacement of Electrical Distribution Boards	GGR(DCSF)DF OG(DCLG)CD CP(DCSF)CM	4,855 28,636 100								4,855 28,636 100
	Sub Total		33,591	0	0	0	0	0	0	0	33,591
40	Arundel Court Foyer	CP(DCSF)CM OG(DCLG)CD	8,766 71,722								8,766 71,722
	Sub Total		80,488	0	0	0	0	0	0	0	80,488
41	Meredith Annexe (Urgent H&S)	OG(DCLG)CD	6,147								6,147

CHILDREN & EDUCATION PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
42	Newbridge School Servery (Urgent H&S)	GGR(DCSF)DF OG(DCLG)CD	2,205 22,976								2,205 22,976
	Sub Total		25,181	0	0	0	0	0	0	0	25,181
43	Harbour @ Fratton Condition Works	CP(DCSF)CM OG(DCLG)CD	(5,859) 13,790								(5,859) 13,790
	Sub Total		7,931	0	0	0	0	0	0	0	7,931
44	City Boys Science Block Roof Replacement	OG(DCLG)CD GGR(DCSF)DF	96,372 14,470								96,372 14,470
	Sub Total		110,842	0	0	0	0	0	0	0	110,842
45	Moorings Way Replace Flat Roofs	OG(DCLG)CD GGR(DCSF)DF	43,974 10,790								43,974 10,790
	Sub Total		54,764	0	0	0	0	0	0	0	54,764
46	Manor Infant Classroom remodel	OG(DCLG)CD	15,000								15,000
47	Mayfield School Kitchen Feasibility Study	CP(DCSF)CM	5,000								5,000
48	Harbour School Relocation Feasibility Study	OG(DCLG)CD	10,000								10,000
49	Southsea Infant Boiler Replacement	B	25,657								25,657
50	Newbridge Junior Clinic Roof	CP(DCSF)CM GGR(DCSF)DF	3,075 5,000								3,075 5,000
	Sub Total		8,075	0	0	0	0	0	0	0	8,075

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
51	Stamshaw Junior Fencing and Security Improvements	GGR(DCSF)DF	26,338								26,338
52	Portsmouth Primary Emergency Lighting	CP(DCSF)CM B GGR(DCSF)DF	7,000 21,750 7,000								7,000 21,750 7,000
	Sub Total		35,750	0	0	0	0	0	0	0	35,750
53	Meredith Infant Boiler Controls	GGR(DCSF)DF OG(DCLG)CD	4,000 13,362								4,000 13,362
	Sub Total		17,362	0	0	0	0	0	0	0	17,362
54	Redwood Park Water Main Replacement	OG(DCLG)CD	33,410								33,410
	College Park Boiler Controls	CorpRsv OG(DCLG)CD GGR(DCSF)DF	5,071 894 1,850								5,071 894 1,850
	Sub Total		7,815	0	0	0	0	0	0	0	7,815
56	Westover School Water Ingress	CorpRsv GGR(DCSF)DF	8,550 2,750								8,550 2,750
	Sub Total		11,300	0	0	0	0	0	0	0	11,300
57	School Conditions Project 2016/17	CP(DCSF)BN OC	0 0		725,000 25,000						725,000 25,000
	Sub Total		0	0	750,000	0	0	0	0	0	750,000
58	Secondary School Places Expansion Phase (1)	CIL	0		1,500,000						1,500,000

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20		
59	Secondary School Places Expansion (2)	CIL	0					137,537		137,537
		CWCIL	0					351,900		351,900
		CP(DCSF)BN	0					1,310,563		1,310,563
	Sub Total		0	0	0	0	0	1,800,000	0	1,800,000
60	Special Education Needs - Building Alterations	CP(DCSF)BN	0		352,900					352,900
		CP(DCSF)CM	0		847,100					847,100
		OC	0		2,000,000					2,000,000
	Sub Total		0	0	3,200,000	0	0	0	0	3,200,000
	Grand Total		41,097,647	17,991,636	11,765,002	2,238,317	0	1,800,000	0	74,892,602

CULTURE LEISURE AND SPORT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Mountbatten Centre Redevelopment	CorpRsv	3,478,891		15,619						3,494,510
		OG(DCLG)CD	318,240								318,240
		UB	10,795,382								10,795,382
		OG	5,490,000								5,490,000
		S106(OS)	42,768								42,768
	Sub Total		20,125,281	0	15,619	0	0	0	0	0	20,140,900
2	Seafront Improvements	CorpRsv	56,474	40,000	40,323						136,797
		OG(DCLG)CD	10,290								10,290
	Sub Total		66,764	40,000	40,323	0	0	0	0	0	147,087
3	Re-provision of Wymering and Hillside Centres	CorpRsv	31,167	32,318							63,485
		OG(DCLG)CD	371,515								371,515
		OC	1,000,000								1,000,000
		CMR	60,000								60,000
	Sub Total		1,462,682	32,318	0	0	0	0	0	0	1,495,000
4	Indoor Tennis Centre	CorpRsv	42,355								42,355
		OG(DCLG)CD	251,831								251,831
		OC	834,387								834,387
		OR	38,000								38,000
		UBS	56,472	(25,890)							30,582
	Sub Total		1,223,045	(25,890)	0	0	0	0	0	0	1,197,155
5	Hilsea Splashpool	CorpRsv	74,200								74,200
		S106(OS)	264,866	27,500							292,366
	Sub Total		339,066	27,500	0	0	0	0	0	0	366,566
6	Lights at the Land Side of the Hot Walls	CorpRsv	66,201		33,799						100,000
7	Library RFID Self Service	MTRS	369,526								369,526
8	Southsea Seafront Beachhuts	UB	300			299,700					300,000

CULTURE LEISURE AND SPORT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
9	Coastal Communities Bid (ARTches)	CorpRsv	7,461	71,848	30,680	800					110,789
		CP(DFI)IT	0		3,752	96,248					100,000
		OG	0		1,159,584	409,050					1,568,634
		OG(DCLG)CD	44,972								44,972
		PUSH	29,508	10,492							40,000
	Sub Total		81,941	82,340	1,194,016	506,098	0	0	0	0	1,864,395
10	Milton Tennis Courts' Resurfacing	OC	62,882								62,882
11	Drayton Park - Tennis Court Conversion	S106(OS)	9,501	125,499							135,000
		CILNRsv	0	83,000							83,000
	Sub Total		9,501	208,499	0	0	0	0	0	0	218,000
	Lighting for Square Tower and Round Tower	S106(OS)	20,665		29,335						50,000
	Rock Gardens - Replacement of CCTV	S106(OS)	0		20,000						20,000
14	Mobile Library	CorpRsv	83,529								83,529
		OG(DCLG)CD	19,664								19,664
	Sub Total		103,193	0	0	0	0	0	0	0	103,193
15	Southsea Seafront Investment - D Day 75	CorpRsv	0	4,809	188,324	151,646					344,779
		RCCO	0			78,500					78,500
		LOT	35,864	189,036	1,773,750	1,773,750					3,772,400
		OC	0	2,000	199,050	201,050					402,100
	Sub Total		35,864	195,845	2,161,124	2,204,946	0	0	0	0	4,597,779
16	Relocation of Archive Store to Southsea Library	CorpRsv	0	29,632							29,632
		OG(DCLG)CD	570,368								570,368
	Sub Total		570,368	29,632	0	0	0	0	0	0	600,000

CULTURE LEISURE AND SPORT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
17	Kings Theatre - Capital Grant	CRGG OG(DCLG)CD	0 60,000		140,000						140,000 60,000
	Sub Total		60,000	0	140,000	0	0	0	0	0	200,000
18	Pyramids LED Lighting	UBS OC	0 50,367								0 50,367
	Sub Total		50,367	0	0	0	0	0	0	0	50,367
19	New Theatre Royal (Loan)	CROC	0	150,000							150,000
	Installation of Skate Park Equipment at Milton Park	OC CILNRsv	0 0	4,000 18,900							4,000 18,900
	Sub Total		0	22,900	0	0	0	0	0	0	22,900
	Cycle Track Fencing at Mountbatten Centre	OR OG OC	0 0 0	20,000 40,000 20,000							20,000 40,000 20,000
	Sub Total		0	80,000	0	0	0	0	0	0	80,000
22	Round Tower Improvement Works	CP(DCSF)CM	0		80,000						80,000
Grand Total			24,647,646	843,144	3,714,216	3,010,744	0	0	0	0	32,215,750

ENVIRONMENT & COMMUNITY SAFETY PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Portsea Island - Flood Cell 1: Southsea - Coastal Flood and Erosion Risk Management Preliminary Study	OGENV	455,099	44,901							500,000
2	Portsea Island - Flood Cell 4: North Portsea Island - Coastal Flood and Erosion Risk Management Preliminary Study	OGENV	503,470								503,470
3	Portsea Island - Flood Cell 1: Southsea - Coastal Flood and Erosion Risk Management	OGENV	0	714,000	6,239,000	12,098,000	9,683,000	16,163,000	23,269,000	19,361,000	87,527,000
4	Portsea Island - Flood Cell 4: North Portsea Island - Coastal Flood and Erosion Risk Management	OGENV	594,729	6,405,271	4,000,000	5,300,000	6,000,000	5,500,000	4,792,000	11,400,000	43,992,000
5	Air Quality Action Plan	GGR(DEFRA)AQME RCCO	150,080 0	21,701 13,000							171,781 13,000
	Sub Total		150,080	34,701	0	0	0	0	0	0	184,781
6	Horsea Island Country Park - Fencing	CorpRsv S106(OS) CP(DFT)IT OC	0 0 0 8,027	0 0 0 8,000	0 0 0 10,000	0 121,627 14,200 4,173	0 5,200 12,973 0	0 0 0 0	0 0 0 0	0 0 0 0	5,200 134,600 14,200 30,200
	Sub Total		8,027	8,000	10,000	140,000	18,173	0	0	0	184,200
7	CCTV Upgrades	GGNR(HO)SSC CorpRsv	65,200 0	4,300 30,000							69,500 30,000
	Sub Total		65,200	34,300	0	0	0	0	0	0	99,500
8	CCTV Systems and Control Room Infrastructure	CorpRsv	0	150,000							150,000
9	In House Vehicle Purchases	RCCO	0	30,000							30,000

ENVIRONMENT & COMMUNITY SAFETY PORTFOLIO
CAPITAL PROGRAMME

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10	Public Conveniences - Charging Mechanisms	CorpRsv OG(DCLG)CD	11,574 35,750	12,676							24,250 35,750
	Sub Total		47,324	12,676	0	0	0	0	0	0	60,000
11	Weekly Waste Collection Support Scheme	CorpRsv OG(DCLG)CD	0 344,881	35,119							35,119 344,881
	Sub Total		344,881	35,119	0	0	0	0	0	0	380,000
12	Southsea Enhancement Design	S106(OS) CorpRsv	0 0	39,572 31,857	39,572 31,857	39,572 31,857	39,572 31,857	39,572 31,857	39,570 31,857	39,570 31,858	277,000 223,000
	Sub Total		0	71,429	71,429	71,429	71,429	71,429	71,427	71,428	500,000
13	Surface Water Separation	PR	0	65,000							65,000
	Emergency Repairs to Southsea Sea Defences	OC	0	600,000							600,000
15	Southsea Coastal Flood Defence	OGENV CorpRsv CP(DCSF)CM	0 0 0		5,739,000 315,100 184,900	11,348,000 750,000	8,933,000	15,413,000	22,519,000	16,861,000	80,813,000 315,100 934,900
	Sub Total		0	0	6,239,000	12,098,000	8,933,000	15,413,000	22,519,000	16,861,000	82,063,000
Grand Total			2,168,810	8,205,397	16,559,429	29,707,429	24,705,602	37,147,429	50,651,427	47,693,428	216,838,951

HEALTH AND SOCIAL CARE PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Mental Health Supported Capital Expenditure - Various Schemes	B UB GGNR(DH)MH	208,277 0 63,900		17,807						208,277 17,807 63,900
	Sub Total		272,177	17,807	0	0	0	0	0	0	289,984
2	4 Sites Project	CorpRsv OG(DCLG)CD MTRS UB	999,133 1,016,137 0 247,295	61,652	352,675						1,060,785 1,016,137 352,675 247,295
	Sub Total		2,262,565	414,327	0	0	0	0	0	0	2,676,892
	Common Assessment Framework	GGR(DH)CAF	41,029	29,000	41,383						111,412
	Transforming Social Care	CRGG GGR(DH)CAF OG(DCLG)CD	8,500 60,757 26,173	17,370							25,870 60,757 26,173
	Sub Total		95,430	17,370	0	0	0	0	0	0	112,800
5	Health & Social Care Partnership Mgmt of Data	CRGG	52,300	20,000	27,700						100,000
6	New & Improved Models of Care (East Lodge)	CP(DH)CG OG(DCLG)CD CorpRsv UB	60,807 587,189 3,176 0	178,723	173,281	941,171 4,226,000	429,653				412,811 587,189 1,374,000 4,226,000
	Sub Total		651,172	178,723	5,340,452	429,653	0	0	0	0	6,600,000
7	Autism Capital Grants	OG	12,445	6,055							18,500
8	ANA Dry Housing Support	OG(PHE)Health	600,000								600,000
9	Reconfiguration of Corben Lodge	S106(Hsg) CP(DCSF)CM	0 0		59,000 1,091,000						59,000 1,091,000
	Sub Total		0	0	1,150,000	0	0	0	0	0	1,150,000

HEALTH AND SOCIAL CARE PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
10	Refurbishment of Hilsea Annexe	S106(Hsg)	0		140,000						140,000
11	Eastern Road New Build	UB	0		193,000	1,130,000	400,000				1,723,000
		OC	0		207,000	195,000					402,000
	Sub Total		0	0	400,000	1,325,000	400,000	0	0	0	2,125,000
	Grand Total		3,987,118	683,282	7,099,535	1,754,653	400,000	0	0	0	13,924,588

PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	North End Shopping Centre Regeneration	CorpRsv	370,399								370,399
		OG(DCLG)CD	21,020								21,020
		OC	16,727								16,727
	Sub Total		408,146	0	0	0	0	0	0	0	408,146
2	Palmerston Road Improvements	CorpRsv	320,999	179,001							500,000
3	Commercial Road Fountain Refurbishment	CorpRsv	96,765	(52,475)							44,290
		OC	73,525	52,475							126,000
	Sub Total		170,290	0	0	0	0	0	0	0	170,290
	City Centre Development - Road	CorpRsv	0		1,921,417	1,268,290	1,112,955				4,302,662
		CP(DFI)IT	0	300,000	132,899						432,899
		UB	8,291								8,291
		OG(DCLG)CD	1,019,976								1,019,976
		CIL	0				387,045				387,045
		S106(EW)	5,440					0			5,440
	Sub Total		1,033,707	300,000	2,054,316	1,268,290	1,500,000	0	0	0	6,156,313
5	City Centre Development - Other	CROC	0		100,000	333,968					433,968
		OG(DCLG)CD	16,032								16,032
	Sub Total		16,032	0	100,000	333,968	0	0	0	0	450,000
6	Enterprise Centre Dilapidations	CorpRsv	0		40,000						40,000
7	Cosham High Street	CP(DFI)IT	1,378	166,615							167,993
		OG(DCLG)CD	32,007								32,007
	Sub Total		33,385	166,615	0	0	0	0	0	0	200,000

PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20		
8	Dunsbury Hill Farm - Access Road	CorpRsv	0	181,046						181,046
		OG(DCLG)CD	568,954							568,954
		OC	0	4,540,000						4,540,000
		UB	587,189	1,716,426	1,253,942	842,443				4,400,000
	Sub Total		1,156,143	6,437,472	1,253,942	842,443	0	0	0	9,690,000
9	City Deal	OG(DCLG)CD	4,072,035							4,072,035
		CorpRsv	0				1,227,787			1,227,787
		CIL	0				972,213			972,213
		OC	22,000							22,000
		ORCD	0		355,380					355,380
		UB	0				3,128,267			3,128,267
		CP(DCSF)CM	0				3,722,451			3,722,451
		CP(DCSF)BN	0		994,036		3,484,276			4,478,312
		CP(DH)CG	0		654,533					654,533
		CP(DFT)IT	0			129,186	3,322,096			3,451,282
		CP(DFT)HM	0	721	1,568,959	443,814				2,013,494
		CP(DCLG)DFG	0		666,047					666,047
		CRGG	0		1,031,772					1,031,772
		CROC	0		1,438,617					1,438,617
		MTRS	0		775,705					775,705
		ORCD	0	730,000	8,596,938					9,326,938
		OR	0			27,000	7,092,910	6,272,090		13,392,000
		CP(EFA)2YR	0		331,656					331,656
		S106(ST)	0		161,376					161,376
		S106(OS)	0		105,515					105,515
	Sub Total		4,094,035	730,721	16,680,534	600,000	22,950,000	6,272,090	0	51,327,380

PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

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10	Hampshire Community Bank	UB	15,132	3,734,868	1,250,000						5,000,000
		CorpRsv	0	35,300							35,300
		MTRS	0	28,100	57,200						85,300
	Sub Total		15,132	3,798,268	1,307,200	0	0	0	0	0	5,120,600
11	Limberline Phase III	CorpRsv	0	762,000							762,000
		UB	28,032	1,238,000	2,221,968						3,488,000
	Sub Total		28,032	2,000,000	2,221,968	0	0	0	0	0	4,250,000
	City Centre Public Realm Improvements	S106(OS)	0		800						800
		CorpRsv	0		374,500						374,500
		CROC	0		121,600						121,600
		CP(DFT)IT	0		3,100						3,100
	Sub Total		0	0	500,000	0	0	0	0	0	500,000
13	District Shopping Centre Improvement	CorpRsv	0		100,000						100,000
14	Seafront Developments	CorpRsv	0	61,600							61,600
		CROC	0	38,400							38,400
	Sub Total		0	100,000	0	0	0	0	0	0	100,000
15	Local Enterprise Partnership	OC	15,000,000	57,320,877	49,965,334	23,682,028	15,992,860	15,127,686	13,977,686		191,066,471
16	Re-provision of Children's Home	MTRS	0	583,000							583,000
		CorpRsv	0	35,000							35,000
	Sub Total		0	618,000	0	0	0	0	0	0	618,000
17	Medina House Refurbishment	PR	0	316,000							316,000

PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost	
18	Commercial Property Acquisition Fund	UB		44,000,000	66,000,000						110,000,000	
19	Dunsbury Hill - Utilities & Enabling	UB		2,800,000							2,800,000	
20	Freehold Acquisition of Land Adjacent to MMD	UB		750,000							750,000	
21	Public Realm Improvement by The Hard	CP(DCSF)CM			300,000						300,000	
22	Guildhall Investment (Match Funding)	CP(DCSF)CM			300,000						300,000	
23	Purchase of New Depot	UB			1,900,000	300,000					2,200,000	
Grand Total				22,275,901	119,516,954	142,723,294	27,026,729	40,442,860	21,399,776	13,977,686	0	387,363,200

Grand Total

COMMERCIAL PORT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	New Terminal Building	UB	15,900,350								15,900,350
		OG(DCLG)CD	139,396								139,396
		EUG	421,058								421,058
		CorpRsv	0	16,000							16,000
	Sub Total		16,460,804	16,000	0	0	0	0	0	0	16,476,804
2	Signage Electronic Upgrade	UB	696,030								696,030
		OG(DCLG)CD	50,090								50,090
	Sub Total		746,120	0	0	0	0	0	0	0	746,120
	Water Regulations Upgrade	CorpRsv	79,527		50,473						130,000
4	Dredging - Albert Johnson & Flathouse Quays	B	238,500								238,500
		CorpRsv	2,833,780	24,176							2,857,956
		OG(DCLG)CD	453,544								453,544
	Sub Total		3,525,824	24,176	0	0	0	0	0	0	3,550,000
5	Port Infrastructure	CorpRsv	0	76,792	480,000	41,993					598,785
		CRGG	0			926					926
	Sub Total		0	76,792	480,000	42,919	0	0	0	0	599,711
6	Port Master System	CorpRsv	0		173,026						173,026
		OG(DCLG)CD	24,274								24,274
	Sub Total		24,274	0	173,026	0	0	0	0	0	197,300
7	Berth 5 Linkspan	OG(DCLG)CD	99,074								99,074

COMMERCIAL PORT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
8	Floating Dock Jetty, Berth Ext & Passengar Facilities	CRGG	0	456,638							456,638
		OG(DCLG)CD	43,362								43,362
		UB	0	4,925,000	1,600,000	2,600,000	2,000,000	5,110,000			16,235,000
	Sub Total		43,362	5,381,638	1,600,000	2,600,000	2,000,000	5,110,000	0	0	16,735,000
9	Automatic Line Handling Equipment	MTRS	23,616	2,000							25,616
		OG(DCLG)CD	427,792								427,792
		EUG	28,981								28,981
	Sub Total		480,389	2,000	0	0	0	0	0	0	482,389
	Check-in Canopies	CorpRsv	0	8,000							8,000
		OG(DCLG)CD	346,832								346,832
	Sub Total		346,832	8,000	0	0	0	0	0	0	354,832
11	Purchase of Linkspans Berths 3 and 4	PR	0			1,000,000					1,000,000
		UB	0			8,000,000	700,000				8,700,000
	Sub Total		0	0	0	9,000,000	700,000	0	0	0	9,700,000
Grand Total			21,806,206	5,508,606	2,303,499	11,642,919	2,700,000	5,110,000	0	0	49,071,230

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Landlord's Maintenance - Capitalised Repairs	CorpRsv	1,279,090	26,167	75,300						1,380,557
		OG(DCLG)CD	23,986								23,986
		CMR	44,000								44,000
	Sub Total		1,347,076	26,167	75,300	0	0	0	0	0	1,448,543
2	Project Management	CorpRsv	0		44,900						44,900
3	Landlord's Maintenance	CorpRsv	872,392	323,929	1,604,600						2,800,921
		CP(DCSF)CM	331,301								331,301
		CP(DFT)IT	0	175,115							175,115
		OG(DCLG)CD	1,835,542	(92,745)							1,742,797
		CMR	21,750								21,750
		CROC	0		315,100						315,100
	Sub Total		3,060,985	406,299	1,919,700	0	0	0	0	0	5,386,984
4	Landlord's Maintenance - Capital Contingency	CorpRsv	0	215,000							215,000
		CRGG	0	196,000							196,000
	Sub Total		0	411,000	0	0	0	0	0	0	411,000
5	MMD - Capital Advances	UB	7,294,000	645,000	1,050,000	45,000					9,034,000
		OG(DCLG)CD	250,000								250,000
	Sub Total		7,544,000	645,000	1,050,000	45,000	0	0	0	0	9,284,000
6	Asset Management System	B	114,558								114,558
		UB		10,000	116,872						126,872
		OG(DCLG)CD	58,587								58,587
	Sub Total		173,145	10,000	116,872	0	0	0	0	0	300,017

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
7	Major Repairs to Corporate Property Portfolio	CorpRsv	413,167	36,479	23,300						472,946
		OG(DCLG)CD	225,024								225,024
		CROC	11,500								11,500
		CRGG	229,900								229,900
		MTRS	200,000								200,000
		CMR	65,000								65,000
		OC	10,000								10,000
	Sub Total		1,154,591	36,479	23,300	0	0	0	0	0	1,214,370
8	Merefield House Relocation & Customer Access Refurb.	CorpRsv	516,009								516,009
		OG(DCLG)CD	77,375								77,375
	Sub Total		593,384	0	0	0	0	0	0	0	593,384
	Dame Judith Prof. Centre - Relocation of Services	CorpRsv	56,600								56,600
		CP(DCSF)CM	41,912								41,912
		OG(DCLG)CD	28,017								28,017
	Sub Total		126,529	0	0	0	0	0	0	0	126,529
10	Replacement of Cash Handling System	CorpRsv	37,089								37,089
		OG(DCLG)CD	166,532								166,532
	Sub Total		203,621	0	0	0	0	0	0	0	203,621
11	Civic Offices Catering - Coffee Shop	CorpRsv	67,833								67,833
12	IS Data Centre	CorpRsv	828,746	37,101							865,847
		OG(DCLG)CD	39,453								39,453
	Sub Total		868,199	37,101	0	0	0	0	0	0	905,300
13	IS Data Centre Chillers	CMR	134,400								134,400

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
14	Transformation Programme - Customer Management	UB	84,866	31,601							116,467
		OG(DCLG)CD	68,533								68,533
	Sub Total		153,399	31,601	0	0	0	0	0	0	185,000
15	IS Road Map	CorpRsv	0	363,798							363,798
		OG(DCLG)CD	321,482								321,482
		CP(DCLG)DFG	151,400								151,400
		CRGG	2,320								2,320
		CP(DFT)IT	196,000								196,000
		RCCO		57,000	188,800						245,800
		ITR			155,820						155,820
	Sub Total		671,202	420,798	344,620	0	0	0	0	0	1,436,620
	Review of Business Software (Windows 7)	CorpRsv	623,675	12,894							636,569
		OG(DCLG)CD	292,358								292,358
		ITR	49,500								49,500
	Sub Total		965,533	12,894	0	0	0	0	0	0	978,427
17	HR Self Serve & I Expenses	OR	137,677	5,740							143,417
		MTRS	378,740	31,708	12,552						423,000
		OG(DCLG)CD	96,583								96,583
	Sub Total		620,448	30,000	12,552	0	0	0	0	0	663,000
18	Legal Case Management Software	MTRS	(2,513)	13,600							11,087
		OG(DCLG)CD	84,913								84,913
	Sub Total		82,400	13,600	0	0	0	0	0	0	96,000

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
19	Guildhall Capital Works	CorpRsv	909,883	200,000	127,188						1,237,071
		RCCO	0		359,500						359,500
		OG(DCLG)CD	307,669								307,669
	Sub Total		1,217,552	200,000	486,688	0	0	0	0	0	1,904,240
20	Revenue and Benefits EDMS replacement	CorpRsv	0	20,892							20,892
		OG(DCLG)CD	74,108								74,108
	Sub Total		74,108	20,892	0	0	0	0	0	0	95,000
21	Call Recording System	CorpRsv	0	15,766							15,766
		OG(DCLG)CD	37,500								37,500
	Sub Total		37,500	15,766	0	0	0	0	0	0	53,266
	Working Anywhere	CorpRsv	0	200,965							200,965
		OG(DCLG)CD	67,344								67,344
		MTRS	47,325								47,325
		CP(DCLG)DFG	626,166								626,166
		RCCO		27,200							27,200
	Sub Total		740,835	228,165	0	0	0	0	0	0	969,000
23	Commercial Letting of Brunel Wing	CorpRsv	0	261,068	107,100						368,168
		OG(DCLG)CD	326,286								326,286
	Sub Total		326,286	261,068	107,100	0	0	0	0	0	694,454
24	World War 2 Memorial Guildhall Square	CorpRsv	0	27,000							27,000
		OC	22,149	47,851							70,000
	Sub Total		22,149	74,851	0	0	0	0	0	0	97,000

RESOURCES PORTFOLIO

CAPITAL PROGRAMME

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25	PSN CoCo Compliance	CorpRsv	0	92,616							92,616
		OG(DCLG)CD	99,384								99,384
		ITR		30,400	22,600						53,000
	Sub Total		99,384	123,016	22,600	0	0	0	0	0	245,000
26	Replacement Emergency Generator	CP(DCSF)CM	0	15,250							15,250
		CorpRsv	0	12,118							12,118
		OG(DCLG)CD	162,632								162,632
	Sub Total		162,632	27,368	0	0	0	0	0	0	190,000
	Civic Office Ducting	CP(DCSF)CM	0	5,412							5,412
		CorpRsv	250								250
		OG(DCLG)CD	69,338								69,338
	Sub Total		69,588	5,412	0	0	0	0	0	0	75,000
28	IS Data Centre Phase 2	CorpRsv	0	226,356	395,000						621,356
		OG(DCLG)CD	88,644								88,644
	Sub Total		88,644	226,356	395,000	0	0	0	0	0	710,000
29	Superconnected Cities	OG	1,687,521	887,924	300,000						2,875,445
30	Guildhall Internal Works	CorpRsv	0	80,000							80,000
31	Municipal Bonds Agency	OG(DCLG)CD	150,000								150,000
32	IS - Server & Database	CorpRsv	0	200,000							200,000
33	Requirements Specs for BI & EDMS	CorpRsv	245	49,755	800,000						850,000

RESOURCES PORTFOLIO

CAPITAL PROGRAMME

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34	Web Phase 2 / Channel Shift	CorpRsv	0	300,000	335,000						635,000
		RCCO	0	46,100							46,100
	Sub Total		0	346,100	335,000	0	0	0	0	0	681,100
35	Utilities' Management 2015/16	UB	0	1,080,000							1,080,000
		CMR	0	26,000							26,000
	Sub Total		0	1,106,000	0	0	0	0	0	0	1,106,000
35	Utilities' Management 2016/17	UBS	0		250,000						250,000
		CROC	0		983,000						983,000
	Sub Total		0	0	1,233,000	0	0	0	0	0	1,233,000
36	Photovoltaic Cell Investment Fund	UB	0		1,950,000						1,950,000
	Grand Total		22,443,188	5,933,612	9,216,632	45,000	0	0	0	0	37,638,432

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Healthy Towns Routes to Cycling Improvements	UB	30,751								30,751
2	Congestion Monitoring (ANPR)	UB GGNR(DFI)LTPIT	31,681 109,501								31,681 109,501
	Sub Total		141,182	0	0	0	0	0	0	0	141,182
3	Verge Hardening	CorpRsv	55,333								55,333
4	Contribution to PFI	HwayPFI OG(DCLG)CD EUG OG UB CP(DFI)HM	12,670,673 2,772,625 (10,427) 145,167 2,306,379 2,627,353	3,874,757	2,688,920	2,448,747	3,434,820	3,030,930	1,502,306	31,948,001	61,599,154 2,772,625 (10,427) 145,167 2,306,379 7,791,353
	Sub Total		20,511,770	5,304,757	3,999,920	3,720,747	4,585,820	3,030,930	1,502,306	31,948,001	74,604,251
5	Tipner Interchange Bridges	OG(DFI)Sec31 OC	2,484,353 315,030								2,484,353 315,030
	Sub Total		2,799,383	0	0	0	0	0	0	0	2,799,383
6	Tipner Motorway Junction & Park & Ride	OG(DFI)Sec31 OG(DCLG)CD CorpRsv S106(ST) S106(EW) CIL PUSH(NGP) OC	19,487,001 5,883,986 1,998,942 226,143 381,412 (589,318) 1,460,000 520,000	1,617,334							19,487,001 5,883,986 1,998,942 226,143 381,412 1,028,016 1,460,000 520,000
	Sub Total		29,368,166	1,617,334	0	0	0	0	0	0	30,985,500

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

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7	Northern Road Bridge	UB	331,688								331,688
		OC	105,010	(14,182)							90,828
		GGNR(DFT)LTPIT	529,810								529,810
		OG(DFT)Sec31	10,762,124	195,490							10,957,614
		CP(DFT)IT	60								60
	Sub Total		11,728,692	181,308	0	0	0	0	0	0	11,910,000
8	Safer Routes to School Minor Improvements (School Crossing Patrols)	UB	5,258								5,258
		OG(DCLG)CD	7,961								7,961
	Sub Total		13,219	0	0	0	0	0	0	0	13,219
	Seafront Cycle Route - Remedial Works	UB	10,527								10,527
	Local Transport Plan & Road Safety 3	UB	0	70,000							70,000
		CorpRsv	196,000	51,000							247,000
		S278	23,644								23,644
		CP(DFT)IT	1,800,279	1,500,000	857,221						4,157,500
		S106(ST)	397,067	83,900							480,967
		OG(DFT)LSTFSec31	3,118,870	(319,718)							2,799,152
		OG(DFT)TFSHSec31	1,669,778								1,669,778
		CP(DCSF)BN	0	30,000							30,000
		OG	0	80,000							80,000
	Sub Total		7,205,638	1,495,182	857,221	0	0	0	0	0	9,558,041

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
11	The Hard Public Transport Interchange	CIL	0		6,166						6,166
		UB	0		21,101						21,101
		CP(DCSF)BN	0		3,365,593						3,365,593
		CP(DFT)IT	0		12,907						12,907
		CP(DCLG)DFG	0		135,700						135,700
		OC	0	4,832,000	0						4,832,000
		CROC	0		567,092						567,092
		PARK	0		500,000						500,000
		OG(DFT)LSTFSec31	289,014	319,718							608,732
		OG(DFT)TFSSHSec31	244,355								244,355
		CorpRsv	170,501	237,746	1,064,517						1,472,764
	Sub Total		703,870	5,389,464	5,673,076	0	0	0	0	0	11,766,410
12	Replace Residential Street Lighting With LED	UB	0		2,000,000	1,040,000					3,040,000
	Copnor Bridge Maintenance	CorpRsv	(1,928)	33,112	16,816						48,000
		OC	0	20,480							20,480
	Sub Total		(1,928)	53,592	16,816	0	0	0	0	0	68,480
14	Clean Vehicle Technology	OG	126,000								126,000
15	Eastern Rd Waterbridge	CorpRsv	0		257,200						257,200
		CP(DFT)IT	144		1,064,756						1,064,900
		OG(DFT)Sec31	0		377,900						377,900
		OC	0	50,000	50,000						100,000
	Sub Total		144	50,000	1,749,856	0	0	0	0	0	1,800,000
16	Angelsea Road Footbridge	CP(DFT)IT	0	100,000	506,000						606,000
		OC	5,385		14,615						20,000
	Sub Total		5,385	100,000	520,615	0	0	0	0	0	626,000

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

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17	Verge Hardening	CorpRsv	2,589	107,230							109,819
18	Traffic Management Centre - System Review	PARK	0	270,000							270,000
19	Pedestrian and Cycle Facilities in Fratton	CROC	0		100,000						100,000
20	Traffic Signal Upgrade Packages	CorpRsv	0		460,700						460,700
		S106(SI)	0		2,400						2,400
		S106(OS)	0		10,000						10,000
		CROC	0		15,900						15,900
		CP(DFI)IT	0		421,000						421,000
	Sub Total		0	0	910,000	0	0	0	0	0	910,000
	Isambard Brunel Car Park Upgrade	PARK	0		450,000						450,000
	Grand Total		72,700,721	14,568,867	16,277,504	4,760,747	4,585,820	3,030,930	1,502,306	31,948,001	149,374,896

HOUSING PORTFOLIO (GF)

CAPITAL PROGRAMME

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1	Support For Vulnerable People	CorpRsv	1,628,489	259,003	207,723	300,000					2,395,215
		S106(Hsg)	0	1,400							1,400
		CP(DCLG)DFG	1,124,300								1,124,300
		CP(DCSF)BN	250,729								250,729
		CP(DH)CG	762,300								762,300
		GGR(DCLG)PSR	179,526								179,526
		GGR(DCLG)DF	634,100								634,100
		OC	1,066,774	179,597	186,580	190,744	195,513	200,400	205,411	210,545	2,435,564
		LR(HIP)	455,667	500,000	581,697	122,199	49,607	40,847	31,868	22,665	1,804,550
		BCF(DFG)DCLG	0	500,000							500,000
		OC	0		500,000	899,957	1,305,603	1,348,243	1,391,949	1,436,748	6,882,500
		OG(DCLG)CD	1,318,131								1,318,131
	Sub Total		7,420,016	1,440,000	1,476,000	1,512,900	1,550,723	1,589,490	1,629,228	1,669,958	18,288,315
	Removal of Hazards & Risks Within The Home	GGR(DCLG)PSR	372,963								372,963
		LR(HIP)	793,027	584,125	333,509	141,847	350,393	359,153	368,132	377,335	3,307,521
		CorpRsv	120,000	(120,000)		200,000					200,000
	Sub Total		1,285,990	464,125	333,509	341,847	350,393	359,153	368,132	377,335	3,880,484
3	Grants to Registered Social Landlords	S106(Hsg)	97,000	108,078	450,000						655,078
		CorpRsv	1,994	35,259							37,253
		LR(HIP)	120,000								120,000
	Sub Total		218,994	143,337	450,000	0	0	0	0	0	812,331
4	Green Deal Communities	OG	0	720,550							720,550
	Grand Total		8,925,000	2,768,012	2,259,509	1,854,747	1,901,116	1,948,643	1,997,360	2,047,293	23,701,680

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
1	Somersetown Hub	B(HRA)	75,979								75,979
		CorpRsv	947,080								947,080
		OG(DCLG)CD	2,024,500								2,024,500
		PUSH	1,639,411								1,639,411
		RCCO(HRA)	5,381,764	30,000							5,411,764
		UB(HRA)	2,541,431								2,541,431
	Sub Total		12,610,165	30,000	0	0	0	0	0	0	12,640,165
2	Somersetown Tipton House Site 7 Houses	OC	440,000								440,000
		PUSH	311,187								311,187
		UB(HRA)	226,921								226,921
		RCCO(HRA)	48,816								48,816
		Sub Total		1,026,924	0	0	0	0	0	0	0
Old London Road	RCCO(HRA)	571,649									571,649
	CRec(HRA)	90,356									90,356
	Sub Total		662,005	0	0	0	0	0	0	0	662,005
4	HRA Assets (Non Dwelling)	B(HRA)	3,714,358								3,714,358
		CorpRsv	0		300,000						300,000
		RCCO(HRA)	8,268,775	1,291,454	368,750	215,000	215,000	215,000	215,000	215,000	11,003,979
		OC	81,368								81,368
		UB(HRA)	246,614								246,614
		OG(DFI)LSTFSec31	30,000								30,000
	Sub Total		12,341,115	1,291,454	668,750	215,000	215,000	215,000	215,000	215,000	15,376,319

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
5	Total Major Repairs Dwellings	B(HRA)	134,210								134,210
		OC	683,017	1,154,126	400,000	400,000	400,000	400,000	400,000	400,000	4,237,143
		RCCO(HRA)	61,557,615	25,244,429	19,044,551	15,051,000	15,370,063	15,227,688	17,285,719	18,646,719	187,427,784
		OG	1,044,584	10,000							1,054,584
		UB(HRA)	11,841,361	3,000,000							14,841,361
		CRec(HRA)	0	175,804							175,804
		CorpRsv	0	100,000							100,000
	Sub Total		75,260,787	29,684,359	19,444,551	15,451,000	15,770,063	15,627,688	17,685,719	19,046,719	207,970,886
	King William Street	UB(HRA)	0	375,000	232,218						607,218
		CRec(HRA)	75,814								75,814
		OCRec(HRA)	13,651	368,000							381,651
		S106(Hsg)	0	7,000							7,000
		OC	0		7,500						7,500
		OG	0	325,000							325,000
	Sub Total		89,465	1,075,000	239,718	0	0	0	0	0	1,404,183
7	Southsea Community Centre	UB(HRA)	0		1,118,846						1,118,846
		CRec(HRA)	59,131	60,000	810,000	53,914					983,045
		RCCO(HRA)	641								641
		OCRec(HRA)	0	140,000	771,154	125,798					1,036,952
	Sub Total		59,772	200,000	2,700,000	179,712	0	0	0	0	3,139,484
8	Plot 2 Wellington Street	UB(HRA)	0		995,910						995,910
		CRec(HRA)	29,373	210,000	724,500	30,000					993,873
		RCCO(HRA)	7,445								7,445
		OCRec(HRA)	0	490,000	694,590	70,000					1,254,590
	Sub Total		36,818	700,000	2,415,000	100,000	0	0	0	0	3,251,818

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
9	Arthur Pope House	UB(HRA)	0	450,000	4,800,000	1,905,793					7,155,793
		CRec(HRA)	77,101								77,101
		RCCO(HRA)	1,732								1,732
		OCRec(HRA)	0				90,000				90,000
	Sub Total		78,833	450,000	4,800,000	1,905,793	90,000	0	0	0	7,324,626
10	Development Internal Charges	UB(HRA)	0	100,000	100,000	81,945					281,945
		CRec(HRA)	56,889								56,889
		OCRec(HRA)	52,617								52,617
	Sub Total		109,506	100,000	100,000	81,945	0	0	0	0	391,451
	Hambrook Street	UB(HRA)	0		1,018,500	146,104					1,164,604
		OCRec(HRA)	0	140,000		763,896	31,500				935,396
		CRec(HRA)	0	60,000	436,500	390,000	13,500				900,000
	Sub Total		0	200,000	1,455,000	1,300,000	45,000	0	0	0	3,000,000
12	Kingsclere Avenue	UB(HRA)	0	181,773	3,600,000	1,800,000					5,581,773
		OCRec(HRA)	0				477,327				477,327
	Sub Total		0	181,773	3,600,000	1,800,000	477,327	0	0	0	6,059,100
13	Blendworth Crescent	UB(HRA)	0	145,419	2,400,000	1,280,000					3,825,419
		OCRec(HRA)	0			1,000,000	12,881				1,012,881
	Sub Total		0	145,419	2,400,000	2,280,000	12,881	0	0	0	4,838,300
14	Nessus Street	UB(HRA)	0		150,000	450,000	916,000				1,516,000
15	Holybourne Road	UB(HRA)	0	29,085	900,000	40,415					969,500

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2015	Revised Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Estimate for 2019/20	Estimate for 2020/21	Exp. in Subsequent Years	Final Cost
16	Longdean	UB(HRA)	0					144,716	1,919,439		2,064,155
		CRec(HRA)	0					441,000	1,140,000		1,581,000
		OCRec(HRA)	0					884,284	740,561		1,624,845
	Sub Total		0	0	0	0	0	1,470,000	3,800,000	0	5,270,000
17	Highgrove House	UB(HRA)	0					175,000	1,634,500		1,809,500
		CRec(HRA)	0					75,000	700,500		775,500
	Sub Total		0	0	0	0	0	250,000	2,335,000	0	2,585,000
	Green & Clean Rest Areas	S106(Hsg)	0		67,000						67,000
	Grand Total		102,275,390	34,087,090	38,940,019	23,803,865	17,526,271	17,562,688	24,035,719	19,261,719	277,492,761

NEW SCHEMES STARTING IN 2016/17

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Council Contribution / Borrowing £	Total Capital Cost £	On-going Revenue (Saving) £
Children and Education				
School Conditions Projects	Addresses urgent school condition issues (Priority 1: Urgent Repairs that require remedy within the next 1 -2 years); identified as priority items raised via the Asset Management Plan ; priority items raised in the school condition surveys; and other statutory items recommended as a priority by Property & Housing Services.	725,000	750,000	
Secondary School Places Expansion Phase 1: 2016/17 - 2018/19	This bid is to provide additional secondary school places through internal building modifications and reconfiguration at 4 secondary schools which have been identified in order to meet the early demand for places in 2018. Projects have been identified at various secondary schools that can be undertaken quickly to meet the initial demand for places.	1,500,000	1,500,000	
Secondary School Places Expansion Phase 2: 2019/20 - 2020/21	Provision of further additional secondary school places through at 5 secondary schools in order to meet the future demand for secondary school places. Over the next few years, further capital allocations will be required to meet the increasing demand for secondary places and detailed design work will be progressed to prepare a detailed plan to address the longer term secondary place requirement.	1,800,000	1,800,000	
Special Educational Needs - Building Alterations	Special Schools Remodelling: To ensure that the Council continues to meet its statutory duties in for the provision of places for pupils with Special Education Needs and that pupils with more complex needs can be accommodated within City special schools rather than outside of the City.	1,200,000	3,200,000	
Culture, Leisure and Sport				
Round Tower Improvement Works	Significant improvement works to the Round Tower will be undertaken in order to fully utilise this space and to maximise the income generation capacity. The Tower will be used as an exhibition / event space associated with the Hotwalls Studios and to host corporate events, in conjunction with the new on-site brasserie.	80,000	80,000	
Environment and Community Safety				
Southsea Coastal Flood Defence Contributions	This scheme is for flood defence refurbishment to protect Portsmouth's waterfront sites across Old Portsmouth, Southsea and Eastney and to protect business and employment in the local and surrounding areas. It will also make Portsmouth's seafront more attractive and support Portsmouth as a world class destination, a great place to live and encourage increased entrepreneurial activities.	1,250,000	82,063,000	

NEW SCHEMES STARTING IN 2016/17

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Council Contribution / Borrowing £	Total Capital Cost £	On-going Revenue (Saving) £
Health and Social Care				
Reconfiguration of Corben Lodge	<p>Corben Lodge is currently a single storey building providing a residential service for people with a physical disability and a rehabilitation service. These services are due to be relocated from Corben Lodge.</p> <p>The proposal is for 2/3rds of the building space to be used to provide urgently needed accommodation for 12 adults with learning disabilities who are currently housed in properties where the service will be withdrawn by the current provider. The scheme will enable ongoing revenue savings to be realised within Adult Social Care.</p> <p>Adult Social Care are currently reviewing the best use of the remaining 1/3rd of the building to ensure value for money. This will be subject to a future capital proposal.</p>	1,150,000	1,150,000	(221,000)
Refurbishment of Hilsea Lodge Annexe	The refurbishment of the Annexe at Hilsea Lodge will provide both a respite resource for adults with challenging behaviour and emergency respite care.	140,000	140,000	
Housing				
New Green & Clean Rest Areas	The Green & Clean team employ circa 160 staff who often work alone, in all weather conditions, moving around the estates on foot, with limited access to rest facilities. This scheme will provide the Green & Clean team with facilities to be able to wash, dry and enable a change of clothing.	67,000	67,000	
Planning Regeneration and Economic Development				
Public Realm Improvements by The Hard	This scheme improves the public realm between The Dockyard and The Hard that will enhance the waterfront gateway to the city for visitors arriving; by train, coach and by boat showcasing the "great waterfront city".	300,000	300,000	
Guildhall Investment (Match Funding)	Match Funding Contribution to a Guildhall regeneration project sponsored by the Portsmouth Cultural Trust. (subject to securing additional external funding and a Business Plan and Financial Appraisal that are satisfactory to the Director of Culture & City Development and the Section .151 Officer).	300,000	300,000	

NEW SCHEMES STARTING IN 2016/17

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Council Contribution / Borrowing £	Total Capital Cost £	On-going Revenue (Saving) £
Resources				
Landlord's Maintenance	Housing and Property Services have landlord maintenance responsibility for over 2,000 operational assets. Detailed surveys are carried out and updated annually, to ensure that the maintenance needs of all assets are recognised and planned for within a medium term maintenance programme. Remediation requirements are categorised according to their severity and impact. Only works classified as being of the highest priority will proceed.	1,100,000	1,100,000	
Utilities' Management Capital Bid 2016/17	Engineering works to improve the utility/energy management which will reduce energy use by circa £55,000 per year and generate income of £118,000 per year from electricity Power Purchase Agreements. It is also estimated that the City Council's carbon footprint will reduce by 930 tonnes/CO2 per annum, generating a saving of circa £12,000 per annum from Carbon Reduction Commitment.	983,000	1,233,000	(185,000)
Traffic and Transportation				
LTP3 and Sustainable Transport	The Local Transport Plan (LTP) is proactive planning in advance of the City centre development and City centre road plans. This bid will be used to finance a programme of capital schemes that contribute towards our Corporate Priorities and a range of transport objectives including the promotion of sustainable transport.	353,000	353,000	
Traffic Signal Upgrade Packages	Modernisation and upgrade of existing traffic signal infrastructure at the following key locations: Eastney/Bransbury/Devonshire Junction; Velder Ave/Moorings Way Junction; Milton Road/St Mary's Hospital Junction; Fratton Road/New Road Junction; Winston Churchill Avenue/Hampshire Terrace Junction; M27/A27/Southampton Road Junction; Southwick Hill Road/QA Hospital Junction; Havant Road/Spur Road Junction and Eastern Road/Burfields Junction.	910,000	910,000	
Eastern Road Waterbridge - Scheme Enhancement	Located on Eastern Road, just south of the A27, the Eastern Road Waterbridge is one of the critical entry points to the City and, as such, the structure is in continual use. The current maintenance requirements are to fully re-paint the structure and to undertake minor repairs to steel beams. These works will prevent future narrowing of the bridge lanes arising from reduced load bearing capacity.	1,060,000	1,800,000	
Total of New Schemes Starting in 2016 / 17 Relying on Available Corporate Resources		12,918,000	96,746,000	(406,000)

NEW SCHEMES STARTING IN 2016/17

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Council Contribution / Borrowing £	Total Capital Cost £	On-going Revenue (Saving) £
Schemes to be approved in principle and funded from borrowing but only if supported by a satisfactory financial appraisal which demonstrates that any borrowing costs can be met from additional savings and that the appraisal is approved by the Council's S.151 Officer. (Revenue is net of borrowing costs)				
Health and Social Care				
Eastern Road New Build	As a result of the continued and increasing demand for supported living properties, this scheme provides a new block accommodating 12 adults with Learning Disabilities. (4 x 1 bed maisonettes and 2 x 4 bed flats.) 7 of the residents will be re- housed from the physical disability in-house respite and residential unit, with the vacated space being utilised by clients with complex needs who are presently placed in out of city residential care accommodation. The new development will also include landscaping work to the rear of the three adjacent blocks, which has been agreed with local residents.	1,723,000	2,125,000	(219,137)
Planning Regeneration and Economic Development				
Linkspan Purchase Berths 3 and 4	Purchase of the Berth 3 Linkspan at the end of its finance lease and replacement of the existing Berth 4 Linkspan by the Commercial Ferry Port.	8,700,000	9,700,000	(731,000)
Purchase of New Depot	The acquisition of a new property for the purpose of creating a centralised depot for all Council Services including Housing Green and Clean Team, Parks, and external Landscaping Contractors. The purpose of the project is to centralise the management and delivery of such services, reducing contract costs and release existing depots for revenue generation.	2,200,000	2,200,000	(21,000)
Commercial Property Acquisition Fund	Increase to the Commercial Property Acquisition Fund established in July 2015 by a further £60 million in 2016/17. This will enable the Council to exploit commercial property acquisition opportunities, with a view to generating long term rental income streams to support the delivery of Council services in the future whilst reducing dependence on Government grants	60,000,000	60,000,000	(1,380,000)

NEW SCHEMES STARTING IN 2016/17

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Council Contribution / Borrowing £	Total Capital Cost £	On-going Revenue (Saving) £
Resources				
Photovoltaic Cell Investment Fund	Investment in Photovoltaic Cells across the Council's Commercial Property Portfolio which will enable the Council to generate additional income from Feed In and Export Tariffs, as well as generating additional income through the sale of discounted energy to its commercial tenants, through Power Purchase Agreements. This additional income reduces the Council's dependence on Government grants.	1,950,000	1,950,000	(82,137)
Utilities' Management Capital Bid 2016/17	Engineering works to improve the utility/energy management which will reduce energy use by circa £55,000 per year and generate income of £118,000 per year from electricity Power Purchase Agreements. It is also estimated that the City Council's carbon footprint will reduce by 930 tonnes/CO2 per annum, generating a saving of circa £12,000 per annum from Carbon Reduction Commitment	250,000	1,233,000	(185,000)
Total of New Schemes Starting in 2016 / 17 Relying on Prudential Borrowing		74,823,000	77,208,000	(2,618,274)

Schemes being wholly funded from the Parking Reserve

Traffic and Transportation

Isambard Brunel Car Park Upgrade

The IB car park is the Council's single largest car park in the city centre. As such, it is instrumental in providing sufficient car parking capacity to meet the needs of the Council's aspiration to sub-let the Brunel Wing as well as enabling opportunities for third parties to supplement their redevelopments by the addition of city centre parking (e.g. Premier Inn, New Theatre Royal and the NHS). Greater use by third parties will generate additional income directly lead to an increase in income for the Council, this can only be achieved through the upgrade and refurbishment of the car park.

0 450,000 (150,000)

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Prudential Indicators

Capital Expenditure							
	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Children & Education	10,309	17,992	11,765	2,238	-	1,800	-
Culture & Leisure	1,181	843	3,714	3,011	-	-	-
Environment & Community Safety	897	8,205	16,559	29,707	24,706	37,147	50,651
Health & Social Care (Adults Services)	907	683	7,100	1,755	400	-	-
Planning, Regeneration & Economic Development	5,238	119,423	142,817	27,027	40,443	21,400	13,978
Commercial Port	839	5,509	2,303	11,643	2,700	5,110	-
Resources	7,050	5,934	9,217	45	-	-	-
Traffic & transportation	7,290	14,569	16,278	4,761	4,586	3,030	1,502
Housing General Fund	1,918	2,768	2,260	1,855	1,901	1,949	1,997
Local Enterprise Partnership	6,325						
Non HRA	41,954	175,926	212,013	82,042	74,736	70,436	68,128
HRA	26,370	34,087	38,939	23,803	17,526	17,564	24,036
Total	68,324	210,013	250,952	105,845	92,262	88,000	92,164

Ratio of Financing Costs to Net Revenue Stream

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Non - HRA	8.7%	11.7%	13.3%	14.2%	13.8%	14.6%	16.7%
HRA	13.4%	13.2%	12.7%	13.4%	13.6%	13.5%	13.1%

Capital Financing Requirement

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Non - HRA	250,599	305,596	380,872	387,830	387,228	384,101	373,408
HRA	153,391	154,536	168,667	170,606	167,652	164,698	161,744

HRA Limit on Indebtedness

	2014/15 Actual £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
HRA	181,701	181,701	196,821	196,821	196,821	196,821	196,821

Prudential Indicators

Authorised Limit for External Debt							
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Borrowing	416,768	410,925	486,586	499,682	503,400	504,381	504,995
Other Long Term Liabilities (ie Credit Arrangements)	86,095	84,355	81,263	77,429	74,085	69,929	63,623
Total	502,863	495,280	567,849	577,112	577,485	574,310	568,618

Operational Boundary for External Debt							
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Borrowing	397,422	392,974	468,276	481,006	484,350	484,950	485,176
Other Long Term Liabilities (ie Credit Arrangements)	86,095	84,355	81,263	77,429	74,085	69,929	63,623
Total	483,517	477,329	549,540	558,436	558,436	554,879	548,798

Incremental Impact of Capital Investment Decisions on the Council Tax							
	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	
Revenue effect of existing capital programme	742	93,291	35,796	25,650	31,530	38,478	
Revenue effect of proposed capital programme	834	91,591	33,293	22,685	28,567	35,511	
Increase in revenue effect	92	(1,700)	(2,503)	(2,965)	(2,963)	(2,967)	
Increase in Council Tax Band D	£1.73	(£31.76)	(£46.75)	(£55.38)	(£55.35)	(£55.41)	

Incremental Impact of Capital Investment Decisions on Housing Rents							
	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	
Revenue effect of existing capital programme	26,653	20,035	16,422	16,882	16,740	18,798	
Revenue effect of proposed capital programme	26,644	19,997	16,364	16,822	16,680	18,738	
Increase in revenue effect	(9)	(38)	(59)	(59)	(59)	(59)	
Effect on average weekly rent	(£0.01)	(£0.05)	(£0.08)	(£0.08)	(£0.08)	(£0.08)	



Agenda Item:

Title of meeting:	Cabinet Meeting
Date of meeting:	8 February 2016
Subject:	Special Educational Needs and Disabilities (SEND) Implementation Grant (New Burdens) 2016-17 allocation
Report from:	Alison Jeffery, Director of Children's Services
Report by:	Julia Katherine, Inclusion Commissioning Manager
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 The purpose of this report is to seek agreement to allocate the Special Educational Needs Implementation Grant for 2016-17.
- 1.2 This funding will be used to continue to fund the additional staff who have been recruited to carry out the transfer of existing statements and learning disability assessments to education health and care plans, as specified in the new special educational needs and disabilities legislation.
- 1.3 The funding allocated to Portsmouth for 2016-17 is £131,559. This has been allocated as an un-ring fenced grant and so Cabinet approval is required in order to allocate this grant to the education directorate to support continued implementation of the SEND reforms.

2. Recommendations

- 2.1 Cabinet Members are recommended to:
 - 2.1.1 Approve the full allocation of the Special Educational Needs Implementation Grant of £131,559 in 2016-17
 - 2.1.2 Approve the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful transfer of existing statements and learning disability assessments to education health and care plans.

3 Background

- 3.1 New legal duties came into force in September 2014, through the Children and Families Act, to reform the way support is provided for children and young people with special educational needs and disabilities (SEND). The aim of the SEND Reforms is to improve outcomes for children and young people with SEND and to enable them to achieve their potential and live happy and fulfilled lives.
- 3.2 The Act places the views, wishes and aspirations of children, parents and young people at the heart of the system and requires a culture change in the ways in which professionals work with families and with each other.
- 3.3 Portsmouth has made a good start in implementing the SEND Reforms. Transitional arrangements are in place for gradually transferring SEN statements and learning disability assessments to education, health and care plans by April 2018.
- 3.4 In Portsmouth this will mean approximately 1,000 education health and care needs assessments (over a 20 week period each) to transfer existing statements and learning disability assessments, plus an additional estimated 100 new assessments per year over a period of 20 weeks each.
- 3.5 Portsmouth City Council has allocated the funding to employ additional staff on fixed term contracts within the SEND team to work with families, schools, colleges and early years settings to facilitate person centred annual reviews and write the new education health and care plans.
- 3.6 In January 2016, the government announced funding allocations for 2016-17. Portsmouth City Council has been allocated £131,559. It is proposed to use this additional funding to extend to March 2017 the fixed term contracts of the staff who have been taken on to deliver the transfers of statements to education health and care plans, as set out below. The remainder of the funding will be used to continue the engagement work with young people, parent/carers and schools to support the implementation of the reforms.

3.7 Staffing costs 2016-17

Posts	Band	Time period	FTE	Total Cost
SEND Advisers	8	April 2016 to Mar 2017	3.0	£33,785 x 3 = 101,355
SEND Case Workers	5	April 2016 to Mar 2017	1.0	£ 25,225
Total				£ 126,580

- 3.8 Additional costs:** any remaining grant funding (approximately £4,979) will be used to enable the continuation of young people, parent/carer and school engagement to support the implementation of the reforms.

4 Reasons for recommendations

- 4.1 The DfE is continuing to monitor closely the way that local authorities are using the grant funding allocated to ensure full compliance with the new legislation. Implementation will be subject to inspection by Ofsted and CQC from 2016 onwards.
- 4.2 The work that has taken place in Portsmouth to implement the SEND Reforms has been praised by the Department for Education (DfE), and Children's Minister, Edward Timpson, in recognition of the progress made in implementation of the reforms.

5 Equality impact assessment (EIA)

- 5.1 A preliminary EIA was completed in 2014 for the Information, Advice & Support for Parents, Carers & Young People Service, as part of the implementation of the SEND reforms outlined in the Children and Families Act 2014. It was found that the reforms do not impact negatively on any of the protected characteristics under the Equality Act 2010 so a full EIA was not required.
- 5.2 An EIA is not required for this report as this also relates to the SEND reforms. Furthermore, the recommendations will not negatively impact on any of the equality strands as this is to allocate the SEND funds to ensure the continuation of funding for additional staff who have been recruited to carry out the 'conversion' statutory assessments, as specified in the new special educational needs and disabilities legislation.

6 Legal comments

- 6.1 The report comments and aims are consistent with implementing the statutory changes to the provision of SEND the benefit being that in dealing with the changes in the way suggested above the Authority is exposed to less risk associated with challenge and is acting consistently with promoting the best outcomes from those persons requiring SEND input.

7 Finance comments

- 7.1 The purpose of the SEND Reform grant is to support local authorities with the additional costs associated with the implementation of the SEND reforms, however it is not ring fenced. The grant allocation to Portsmouth for 2016-17 amounts to £131,559 and forms part of a two year allocation to Local Authorities by the Department for Education.



7.2 Due to the time limited nature of the grant and the uncertainty of the 2017-18 allocation, the additional posts have been recruited on fixed term one-year contracts.

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Signed by: Alison Jeffery, Director of Children's Services

Appendices:

Grant allocation 2016-17

<https://www.gov.uk/government/publications/send-reform-funding-for-local-authorities-2016-to-2017>

Background list of documents:

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: