

From CABINET held on 4 February 2020

Council Agenda Item 8 (Minute No 13)

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

RECOMMENDED

- 1 That the following be approved in respect of the Council's Budget:
 - 1) The revised Revenue Estimates for the financial year 2019/20 and the Revenue Estimates for the financial year 2020/21 as set out in the General Fund Summary (Appendix A)
 - 2) The Portfolio Cash Limits for the Revised Budget for 2019/20 and the Budget 2020/21 incorporating the savings amounts for each Portfolio and amounting to £2.5m as set out in Sections 7 and 11, respectively
 - 3) Any underspendings for 2019/20 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known and potential future commitments in future years such as Special Educational Need (SEN) School Places, Sea Defences (enhancements to core scheme), Environmental Improvements, Transport Improvements, Affordable Housing, City Wide Regeneration, Digital Infrastructure and the maintenance of the Council's Core Operational Assets, for which there is currently insufficient funding
 - 4) That the Council's share of the additional £1.0bn national allocation for Adults and Children's Social Care (but confirmed for 2020/21 only) and amounting to £3.9m is allocated as follows:
 - Adult Social Care (to meet the costs of the underlying budget deficit caused by increasing demographic pressures and to contribute towards the cost of the increase in the National Living Wage (6.2%) for care providers) - £1.0m
 - Children's Social Care (to meet the underlying budget deficit in Children's Social Care caused by the costs of rising numbers of Looked After Children) - £2.9m
 - 5) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves
 - 6) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
 - 7) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold¹ for 2020/21 announced by Government (as calculated in recommendation 4(d))
 - 8) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation 4(d)) to take advantage

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

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

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

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

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

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

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

- 11) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Resources (S.151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in Paragraph 8.45
- 12) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £8.1m² and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
- 13) The Council's share of the Council Tax element of the Collection Fund surplus for 2019/20 is estimated to be £545,672
- 14) The Council's share of the Business Rate element of the Collection Fund surplus for 2019/20 is estimated to be £1,286,772
- 15) The Retained Business Rate income³ for 2020/21 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2020, the

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

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

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

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

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

(e) Valuation Bands (Portsmouth City Council)

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

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

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

Valuation Bands (Hampshire Police & Crime Commissioner)

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

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

Valuation Bands (Hampshire Fire & Rescue Authority)

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

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

Valuation Bands (Total Council Tax)

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

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