

Appendix 3 - Council Minute 21 - Substantive Proposal

3. Recommendations

3.1 That the following be approved:

- (a) The revised Revenue Estimates for the financial year 2013/14 and the Revenue Estimates for the financial year 2014/15 as set out in the General Fund Summary (Appendix A) as amended by paragraph (u) below.
- (b) The Portfolio Cash Limits for the Revised Budget for 2013/14 and Budget for 2014/15 as set out in Sections 7 and 9, respectively as amended by paragraph (u) below.
- (c) That any overspending arising at year end 2013/14 on the Traffic & Transportation Portfolio be met from the Off Street Parking Reserve
- (d) That a sum of £3.3m be set aside in an Earmarked Reserve to provide the necessary funds to make an early payment to Government in 2014/15 amounting to £4.6m in respect of anticipated Business Rates appeals (which would otherwise have been paid, in full, over the period 2015/16 to 2017/18). It is expected, if legislative provisions allow, that this would trigger an estimated "safety net payment" from Government of £1.3m that would not otherwise be received without this early payment. (See paragraph 6.13 and recommendation (i))
- (e) That a sum of £3.0m be transferred to the MTRS Reserve arising from the overall net improvement in the City Council's financial position for the year¹ in order to support the achievement of future savings and therefore alleviate budget deficits in future years
- (f) Any further underspendings for 2013/14 arising at the year-end outside of those made by Portfolios be transferred to the MTRS Reserve
- (g) That £500,000 from the TriSail Maintenance Reserve be transferred into a new Reserve entitled the Park and Ride Reserve to fund the anticipated early years costs associated with the new Tipner Park and Ride scheme commencing in April 2014
- (h) Once the Park and Ride scheme becomes self-financing, any remaining balance contained within the Park and Ride Reserve be transferred into the MTRS Reserve to support the achievement of savings to alleviate budget deficits in future years
- (i) That the Head of Finance & S151 Officer be given delegated authority to make full provision for the anticipated Business Rates appeals in a single year (2013/14) amounting to an additional £4.6m rather than spreading the cost of such appeals over the 3 year period 2015/16 to 2017/18. If this is allowed by regulation, it will lever in "safety net" funding from Government estimated at £1.3m

¹ This does not include Portfolio underspendings which will, by right, transfer into Earmarked Reserves for use by the relevant Portfolio

- (j) Accordingly, that the Head of Finance & S151 Officer be given delegated authority to complete and authorise the statutory Government Returns for Business Rates² in accordance with the information contained within this report and on the basis of providing for Business Rates appeals in a single year
- (k) The Head of Finance & Section 151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- (l) Managers be authorised to incur routine expenditure against the Cash Limits for 2014/15 as set out in Section **Error! Reference source not found.** as amended by paragraph (u) below
- (m) The Revenue Forecast and associated provisional Portfolio Cash Limits for 2015/16 onwards as set out in Section 10 and Appendices B and C respectively as amended by paragraphs (u) and (x) below be noted.
- (n) That the savings requirement for 2015/16 be set at a minimum of £12.5m
- (o) The estimated Savings Requirement of £37m for the three year period 2015/16 to 2017/18 be noted and for financial and service planning purposes be phased as follows:

Financial Year	In Year Target £m	Cumulative Saving £m
2015/16	12.5	12.5
2016/17	12.5	25.0
2017/18	12.0	37.0

- (p) Heads of Service be instructed to start planning how the City Council will achieve the savings requirements shown in Section 11 and that this be considered and incorporated into Service Business Plans
- (q) Members note that the MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies holds a relatively modest uncommitted balance of £3.0m³ and will only be replenished from an approval to the transfer of any underspends at year end
- (r) The minimum level of Revenue Balances as at 31 March 2015 be retained at £6.0m (£6.0m in 2013/14) to reflect the perceived budget and financial risks to the Council

² Those returns being the NNDR1 and the NNDR3

³ Including the recommended transfer of £3.0m proposed in this report

- (s) Members have regard for the Statement of the Head of Finance & Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 17
- (t) The Non Domestic Rates poundage for 2014/15 of 48.2p, and 47.1p for small businesses, be noted
- (u) the following reductions be made to Cash Limits for 2014/15 and 2015/16 in respect of savings:-

	2014/15	2015/16
	£	£
<u>Cross Portfolio Savings (Other Expenditure)</u>		
Management delayering across Services	(150,000)	(200,000)
Fully recharge relevant front line services, support services and other corporate services to the Housing Revenue Account	(100,000)	(100,000)
Contribution from Public Health to maintain existing activities that make significant contributions to a range of Public Health outcomes	(100,000)	(100,000)
<u>Health & Social Care Portfolio</u>		
Reduction in Budget Pressure of £336,000 approved in November 2013	(13,300)	(13,300)
<u>Resources Portfolio</u>		
Fully recharge staff involved in corporate projects to those relevant projects (Capital and Revenue)	(100,000)	(100,000)
Total	<u>(463,300)</u>	<u>(513,300)</u>

- (v) The budget savings proposals set out in (u) above are proposals only for the purposes of setting Portfolio Cash Limits and the overall City Council Budget
- (w) That following appropriate consultation, any savings proposal set out above may be altered, amended or substituted with alternative proposals amounting to the same value and that the relevant Portfolio Holder or Cabinet be given delegated authority to make such changes accordingly

(x) General Fund Summary - (Appendix A) be amended as follows:-

	2014/15	2015/16
	£	£
1. Reduction in Cash Limits for 2014/15 and 2015/16 for savings as recommended in 3.1(u) above	(463,300)	(513,300)
2. Reduction in precept on Collection Fund arising from freezing the Council Tax	1,178,000	1,201,200
3. Increase in Other General Grants (Council Tax Freeze Grant)	(714,700)	(714,700)
4. Contribution to General Reserves	0	26,800
Total	0	0

3.2 The Council note the advice from the Head of Finance & S151 Officer set out in the approved Budget report to the Council in November 2013 which stated that:

the minimum savings requirement for 2014/15 is £10m and anything below that would not be prudent. Also that the Council's financial forecasts and therefore its £10m savings requirement for 2014/15 is predicated on a Council Tax increase of 1.95%. Should the Council take any other option that yields a lesser sum, then the shortfall must be added to the £10m savings requirement.

3.3 That it be noted that at its meeting on 6 January 2014 the Cabinet calculated the amount of **51,532.1** as its Council Tax Base for the financial year 2014/15 [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 2014/15 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£533,412,788	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£473,041,387	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£60,371,401	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)	£1,171.53	Being the amount at 3.4(c) above (Item R), all divided by item 3.3 (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
£	£	£	£	£	£	£	£
781.02	911.19	1,041.36	1,171.53	1,431.87	1,692.21	1,952.55	2,343.06

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.

3.5 That it be noted that for the financial year 2014/15 the Hampshire Police & Crime Commissioner is consulting upon the following amounts (but subject to the determination of the Council Tax referendum thresholds) 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
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£	£	£	£	£	£	£	£
103.86	121.17	138.48	155.79	190.41	225.03	259.65	311.58

- 3.6 That it be noted that for the financial year 2014/15 Hampshire Fire and Rescue Authority are recommending the following amounts in 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
£	£	£	£	£	£	£	£
40.92	47.74	54.56	61.38	75.02	88.66	102.30	122.76

- 3.7 That having calculated the aggregate in each case of the amounts at 3.4(e) above, and 3.5 and 3.6, 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 2014/15 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
925.80	1,080.10	1,234.40	1,388.70	1,697.30	2,005.90	2,314.50	2,777.40

- 3.8 The Head of Finance & Section 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.