

From CABINET held on 5 February 2019

Council Agenda Item 7 (Minute No 7)

Portsmouth City Council - Budget & Council Tax 2019/20 & Medium Term Budget Forecast 2020/21 to 2022/23

Recommendations

1. That the following be approved in respect of the Council's Budget:
 - 1) The revised Revenue Estimates for the financial year 2018/19 and the Revenue Estimates for the financial year 2019/20 as set out in the General Fund Summary (Appendix A)
 - 2) The Portfolio Cash Limits for the Revised Budget for 2018/19 and Budget for 2019/20 as set out in Sections 7 and 9, respectively
 - 3) That the transfer to the Revenue Reserve for Capital in 2018/19 be reduced by £3.5m to offset overspendings within the current year and maintain General Reserves at levels consistent with maintaining the Council's financial resilience over the medium term
 - 4) That the Council's share of the of the £650m national allocation for Adults and Children's Social Care (confirmed for 2019/20 only) and amounting to £2.4m is allocated as follows:
 - Adult Social Care - to meet the costs of Winter Pressures and contribute towards the cost of the increase in the National Living Wage (4.9%) for care providers - £1.4m
 - Children's Social Care (to contribute towards the costs of rising numbers of Looked After Children) - £1m
 - 5) That a further £3.0m be added to the Children's Social Care Budget on an on-going basis, recognising the financial impact of the sustained rise in Looked After Children over the last 5 years amounting to over 40%
 - 6) The additional £1.6m received from the 75% Solent Business Rate Retention Pilot (currently guaranteed for 1 year only) be used to enable the Council to make a Revenue Contribution to the Capital Programme in 2019/20 to supplement the Capital Resources available in order to fund essential Capital Investment priorities
 - 7) Any underspendings for 2018/19 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known and potential future commitments in future years such as School Places, Sea Defences, enabling infrastructure for Regeneration and the Digital Strategy all necessary for the City's development and growth which have, as yet, insufficient funding

- 8) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves
- 9) The S.151 Officer be given delegated authority to enter into the Solent¹ 75% Business Rates Retention Pilot agreement with the Department for Communities and Local Government
- 10) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- 11) That the level of Council Tax be increased by 2.99% for general purposes in accordance with the referendum threshold² for 2019/20 announced by Government (as calculated in recommendation 4 (d))
- 12) That the level of Council Tax be increased by a further 1.5% beyond the referendum threshold (as calculated in recommendation 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 £1,144,300 is passported direct to Adult Social Care
- 13) Managers be authorised to incur routine expenditure against the Cash Limits for 2019/20 as set out in Section 9
- 14) That the savings requirement for 2020/21 be set at a minimum on-going sum of £2.5m
- 15) 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
- 16) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 10 and that this be incorporated into Service Business Plans
- 17) The minimum level of General Reserves as at 31 March 2019 be maintained at £8.0m to reflect the known and expected budget and financial risks to the Council
- 18) 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 13.

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

- 1) The Revenue Estimates 2019/20 as set out in Appendix A have been prepared on the basis of a 1.5% tax increase for the "Social Care Precept" (amounting to £1,144,300) and that this is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the

¹ Includes Isle of Wight Council, Portsmouth City Council and Southampton City Council

² Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

current underlying budget deficit, the cost of the new National Living Wage and demographic pressures arising from a "living longer" population

- 2) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider Health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 1.5% tax increase (amounting to £762,900 for each 1%) is not taken, then equivalent savings will need to be made in Adult Social Care in 2019/20
- 3) In general, due to the savings of £762,900 for each 1% reduction in order for the Budget 2019/20 to be approved
- 4) The Revenue Forecast for 2020/21 onwards as set out in Section 10 and Appendix B
- 5) The estimated Savings Requirement of £7.5m for the 3 year period 2020/21 to 2022/23, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2020/21	2.5	2.5
2021/22	2.5	5.0
2022/23	2.5	7.5

- 6) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £8.3m³ and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
 - 7) The Council's share of the Council Tax element of the Collection Fund surplus for 2018/19 is estimated to be £1,573,500
 - 8) The Council's share of the Business Rate element of the Collection Fund surplus for 2018/19 is estimated to be £837,500
 - 9) The Retained Business Rate income⁴ for 2019/20 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2018, the Non Domestic Rates poundage for 2019/20 and estimated rateable values for 2019/20 and has been determined at £66,700,841
3. That the S.151 Officer has determined that the Council Tax base for the financial year 2019/20 will be **57,075.4** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

³ Including the net transfers from the reserve of £2.241m contained with the recommendations of the Capital Programme 2018/19 to 2023/24 report elsewhere on this agenda

⁴ Including the Portsmouth City Council element of the Collection Fund surplus of £837,539, S31 Grants of £6,848,028, the "Tariff" paid to Government of £2,544,842, and the contributions to the "Growth Pool" of £2,444,000, and from the "Growth Pool" of £1,630,000

4. That the following amounts be now calculated by the Council for the financial year 2019/20 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£481,710,889	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£401,994,819	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£79,716,070	Being the amount by which the aggregate at 4 (a) above exceeds the aggregate at 4 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,396.68	Being the amount at 4(c) above (Item R), all divided by Item 3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
931.12	1,086.31	1,241.49	1,396.68	1,707.05	2,017.43	2,327.80	2,793.36

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

5. That it be noted that for the financial year 2019/20 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 £
134.31	156.69	179.08	201.46	246.23	291.00	335.77	402.92

6. That it be noted that for the financial year 2019/20 Hampshire Fire and Rescue Authority are recommended to approve the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
45.14	52.66	60.19	67.71	82.76	97.80	112.85	135.42

7. That having calculated the aggregate in each case of the amounts at 4(e), 5 and 6 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2019/20 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,110.57	1,295.66	1,480.76	1,665.85	2,036.04	2,406.23	2,776.42	3,331.70

8. The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2019/20, which represents a 4.49% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act; and it be noted that:
- i. The 4.49% increase includes a 1.5% increase to support the delivery of Adult Social Care
 - ii. As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2019/20 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
9. The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.
10. That the Council Tax policy for Second Homes & Long Term Empty Properties discount scheme, aimed at bringing additional properties into productive use attached at Appendix C be approved
11. That the Council Tax Exemption Scheme for Care Leavers be approved and be implemented by way of a write-off procedure under the delegated powers of the S. 151 Officer in accordance with the scheme attached at Appendix D to be incorporated into the Council's Financial Rules.