



Title of meeting:	City Council
Date of meeting:	21 February 2023 (Cabinet) 28 February 2023 (City Council)
Subject:	Portsmouth City Council - Budget & Council Tax 2023/24 & Medium Term Budget Forecast 2024/25 to 2026/27
Report by:	Director of Finance & Resources (S.151 Officer)
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Preface

- 1.1 The Budget setting process for the forthcoming year has been one of the most challenging experienced by the Council. A year ago, it was envisaged that the Council would not have been required to make any savings in the coming year.
- 1.2 Shortly after the Budget was approved last year, the financial environment changed rapidly precipitated by the war in Ukraine, the existence of practical full employment in the economy and the strains on international supply chains due to continuing Covid lockdowns across the globe. This, coupled with the more local legacy impacts of the Covid pandemic and resulting pressures on the health system and Council Services more generally, has led to a high cost / high demand environment which the Council alone would not have been able to contend with without substantial cuts to statutory and discretionary services.
- 1.3 The pace and scale of recent economic events originating in the current year has led the Council to experience estimated unplanned cost pressures ("Budget Gap") of circa £24m, representing 14% of its overall net Budget.
- 1.4 Fuelled by inflation which peaked in October 2022 at 11.1%, its highest level in 40 years, the Council's costs rose at a pace that without Central Government intervention would have seriously damaged the Council's financial resilience; leaving the Council exposed to a "Structural Budget Deficit" (i.e. in year spending exceeding in year funding) that would have required immediate and drastic cuts to services.
- 1.5 Within these extraordinary costs were rises of more than £13.5m in Children's and Adult Social Care required simply to maintain services at existing levels. This includes a 9.7% increase in the National Living Wage which is passed over to providers of care supporting those residents whose care is paid for by the Council.

- 1.6 Following the announcement of the Local Government Finance Settlement, the seriousness of the Council's financial situation became clearer with unfunded Budget Pressures reducing to £12.1m but only after taking into account the maximum permitted rise in Council Tax of 4.99%. The imperative to avoid a "structural deficit" required the Council to swiftly implement a plan to identify £2m of Budget Savings and alongside this, the Council has had to mitigate residual unplanned budget pressures amounting to £10.1m. The combination of additional funding, additional savings and the mitigation of budget pressures set out in this report has enabled the Council to maintain its Original Budget trajectory and achieve forecast Budget Balance over the period to 2026/27.
- 1.7 Within the Local Government Finance Settlement, Central Government have provided some relief for the extra-ordinary inflationary and demand pressures faced by the Council's Adult and Children's Social Care Services, but not for any other Council Services where grant funding has actually been reduced by £1.5m. The grant funding for Adult and Children's Social Care amounts to £7.9m and further flexibility was granted to increase Council Tax by an additional 2% (over the 2.99% limit for general purposes) amounting to £1.8m.
- 1.8 Whilst funding has increased by £7.9m, the Administration are proposing to increase spending in Adult and Children's Social Care by £13.5m just to maintain current service levels and to ensure that the financial position of these services remains robust in the short and medium term. This funding gap of £5.6m sets the context for the need for an increase in Council Tax of the maximum permitted at 4.99% in order to raise £4.5m.
- 1.9 The Council is still feeling the legacy effects of the Covid pandemic. The Council's essential care services and the Port in particular continue to be impacted at a cost of £2.0m for 2023/24. Caseloads in Children's Services have remained at elevated levels, which has required the Council to now embed a further £0.3m on an ongoing basis to maintain adequate Social Worker capacity within the Service.
- 1.10 The Council expects the continuing impact of Covid over the next 3 years to amount to £3.4m but which might realistically vary by £1.5m. Whilst the continuing legacy cost of Covid continues, Government funding for the pandemic has now ceased.
- 1.11 The substantial financial impact of inflation itself, the driving impact that this has had on the cost of living for residents and the consequent increase in demand for Council services has been the defining factor in driving the £24m of unplanned cost pressures facing the Council for 2023/24. This, coupled with the cost of the legacy impact of Covid at £2.0m for next year, has presented the most significant challenges in seeking to balance the 2023/24 Budget.
- 1.12 In terms of funding to the Council, the coming year will see a Business Rate re-valuation which presents a degree of risk to the Council's retained Business Rates. Individual rateable values of Businesses on average have increased by 7.3% nationally. At the national level, the effect of revaluation is intended to be neutral with any increase in Business Rates generated from the revaluation being offset by a reduction in the Business Rate multiplier. At the local level for the Council, retained

Business Rates are also similarly adjusted to attain neutrality however, the Council can be affected positively or negatively by the extent to which successful business rate appeals exceed the national average assumed at 3.2%. This presents a risk to the Council's Budget and Budget Forecasts.

1.13 Local Government Funding Reform has been delayed once again and will now not take place until the financial year 2025/26 at the earliest. Funding reform covers the following:

- The "Fair Funding Review", (to determine a new formula methodology which will set each Local Authority's baseline funding level and creating "winners and losers")
- The Retained Business Rates system, which involves the removal of all existing growth retained to date (amounting to £11m) and re-distributing that growth nationally according to relative need (rather than where it was generated).

1.14 By the measures proposed within the Budget 2023/24, the 3 Year Forward Forecast for the period 2024/25 to 2026/27 is estimated to be balanced (i.e. no deficit). This is predicated on assumed Council Tax increases of 4.99% per annum, representing 2.99% for general purposes and 2% for Adult Social Care in 2024/25.

1.15 The most significant risks to the Balanced Budget Forecast to 2026/27 are the extent to which:

- i) Elevated levels of inflation will persist and the consequent price and demand pressures that result
- ii) Unavoidable cost pressures may arise, particularly in Care Services
- iii) The level of successful business rate appeals arising from the revaluation in 2023/24
- iv) The impact of the Local Government Funding Reform described above.

Taking these risks together, the Forecast Deficit has the potential to vary by between +/- £5m, which when spread over 3 years, would amount to annual savings requirements of +/- £1.67m per annum.

1.16 Whilst there is sufficient confidence to recommend to the Council that no Budget Savings are required for 2024/25, the forecast for zero savings for the years 2025/26 and 2026/27 must be considered as indicative at this stage.

1.17 During this unprecedented level of uncertainty, it is imperative that the Council continues to exercise financial restraint and manage its cost base carefully if it is to remain well placed to respond to any inflation and service demand volatility as well as the overhaul of Local Government Funding. Equally, the Council should retain reserves at the levels proposed in this report to secure the necessary financial resilience to be able to respond in all reasonable circumstances.

- 1.18 The Capital Programme makes proposals for new Capital Expenditure of £61.3m, of which £15.3m is from Corporate Capital Resources, therefore leveraging in borrowing capability and external funding amounting to £46m.
- 1.19 Capital Funding has been particularly constrained in 2023/24 largely due to the need to meet the shortfall of funding of £5.6m for the Border Control Post at the Port. This was deemed an essential piece of infrastructure specified to exacting standards by Central Government to allow the Port to continue to import from Europe. Changes and delays to the border control operating model means that this facility currently remains unused and over specified and the income streams anticipated to fund the shortfall will not now arise. No compensation is available from Government and therefore this cost has fallen to the Council.
- 1.20 Remaining Capital Resources for 2023/24 have been targeted to:
- 1) Providing for statutory requirements or health and safety obligations
 - 2) Ensuring that the Council's services to residents:
 - a. Can continue to operate from safe "fit for purpose" buildings
 - b. Are supported by adequate and secure IT
 - c. Provide other necessary equipment to enable services to continue
 - 3) Continue the Council's environmental agenda, particularly at the Commercial Ferry Port and through active travel initiatives
 - 4) Continue with the Council's key regeneration opportunity for the City Centre North, aiming to stimulate housing and employment in the Council's most deprived area.
- 1.21 The Council's proposed Budget for 2023/24 will inevitably carry substantial risk as the uncertain inflationary environment continues and the demands on Council Services, particularly in the Housing and Health & Care sectors remain. The current financial environment and the pace at which £24m of unplanned Budget Pressures arose has exposed the vulnerabilities in the Council's overall financial resilience, making a compelling case for an increase in the minimum level of General Reserves to be held from £8m to £10m. This will have no immediate impact on the Council since it holds General Reserves of £21.5m although it does have the effect of reducing any "headroom" available to accommodate any "financial shock" that may arise but which cannot be met within the Council's Revenue or Capital Budget in year.
- 1.22 The key proposals within this report recommend a Budget for 2023/24 that provides for:
- The full financial impact of the extra-ordinary inflation and associated demand related cost pressures experienced over the past year and extending into 2023/24
 - £2.0m of Savings in order to meet the extra-ordinary Budget Pressures that have not been met through additional Government Funding or Council Tax and that the Council has been unable to mitigate

- The ongoing impact of the Covid Pandemic in the current year and its expected ongoing legacy over the next 3 years
- A Council Tax increase of 4.99% (2.0% of which is raised specifically to be passported to Adult Social Care)
- Increased spending in Adult Social Care of £7.4m being greater than the funding provided by the Adult Social Care precept and the additional Social Care Grant from Central Government
- Increased spending in Children's Social Care of £6.1m
- A forecast for the 3 year period to 2026/27 which remains in balance
- No savings requirement for 2024/25 but with any future year's savings beyond 2024/25 subject to review at next year's Annual Budget Meeting (February 2024)
- New Capital Investment of £61.3m.

1.23 An Executive Summary of these key points and others is set out on the next page.

EXECUTIVE SUMMARY

Context

- ❖ Since 2011/12, the Council will have made £106m in savings (49% of controllable spend)
- ❖ Adult and Children's Social Care representing in excess of 50% of controllable spend, provide services to the most vulnerable, experience the greatest cost pressures and have historically received significant protection from savings
- ❖ The financial environment has changed dramatically over the past 12 months with inflation peaking at 11.1% during the year, the highest in over 40 years but funding levels have not kept pace (e.g. Council Tax increases of up to 4.99%)
- ❖ The Council continues to operate in a climate of uncertainty created by existence of extra-ordinary levels of inflation, cost of living related increases in demand for services, the legacy of the Covid pandemic and the forthcoming reform of the Local Government Funding system
- ❖ The Council's Medium Term Financial Strategy seeks to maximise savings through income generation, economic regeneration and efficiency measures.

Budget Consultation

- ❖ 79% of respondents support an increase in Council Tax as opposed to cuts in Services
- ❖ The most popular response (30% of respondents) were in support of an additional 3% Council Tax increase
- ❖ A further increase in Council Tax was supported by 76% of respondents with the majority (40% of respondents) supporting an increase of 2%
- ❖ The top three most important service areas for residents at present are, in order of popularity:
 - 1) Ensuring older people and vulnerable adults are looked after and supported to live independently
 - 2) Collecting bins and keeping the city clean
 - 3) Keeping children safe and families together
- ❖ The Priorities for post pandemic recovery from residents were:
 - Improving health and care for our local communities (54%); followed closely by:
 - Prioritising mental health (33%)
 - Creating opportunities for employment (31%)
 - Making more good quality homes available for our residents (30%)
 - Support the local economy to recover from the pandemic (29%).

EXECUTIVE SUMMARY (Cont'd)

Revised Budget 2022/23

- ❖ A Balanced Budget for 2022/23
- ❖ Provision for Covid related costs met from the Covid Reserve - £2.9m
- ❖ Provision for the following met from the Corporate Contingency:
 - Inflation & Demand related costs across Services -£4.1m
 - Additional energy costs - £3.6m
 - Increased losses at Portico - £2.4m
- ❖ Higher pay award - £3.8m
- ❖ Improvement from Treasury Management Activities - £3.8m
- ❖ General Reserves remaining intact at £21.5m.

Budget 2023/24

- ❖ A "Structurally Balanced" Budget with General Reserves remaining intact at £21.6m
- ❖ Total increase of £28m (including all cost and inflationary pressures)
- ❖ Total Savings of £2.0m necessary to offset the extraordinary costs of inflation and demand related budget pressures
- ❖ Additional Spending in Children's Social Care of £6.1m (to cover existing overspendings, other unavoidable cost pressures and unachievable savings)
- ❖ Additional Spending in Adult Social Care of £7.4m (to cover the uplift in the National Living Wage of 9.7% that will be passed to care providers as well as all other inflationary pressures)
- ❖ An inflationary uplift for all Services at an average of 9.6% in order to maintain "steady state" services and amounting to £8.1m (excluding Adult & Children's Social Care above)
- ❖ Additional Government Funding of £6.4m for 2023/24, with £7.9m provided for Social Care but a cut for all other services of £1.5m (plus no funding for inflation for other services which is running at over 10%)
- ❖ A Council Tax increase of 4.99%, of which:
 - 2.99% is for general council services (at lower than inflation which peaked at 11.1% and is currently at 10.5%)
 - 2.0% (amounting to £1.8m) is to be passported directly to Adult Social Care
- ❖ Sums set aside within the Council's Corporate Contingency for Covid related costs / income losses in 2023/24 and future years of £3.4m
- ❖ General Reserves remain intact at £21.6m .

EXECUTIVE SUMMARY (Cont'd)

Future Forecast - 2024/25 to 2026/27

- ❖ A Balanced Forecast for the new 3 Year Period to 2026/27 but predicated on a Council Tax increases of 4.99% in 2024/25, representing 2.99% for general purposes and 2% for Adult Social Care
- ❖ No requirement for any Budget Savings for 2024/25
- ❖ Potential for the "Forecast Deficit" to vary between +/- £5m due to the considerable uncertainty associated with inflation, unavoidable cost pressures that may arise (particularly in Care Services), business rate appeals arising from the 2023/24 revaluation and the forthcoming overhaul of Local Government Funding
- ❖ At this stage, no allowance has been made for the proposals in the Levelling Up and Regeneration Bill currently passing through parliament relating to additional Council Tax income from empty properties and second homes, which could be implemented by April 2024
- ❖ Future forecasts make some provision for contributions towards necessary Capital Investment requirements
- ❖ General Reserves are maintained at circa. £22m over the period
- ❖ A balanced approach in the event that the Forecast proves to be too pessimistic or too optimistic. With General Reserves at proposed levels and no savings required for 2024/25:
 - Any improvement in the forecast will mean that savings may have been made unnecessarily with consequent service cuts
 - Any deterioration will still allow for future savings to be made over a 3 year period
- ❖ The Council will need to continue to exercise financial restraint and manage its cost base carefully to remain well placed to respond to any inflation and service demand volatility as well as the overhaul of Local Government Funding.

Capital Programme 2022/23 to 2027/28

- ❖ Total New Capital Investment of £61.3m
- ❖ Key Investments include:
 - Shore Power to the Port (power upgrade) - £23m
 - City Centre North Regeneration - £4.5m
 - Mountbatten Centre Roof Replacement - £6.8m
 - Transport and street environment improvements (including active travel) - £1.3m

Conclusion

- ❖ The Council's financial health is sound, and remains well placed to face future inflationary and demand volatility within reasonable tolerances as well as the uncertainty arising from the overhaul of Local Government Funding.

2. Purpose of report

- 2.1 The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2023/24 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 2023/24 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy, with 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, being innovative, creative and protecting the most important and valued services

- 2.3 The recommended Budget for 2023/24 has been prepared on the basis of the following:
- The requirement to meet savings amounting to £2.0m in order to offset the substantial cost pressures being driven by extra-ordinary levels of inflation and service demand
 - An increase in the level of Council Tax for 2023/24 for general purposes of 2.99%
 - The flexibility to increase the level of Council Tax for an "Adult Social Care Precept", within the limits set by Central Government at 2.0%, and the direct passporting of that additional funding to Adult Social Care to provide for otherwise unfunded cost pressures including the 9.7% increase in the National Living Wage.
- 2.4 This report also provides a comprehensive revision of the Council's rolling 3 Year Forward Financial Forecast for the new period 2024/25 to 2026/27 (i.e. compared to the previous forecast covering 2023/24 to 2025/26, this forecast now replaces the forecast for the previous 3 year period).
- 2.5 The new forecast considers the future outlook for both spending and funding, and 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 resilience throughout this uncertain period.
- 2.6 In particular, this report sets out the following:
- (a) The dramatic change in the financial environment during the current year alongside the financial challenges that this presents for 2023/24 and beyond
 - (b) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings

- (c) The revised Revenue Budget and Cash Limits for the current year
- (d) The Local Government Finance Settlement for 2023/24
- (e) The Business Rate income for 2023/24 and future years
- (f) The Council Tax base and recommended Council Tax for 2023/24
- (g) The forecast Collection Fund balance as at 31 March 2023 for both Council Tax and Business Rates
- (h) The detailed indicative savings (Appendix C) that could be made by each Portfolio / Committee in meeting its overall savings amount in order to provide the Council with the assurance necessary to approve the recommended savings amount for each Portfolio / Committee
- (i) The proposed Revenue Budget and Cash Limits for 2023/24
- (j) The forecast Revenue Budgets for 2024/25, 2025/26 and 2026/27
- (k) Estimated General Reserves over the period 2022/23 to 2026/27
- (l) The Medium Term Resource Strategy (MTRS) Reserve, its financial position and proposed use to achieve cashable savings
- (m) The proposed Capital Programme and "new starts" (including the Housing Investment Capital Programme) for 2023/24 and future years in accordance with the Capital Strategy
- (n) The Statement of the S.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:

- 1) The revised Revenue Estimates for the financial year 2022/23 and the Revenue Estimates for the financial year 2023/24 as set out in the General Fund Summary (Appendix A)
- 2) The Portfolio Cash Limits for the Revised Budget for 2022/23 and the Budget 2023/24 incorporating the savings amounts for each Portfolio and amounting to £2.0m as set out in Sections 7 and 11, respectively
- 3) To maintain the overall financial resilience of the Council, any underspendings arising at the year-end (outside of those made by Portfolios) be transferred either to Capital Resources to fund future Capital Programmes, the Covid Reserve, the MTRS Reserve or General Reserves with the level of each transfer to be determined by the S.151 Officer
- 4) 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
- 5) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts

- 6) That the level of Council Tax be increased by 2.99% for general purposes in accordance with the referendum threshold¹ for 2023/24 announced by Government (as calculated in recommendation 3.4 (d))
- 7) 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 £1,805,400 is passported direct to Adult Social Care
- 8) That Revenue Contributions to Capital be made in 2022/23 in the sum of £0.75m in order to provide sufficient funding for the New Capital Investment proposals set out in Appendix D
- 9) Managers be authorised to incur routine expenditure against the Cash Limits for 2023/24 as set out in Section 11
- 10) That no savings requirement for 2024/25 be set at this stage but that this is kept under review, pending any significant impact on the Council's future Forecast that may arise during 2023/24
- 11) 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
- 12) The minimum level of General Reserves as at 31 March 2024 be maintained at £10.0m to reflect the known and expected budget and financial risks to the Council
- 13) The Revised Capital Programme 2022/23 to 2027/28 attached as Appendix E which includes all additions, deletions and amendments for slippage and re-phasing
- 14) 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
- 15) 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 any other external source)
- 16) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & S.151 Officer, the schemes described in Appendix D be reflected within the recommended Capital Programme 2022/23 to 2027/28
- 17) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & S.151 Officer, that delegated authority to borrow up to £10m per year be granted in order that the Council can enter into transactions in an efficient and timely fashion and avoid the risk of lost opportunities which may be of a time critical nature
- 18) The Prudential Indicators described set out in Appendix F be approved.
- 19) Members have had regard for the Statement of the S.151 Officer in accordance with the Local Government Act 2003 as set out in Section 16.

¹ 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 Revenue Budget and Capital Programme:
- 1) The Revenue Estimates 2023/24 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 £1,805,400) 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 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 is not taken, then equivalent savings will need to be made in Adult Social Care in 2023/24
 - 3) In general, any reduction to the proposed increase in the level of Council Tax for 2023/24 will require equivalent offsetting savings to be made in order for the Budget 2023/24 to be approved. Each 1% reduction requires additional savings of £902,700 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 paragraph 3.1 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 2024/25 to 2026/27 as set out in Section 12 and Appendix B
 - 10) That at this stage the Council's Future Forecast for the 3 Year Period 2024/25 to 2026/27 is estimated to be in balance; this is the Council's "central base case scenario" but due to the uncertainty associated with inflation, unavoidable cost pressures that may arise (particularly in Care Services), business rate appeals arising from the 2023/24 revaluation and the forthcoming overhaul of Local Government Funding, this could vary by +/- £5m
 - 11) 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 £5.8m 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
 - 12) The Council's share of the Council Tax element of the Collection Fund deficit for 2022/23 is estimated to be £618,996
 - 13) The Council's share of the Business Rate element of the Collection Fund surplus for 2022/23 is estimated to be £2,984,906

- 14) The Retained Business Rate income² for 2023/24 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2023, the Non Domestic Rates poundage for 2023/24 and estimated rateable values for 2023/24 and has been determined at £64,303,198
- 15) That Cabinet Members, in consultation with the S.151 Officer, have authority to vary Capital Schemes and their associated funding within or across Portfolios in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
- 16) That Cabinet Members, in consultation with the S.151 Officer, have authority to vire funding between Portfolios (both Revenue and Capital Budgets) in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
- 17) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes.

3.3 That the S.151 Officer has determined that the Council Tax base for the financial year 2023/24 will be **57,480.6** [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 2023/24 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£518,369,198	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£423,591,161	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£94,778,037	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)	£1,648.87	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.

² Includes Retained Business Rates £38,841,437, "Top Up" £6,284,998, a surplus on the Collection Fund of £2,984,906 plus S.31 Grants of £16,191,857 for compensation due to national Government business rate relief initiatives

(e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
1,099.25	1,282.45	1,465.66	1,648.87	2,015.29	2,381.70	2,748.12	3,297.74

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 2023/24 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 £
167.64	195.58	223.52	251.46	307.34	363.22	419.10	502.92

- 3.6 That it be noted that for the financial year 2023/24 Hampshire and Isle of Wight Fire and Rescue Authority it is estimated that 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 and Isle of Wight Fire & Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
53.62	62.56	71.49	80.43	98.30	116.18	134.05	160.86

- 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 2023/24 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
1,320.51	1,540.59	1,760.67	1,980.76	2,420.93	2,861.10	3,301.27	3,961.52

- 3.8 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 2023/24, which represents a 4.99% 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 4.99% 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 and Isle of Wight Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2023/24 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.

3.9 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 and Isle of Wight Fire and Rescue Authority precepts.

4. Budget Consultation

4.1 A public consultation was held in relation to the Budget and Council Tax 2023/24 across a 3 week period from 28 November 2022 to 18 December 2022 to assist the Administration in formulating its Budget proposals. The consultation was promoted through the following channels:

- Press release announcing start of consultation and focus on impact of budget plans
- Social media promotion including boosted posts and adverts
- News story on website and promotion on PCC website
- Inclusions in news bulletins - Your City Your Say, Family Life, Flag It Up, Business Bulletin
- Inclusion in staff bulletins and all-staff emails
- Five face-to-face sessions promoting the survey across the city
- PCC offline consultation database (outbound telephone calls through the City Helpdesk).

4.2 Using the various channels of marketing and communications listed above, the consultation attracted 1,519 responses. Assuming a 'total population' of 170,818 people (the latest 2021 census data from the Office for National Statistics for people aged 16+ in Portsmouth), this volume of responses ensures a 95% confidence level with a margin of error of 2.5%.

4.3 The Executive Summary of the "Budget Consultation 2022 (Relating to 2023/24 Fiscal Year)" is reproduced below:

Executive Summary - Budget Consultation 2022 (Relating to 2023/24 Fiscal Year)

Portsmouth City Council's annual budget consultation attracted 1,519 responses from across the city. Analysis of the results shows that an increase in council tax is supported by a majority of respondents when viewed as a binary choice (79% of respondents).

A 3% increase in Council Tax for general purposes attracts the highest level of support (30% of respondents), followed by a 2% increase (28% of respondents). A further increase in council tax for Adult Social Care is supported by a majority of respondents when viewed as a binary choice; 76% of respondents are in favour of an increase to some degree. The highest level of support for an increase for Adult Social Care is for a 2% increase (40% of respondents).

Respondents would like to see a slightly different allocation of budget next year; they would like to see less budget allocated to 'health, wellbeing and social care', 'children, families and education' and 'communities and central services'. In contrast respondents would like to see the budget allocation increased for 'housing and preventing homelessness', 'planning policy and city development', 'culture, leisure and economic development' and 'climate change and the green recovery'.

Nine out of 10 of the Council's core business are perceived as 'important' or 'very important/ essential' by a majority of respondents. The following core businesses are viewed as 'very important/ essential' by at least half of respondents:

- Ensuring older people and vulnerable adults are looked after and supported to live independently
- Keeping children safe and families together
- Collecting bins and keeping the city clean
- Supporting education, early years and children with special needs.

"Improving health and care for our local communities" is by far the priority respondents feel is most important for the Council to focus on in the recovery from the coronavirus pandemic, and "building new homes in the city, including flats offering special care for elderly residents" is the most popular project respondents would like the Council to invest its capital budget in.

4.4 The key findings from the budget consultation in more detail is set out below:

- There is not a majority for any of the percent specific increases in council tax for general purposes, however when the results are viewed as a binary choice to 'increase council tax' or 'not increase council tax' there is a clear majority support (79% of respondents) for an increase in some capacity.
- A 3% increase in Council Tax for general purposes is the most popular choice, selected by 30% of respondents. Just over a quarter of respondents (28%) indicate that they would support a 2% increase and just over one fifth of respondents (21%) support a 1% increase. 21% of respondents are in favour of no increase.
- There is some variation by key demographics for support in Council Tax increases, with residents aged 45-55 and males more likely to support a 3% increase.
- A 2% increase is the most popular choice for increasing Council Tax for adult social care, selected by 40% of respondents. Just over a third of respondents (36%) would support a 1% increase and just under a quarter (24%) are in favour of no increase.
- The core businesses residents feel are most important are 'ensuring older people and vulnerable adults are looked after and supported to live independently', 'keeping children safe and families together', 'collecting bins and keeping the city clean' and 'supporting education, early years and children with special needs'.
- When asked to divide a hypothetical £100 between the Council's nine portfolios, respondents allocate the highest proportion of funding, on average, to 'health, wellbeing and social care' (23%) and 'children, families and education' (21%) - both represent a decrease on the current budget allocation (-10 and -5 percentage points respectively).

- In contrast respondents would like to see the budget allocation for 'housing and preventing homelessness' increased by eight percentage points and the allocation for 'planning policy and city development' increased by five percentage points.
- The top recovery priority respondents feel the council should focus on is 'improving health and care for our local communities' (54%). Further analysis shows there is little geographical variation in recovery priorities between respondents from different postcode districts.
- Respondents feel that 'building new homes in the city, including flats offering special care for elderly residents' (47%) is the most important project for the council to spend its capital budget on. This is followed, in order of popularity, by 'building more classrooms and specialist provisions for children with additional needs' (37%), 'improving facilities at Portsmouth International Port to increase the money it generates to help protect local services' (34%) and 'creating better facilities for sustainable transport such as cycling and walking' (33%).
- Respondents who left further comments on the consultation survey feel that the council should invest in improving infrastructure and public transport (18%), housing (18%) and the environment (14%).
- A larger proportion of females compared to males took part in the consultation survey (60%). In line with usual trends in council consultations the majority of respondents are aged 45 and over (69%).
- The vast majority of respondents are white British (96%), and 14% of respondents in the consultation sample have a disability.

4.5 The full analysis can be found [here](#)

5. Medium Term Financial Strategy

- 5.1 The Council has been required to make £106m in savings and efficiencies over the past 12 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels. This represents 49% of all controllable spending.
- 5.2 To deliver this magnitude of savings, the City Council has followed a Medium Term Financial Strategy (for both Revenue and Capital) with an emphasis on regeneration, innovation and creativity leading to stimulation of the funding base (Council Tax and Business Rates) and income generation as a means to make savings and avoid cuts to services. This is illustrated on the next page.

OVERALL AIM

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

STRAND 1 - Short / Medium Term

Transforming to an Innovative and Creative Council - through income generation

STRAND 2 - Medium / Long Term

Reduce the Extent to which the Population Needs Council Services - through improving prosperity and managing demand

STRAND 3 - Short / Medium Term

Increasing Efficiency & Effectiveness - by improving value for money across all services

STRAND 4 - Short Term

Withdraw or Offer Minimal Provision for Low Impact Services

- 5.3 With an emphasis on innovation and regeneration activities, there is a presumption that Capital Investment will also be targeted towards income generation and economic growth once the Council's statutory obligations have been met.

6. Revised Budget 2022/23

- 6.1 The original Revenue Budget approved by the City Council on 08 February 2022 was £173,501,200 and did not rely on any draw down from General Reserves.
- 6.2 The Cabinet has received regular quarterly Budget Monitoring reports on the 2022/23 Budget throughout the year. Those forecasts have consistently reported a forecast overspend which at Quarter 2 stood at £7.8m but noting that the Council's Corporate Contingency contained sufficient funding to meet the "in year" overspending if required.

- 6.3 The main variations against the Original Budget are as follows:
- i) Higher than anticipated Pay award - £3.8m
 - ii) Extraordinary energy cost inflation - £3.6m
 - iii) Legacy covid related costs (mainly in Children's Social Care and the Port) - £2.9m
 - iv) Other Cost pressures (provision for which has been made within the Council's Corporate Contingency) - £4.1m and relates mainly to:
 - o Children, Families & Education - £1.7m (Home to School Transport and Children's placements)
 - o Adult Social Care - £1.2m (Domiciliary and Nursing care packages)
 - o Homelessness - £0.4m (Demand for Temporary Accommodation).
 - v) Increased losses at Portico, in part due to inflationary pressures, lower than anticipated business growth and reduced income arising from the delay in implementation of customs controls - £2.4m
 - vi) Increase interest income from Treasury Management Activities - £3.8m.
- 6.4 The impact of extraordinary levels of inflation and the ongoing legacy impact of the Covid pandemic have been the defining factors affecting the Budget in the current year. Whilst the additional costs have been substantial, the combination of improved returns from the Council's Treasury Management activities plus the funding provided by the Council's Corporate Contingency and Covid Reserve has enabled the Budget to remain in balance.
- 6.5 The Original Budget has now been comprehensively revised and it is proposed to increase the Budget to £174,406,900, an overall increase of £905,700 or 0.5%. All of the increase has been equally offset by additional Government funding, leaving the contribution to General Reserves intact at £92,100.
- 6.6 The Revised Budget also includes a proposed Revenue Contribution to the Capital Programme of £0.75m in order to fund the new Capital Investment proposals set out in Section 15 of this report.
- 6.7 The Revised Revenue Budget is set out in the General Fund Summary (Appendix A).

7. Revised Cash Limits 2022/23

- 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 2022/23 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 / from 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 2022/23 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 2022/23 £'000	Items Outside the Cash Limit £'000	Revised Budget 2022/23 £'000
Children, Families & Education	44,079	17,923	62,002
Climate Change & Environment	13,643	1,564	15,207
Communities & Central Services	23,618	6,856	30,474
Culture, Leisure & Economic Development	9,054	5,107	14,161
Health, Wellbeing & Social Care	54,301	5,035	59,336
Housing & Preventing Homelessness	2,486	3,138	5,624
Leader	(32,928)	5,566	(27,362)
Planning Policy & City Development	1,038	0	1,038
Safety in the Community	2,645	556	3,201
Traffic & Transportation	17,658	5,871	23,529
Licensing Committee	(210)	102	(108)
Portfolio Expenditure	135,384	51,718	187,102

- 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 2023/24

- 8.1 At last year's Annual Budget Meeting in February 2022, forecasts for this coming financial year 2023/24 and the subsequent two financial years estimated that the overall Budget position would be in balance and no savings would be required for 2023/24.
- 8.2 Since those forecasts were prepared in February last year, the financial environment has changed drastically through 2022/23 precipitated by the war in Ukraine, the existence of practical full employment in the economy and the strains on international supply chains due to continuing Covid lockdowns across the globe. This, coupled with the more local legacy impacts of the Covid pandemic and resulting pressures on the health system and Council Services more generally, has led to a high cost / high demand environment.
- 8.3 The pace and scale of recent economic events originating in the current year has led the Council to experience estimated unplanned cost pressures of circa £24m, representing 14% of its overall net Budget.
- 8.4 Fuelled by inflation, which peaked in October 2022 at 11.1% (at its highest level in 40 years), the Council's costs rose at a pace that without Central Government intervention in the Autumn Statement and the Local Government Finance Settlement would have seriously damaged the Council's financial resilience; leaving the Council exposed to a "Structural

Budget Deficit" (i.e. in year spending exceeding in year funding) that would have required immediate and drastic cuts to services.

8.5 In this context, the Council has also now undertaken a Budget Consultation with residents and the paragraphs that follow describe the Council's funding position alongside the spending and savings proposals that provide for a "structurally balanced" Budget for 2023/24.

Funding - Summary of the Local Government Finance Settlement

8.6 The Local Government Finance Settlement is the term used to describe the main non-ring-fenced Revenue and Capital grant funding allocations from Government.

8.7 In overall terms the provisional Local Government Settlement has provided additional grant funding in 2023/24 of £6.4m as follows:

- i) Increase in Social Care Grant (for Adults and Children) - £5.2m
- ii) Social Care market sustainability & improvement - £1.5m
- iii) Support for hospital discharge £1.2m
- iv) Reduction in Grants for all other Services £1.5m

8.8 Set against the new funding of £7.9m of funding from Social Care (Adults and Children) are the existing and known Budget Pressures across those Services of £13.5m, leaving a funding shortfall of £5.6m. Therefore, further funding from the Adult Social Care Precept of £1.8m is required to narrow the gap between these cost pressures and the funding available.

8.9 Other features of the Settlement include:

- A 1 year Settlement but with an accompanying "Local Government Finance Policy Statement" that sets out the government's intentions for the Local Government Finance Settlement for 2024/25
- No increase in the Improved Better Care Fund, therefore remaining "cash flat"
- Council Tax increase thresholds of:
 - 3.0% or £5 for Shire District Councils
 - 3.0% for Upper Tier and Unitary Councils
 - 2.0% for Adult Social Care (Upper Tier Authorities only)
 - £5 for Fire & Rescue Authorities
 - £15 for Police and Crime Commissioners
- An anticipated increase in Social Care funding for the following year (2024/25) of £4.7m.

8.10 It has now been 7 years since the Government first announced that it would consult and implement Local Government Funding Reform. Funding Reform has been further delayed until 2025/26. Funding Reform covers the following:

- The "Fair Funding Review", (to determine a new formula methodology which will set each Local Authority's baseline funding level and creating "winners and losers")

- The Retained Business Rates system which involves the removal of all existing growth retained to date (amounting to £11m) and re-distributing that growth nationally according to relative need (rather than where it was generated).

8.11 Whilst the Local Government Finance Settlement is a significant factor in determining the Council's overall financial position and therefore any necessary savings, other significant factors that will affect the Council's future financial position include Business Rates income, Council Tax income, inflation, interest rates and any new unfunded burdens passed down from Government. These are described in the paragraphs that follow.

Funding - Retained Business Rates 2023/24 & Future Forecasts

8.12 The Retained Business Rates system is complex and subject to a significant degree of inherent risk. The current national system is characterised by a complex formula which includes the following:

- i) Retention of 50%³ of all business rates received and which is affected by the value of successful appeals, the number of mandatory reliefs (e.g. charitable relief) and the overall collection rate (i.e. how much is uncollectable and written off)
- ii) Increased by a fixed amount "top up" which increases annually by the rate of inflation
- iii) Compensation through S.31 Grants for national government initiatives which have the effect of reducing Business Rates to the Local Authority such as business rate capping for small businesses
- iv) A "safety net" set at 7.5% below a pre-determined baseline below which retained Business Rates will not fall.

8.13 In total, for 2023/24, Retained Business Rates are estimated at £64.3m⁴ which includes a surplus relating to the previous year of £6.3m (although this largely relates to timing differences which are neutral on the overall financial position of the Council over time).

8.14 The estimation of Business Rate receipts is extremely complex, with the potential to be volatile and with many of the factors outside this Council's control. In particular, the Valuation Office Agency will determine whether a rating appeal is successful and the level of reduction granted with the Council having no right of challenge. To help mitigate against this risk, the Council maintains a reserve to provide the Council with a degree of funding stability in the event of fluctuations within and between years.

8.15 Despite the complications and risks associated with appeals, there remains the financial incentive within the system for many Local Authorities (including Portsmouth⁵) 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.

8.16 From 2025/26, there is expected to be a review of the Business Rate Retention Scheme, the details of which are not yet known. The review will include a "Reset" which will remove

³ 49% To the City Council and 1% to the Hampshire and Isle of Wight Fire & Rescue Authority

⁴ Includes Retained Business Rates £38,841,437, "Top Up" £6,284,998, a surplus on the Collection Fund of £2,984,906 plus S.31 Grants of £16,191,857 for compensation due to national Government business rate relief initiatives

⁵ Applies to Local Authorities that, in general, remain above the safety net threshold over time

all current business rate growth currently being enjoyed by authorities and which for the Council amounts to £11.0m⁶.

- 8.17 The Business Rate growth enjoyed by all Councils will be removed from Councils, aggregated and then re-distributed based on "Need" through the Fair Funding review. If the Council's "Relative Needs" have increased by more than the average of all other Councils, then the Council will be a "winner " in terms of the re-distribution and vice versa.

Funding - Council Tax Proposals 2023/24 & Future Years

Council Tax Amount

- 8.18 The Council has a relatively low taxbase and a relatively low tax charge. That means that both the average Council Tax band is low and the amount of Council Tax charged to residents is also low compared with our statistical neighbours. By illustration, the Council receives circa £9.0m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group, this equates to a 9.1% lower Council Tax.
- 8.19 The level of Council Tax charged is an important factor in relation to the Fair Funding review, which will make a deduction to a Local Authority's overall funding allocation in respect of the amount that can be raised locally through Council Tax. The Council's past decisions to maintain a low level of Council Tax have been, and are, expected to continue to be a disadvantage in relation to the Council's funding allocation after the Fair Funding Review. This is because the funding formula is expected to continue to make a deduction based on a *national average level of Council Tax* which is currently significantly higher than that of Portsmouth, resulting in a higher deduction than the Council currently raises in Council Tax.
- 8.20 Council Tax is expected to represent 47% of the Council's total revenue funding next year and as Government funding has reduced, this has become an increasingly more important and dependent funding source for the Council.
- 8.21 Council Tax for the average Council Tax payer in Portsmouth (Band B) currently amounts to £1,464.05, of which £1,221.47 (83%) is the City Council element. Not all residents are subject to the full amount of Council Tax with many benefitting from exemptions and discounts (such as the single person discount) and a significant number of residents receiving Local Council Tax Support bringing the level of Council Tax payable to an assessed affordable level. After discounts, exemptions and Local Council Tax support is taken into account, circa 57% of all properties are subject to the full level of Council Tax.
- 8.22 The Provisional Local Government Finance Settlement for 2023/24 confirmed a Council Tax increase limit for general purposes (i.e. referendum threshold) of 2.99%. Any increase beyond the 2.99% threshold can only be implemented following a "Yes" vote in a local referendum.
- 8.23 As described more fully later in this report, the actual level of inflation for the Council in 2023/24, taking into account price rises that the Council is exposed to, significantly exceeds the level of increase allowed in the Council Tax. The Council's estimated inflation amounts to 9.6%.
- 8.24 The additional flexibility to apply a Council Tax increase for the Adult Social Care Precept has been provided in recognition of the extreme cost pressures facing Adult Social Care,

⁶ Based on 2023/24 Estimates in a 50% Business Rate Retention Scheme

both through the increase in the National Living Wage (which has increased by 9.7% and affects the Council's contracts with Care Providers for Adults) as well as the demographic pressures from general aging and a "living longer" population.

8.25 For Portsmouth City Council, it is vital that the flexibility of the Adult Social Care (ASC) Precept is taken for the following reasons:

- The Service is already experiencing Budget Pressures in the current year, which for 2023/24 are expected to amount to £1.2m, there is a management plan in place to address this, but it does carry risk of successful delivery
- The National Living Wage increase of 9.7% plus other demand and inflationary pressures facing the Service amount to £7.4m (in addition to the £1.2m above)
- Additional funding from Government to cover both Adult and Children's Social Care unavoidable cost pressures results in an overall funding shortfall of £5.6m⁷
- The alternative to not applying the 1% ASC Precept would be to increase the level of savings required by the Service, presenting risks to the wider health system.

8.26 Given the scale of cost and inflationary pressures generally and in particular the demographic pressures within both Adult Social Care and Children's Social Care, it is proposed that:

- i) The Council Tax for General Purposes be increased by 2.99% for 2023/24, representing 70p per week for a Band B tax payer and yielding £2.7m
- ii) Adult Social Care precept be increased by 2.0% for 2023/24, representing 47p per week for a Band B tax payer and yielding £1.8m to be passported direct to Adult Social Care.

8.27 The Council could elect not to increase the level of Council Tax by 4.99% but if it chose to do so would need to identify additional savings to maintain "structural budget" balance over and above the £2.0m savings proposed. For every 1% reduction in Council Tax, additional savings of £902,700 will be required.

Council Tax Base

8.28 The Council Tax Base (i.e. the number of Band D equivalent properties paying the full Council Tax) has been determined as **57,480.6** for 2023/24.

Collection Fund Balance (Council Tax Element) 2022/23

8.29 The Collection Fund is the account into which are paid amounts collected in respect of Council Tax and out of which are paid the Council Tax precepts to:

- Portsmouth City Council (83.4% share)
- Hampshire Police & Crime Commissioner (12.6% share)
- Hampshire and Isle of Wight Fire & Rescue Service (4.0% share)

In the event that actual Council Tax income receivable is different from the estimated income (informed by the calculation of the Council Tax Base) upon which the precepts are based, then a surplus or deficit will arise.

⁷ Children's Social Care cost pressures £6.1m, Adults Social Care cost pressures £7.4m less Increase in Social Care Grants of £7.9m

- 8.30 For 2022/23, it is estimated that there will be a deficit on the Collection Fund of £738,551 which (ordinarily) would be shared in proportion to the 2022/23 precepts and distributed to the preceptors. The deficit however relates to the exceptional deficits that arose through the Covid pandemic which, under regulation, is allowed to be spread over 3 years and is shared on a different basis to the proportions set out below

Collection Fund Deficit - 2022/23		
Preceptor	Distribution	
	£	%
Portsmouth City Council	618,996	83.4%
Hampshire Police & Crime Commissioner	90,122	12.6%
Hampshire and Isle of Wight Fire & Rescue Service	29,433	4.0%
Total Deficit 2022/23	738,551	100.0%

*Includes a deficit of £578,900 which under regulation was allowed to be spread over 3 years and is shared on a different basis

The Portsmouth City Council Share of the deficit at £618,996 is factored into the overall Council Tax income for 2023/24.

Total Council Tax Income 2023/24 & Future Years

- 8.31 Considering the Council Tax increase, Council Tax Base and deficit on the Collection Fund, the total Council Tax income for 2023/24 is estimated at £94,159,014.
- 8.32 As Government funding reduces, rises in Council Tax income are fundamental to the Council's future financial position and therefore the future sustainability of Council Services. The Council's Medium Term Financial Forecast assumes that Council Tax Income will rise to £106,200,722 by 2026/27 and is based on the following assumptions:

- Annual increase in the amount of Council Tax of 4.99% for 2023/24
- Increases of 4.99% for 2024/25 (including 2% p.a for the Adult Social Care Precept) and falling to 2.99% increase per annum thereafter (including 1% p.a for the Adult Social Care Precept)
- Increases in the Council Tax Base of 0.6% over the period 2024/25 to 2026/27.

Funding Summary

- 8.33 Over the 3 year period of the Council's forecast, funding is anticipated to rise by just 6.1% (or an average of 2.0% p.a.), reflecting a 4.99% increase in Council Tax for 2024/25 alongside additional funding for Social Care of £4.7m in 2024/25. Thereafter, Council Tax rises are expected to fall back to 2.99% per annum. Business Rate income is then anticipated to fall due to a combination of zero or negative inflation (upon which Business Rate Increases are based) but also the net loss of retained Business Rate Growth of £1.5m reflecting the extent to which £11m of Business Rate Growth achieved in the City is not then re-distributed back to the Council through the Fair Funding review planned for April 2025.

Cumulative Effects of the Overall Local Government Funding System

- 8.34 Over the past 11 years and including the coming year, the emphasis of the Local Government Funding system has changed considerably. There are clear financial

incentives for Local Authorities to promote business growth and increase employment. This is illustrated by the following:

- The Business Rates retention scheme allows the City Council to retain (for a period of time between "resets") circa £0.6m for every 1% increase in Business Rate growth (under the 50% BRR scheme). Equally, the City Council will lose £0.6m for every 1% decline in the Business Rate base
- 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 2023/24 is £11.5m. Each 1% change therefore will represent a cost / saving of £115,000.

8.35 Whilst the Fair Funding Review and Business Rate Retention Scheme (to be introduced in 2025/26) may alter these incentives, it is still expected that they will remain significant given the continued drive to incentivise Local Councils to stimulate their local economies. It is important therefore that when the Council is developing policy and strategy and making its decisions, particularly relating to the Capital Programme, it is cognisant of these financial incentives.

Budget & Inflationary Pressures 2023/24

8.36 In the current financial year, a number of Portfolios are exhibiting signs of financial stress largely relating to the effects of the high inflation / high demand environment and amounting to £4.1m (as previously described). This is expected to continue into 2023/24.

8.37 Inflation peaked at 11.1% in October 2022, its highest in 40 years. The main measure of inflation CPI (Consumer Price Index) is currently tracking at 10.5% with the RPI (Retail Price Index), upon which some contracts remain linked, tracking at 13.4%. The Office for Budget Responsibility, the advisors of Government for the purposes of policy setting, are forecasting that CPI will remain high at 5.5% for 2023/24 (starting the year at 8.9% and ending the year at 2.5%) but falling to 0.0% for 2024/25 and remaining subdued thereafter.

8.38 The Budget proposal for 2023/24 represents an increase in spending of £28.1m over the Budget for 2022/23 and includes additional costs and inflationary pressures as follows:

- Additional Spending in Adult Social Care of £7.4m (to cover the uplift in the National Living Wage of 9.7% that will be used to support care providers as well as all other cost and inflationary pressures)
- Additional Spending in Children's Social Care of £6.1m (to cover inflation, existing overspendings on Home to School Transport, Placement Costs and additional Social Worker capacity generally)
- An inflationary uplift for all Services in order to maintain "steady state" provision amounting £8.1m (excluding Adult and Children's Social Care above)
- Other Windfall Costs and unavoidable Budget Pressures - £4.4m (including the Port at £1.3m)
- The Council has also made Budget provision within the Corporate Contingency for the costs associated with the City's celebration of King Charles III coronation.

Revenue Contributions to Capital

- 8.39 As described in detail later in this report, new Capital Investment totalling £61.3m is proposed. This level of investment relies on a number of funding sources provided either by the Council or from external grants and contributions. For 2023/24, £15.3m is being provided by the Council in the form of "cash backed" funding with a further £22.9m from Council borrowing (subject to a satisfactory business case and financial appraisal approved by the S.151 Officer).
- 8.40 The proposed Capital Programme for next year seeks to build on the ambitions of previous years to further the environmental agenda with clean economic growth, continue to pursue the regeneration opportunity for the City Centre North to stimulate housing and employment in the Council's most deprived area and also provide sufficient funding for the Council's core statutory responsibilities.
- 8.41 Capital Funding available for new Capital Investment has been constrained for 2023/24 largely due to the need to meet the shortfall of funding of £5.6m for the Border Control Post at the Port. This was deemed an essential piece of infrastructure specified to exacting standards by Central Government to allow the Port to continue to import from Europe. Changes and delays to the border control operating model means that this facility currently remains unused and over specified and the income streams anticipated to fund the shortfall will not now arise. No compensation is available from Government and therefore this cost has fallen to the Council
- 8.42 Furthermore the ability to provide funding from the Revenue Budget has also been constrained due to the scale of the demand and inflationary pressures that the Council are experiencing; this has limited the opportunity to make a Revenue Contribution to the Capital Programme to just £0.75m.
- 8.43 Looking ahead, if the Council is to meet both its aspirations and operationally essential Capital Investment needs, future Revenue Contributions to the Capital Programme will inevitably be required. Whilst bidding for external capital funding will always form part of the strategy to fund Capital Investment requirements, not all investments will be either eligible or successful. The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital funding which may be available. With core capital funding of circa £7m from annual capital grants, capital receipts and CIL contributions that the Council receives, there is a hugely significant shortfall ("Capital Gap") to be met.
- 8.44 Given that this Capital Investment is necessary for both the Council's statutory obligations and also to transform the City's growth potential, it is vital that the Council makes provision for Revenue Contributions to Capital wherever possible. To fulfil even some of the future obligations and aspirations, further revenue contributions to capital will be required in future years and will need to be embedded within the Council's financial planning process.

9. Budget Savings Proposals for 2023/24

- 9.1 The Administration's budget savings proposals are aligned with the Medium Term Financial Strategy previously described in Section 5 and have been prepared paying due regard to the responses from the Budget Consultation described previously and the Administration's strategic priorities. The proposed savings amounts to be made by each Portfolio, and which are recommended for approval, are attached at Appendix C.

9.2 A summary of the overall savings proposals for 2023/24, by Portfolio, is set out below:

Portfolio	Saving 2023/24	
	£	%
Children, Families and Education*	222,000	0.5%
Climate Change & Environment	143,000	1.1%
Communities and Central Services	826,300	3.6%
Culture, Leisure and Economic Development	74,000	0.9%
Health, Wellbeing and Social Care*	501,000	0.9%
Housing & Preventing Homelessness	0	0.0%
Leader	0	0.0%
Safety In The Community	0	0.0%
Traffic and Transportation	233,700	3.6%
Grand Total	2,000,000	1.6%

* Excludes the additional funding passported through to Adult Social Care of £7.4m and Children's Social Care of £6.1m, meaning that there are real increases in their funding

- 9.3 Inevitably, there are a number of financial risks contained within the proposals for making savings of the scale of £2.0m (or 1.6%) on the back of making £106m in savings and efficiencies over the past 12 years. The risks are unavoidable. For those risks with the highest likely impact, mitigation strategies are being developed.
- 9.4 It is important to note that the Council's responsibility is to set the overall Budget of the Council and determine the cash limits for each Portfolio. It is not the responsibility of the Council to approve the detailed savings that need to be made in order for the Portfolio to meet its cash limit. The Council do need to have the confidence that the recommended savings for each Portfolio are deliverable and what the likely impact of delivering those savings might be. Indicative savings that are likely to be necessary in delivering the overall Portfolio savings are attached at Appendix C, and whilst the detailed savings are not a matter for the Council to decide, they are presented to inform the decision of Council relating to the overall savings to be made by each Portfolio / Committee.
- 9.5 In order for the City Council to be able to implement the Savings Requirement in good time, a number of savings proposals will require that consultation take place and notice periods be given. Should the Portfolio savings set out above be approved, Managers will commence the implementation of those savings and any consultation process or notice periods necessary.
- 9.6 For savings proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of consultation have been fully considered. Following consultation, the relevant Portfolio Holder may 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.

10. Summary of Proposed Revenue Budget 2023/24

10.1 The proposed Budget for 2023/24 has been prepared to include the following:

Spending 2023/24:

- Total increase in Spending (including all cost, inflation and savings) of £28.1m
- Due to affordability constraints, no contributions from the Revenue Budget to the Capital Programme
- Overall contingency provision to cover known and anticipated financial risks of the Council amounting to £15.1m (£18.6m in 2022/23), especially those relating to the volatility of inflation and demand, Covid legacy costs, increases in demand for Adult and Children's Social Care services, Emergency Repairs risks and the delivery of budget savings more generally
- Adjustments to pension costs, forecast borrowing costs and investment rates
- The £2.0m savings proposals as set out in Appendix C.

Funding 2023/24:

- An increase in funding from Government of £6.4m with £7.9m provided for Social Care but a cut for all other services of £1.5m (plus no funding for inflation for other services which is running at over 10%)
- Underlying Business Rate income for 2023/24 is an increase of 9.9%, largely reflecting an inflationary uplift
- An overall increase in Council Tax of 4.99%, yielding £4.5m
- An increase in the Council Tax base equivalent to 270.9 Band D properties resulting in additional Council Tax income of £0.4m
- A "one-off" deficit on the Council Tax Collection Fund of £0.6m
- A "one-off" surplus on the Business Rate Collection Fund of £3.0m (although this largely relates to timing differences which are neutral on the overall financial position of the Council over time).

10.2 Financial risks remain across the whole Budget for 2023/24 relating to both cost pressures and the delivery of necessary savings. All Services of the Council are expected to be able to manage within their overall cash limit with any necessary support from the Council's Corporate Contingency or Portfolio Reserve to enable any such pressures to be managed over time.

10.3 The proposed Budget for 2023/24, including the main changes described above results in net spending of £201,586,700. This amounts to a net increase in spending of £28,085,500 (or 16.2%) over the Original Budget 2022/23.

10.4 The proposed Budget for 2023/24 as described in this Section is recommended for approval.

11. Cash Limits

11.1 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 2023/24 described in Section 10 and in particular include:

- Reductions to Cash Limits to take out the approved Budget savings
- Additions to reflect new initiatives and budget pressures
- Inflation
- 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.

11.2 The table on the next page shows the proposed Cash Limits for 2023/24 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 2023/24 £'000	Items Outside the Cash Limit £'000	Budget 2023/24 £'000
Children, Families & Education	48,449	17,923	66,372
Climate Change & Environment	14,481	1,571	16,052
Communities & Central Services	24,390	7,061	31,451
Culture, Leisure & Economic Development	10,048	5,107	15,155
Health, Wellbeing & Social Care	53,623	5,035	58,658
Housing & Preventing Homelessness	3,144	3,138	6,282
Leader	(30,325)	5,566	(24,759)
Planning Policy & City Development	1,407	0	1,407
Safety in the Community	2,739	556	3,295
Traffic & Transportation	18,743	5,871	24,614
Licensing Committee	(269)	102	(167)
Portfolio Expenditure	146,430	51,930	198,360

11.3 Managers will be expected to contain their expenditure in 2023/24 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 2023/24.

11.4 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 2024/25 Cash Limit.

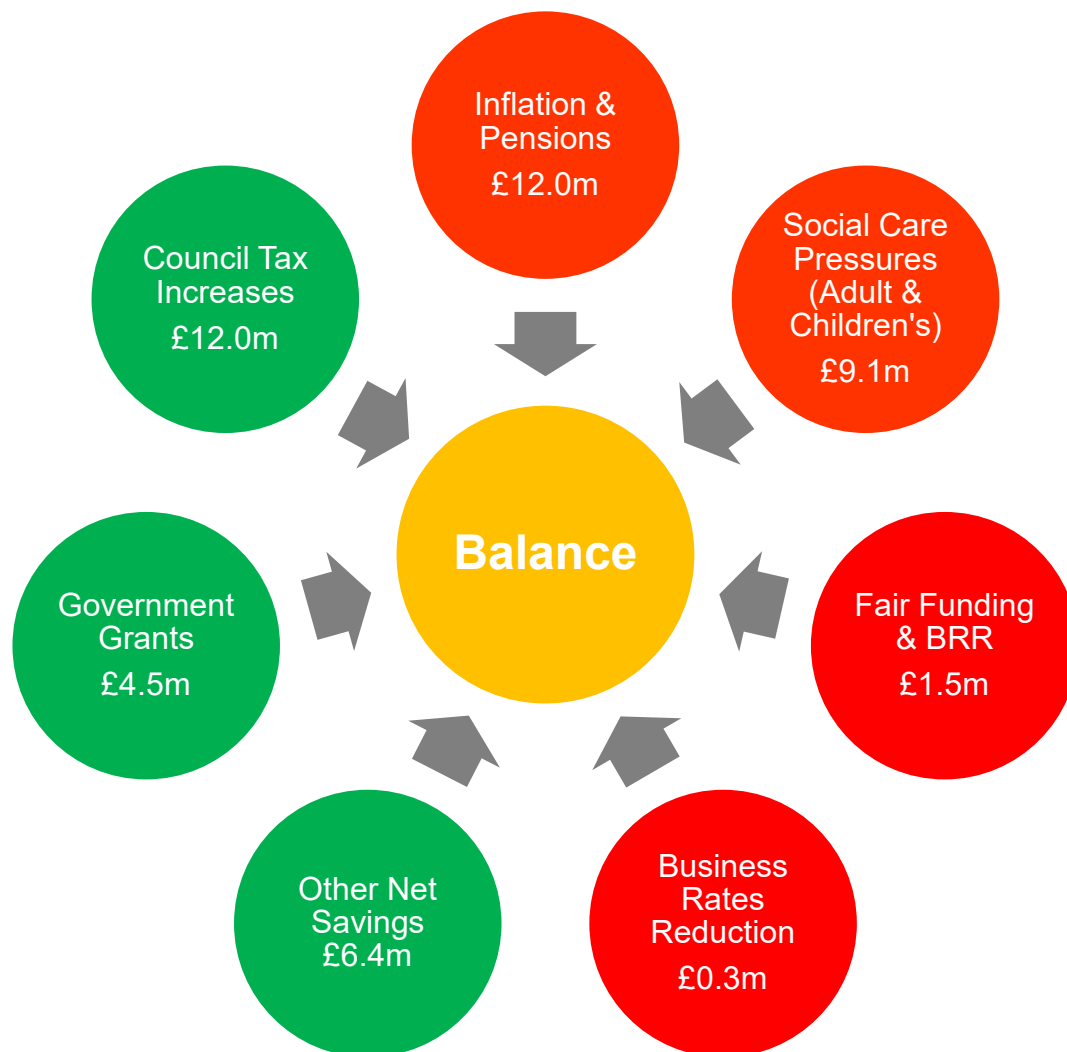
11.5 Managers have delegated authority to incur committed routine expenditure within their approved Cash Limit. Routine expenditure is any expenditure incurred to meet the day-to-day operational requirements of the service, or any specific approved budget pressure.

Managers wishing to incur expenditure on any other specific item should seek approval from the relevant Portfolio holder before incurring that expenditure.

- 11.6 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.
- 11.7 Managers will be required to report their forecast outturn position to the relevant Portfolio holder on a regular basis and the Cabinet will receive a report on the overall budget position every quarter.

12. Future Year's Medium Term Forecasts - 2024/25, 2025/26, and 2026/27

- 12.1 A new medium term forecast has now been completed and "rolled on" a further year to cover the period 2024/25 to 2026/27. All of the financial assumptions have been comprehensively revised and a new 3 Year Forecast determined.
- 12.2 The previous medium term forecast estimated that the overall Forecast would be in balance across the 3 year period to 2025/26. The proposed Revenue Budget for 2023/24 provides for £2.0m of savings that were necessary in order to bring the Budget back into "Structural Balance" following the extraordinary level of inflationary and demand pressures experienced throughout the current year. The new medium term forecast takes account of the £2.0m savings being achieved in 2023/24, comprehensively revises all other assumptions and also makes a forecast for the additional year 2026/27. It is estimated that the overall 3 Year Forecast will remain in "Balance" to the period to 2026/27. Consequently, no new savings are required for 2024/25 with any future years Savings Requirements being subject to the annual review of the 3 Year Forecast.
- 12.3 The Forecast however is "finely balanced" due to the uncertainty associated with inflation and demand volatility coupled with the potential loss of funding arising from the overhaul of Local Government Funding now planned for 2025/26. As is usual, the Forecast will be revisited and adjusted on an annual rolling basis.
- 12.4 Whilst there is sufficient confidence to recommend to the Council that no Budget Savings are required for 2024/25, the forecast for zero savings for the years 2025/26 and 2026/27 must be considered indicative at this stage.
- 12.5 The "Balanced Forecast" for the new 3 year period 2024/25 to 2026/27 is described in the paragraphs that follow with the most significant changes illustrated on the next page.



12.6 The most significant assumptions in the medium term forecasts for the period 2024/25 to 2026/27 are described below:

Spending:

- An overall inflationary provision covering all pay and prices amounting to £12.0m
- Demand related pressures in both Adult and Children's Social Care of £9.1m
- Other net savings largely arising from the reduction in overall level of contingencies used to support the Budget, assuming that inflation volatility and covid legacy cost pressures ease
- An assumption of a "steady state" for other budgets.

Funding:

- A net loss in Government funding, mainly arising from the Fair Funding Review and Business Rate Retention scheme of £1.5m, phased in from 2025/26 onwards (**Note: the Business Rate "Reset" will remove £11.0m of growth which may not be fully re-distributed through the Fair Funding Review**)
- An overall increase in Council Tax Income of £12.0m which incorporates:

- Increase of 4.99% for 2024/25 (including 2% for the Adult Social Care Precept) and falling to 2.99% increase per annum thereafter (including 1% p.a for the Adult Social Care Precept)
- Increases in the Council Tax Base of 0.6% over the period 2024/25 to 2026/27
- A net increase in Government Grants of £4.5m, mainly relating to Social Care
- No allowance for additional Council Tax income from empty properties and second homes which could arise from future legislation
- Indexation uplifts on retained Business Rates of 5.5% for 2024/25, 0.0% for 2025/26 and minus 1.0% for 2026/27
- An underlying zero growth assumption for changes in Business Rates from 2024/25 onwards, to reflect the uncertainty relating to any recession / recovery, appeals and mandatory reliefs
- That any loss of business rates income arising from National Business Rate reduction / capping initiatives will continue to be recompensed by Government via S.31 grant funding.

12.7 Future funding from Government from 2025/26 onwards is heavily dependent on the outcome of the Fair Funding Review and Business Rate Retention scheme review. It must be recognised that the outcome of these reviews remains uncertain.

12.8 It is also important to recognise that this forecast extends beyond the Fair Funding Review and the revised Business Rate Retention Scheme due to be implemented in 2025/26. It moves a year beyond these events and makes broad assumptions at the macroeconomic level pending any indicative information at the local level. Inflation assumptions are also potentially volatile and therefore there remains a significant level of uncertainty surrounding the "Balanced Forecast" which could realistically vary by +/- £5m.

12.9 Due to the uncertain nature of the future years' forecasts, it is imperative that the Council continues to manage its cost base carefully if it is to remain well placed to respond to the overhaul of Local Government Funding and potentially realise a zero savings position in future years beyond 2024/25.

12.10 A plan for zero savings in 2024/25 but with General Reserves and the Corporate Contingency held at current levels is a balanced approach appropriate to an eventuality where the Council's forecasts are either too pessimistic or too optimistic. For example, in the event that the 3 Year Forecast improves, the Council has not prematurely made a level of savings and service reductions that could have been avoided. If the forecast deteriorates, the Council will still be able to spread any deficit over a 3 year period and have sufficient General Reserves to avoid significant "spikes" in Savings Requirements in any single year in the future.

12.11 Crucially, this savings strategy, as described above, can only work if the Council retains General Reserves at the levels set out in this report.

12.12 In summary, the overall Forecast for 2024/25 to 2026/27 is forecast to be in balance and therefore no savings are required for 2024/25. Importantly, zero savings can only be assured if the Council approves the proposed £2.0m of savings as well as the increase in Council Tax of 4.99% for 2023/24.

- 12.13 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.
- 12.14 The fundamental aim of the Medium Term Resource Strategy (MTRS) is for in-year expenditure to equal in-year income. This is now forecast to be achieved across all years of the Future Forecast to 2026/27.

13. Medium Term Resource Strategy Reserve

- 13.1 The Medium Term Resource Strategy (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
- 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 or if a Portfolio does not have any of its own Reserves to call on.
- 13.3 It is anticipated that the main call on the MTRS Reserve over the next few years will be Invest to Save Schemes of a capital nature and the revenue costs associated with transforming Services. Additionally, redundancy costs may also be required through Service re-organisation.
- 13.4 For 2023/24 specifically, there is a commitment against the reserve to fund the feasibility study to evaluate the vacation of the Council's Civic Offices to an alternative, smaller fit for purpose and environmentally sound building in a new location.
- 13.5 Similarly, the Council will also be considering a review of the Council's overall property estate in accordance with best practice asset management planning. The review would seek to align the operational property portfolio with the needs of the Council, assessing the sufficiency, condition and performance over their remaining lifetime. Should the review conclude that a rationalisation be pursued, the financial benefits would be:
- i) Reducing the drain on capital resources to equip and maintain their use which in turn could release resources to be made available for as yet unfunded Capital Investment priorities and aspirations
 - ii) Reducing the day to day costs of delivering services that could either contribute to future savings or be re-invested in enhancing service provision
 - iii) Identifying ageing properties that are coming to the end of their life, such as the Pyramids, and in that context the extent to which further capital investment should sensibly be made on a value for money basis.
- 13.6 In order to provide for future years anticipated redundancy costs, satisfy the demands for Invest to Save Schemes and meet all other commitments, it is anticipated that the

uncommitted balance on the MTRS Reserve will be a modest £5.8m. Importantly, Invest to Save (or avoid cost) proposals are becoming an increasingly important component of the Capital Programme and it can be reasonably expected that future Capital Programmes will rely more heavily on this as a funding source in the future.

- 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. Estimated General Reserves 2022/23 to 2026/27

- 14.1 In general, maintaining adequate reserves is a measure of responsible financial management and strong financial health. They are required in order to be able to respond to "financial shocks" without having to revert to the alternative of quick and severe reductions in services. Equally, they can be a vehicle to take advantage of any opportunities that may arise which are in the financial interests of the Council (for example, matched funding opportunities which could lever in additional funding for the City or for Spend to Save schemes). Importantly, they also enable differences between expenditure and funding levels to be "smoothed out" and managed in a planned way over time.
- 14.2 General Fund Revenue Reserves as at 31 March 2023 (Revised Estimate) are anticipated to be £21.5m after transfers to and from other reserves. General Reserves are expected to remain broadly constant over the period to March 2027. The Council is expected therefore to remain within the recommended level of minimum General Reserves of £10.0m.
- 14.3 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.
- 14.4 The experience of the current year and the pace at which £24m of unplanned Budget Pressures arose exposed the vulnerabilities in the Council's overall financial resilience, making the compelling case for an increase in the minimum level of reserves to be held of £2m. It is therefore recommended that the minimum level of General Reserves be increased to £10.0m as at March 2024. Assuming the 2023/24 Budget Savings are achieved, General Reserves as at 31 March 2024 are forecast to be £21.6m.
- 14.5 The minimum level of balances for future years will be reviewed annually as part of the budget process.
- 14.6 The statement below gives details of the General Reserves in hand at 01 April 2022, together with the proposed use of reserves from 2022/23 to 2026/27, and the resultant balances at 31 March 2027.

General Reserves Forecast - Up to 2026/27					
Financial Year	Current Year £m	Budget 2023/24 £m	Forecast 2024/25 £m	Forecast 2024/25 £m	Forecast 2026/27 £m
Opening Balance	21.4	21.5	21.6	22.2	22.4

General Reserves Forecast - Up to 2026/27					
In Year Surplus / (Deficit)	0.1	0.1	0.6	0.2	0.0
Forecast Balance	21.5	21.6	22.2	22.4	22.4

14.7 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 Reserves below the minimum level determined by the S.151 Officer
- The susceptibility of the Council's forecast to vary by +/- £5m due to inflation and demand volatility plus the outcome of the Fair Funding Review and the Business Rate Retention "reset"
- There remain continuing risks associated with the Covid pandemic and its legacy plus the financial sustainability plans for both Adult and Children's Social Care
- 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 £5.8m means there are only limited funds available to fund the implementation costs of future efficiency savings (see Section 13).

15. Capital Programme 2022/23 to 2026/27

Summary

15.1 In accordance with the Council's Capital Strategy and Medium Term Financial Strategy, the Administration have prioritised those schemes that:

- 1) Provide for statutory requirements or health and safety obligations
- 2) Ensure that the Council's services to residents can continue to operate from safe "fit for purpose" buildings, are supported by adequate and secure IT and other necessary equipment
- 3) Continue the Council's Environmental agenda, including clean economic growth particularly at the Commercial Ferry Port and through its active travel initiatives
- 4) Encourage growth and productivity through the Council's key regeneration opportunity for the City Centre North, aiming to stimulate housing and employment in the Council's most deprived area.

15.2 As described earlier in this report the key responses arising from the Budget Consultation for the future investment of the Council's Capital Programme selected by respondents are, in order of popularity:

- 1) Building new homes in the city, including flats offering special care for elderly residents (47%)
- 2) Building more classrooms and specialist provisions for children with additional needs (37%)

- 3) Improving facilities at Portsmouth International Port to increase the money it generates to help protect local services (34%)
 - 4) Creating better facilities for sustainable transport such as cycling and walking (33%).
- 15.3 The Administration's new scheme proposals contained within this report will lead to additional capital investment totalling £61.3m.
- 15.4 The Council has the opportunity through its capital programme and borrowing powers 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 it is recommended that any underspendings arising at the year-end (outside of those made by Portfolios) be transferred either to Capital Resources to fund future Capital Programmes, the Covid Reserve, the MTRS Reserve or General Reserves.

Overall Strategy

- 15.5 On 08 March 2022 the City Council approved the Capital Strategy 2022/23 - 2031/32. 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 Council Plan / Priorities
 - Statutory Obligations
 - Financial Appraisal
 - Option Appraisal
 - Risk and 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.
- 15.6 As also described in the Medium Term Financial Strategy, the strategy is to maximise the capital resources available and then target new capital expenditure towards income generation and economic growth whilst ensuring the Council's statutory obligations are also met, (e.g. school places).
- 15.7 The development of a Capital Strategy considers investments that will be made in the acquisition, creation or enhancement of tangible or intangible fixed assets in order to yield benefits to the Council for a period of more than one year. It also considers how stewardship, value for money, prudence, sustainability and affordability will be secured. The priority of new capital expenditure will be assessed in accordance with the following capital expenditure criteria:

Criteria 1 - To support a Medium Term Outlook

- Allocating known resources to future years for critical capital investment, ensuring that in years where capital resources are limited, critical investment can continue to be made

- Aligning known resources to current approved spending, ensuring that uncertain or forecast resources are not applied to current investment, thus leaving potentially unfunded obligations in the future
- Smoothing out any significant gaps between capital investment needs and capital resources available by utilising contributions from revenue.

Criteria 2 - To Maximise the Capital Resources Available and the Flexibility of their Application

- Setting aside capital funding for "match funding" opportunities, where these are aligned with the Council's strategic objectives in order to take advantage of "free" funding
- Reviewing contractually uncommitted schemes against newly emerging capital investment priorities
- Avoiding ring-fencing of capital resources, except where such ring fencing is statutory
- Using prudential borrowing for "invest to save" schemes, or schemes which generate income.

Criteria 3 - Targeted Capital Investment

- Annual review of all contractually uncommitted capital schemes which rely on non-ring-fenced funding is undertaken to ensure that they remain a priority in the context of any newly emerging needs and aspirations
- Investment in programmes of a recurring nature that are essential to maintain operational effectiveness - including statutory responsibilities
- Capital Funding is particularly constrained for 2023/24 and has been targeted to:
 - 1) Stabilise the existing Capital Programme which has been subject to unavoidable cost increases arising from the general economic conditions
 - 2) Provide for statutory requirements or health and safety obligations
 - 3) Ensuring continued Service operations
 - 4) Progressing Environmental initiatives
 - 5) Pursuing Regeneration and clean economic growth.

Total New Corporate Capital Resources

- 15.8 New Corporate Capital resources available as a funding source for 'new starts' in 2023/24 and onwards have been reviewed and the amount available to be allocated has been determined as £15.3m.
- 15.9 This sum includes the allocation of indicative grant funding amounts for 2023/24 and sums transferred from Revenue to Capital in 2022/23 necessary to fund schemes identified to start in 2023/24.
- 15.10 Additionally, a small contingency has been retained to mitigate the risk of capital receipts and grants being lower than anticipated and some funding has been held back to meet unavoidable increases in costs to approved schemes and to support match funding bids for additional external funding.

15.11 A summary of the total capital resources available to the Council for 'new starts' in 2023/24 and onwards are described below:

Corporate Capital Resources

15.12 This includes all non-ring-fenced capital grants (e.g. local transport plan, education basic need and school condition funding), capital receipts and revenue contributions and are described below:

- Revenue contributions from the budget of £0.75m in 2022/23 is recommended to enable key capital investments to proceed
- Non-ring-fenced capital grants (Integrated Transport Block, Schools Capital Maintenance & SEND) of £5.3m
- Capital Receipts based on estimated values that have been declared surplus to requirements
- Estimated City Wide Community Infrastructure Levy receipts
- A further £1.6m of existing capital resources which were set aside from the revenue underspend at the end of 2021/22 in line with the recommendation approved at February 2022 Full Council, as well as resources allocated to projects which either underspent, were funded from alternative sources or upon review are no longer considered to be a priority
- The removal of the Cosham Land Assembly (Phase 1 Development) scheme from the approved Capital Programme amounting to £1.3m.

Ring Fenced Capital Funding

15.13 Funding passported to the Better Care Fund which is targeted at disabled facilities grants and wider social care programmes. This is a central government initiative which creates a pooled budget arrangement between the Council and the Health Services; an estimated £2.0m will be received by the Council in 2023/24.

Prudential Borrowing

15.14 Prudential Borrowing is only available for a Council's "Primary Purpose for Investment" which must be "consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice".

15.15 The arrangements for Prudential Borrowing were strengthened following growing concerns over Local Government commercial property investments and taking on disproportionate levels of commercial debt to generate yield. Borrowing for "debt-for-yield investment" is not permissible under the Prudential Code, as it does not constitute the primary purpose of investment and represents unnecessary risk to public funds.

15.16 Prudential borrowing is available for "Invest to Save" schemes only where those savings accrue directly to the Council on a sustained basis. Prudential Borrowing is governed by the Prudential Code and its associated tests of affordability, sustainability and prudence. 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).

- 15.17 The Affordability test dictates that the Council must be able to demonstrate that it can afford the debt repayments over the long term. Given the uncertainty of the Future Forecasts which could vary by +/- £5m, prudential borrowing is only available for invest to save schemes where there is a demonstrable case that the capital expenditure incurred will result in savings (i.e. cost reduction or additional income) that at least cover the cost of borrowing. Also, that those savings accrue directly to the Council and will be available on a sustained basis over the lifetime of any borrowing.
- 15.18 Prudential borrowing is strictly controlled and only proceeds once the S.151 Officer is satisfied as to its legality in accordance with the Prudential Code (e.g. the "Primary Purpose" test) as well as its affordability on a sustained basis. This necessarily requires a business case and financial appraisal to be prepared that satisfies the S.151 Officer.
- 15.19 Historically, all decisions to undertake borrowing have been referred to Full Council. Whilst this is a feature of strong financial governance, there are occasions where this can inhibit the Council from acting responsively with the associated risk of losing a potential time limited opportunity. This can be particularly relevant to property acquisitions. At the present time, the Council is seeking to pursue regeneration opportunities that can involve land assembly and it is important that the Council can enter into transactions in an efficient and timely fashion. It is recommended therefore that the Council's S.151 Officer be given delegated authority within the year to borrow up to £10m but only once a satisfactory business case and financial appraisal has been approved by the S.151 Officer.

New Capital Investment Proposals & Revised Capital Programme

- 15.20 The Administration's proposals for the allocation of the Council's 'new start' total capital investment resources of £61.3m are set out in Appendix D for approval. They comprise a balanced set of proposals described below.
- 15.21 The programme has been designed to support environmental enhancements and the climate change agenda by investing £39.2m into environmental initiatives and clean economic growth. Proposals include:
- £23m to provide a shore power electricity supply at Portsmouth International Port to enable hybrid ferries to switch off their primary and secondary engines while in port, which will assist the Port in meeting carbon reduction and air quality targets
 - £13.5m for the next phase of the Anaerobic Digestion Plant;
 - £2.5m to enable the twin streaming of recyclables, and
 - Other planned environmental enhancements include doubling the tree canopy and environmental works at Canoe Lake.
- 15.22 The Administration also plan to support the economic growth of the City with:
- Regeneration schemes totalling £4.7m including a contribution of £4.5m towards the City Centre North Regeneration to unlock the economic potential of the City
 - Improving the attractiveness of public realm through the investment of £0.3m.
- 15.23 Significant new investment is planned for the renewal and upgrading of leisure facilities totalling £6.5m, of which £5.8m relates to the replacement of the roof at the Mountbatten Centre.

15.24 In order to maintain the Council's operational facilities, the following is planned:

- £7.2m is being invested into Council buildings to provide for the highest priority maintenance needs at a number of high profile sites including school buildings and the International Port.
- £0.6m to ensure that Council Services are digitally enabled with up to date and secure IT systems and new IT infrastructure.

15.25 There is continuing support for educational attainment through the proposed investment of £1.5m into accommodation for pupils with complex educational needs.

15.26 As a key enabler of vibrant local communities, the underpinning and enabling of regeneration and the move towards a sustainable future, significant investment continues to be made into the core local transport infrastructure amounting to £1.3m to ensure transport networks are reliable and efficient; improve road and transport safety; manage the adverse impact of transport on the environment, and promote healthier travel.

Proposed Capital Programme 2022/23 to 2026/27

15.27 The overall Capital Programme, including all existing schemes which have been reviewed and considered as a continuing priority and proposed new schemes, is set out in Appendix E for approval.

Future Capital Obligations, Priorities and Aspirations

15.28 The proposals for capital investment contained within this report complement the existing capital programme and provide further solidity to secure the Council's financial viability for the medium term. Nevertheless, the Council will inevitably face future obligations of a statutory nature as well as wishing to further develop its priorities and aspirations for future capital investment to meet its overall aim of financial and public service sustainability.

15.29 Known obligations and aspirations, in line with the Medium Term Financial Strategy, for future capital investment once further capital resources become available include:

Statutory Obligations:

- Additional extensions / additions to schools in respect of pupils with complex educational needs in order to provide for additional school places
- Provision of additional disabled facilities grants
- Requirements to improve road safety, disabled access and air quality
- Landlords Repairs & Maintenance.

Improving the City Economy:

- Further development of key employment, housing and regeneration sites
- Anti-Poverty projects
- Coastal protection schemes to protect homes and businesses
- Improvements to road transport infrastructure as a means of supporting new business growth and productivity generally as well as the protection of the tourism economy.

Enhancing the Environment:

- Greening the City
- Creating space and access.

Public Service Transformation:

- Developing the Digital Council
- Use of technology to provide greater personal independence for those with care needs.

15.30 The Administration has identified some further specific priority and aspirational capital schemes to be pursued as further capital funding becomes available:

- SEND School Places
- Paulsgrove Family Hub
- Guildhall Walk Phase 2
- Replacement of Christmas Lights
- Canoe Lake Environmental Improvement
- Cosham Opportunity Area
- Upgrade of Accessways and Roadways
- Air Quality Action Plan
- East-West Active Travel Corridor
- Cycle Super Highway
- Improvements to Burrfields, Fort Cumberland and Ferry Road Car Parks
- Additional Highway Lighting.

15.31 The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital funding which may be available. With core capital funding of circa. £7m per annum, there is a hugely significant shortfall ("Capital Gap") to be met. From this £7m, there is an expectation from Central Government that amounts allocated for Education (circa. £1.6m) should be allocated for School Condition and there is an obligation to maintain a Local Transport Plan from the annual £1.8m provided from the Department for Transport. The overall implication being that routine annual funding available for Capital Investment is extremely limited.

15.32 In the context of the scarcity of capital funding available, as mentioned previously, the Council should consider whether the overall size of its building estate could be rationalised. Should this be achieved it would have the dual benefit of:

- i) Reducing the drain on capital resources to equip and maintain their use which in turn could release resources to be made available for as yet unfunded priorities and aspirations
- ii) Reducing the day to day costs of delivering services that could either contribute to future savings or be re-invested in enhancing service provision.

15.33 Given the scale of the "Capital Gap" described above, the necessity to supplement the Capital Resources available remains an explicit feature of the Council's approved Medium Term Financial Strategy so that the Council can continue to fund essential services but also fund Regeneration and Income Generation schemes aimed at improving the overall financial sustainability of the Council and the economy of the City whilst fulfilling its role in addressing the challenge of climate change. For this reason, the standing recommendations remain intact that enable the S.151 Officer be given delegated authority to transfer all or part of any further savings made in 2022/23 arising at the year-end to supplement the Capital Resources available for future years.

Prudential Borrowing Indicators

15.34 The Prudential Indicators of the Council are determined largely from its Capital Investment decisions. The 5 indicators are presented in Appendix F for approval. In summary, the Council's indicators illustrate that its current Capital Programme is affordable. Further details setting out what each indicator shown in Appendix F represents is set out below:

Ratio of Financing Costs to Net Revenue Stream

15.35 This indicator shows the proportion of the net revenue stream (i.e. the Council's Revenue Budget) that is attributable to the cost of financing capital expenditure.

Capital Financing Requirement (CFR)

15.36 Represents the Council's underlying need to borrow to fund current and future capital expenditure. The CFR arises directly from the capital activities of the Council and the resources applied to fund that capital activity. The CFR represents the unfinanced element of capital expenditure and is the difference between the value of total fixed assets on the balance sheet and the Revaluation Reserve and Capital Adjustment Account.

15.37 The Council's underlying need to borrow to finance its current and future capital expenditure (i.e. its Capital Financing Requirement) is increasing, primarily as a result of planned commercial property investments but will ultimately reduce as provision is made to repay debt.

Authorised Limit for External Debt & Operational Boundary for External Debt

15.38 The Council's Limit for External Debt, recommended for 2023/24, should be broadly equivalent to its CFR (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 an 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.

Ratio of Net Income from Commercial & Service Investments to Net General Fund Revenue Stream

15.39 Represent the proportion of net General Fund expenditure funded from investment income.

16. Statement of the S.151 Officer in Accordance with the Local Government Act 2003

16.1 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.

16.2 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 2023/24. Particular uncertainties exist regarding:

- The volatility and elevated levels of inflation
- The increased levels of demand for Council Services being driven by the cost of living crisis
- The continuing impact of the Covid pandemic, its impact on costs, Council Tax and Business Rate income levels
- The general uncertainty surrounding Business Rate income including the forthcoming revaluation and the extent of successful appeals and mandatory reliefs, all of which affect Retained Business Rates
- Government Funding levels (including the outcome of the Fair Funding Review and the Business Rate Retention scheme review in 2025/26)
- The ability of the Council to continue to make necessary savings at the required scale and pace
- The likely demographic cost pressures arising in demand driven services such as Adult Social Care, Children's Services and Housing
- The extent to which new policy changes will be funded.

All of these uncertainties increase the need for adequate reserves and balances to be maintained in current and future years.

16.3 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.

16.4 Should the level of reserves fall below the minimum approved sum of £10m 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 spending controls until a balanced budget is approved by the Council.

(a) Robustness of the Budget

16.5 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.

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

16.7 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 12 and use the following sources as their evidence base:

- Government funding as set out in the provisional settlement for 2023/24
- An assumption that the overall outcome of the Fair Funding Review and Business Rate Retention scheme review will lead to a net reduction in funding of £1.5m
- A "no growth" assumption for Retained Business Rates from 2024/25 onwards on the basis that any income arising from growth will be offset by appeals, reliefs and change of use
- An assumption that the value of successful appeals against the 2023 rating list will be based on the most up to date information from the Valuation Office Agency
- Increases in Council Tax based on what is likely to be acceptable and within expected referendum limits
- Inflation on Retained Business Rates and prices in accordance with inflation estimates from the OBR
- Specific provisions for increases in demand for both Adult and Children's Social Care based on current trends
- Prudential borrowing requirements based on approved Capital schemes
- Revenue contributions to Capital based on known commitments and estimates of future needs
- Balances and contingencies based on a risk assessment of all known financial risks.

16.8 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.

16.9 The most volatile budgets are those of Adult 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.

16.10 Additionally, Portfolios will be able to retain any non Covid underspendings in 2022/23 and utilise them as necessary in 2023/24 and future years for any purpose but with a clear priority to meet essential cost pressures in the first instance.

16.11 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.

16.12 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 Cabinet.

16.13 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.

- 16.14 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.
- 16.15 Future years' budgets will remain challenging due to inflation and demand volatility, the uncertainties associated with the overhaul of Local Government Funding, the legacy of the Covid pandemic and the continuing demographic pressures on Care Services.

(b) The Adequacy of Proposed Financial Reserves

- 16.16 During 2022/23, 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 increase the minimum level of General Reserves to £10m as at 31 March 2024 (£8.0m in the current year).
- 16.17 Reserves 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.
- 16.18 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 Sections 8 and 12. The position will continue to be reviewed and reported to Members on an annual basis.
- 16.19 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.
- 16.20 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. 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 £5.8m. 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.
- 16.21 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

- Covid Reserve - to fund the legacy costs and income losses arising directly from the Covid pandemic to 2026/27.

16.22 The Council's contingency provision for 2023/24 has been set on a risk basis at £15.1m (£18.6m in 2022/23) 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.

17. Conclusion

17.1 The substantial financial impact of inflation itself, the driving impact that this has had on the cost of living for residents and the consequent increase in demand for Council services has been the defining factor in driving the £24m of unplanned cost pressures facing the Council for 2023/24. This, coupled with the cost of the legacy impact of Covid at £2.0m for next year, has presented the most significant challenges in seeking to balance the 2023/24 Budget. Nevertheless the proposed Budget 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 future.

17.2 The proposals within this report are consistent with the results from the Budget Consultation in relation to both spending priorities, savings and Council Tax and are made as part of a co-ordinated package of measures 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 drive towards regeneration of the City, being innovative, creative and protecting the most important and valued services

17.3 Due to prudent financial management over a number of years, the overall Forecast for the 3 Year period beyond 2023/24 is financially balanced and requiring zero savings for the financial year 2024/25.

17.4 The "Balanced" 3 Year Forecast is "finely balanced" and is predicated on an assumed Council Tax increase of 4.99% for 2024/25. The most significant risks to this central projection are the uncertainty associated with inflation and demand volatility, the potential loss of funding arising from the overhaul of Local Government Funding as well as other unavoidable cost pressures that may arise, particularly in Care Services. Taken together, these risks have the potential to vary the "Balanced Forecast" by +/- £5m.

17.5 It is important that the Council continues to follow its Medium Term Financial Strategy, exercise spending restraint, manage its cost base and maintain Reserves at adequate levels if it is to remain well placed to respond in all likely circumstances.

17.6 The Council should also 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. Integrated Impact Assessment (EIA)

- 18.1 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 savings proposals set out within this report are 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 Integrated 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.
- 18.2 A public consultation was held in relation to the Budget and Council Tax 2023/24 across a 3 week period from 28 November 2022 to 18 December 2022 to assist the Administration in formulating its Budget proposals as described in Section 4.
- 18.3 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. A public meeting of the Scrutiny Management Panel was held on the 17 February 2023 where a presentation was made of the proposed Council Tax and Revenue Budget 2023/24, the Council's future financial forecasts for 2024/25 to 2026/27 and the proposed Capital Investment plans.

19. City Solicitor's Comments

- 19.1 The Cabinet has a legal responsibility to recommend a Budget and Council Tax amount to the Council and the Council has authority to approve the recommendations made in this report.
- 19.2 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.

20. S.151 Officer's Comments

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

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Signed by:

Appendices:

A	General Fund Summary
B	Forecast Expenditure 2023/24 to 2026/27
C	Indicative Budget Savings 2023/24
D	New Capital Schemes Starting in 2023/24
E	Capital Programme 2022/23 to 2026/27
F	Prudential Indicators

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 & Resources & Deputy Director of Finance
Local Government Finance Settlement 2023/24	Office of Director of Finance & Resources

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

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Signed by

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APPENDIX A

Calculation of the Council Tax 2023/24

<u>Portsmouth City Council</u>	2023/24 £	2022/23 £
Gross Expenditure	518,369,198	485,732,005
LESS: Gross Income	(380,367,400)	(355,923,189)
Net Expenditure	138,001,798	129,808,816
LESS: Government Grants	(43,223,761)	(39,963,271)
Council Tax Requirement - Portsmouth City Council Purposes	94,778,037	89,845,545
Council Tax Base	57,480.6	57,209.7
Council Tax - Portsmouth City Council Purposes at Band D <u>94,778,037</u> 57,480.6 =	£1,648.87	£1,570.46

<u>Hampshire Police & Crime Commissioner Precept</u>	14,454,072	13,527,806
Council Tax - Hampshire Police & Crime Commissioner Purposes at Band D	£251.46	£236.46

<u>Hampshire & IOW Fire and Rescue Authority Precept</u>	4,623,165	4,315,328
Council Tax - Hampshire & IOW Fire and Rescue Authority Purposes at Band D	£80.43	£75.43

The Council Tax to be levied for all bands in 2023/24 will be as follows :

	Portsmouth City Council £	Police & Crime Commissioner For Hampshire £	Hampshire & IOW Fire & Rescue Authority £	TOTAL 2023/24 £	TOTAL 2022/23 £
Estimated Valuation as 1 April 1991					
Up to £40,000 A	1,099.25	167.64	53.62	1,320.51	1,254.90
£40,001 - £52,000 B	1,282.45	195.58	62.56	1,540.59	1,464.05
£52,001 - £68,000 C	1,465.66	223.52	71.49	1,760.67	1,673.20
£68,001 - £88,000 D	1,648.87	251.46	80.43	1,980.76	1,882.35
£88,001 - £120,000 E	2,015.29	307.34	98.30	2,420.93	2,300.65
£120,001 - £160,000 F	2,381.70	363.22	116.18	2,861.10	2,718.94
£160,001 - £320,000 G	2,748.12	419.10	134.05	3,301.27	3,137.25
£320,001 and over H	3,297.74	502.92	160.86	3,961.52	3,764.70

GENERAL FUND SUMMARY - 2022/23 to 2026/27

(APPENDIX A)

Original Budget 2022/23 £	NET REQUIREMENTS OF PORTFOLIOS	Revised Budget 2022/23 £	Original Budget 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Forecast 2026/27 £
59,449,200	Children, Families & Education	62,002,300	66,372,400	71,188,300	72,637,100	73,752,900
14,616,800	Climate Change & Environment	15,207,200	16,052,500	17,154,000	15,594,000	15,682,700
27,239,400	Communities & Central Services	30,474,500	31,450,900	32,957,100	33,944,200	34,545,000
13,388,100	Culture, Leisure & Economic Development	14,160,900	15,154,800	15,090,100	15,148,200	15,283,100
57,264,100	Health, Wellbeing & Social Care	59,335,200	58,656,700	63,625,900	66,127,800	68,949,200
7,278,800	Housing & Preventing Homelessness	5,623,700	6,282,400	6,572,600	6,636,400	6,656,500
(28,259,400)	Leader	(27,362,000)	(24,759,200)	(27,583,600)	(30,170,200)	(28,878,200)
1,158,000	Planning Policy & City Development	1,038,000	1,406,700	1,437,100	1,485,800	1,542,000
2,928,400	Safety in the Community	3,200,900	3,295,000	3,352,600	3,418,300	3,474,900
21,977,800	Traffic & Transportation	23,529,400	24,614,400	24,261,200	24,607,200	23,504,100
(132,300)	Licensing Committee	(108,200)	(166,800)	(198,900)	(186,900)	(166,500)
176,908,900	Portfolio Expenditure	187,101,900	198,359,800	207,856,400	209,241,900	214,345,700
	<u>Other Expenditure</u>					
0	Precepts	0	75,000	75,000	50,000	25,000
1,375,000	Pension Costs	1,301,200	1,427,600	1,510,300	1,517,500	1,510,000
18,629,000	Contingency Provision	13,507,100	15,106,700	4,971,000	4,771,000	4,771,000
(10,296,700)	Transfer to / (from) Reserves	(9,365,300)	5,100,600	7,712,000	4,998,300	1,998,300
(16,820,000)	Treasury Management	(24,185,700)	(23,801,000)	(21,200,400)	(19,166,600)	(19,317,000)
3,705,000	Other Expenditure	6,047,700	5,318,000	8,514,000	9,966,000	10,672,000
(3,407,700)	Other Expenditure	(12,695,000)	3,226,900	1,581,900	2,136,200	(340,700)
173,501,200	TOTAL NET EXPENDITURE	174,406,900	201,586,700	209,438,300	211,378,100	214,005,000
	FINANCED BY:					
(92,122)	Contribution (to) from Balances and Reserves	(92,098)	(99,300)	(545,411)	(248,504)	(5,234)
12,096,876	Revenue Support Grant	12,096,876	13,571,170	14,318,942	14,317,510	14,172,903
42,491,554	Business Rates Retention	42,451,330	64,303,198	64,696,930	63,190,461	62,537,088
27,324,481	Other General Grants	28,270,381	29,652,591	31,049,496	31,001,180	31,099,521
91,680,411	Council Tax	91,680,411	94,159,041	99,918,343	103,117,453	106,200,722
173,501,200		174,406,900	201,586,700	209,438,300	211,378,100	214,005,000
	BALANCES & RESERVES					
21,441,879	Balance brought forward at 1 April	21,424,000	21,516,098	21,615,398	22,160,809	22,409,313
92,122	Deduct (Deficit) / Add Surplus for Year	92,098	99,300	545,411	248,504	5,234
21,534,001	Balance carried forward at 31 March	21,516,098	21,615,398	22,160,809	22,409,313	22,414,547
8,000,000	Minimum Level of Balances	8,000,000	10,000,000	10,000,000	10,000,000	10,000,000
(92,122)	Underlying Budget Deficit / (Surplus)	(92,098)	(99,300)	(545,411)	(248,504)	(5,234)

APPENDIX B

BUDGET AND FORECAST EXPENDITURE 2023/24 to 2026/27

	Budget 2023/24 £'000	Forecast 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000
Service Cash Limits	146,430	155,814	157,185	162,306
Contingency	15,107	4,971	4,771	4,771
Debt financing costs	26,340	28,941	30,975	30,824
Levies and insurance premiums	1,788	1,901	1,915	1,899
Other income/expenditure	11,922	17,811	16,532	14,205
	201,587	209,438	211,378	214,005
<u>Less</u>				
- Council Tax Income	94,159	99,918	103,117	106,201
- Revenue Support Grant	13,571	14,319	14,318	14,173
- Business Rates Retention	64,303	64,697	63,190	62,537
- Other General Grants	29,653	31,049	31,002	31,099
	201,686	209,983	211,627	214,010
Budget (Deficit)/Surplus	99	545	249	5

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INDICATIVE BUDGET SAVINGS 2023/24

Indicative Savings Proposal	Saving 2023/24 £	Saving 2024/25 £	Saving 2025/26 £
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Children, Families and Education Portfolio

Director of Children's Services & Education

001	Reduction in subsidy for the Music Hub	Reduction in resources available to replace musical equipment	20,000	20,000	20,000
002	Maximise housing benefit support to care leavers	No impact	80,000	80,000	80,000
003	Reunification with families to reduce inhouse foster care	No impact	80,000	80,000	80,000
004	Reduction of 1.5 full time equivalent business support staff	Workload will increase on remaining members of staff	42,000	42,000	42,000

Children, Families and Education Portfolio Total			222,000	222,000	222,000
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Climate Change and Environment Portfolio

Director of Housing, Neighbourhood & Building Services

005	Full Year Energy Savings from Solar Photo Voltaic installations at Lakeside	No impact on service users. Cost avoidance as 30% of all electrical power for Lakeside will be from "free" Solar PV and battery storage electricity	20,000	20,000	20,000
006	Full Year Energy Savings from Solar Photo Voltaic installations - Main Port Building	No impact on service users. Cost avoidance as 35% of all electrical power for the Port will be from "free" Solar PV and battery storage electricity	33,000	33,000	33,000
007	Full Year Effect of Green Waste Club price increase of £1 per month per customer	No impact	50,000	50,000	50,000
008	Charge £15 for delivery of replacement black bin no charge for green bin. (Bins cannot be collected in person due to Health & Safety considerations on the Depot site)	No impact	25,000	25,000	25,000
009	Solar Photo Voltaic income from external Power Purchase Agreement 2 projects	No impact	15,000	15,000	15,000

Climate Change and Environment Portfolio Total			143,000	143,000	143,000
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INDICATIVE BUDGET SAVINGS 2023/24

Indicative Savings Proposal	Saving 2023/24 £	Saving 2024/25 £	Saving 2025/26 £
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Communities and Central Services Portfolio

Director of Corporate Services

010	Manage the IT System for the Storing and Managing of Corporate Policies (Policy Hub) inhouse	No impact	4,000	4,000	4,000
011	Service Desk Review	No impact	50,000	50,000	50,000
012	IT service review & spend to save initiatives	Low impact - Reconfiguration of service and processes	300,000	300,000	300,000
013	HR Service review	Low impact - Reconfiguration of service and processes	120,000	120,000	120,000
014	Facilities Management service review	The building will remain accessible 24/7. Out of hours teams to fulfil any fire alarm requirements	63,000	63,000	63,000
015	Reduction in Members Travel & Conference Expenses	No impact - historic underspend	10,000	10,000	10,000

Director of Finance & Resources

016	Review Additional Voluntary Pension Contribution advisory service	No Impact	40,000	40,000	40,000
017	Further Additional Voluntary Pension Contribution promotions	No Impact - Reduces cost of National Insurance	35,000	35,000	35,000
018	Local Tax Court costs increase of £5	Fees have not been increased since 2015. Increase required to cover reasonable costs of recovery action	60,000	60,000	60,000
019	Staff Reduction in Finance Teams	Reduction in financial control framework & support provided to front line services. Increased risk of financial control failures, reduced ability to satisfy front line service demand and higher risk of budget overspending arising	100,000	100,000	100,000
020	Additional Traded Services & Accountable Body Income	No Impact	44,300	44,300	44,300

Communities and Central Services Portfolio Total	826,300	826,300	826,300
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Culture, Leisure and Economic Development Portfolio

Director of Culture, Leisure & Regulatory Services

021	Additional income in Museums Service	No impact	20,000	20,000	20,000
022	Parks & Open Spaces - Income from Eastern Road site lease	No impact	17,000	17,000	17,000
023	Seafront-Tennis Club rental	No impact	10,000	10,000	10,000
024	Additional income from Seafront activities	No impact	7,000	7,000	7,000
025	Funding allocated to The Hive during the pandemic can be rationalised as it has adequate resources for its business as usual	No impact	20,000	20,000	20,000

Culture, Leisure and Economic Development Portfolio Total	74,000	74,000	74,000
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INDICATIVE BUDGET SAVINGS 2023/24

Indicative Savings Proposal				Saving 2023/24 £	Saving 2024/25 £	Saving 2025/26 £
<u>Health, Wellbeing and Social Care Portfolio</u>						
<u>Director of Adult Services</u>						
026	Reduced financial contribution to integrated care services, achieved through service efficiencies	No direct impact on service users		301,000	301,000	301,000
027	Review of high-cost placements	No direct impact on service users		200,000	200,000	200,000
Health, Wellbeing and Social Care Portfolio Total				501,000	501,000	501,000
<u>Traffic and Transportation Portfolio</u>						
<u>Director of Regeneration</u>						
028	At District Centres; new 30 minute 70p tariff introduced, 1 Hour increased to £1.50 and all other tariffs increased by 20p	As per the recently adopted Transport Strategy (LTP 4), it is imperative that measures are taken to reduce reliance on the private car in order to promote air quality and reduce congestion within Portsmouth		6,000	6,000	6,000
029	Increase On Street Seafront Parking so each hour increases by 10p e.g. 1 hour tariff increases by 10p, the 2 hour tariff increases by 20p etc.	As per the recently adopted Transport Strategy (LTP 4), it is imperative that measures are taken to reduce reliance on the private car in order to promote air quality and reduce congestion within Portsmouth		107,500	107,500	107,500
030	Increase On Street Parking within the City Centre so each hour increases by 10p e.g. 1 hour tariff increases by 10p, the 2 hour tariff increases by 20p etc.	As per the recently adopted Transport Strategy (LTP 4), it is imperative that measures are taken to reduce reliance on the private car in order to promote air quality and reduce congestion within Portsmouth		50,500	50,500	50,500
031	Introduce Off Street charging in Canoe Lake Car Park (Nov-Feb)	Consistency between both sides of the Seafront		22,900	22,900	22,900
032	Introduce On Street charging along Eastney Esplanade (Nov-Feb)	Consistency between both sides of the Seafront		46,800	46,800	46,800
Traffic and Transportation Portfolio Total				233,700	233,700	233,700
Grand Total				2,000,000	2,000,000	2,000,000

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New Schemes Starting in 2023/24 and Relying on Available Corporate Resources

Portfolio	Description of Scheme	Scheme Details	Council Contribution £	Total Capital Cost £	Annual Revenue Cost / (Saving)
Children, Families & Education					
	Beechside Outside Space	Replacement of the flooring to a modern standard and addressing trip hazards to ensure safe access for children with disabilities	21,000	21,000	
	White House Ventilation	To install ventilation unit due to the impact of needing windows with limited openings, which ensure the safety of our young people.	12,500	12,500	
	Education 2023 24 & 2024 25 Conditions	A 2 year Planned Programme to address urgent school condition issues (Priority 1: Urgent repairs that require remedy within 1-2 years); priority items raised in the school condition surveys, and other statutory items recommended as a priority by Housing, Neighbourhood & Building Services	1,400,000	1,537,100	
Climate Change & Environment					
	Anaerobic Digestion Plant Project	This scheme will complete the next phase of the development of a 93,000 tonne Anaerobic Digestion facility, taking it to the submission of an outline planning application and then through to delivery of the full scheme	515,000	35,775,000	
	Green Waste Club (GWC) Bins	As part of bringing the waste collection service in-house, the Council will be taking over managing the Green Waste Club (GWC) collections from Biffa. In order to take over the service, the Council will also need to provide residents with a 240 litre brown bin	100,000	100,000	
	Greening the City - Doubling the Tree Canopy	Planting of trees within the City to double the existing tree canopy	100,000	100,000	
Commercial Port					
	Shore Power	To provide a suitable and adequate shore supply facility at Portsmouth International Port, Berths 2, 3 & 4 allowing new hybrid ferries and a number of the port's existing and new cruise customers to connect electrically to the Port switching off their main and secondary engines assisting the port in meeting carbon reduction and air quality targets	3,000,000	23,000,000	
Communities & Central Services					
	Cisco Meraki WiFi infrastructure refresh - PCC LAN	This project will refresh the current PCC WiFi infrastructure and equipment, including hardware and the removal of cabling from the Civic Offices	294,400	294,400	10,600
	Cisco Meraki WiFi infrastructure refresh - Key public sites only (libraries, Museums & Community centres)	This project will refresh the current public WiFi services in key PCC buildings	229,800	229,800	27,300

New Schemes Starting in 2023/24 and Relying on Available Corporate Resources

Portfolio	Description of Scheme	Scheme Details	Council Contribution £	Total Capital Cost £	Annual Revenue Cost / (Saving)
Culture, Leisure & Economic Development					
	Seafront Enhancements 'Festoon' Lighting	Enhancement of the Seafront's lighting	45,000	45,000	
	Castle Road Phase 2	Phase 2 of public realm improvements works at Castle Road between Southsea Terrace and Great Southsea Street including the installation of a control system for access; raising the carriageway to footway level between Hambrook Street and Regents Place (heritage area, suitable materials will be required), and construction of public realm features	100,000	100,000	
	Canoe Lake De-Silting	Removal of silt from the Lake which has built up over many years and now causing water quality concerns	25,000	25,000	
	Museum Store Phase 1	This scheme is to improve the security and care of collections within the Museum store, including improved CCTV and alarms as well as external works	44,100	44,100	1,100
	Mountbatten Centre Roofing Project	This scheme is to replace the existing 1980's roof at the Mountbatten Centre which has reached the end of its life and will include a new waterproofing system and the replacement of ageing plant	1,800,000	6,800,000	
	Enhancements to Sea Defences Grand Parade (Phase 2)	Enhancements to the public realm	100,000	100,000	
	BMX Track (Baffins)	The project is to create a pump track that will provide young people with the opportunity to develop their cycling skills on a circuit of rollers, banked turns and berms	65,000	125,000	
	Renewal of Skate Ramps (Milton)	Replacement of Skate Ramps in Milton	45,000	45,000	
	Binstead Play Area	Enhancement of the Binstead Play Area	15,000	15,000	
	Sea Defence Enhancements	Enhancements to the Coastal Sea Defences	25,000	25,000	
	Hilsea Basketball Court - Refurbishment and resurfacing	Refurbishment and resurfacing of Hilsea Basketball Court	60,000	60,000	
Housing Portfolio (GF)					
	Landlord's Maintenance Priority 1 Schemes	The Council has landlord maintenance responsibility for over 2,000 operational assets. Detailed surveys are carried out and updated annually, to ensure that maintenance needs of all assets are recognised and planned for within the 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. Proposed maintenance work combine a number of projects including building works, mechanical and electrical installations and plant refurbishments that address critical health and safety issues	1,400,000	1,400,000	

New Schemes Starting in 2023/24 and Relying on Available Corporate Resources

Portfolio	Description of Scheme	Scheme Details	Council Contribution £	Total Capital Cost £	Annual Revenue Cost / (Saving)
Leader	Minimum Energy Efficiency Standards	A programme within the City Council's commercial portfolio essential to ensure properties remain lettable and meet minimum energy efficiency standards. These works will be prioritised by lease expiry event to ensure properties remain income generating and have an improved energy performance	70,000	70,000	
	Eastney Pool Site	This project looks to secure planning for the Eastney Pool site	50,000	50,000	
	Ravelin Share Capital	This scheme is for the acquisition of share capital in Ravelin	100,000	100,000	
	Eastney Point Opportunity Area	This scheme is to produce a Masterplan for the Eastney area focusing on regeneration; reducing anti-social behaviour; creating areas of interest to visit, and development opportunities at surrounding sites	50,000	50,000	
	City Centre North Regeneration	This project continues to support the delivery of the wider city centre regeneration masterplan	4,100,000	19,575,400	
Planning, Policy & City Development	Planning IT System	Design of replacement for the Planning IT System (Phase 1)	125,400	125,400	
Safety in the Community	Unauthorised Encampment	This project is to put more robust measures in place to prevent access to a number of sites across the City that are vulnerable to unauthorised encampments during April to September, which are costly to clear up afterwards	70,000	70,000	
Traffic & Transportation	LTP 4	<p>The LTP programme of small schemes promotes the creation of an effective, integrated transport network designed to contribute towards corporate priorities and a range of transport objectives.</p> <p>Transport is an enabler of activity, and will underpin regeneration in the Portsmouth area. The regeneration and economic success of the city is dependent upon the reliability of the transport network, enabling people, freight and goods to access, and travel within the city</p> <p>It includes Road Safety schemes such as speed reduction and improvements to school routes, pedestrian crossings, traffic signals and improvements to passenger information</p>	655,000	655,000	
	Active Pompey Neighbourhoods	Active neighbourhoods and one way streets within the City to provide active travel and to reduce non-resident travel within residential areas	100,000	100,000	
	Bike Hangars	Installation of 4 bike hangars in residential areas of the City	25,000	25,000	

New Schemes Starting in 2023/24 and Relying on Available Corporate Resources

Portfolio	Description of Scheme	Scheme Details	Council Contribution £	Total Capital Cost £	Annual Revenue Cost / (Saving)
	Non-PFI Asset Management	This scheme is for Council assets that are not included within the PFI contract and require detailed inspections and planned maintenance	50,000	75,000	
	School Streets	To discourage crowding outside schools and promote safety by removing through traffic in school and other residential streets	30,000	30,000	
	Phase 3: On Street Electric Vehicle Chargepoints	On-street Residential Chargepoint scheme providing electric vehicle charging infrastructure for residents who do not have off-street parking	80,000	80,000	
	Verge Hardening Paulsgrove	The hardening of grass verges on specified roads in Paulsgrove	75,000	75,000	
	Improved Access (Neighbourhood Fund)	Minor improvements to the highway environment	10,000	10,000	
	Transport Hub at Tipner (Phase 1)	This scheme is to complete the detailed design and submit the reserved matters planning application for the Transport Hub at Tipner	100,000	100,000	
	Cycle Improvements in the City	The enhancement of Eastern Road phased cycle route by widening cycle and existing pedestrian pathway; improving lighting and signage, and removal of existing street furniture	165,000	165,000	
Grand Total			15,252,200	91,209,700	39,000

New Schemes Starting in 2023/24 and Relying on Prudential Borrowing

Schemes to be approved in principal and funded from prudential borrowing but only if supported by a satisfactory financial appraisal approved by the Director of Finance & Resources and S151 Officer which demonstrates that borrowing costs can be met from savings arising from the scheme

Portfolio	Description of Scheme	Scheme Details	Council Borrowing £	Total Capital Cost £	Annual Revenue Cost / (Saving)
Climate Change & Environment					
	Anaerobic Digestion Plant Project	This scheme will complete the next phase of the development of a 93,000 tonne Anaerobic Digestion facility, taking it to the submission of an outline planning application and then through to delivery of the full scheme	13,000,000	35,775,000	
	Twin Stream	The Environment Act 2021 mandates that as many recyclable materials are to be collected separately as possible. A twin stream collection system supports this in a way that is technically, economically & environmentally possible for the City. A new single material recycling facility has been developed by Portsmouth City Council, Hampshire County Council & Southampton City Council in partnership to support the collection system changes across Hampshire	2,500,000	2,500,000	
Commercial Port					
	Shore Power	To provide a suitable and adequate shore supply facility at Portsmouth International Port, Berths 2, 3 & 4 allowing new hybrid ferries and a number of the port's existing and new cruise customers to connect electrically to the Port switching off their main and secondary engines assisting the port in meeting carbon reduction and air quality targets	2,500,000	23,000,000	
	Border Control Post- New Building	To provide a BCP solution in a new suitable port location providing unhindered access and egress to the facility permitting the current potentially oversized facility to be repurposed and leased to a third party	4,000,000	4,000,000	
Culture, Leisure & Economic Development					
	Farlington Playing Field	Planned acquisition of Playing Fields at Farlington	500,000	500,000	
Leader					
	City Centre North Regeneration	This project continues to support the delivery of the wider city centre regeneration masterplan	350,000	19,575,400	
Grand Total			22,850,000	85,350,400	

New Schemes Starting in 2023/24 and Relying on Reserves

Portfolio	Description of Scheme	Scheme Details	Council Reserves £	Total Capital Cost £	Annual Revenue Cost / (Saving)
Children, Families & Education	SEND - School Places	Next phase of funding to ensure that there are sufficient places for children and young people with Special Educational Needs (SEND)	1,500,000	9,793,500	
Culture, Leisure & Economic Development	Accessible Beach Huts	Planning permission has been granted for the construction of four wheelchair accessible beach huts. This project includes the groundworks required to lay a concrete platform to the nearest accessible ramp. The new huts will look like the existing huts and will be constructed in more sustainable materials and fitted out with a power supply. They will be offered to wheelchair users as priority customers then those with mobility issues on a weekly basis.	25,000	25,000	(21,400)
	Mountbatten Centre Roofing Project	This scheme is to replace the existing 1980's roof at the Mountbatten Centre which has reached the end of its life and will include a new waterproofing system and the replacement of ageing plant	4,000,000	6,800,000	
	BMX Track (Baffins)	The project is to create a pump track that will provide young people with the opportunity to develop their cycling skills on circuit of rollers, banked turns and berms	60,000	125,000	
Grand Total			5,585,000	16,743,500	(21,400)

Summary of Capital Programme (All Services)	Expenditure to 31 March 22 £	Revised Estimate 2022 / 23 £	Estimate 2023 / 24 £	Estimate 2024 / 25 £	Estimate 2025 / 26 £	Estimate 2026 / 27 £	Estimate 2027 / 28 £	Expenditure in Subsequent Years £	Final Cost £
Children, Families & Education	53,695,672	11,858,236	8,700,736	837,100	100,000	-	-	-	75,191,744
Communities & Central Services	36,404,587	8,352,389	3,802,533	828,850	7,000	7,000	7,000	-	49,409,357
Climate Change & Environment	2,325,157	3,358,851	44,868,000	32,100,900	5,750,000	-	-	-	88,402,908
Culture, Leisure & Economic Development	82,355,161	51,084,531	61,427,492	42,491,432	29,696,062	25,942,391	-	-	292,997,069
Health, Wellbeing & Social Care	3,152,420	685,057	17,551,820	374,600	-	-	-	-	21,763,897
Leader	587,816,415	56,082,146	65,259,951	20,749,286	9,840,064	-	-	-	739,747,862
Commercial Port	38,559,678	20,353,916	25,110,252	28,250,000	20,478,710	-	-	-	132,752,556
Planning, Policy & City Development	5,880,042	838,589	125,400	-	-	-	-	-	6,844,031
Safety in the Community	561,764	178,851	70,000	-	-	-	-	-	810,615
Traffic & Transportation	106,506,157	49,594,779	45,686,468	22,322,774	5,935,404	5,935,404	1,809,658	-	237,790,644
Total Capital Programme (Excluding Housing Investment Programme)	917,257,052	202,387,345	272,602,651	147,954,942	71,807,240	31,884,795	1,816,658	0	1,645,710,683
Housing Investment Programme	383,319,089	116,342,599	110,364,765	92,456,060	63,483,000	35,340,000	36,849,000	583,392	838,737,904
Total Capital Programme	1,300,576,141	318,729,943	382,967,416	240,411,002	135,290,240	67,224,795	38,665,658	583,392	2,484,448,587
Analysis of Programme by Source of Finance									
Unsupported Borrowing		58,729,524	170,937,973	122,506,365	50,584,973	-	-	-	402,758,834
Corporate Reserves (Including Capital Receipts)		25,407,602	28,586,600	1,573,359	226,000	491,100	226,000	583,392	57,094,053
Revenue & Reserves		49,581,463	44,213,033	44,377,935	43,170,403	38,139,404	35,522,658	-	255,004,896
Grants		176,297,016	114,586,075	58,636,828	31,287,864	12,033,578	1,646,000	-	394,487,361
Contributions		8,714,338	24,643,736	13,316,515	10,021,000	16,560,713	1,271,000	-	74,527,302
Total Financing		318,729,943	382,967,416	240,411,002	135,290,240	67,224,795	38,665,658	583,392	1,183,872,446

RESOURCES AVAILABLE

Specific Resources

Prudential Borrowing
Other Capital Receipts
Other Capital Reserves
Other Contributions
Government Grants
Other Grants
Sub Total - Specific Resources
Specific Resources Used

Specific Resources Available

Corporate Resources

Corporate Capital Receipts
Corporate Capital Reserves
Corporate S106 Contributions & CIL
Capital Settlement - Non Ring Fenced Grants
Corporate Grants
Sub Total - Corporate Resources
Corporate Resources Used

Corporate Resources Available

Total Resources Available

Total Resources Used

Total Remaining Resources Available

Revised Estimate 2022 / 23 £	Estimate 2023 / 24 £	Estimate 2024 / 25 £	Estimate 2025 / 26 £	Estimate 2026 / 27 £	Estimate 2027 / 28 £	Expenditure in Subsequent Years £	Final Cost £
58,729,524	170,937,973	122,506,365	50,584,973	-	-	-	402,758,834
909,296	256,000	226,000	226,000	226,000	226,000	583,392	2,652,688
48,724,787	43,239,845	43,851,703	43,116,205	38,139,404	35,522,658	-	252,594,602
5,395,298	15,794,362	12,125,540	10,021,000	11,760,713	1,271,000	-	56,367,913
-	494,760	1,029,608	-	-	-	-	534,848
160,353,460	101,379,402	53,747,127	31,287,864	11,159,613	1,646,000	-	359,573,466
273,617,605	332,637,189	232,456,735	135,236,042	61,285,730	38,665,658	583,392	1,074,482,351
273,617,605	332,637,189	232,456,735	135,236,042	61,285,730	38,665,658	583,392	1,074,482,351
0	0	0	0	0	0	0	0
8,285,532	212,867	1,522,544					10,020,943
50,171,493	3,599,262	258,463					46,830,694
12,561,710	3,669,912						16,231,622
28,252,015	5,527,031	600,000					34,379,046
1,927,790	-						1,927,790
101,198,540	5,810,549	2,381,007	0	0	0	0	109,390,095
45,112,338	50,330,227	7,954,267	54,198	5,939,065	0	0	109,390,095
56,086,202	11,566,523	5,993,263	5,939,065	0	0	0	0
374,816,145	338,447,738	234,837,742	135,236,042	61,285,730	38,665,658	583,392	1,183,872,446
318,729,943	382,967,416	240,411,002	135,290,240	67,224,795	38,665,658	583,392	1,183,872,447
56,086,202	11,566,523	5,993,263	5,939,065	0	0	0	0

APPENDIX E

CHILDREN, FAMILIES & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
1	Adaptations to Foster Carer Properties	CROC	108,266								108,266
2	Children's Case Management Software Replacement	CorpRsv CP(DCSF)BN	2,331,119 79,385	46,496	250,000						2,627,615 79,385
	Sub Total		2,410,504	46,496	250,000	-	-	-	-	-	2,707,000
3	Beechside Children's Home	CorpRsv	62,150	1,038							63,188
4	E C Roberts Centre refurbishment Loan	CorpRsv	7,200		242,800						250,000
5	Adaptation to Carers Homes	MTRS CROC CorpRsv	25,680 41,734 35,000	39,582 (13,065)	100,000	100,000	100,000				365,262 41,734 21,935
	Sub Total		102,414	26,517	100,000	100,000	100,000	-	-	-	428,931
6	Sufficiency Programme Phase Two 2015- 2017	CP(DCSF)BN CorpRsv UBIR CROC CIL GGR(DCSF)SSEYC OC CP(DCSF)CM	2,136,350 2,482,590 4,097,868 300,000 635,710 726,721 251,344 72,000	382,281							2,136,350 2,864,871 4,097,868 300,000 635,710 726,721 255,968 72,000
	Sub Total		10,702,583	386,905	-	-	-	-	-	-	11,089,488
7	King Richard School Rebuild 900-1000 places	GGR(DCSF)TC CorpRsv OC CP(DCSF)BN	1,251,400 144,112 10,917 6,224	149,651							1,251,400 293,763 10,917 6,224
	Sub Total		1,412,653	149,651	-	-	-	-	-	-	1,562,304
8	School Conditions Project 2016-17	CP(DCSF)BN CP(DCSF)CM GGR(DCSF)DF	125,817 318,474 427,664								125,817 318,474 427,664

APPENDIX E

CHILDREN, FAMILIES & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
14	School Conditions Project 2017-18	OC	94,887	98,648							193,535
		CP(DCSF)CM	652,859	(2,500)							650,359
	Sub Total		747,746	96,148	-	-	-	-	-	-	843,894
15	Schools' Conditions Project 2018-19	CP(DCSF)CM	1,190,890								1,190,890
		CP(DCSF)BN	79,438								79,438
		CorpRsv	144,069	22,848							166,917
		OC	115,145	6,820							121,965
		GGR(DCSF)DF	25,000								25,000
	Sub Total		1,554,542	29,668	-	-	-	-	-	-	1,584,210
16	Sufficiency of School Places 2018-19	CP(DCSF)BN	5,702,946	462,156							6,165,102
		CP(DCSF)CM	34,100	170,707							204,807
		CIL	4,668,598								4,668,598
		OC	-	305,000							305,000
	Sub Total		10,405,644	937,863	-	-	-	-	-	-	11,343,507
17	Sufficiency of Special School Places - Redwood Park Academy	CorpRsv	73,945	28,353							102,298
		CIL	1,831,402								1,831,402
		UBIR	872,221								872,221
		CP(DCSF)BN	-	108,684							108,684
	Sub Total		2,777,568	137,037	-	-	-	-	-	-	2,914,605
18	Sufficiency of Special School Places - The Willows Centre	CP(DCSF)CM	495,065	69,627							564,692
		CorpRsv	21,408								21,408
	Sub Total		516,473	69,627	-	-	-	-	-	-	586,100
19	Forest School at Foxes Forest - Community Accessible Education Centre	CorpRsv	-		30,000						30,000

APPENDIX E

CHILDREN, FAMILIES & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
20	Maintained Schools - Urgent Conditions Projects	CorpRsv	-	260,192							260,192
		CP(DCSF)BN	249,300								249,300
		CP(DCSF)CM	1,141,223	3,904							1,145,127
		OC	75,190	24,810							100,000
	Sub Total		1,465,713	288,906	-	-	-	-	-	-	1,754,619
21	Additional Special School Places - The Lantern	CorpRsv	14,719								14,719
		UBIR	486,001								486,001
		CP(ESFA)SEND	538,500								538,500
		CP(DCSF)BN	109,448								109,448
	Sub Total		1,148,668	-	-	-	-	-	-	-	1,148,668
22	Additional School Places in Mainstream Schools - Design	CorpRsv	62,460	185,920							248,380
23	Additional School Places - 2020/21	CP(DCSF)BN	228,157	861,820	1,000,000						2,089,977
24	Sufficiency at Wymering Site improvement	CorpRsv	95,640	(25,640)							70,000
		CP(DCSF)BN	149,613	387							150,000
		CP(ESFA)SEND	-	63,676							63,676
	Sub Total		245,253	38,423	-	-	-	-	-	-	283,676
25	Wimbourne Amalgamation	CP(DCSF)BN	88,339								88,339
26	School Places - SEND Phase 1 & Phase 2	CIL	-								-
		S106(EC)	22,400								22,400
		CP(DCSF)BN	1,265,210	73,037							1,338,247
		CP(ESFA)SEND	-	1,829,699							1,829,699
		OC	-	3,635							3,635
	Sub Total		1,287,610	1,906,371	-	-	-	-	-	-	3,193,981

APPENDIX E

CHILDREN, FAMILIES & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
27	Northern Parade Family Hub	CorpRsv	19,627	5,373							25,000
28	Replacement Education Case Mngt System	CorpRsv	15,240	1,000,000	234,760						1,250,000
29	Maintained Schools - Urgent Conditions Projects (2 year Planned Programme 2021/22 to 2022/23)	CorpRsv	-	1,004,896	500,000						1,504,896
		OC	39,024	44,376							83,400
		CP(DCSF)BN		8,545							8,545
	Sub Total		39,024	1,057,817	500,000	-	-	-	-	-	1,596,841
30	Accommodation for Special Education Needs (additional School Places)	CorpRsv	116		522,737						522,853
		CIL	-	500,000	1,812,700						2,312,700
		GGR(DCSF)DSG	-		1,500,000						1,500,000
		CP(ESFA)SEND	66,100	2,384,008	1,543,732						3,993,840
		CP(DCSF)BN	1,408,235		55,899						1,464,134
	Sub Total		1,408,351	2,950,108	5,435,068	-	-	-	-	-	9,793,527
31	Acquisition of Mosaic Mobile Work Force Cloud Technology	CorpRsv	-		416,100						416,100
		CROC	-		128,900						128,900
	Sub Total		-	-	545,000	-	-	-	-	-	545,000
32	The Whitehouse Children's Home Driveway	CorpRsv	-	22,500							22,500
33	Create Garden Workspace for Young People	CorpRsv	-	14,100							14,100
34	Accom for Special Educational Needs - Arundel Court Inclusion Unit	CP(ESFA)SEND	-	1,100,000							1,100,000
35	Beechside Outside Space	CIL	-		21,000						21,000

APPENDIX E

CHILDREN, FAMILIES & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
36	Education 2023 24 & 2024 25 Conditions	CP(DCSF)CM OC	-		800,000	600,000					1,400,000 137,100
	Sub Total		-	-	800,000	737,100	-	-	-	-	1,537,100
37	White House Ventilation	CP(DCSF)CM	-		12,500						12,500
Grand Total			53,695,672	11,858,236	8,700,736	837,100	100,000	0	0	0	75,191,744

APPENDIX E

COMMUNITIES & CENTRAL SERVICES PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
6	Working Anywhere	CorpRsv	244,705								244,705
		OG(DCLG)CD	67,344								67,344
		MTRS	47,325								47,325
		CP(DCLG)DFG	626,166								626,166
	Sub Total		985,540	-	-	-	-	-	-	-	985,540
7	Channel Shift Phase 2	CorpRsv	582,800				-	-	-	-	582,800
8	Local Full Fibre Network Project	OG	1,260,000	852,559				-	-	-	2,112,559
		CorpRsv	2,767,549	(563,363)							2,204,186
		LEP	192,217								192,217
	Sub Total		4,219,766	289,196	-	-	-	-	-	-	4,508,962
9	Review of Revenues & Benefits Software Applications	CorpRsv	589,657								589,657
		OR	98,102								98,102
	Sub Total		687,759	-	-	-	-	-	-	-	687,759
10	The People's Network - Windows 10 Upgrade	CorpRsv	99,041	45,959	205,000						350,000
11	Modern Ways of Working	MTRS	1,000,000								1,000,000
		OR	1,040,737	77,390							1,118,127
		CorpRsv	1,914,963	30,392							1,945,355
	Sub Total		3,955,700	107,782	-	-	-	-	-	-	4,063,482
12	HCM Fusion ORC	CorpRsv	24,300	261,200							285,500
		OR	-	56,700							56,700
	Sub Total		24,300	317,900	-	-	-	-	-	-	342,200

APPENDIX E

COMMUNITIES & CENTRAL SERVICES PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
13	Archive Tool	CorpRsv OR	-	105,685	59,315	7,000	7,000	7,000	7,000	7,000	200,000
	Sub Total		105,685	59,315	7,000	7,000	7,000	7,000	7,000	-	200,000
14	Portico Capital Invest. Loan	UB LEP	4,878,151	2,500,000	5,000,000	1,800,000	821,850				12,500,000 2,500,000
	Sub Total		7,378,151	5,000,000	1,800,000	821,850	-	-	-	-	15,000,000
15	Applications Upgrade linked to Software Modernisation	MTRS	27,279								27,279
16	Office 365	MTRS CorpRsv CROC	820,000	294,043	200,000						820,000 294,043 200,000
	Sub Total		1,314,043	-	-	-	-	-	-	-	1,314,043
17	LAN Access Switches	CorpRsv	260,175	43,000	224,826						528,000
18	M365 Phase 2 incl Telephony Sharepoint & Security	CorpRsv CROC CRGG	191,280	-	438,720	407,000	24,560				630,000 407,000 24,560
	Sub Total		191,280	870,280	-	-	-	-	-	-	1,061,560
19	Replacement Servers & Storage	CROC	9,500		528,500						538,000
20	Migration to Azure (Cloud Servers)	MTRS	898,438	1,318,563	74,000						2,291,000

APPENDIX E

COMMUNITIES & CENTRAL SERVICES PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
21	Implementation of Northgate Citizen Access Suite	MTRS	-	105,000	5,000						110,000
		OC	893		27,107						28,000
		OR	-		28,000						28,000
	Sub Total		893	105,000	60,107	-	-	-	-	-	166,000
22	CISCO Data Centre Switches	CorpRsv	-		60,000						60,000
23	Checkpoint Internall Firewall	CRGG	-	90,394							90,394
24	Replacement of Planet Press	CorpRsv	-								-
25	Replacement Legal Case Management System	CROC	24,900								24,900
		CRGG	23,100		12,000						35,100
		CorpRsv	-	30,000							30,000
	Sub Total		48,000	30,000	12,000	-	-	-	-	-	90,000
26	TPN - Wifi Infrastructure Phase 1	CorpRsv	-		65,000						65,000
27	Cisco Perimeter Firewall	CorpRsv	-		207,000						207,000
28	Live Streaming	CorpRsv	-	15,000							15,000
29	Omni-Channel Contact Centre Platform	CorpRsv	-	53,000	34,900						87,900
30	Cisco Meraki WiFi Infrastructure Refresh - PCC LAN	CROC	-		294,400						294,400
31	Cisco Meraki WiFi Infrastructure Refresh - Key The People's Network sites only (Libraries, Museums & Community centres)	CROC	-		165,300						165,300
		CRGG	-		64,500						64,500
	Sub Total		-	-	229,800	-	-	-	-	-	229,800
Grand Total			36,404,587	8,352,389	3,802,533	828,850	7,000	7,000	7,000	-	49,409,357

APPENDIX E

CLIMATE CHANGE & ENVIRONMENT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
1	Household Waste Collection	CorpRsv	111,159								111,159
2	Public Toilets New Provision, across the City	CorpRsv	271,128	41,373							312,501
3	Wheeled Bins for Refuse	CorpRsv	1,088,502	31,498							1,120,000
4	Dog Kennels Vehicles	CorpRsv	9,549	8,465							18,014
5	Air Quality Equipment & Monitoring Station	CorpRsv	108,398	(5,065)							103,333
6	Air Quality Initiatives	CorpRsv	-	75,000	75,000						150,000
7	Single Material Recycling Facility	UB	-		200,000	4,638,400					4,838,400
9	Food Waste Recycling - Pilot	CorpRsv CP(DFT)IT	326,916 29,200	53,884							380,800 29,200
	Sub Total		356,116	53,884	-	-	-	-	-	-	410,000
10	Anaerobic Digestion Plant	CorpRsv CP(DCSF)CM UB	112,911 - -	147,089	515,000	22,000,000	9,750,000	3,250,000			260,000 515,000 35,000,000
	Sub Total		112,911	147,089	22,515,000	9,750,000	3,250,000	-	-	-	35,775,000
11	Greening the City	CorpRsv	32,500	15,000	50,000	2,500					100,000
12	Energy Recovery Facilities - Emissions control equipment upgrade	CorpRsv	-		115,000						115,000
13	High Street Improvements & Greening The City	CorpRsv	-		15,000	160,000					175,000
14	Additional 2 Food Waste Recycling Vehicles	CorpRsv	234,893	105,107							340,000

APPENDIX E

CLIMATE CHANGE & ENVIRONMENT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
15	Depot Expansion to Meet Increased Fleet (Env Bill)	UB	-	250,000	950,000						1,200,000
16	Waste Collection Fleet Replacement 2023	UB	-	1,855,000	5,500,000	2,500,000					9,855,000
17	City Wide Food Waste Collection Service	CorpRsv	-	535,000	100,000						635,000
18	Mixed Plastic Recycling Bank & Glass Refurbishment	CorpRsv	-	32,500							32,500
19	Greening the City Fund	S106(Hsg) CorpRsv	-		150,000						0 150,000
	Sub Total		-	-	150,000	-	-	-	-	-	150,000
20	Sea Water Quality Alert System	CorpRsv	-	35,000							35,000
21	Changing Places Toilets	OG CorpRsv	-	111,500 67,500	48,000						159,500 67,500
	Sub Total		-	179,000	48,000	-	-	-	-	-	227,000
22	Low Carbon Energy Projects	UB	-		15,000,000	15,000,000					30,000,000
23	Green Waste Club (GWC) Bins	CP(DCSF)CM	-		75,000	25,000					100,000
24	Greening the City - Doubling the Tree Canopy	CP(DCSF)CM	-		75,000	25,000					100,000
25	Twin Stream	UB	-				2,500,000				2,500,000
	Grand Total		2,325,157	3,358,851	44,868,000	32,100,900	5,750,000	0	0	0	88,402,908

APPENDIX E

CULTURE, LEISURE & ECONOMIC DEVELOPMENT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
28	Guildhall Regeneration	UB	-	-	700,000	1,000,000					1,700,000
29	Future High Streets Commercial Rd	OG	3,750	3,021,327	97,298		-				3,122,375
		UB	-		2,000,000						2,000,000
	Sub Total		3,750	3,021,327	2,097,298	-	-	-	-	-	5,122,375
30	Future High Streets Fratton Rd	OG	-	3,337,593	520,896		-				3,858,489
31	Cosham Library - Refurbishment of library space	CorpRsv	36,812								36,812
32	Southsea Castle - External Stone Repairs	CorpRsv	-		190,000						190,000
33	Invest in Football Facilities Including Changing Facilities	CorpRsv	80,949	392,051	1,063,654						1,536,655
		OC	-	1,100,000	3,300,000						4,400,000
		S106(OS)	-	4,750	14,250						19,000
		CROC	-	2,211	6,634						8,845
		CP(DCSF)CM	-	299,000	409,500						708,500
		OC	-	56,750	170,250						227,000
		OR	-	50,000	150,000						200,000
		OG(LUHC)	-	250,000	750,000						1,000,000
											0
	Sub Total		80,949	2,154,762	5,864,288	-	-	-	-	-	8,100,000
34	Seafront Litter Management	CorpRsv	31,188	3,812							35,000
35	Re-provision of Leisure Centre, Pool & Community Centre	CorpRsv	19,310	-	11,376,531	845,459					12,241,300
		UB	-	-	-	1,223,129					1,223,129
		CP(DCSF)BN	298,406	591,425	135,069	-					1,024,900
	Sub Total		317,716	591,425	11,511,600	2,068,588	-	-	-	-	14,489,329
36	Palmerston Forts (Widley & Purbrook) - Backlog Maintenance	CorpRsv	-	50,000	200,000						250,000

APPENDIX E

CULTURE, LEISURE & ECONOMIC DEVELOPMENT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised		Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24							
56	Accessible Beach Huts	MTRS	-		25,000							25,000
57	Museum Store Phase 1	CIL	-		44,100							44,100
58	Mountbatten Centre Roofing Project	CIL	-		1,800,000							1,800,000
		OR	-		2,000,000	2,000,000						4,000,000
		UB	-		1,000,000							1,000,000
Sub Total			-	-	4,800,000	2,000,000	-	-	-	-	-	6,800,000
59	Farlington Playing Field	UB	-		500,000							500,000
60	BMX Track (Baffins)	CRGG	-				65,000					65,000
		CILNRsv	-		60,000							60,000
Sub Total			-	-	60,000	65,000	-	-	-	-	-	125,000
61	Renewal of Skate Ramps (Milton)	S106(OS)	-		45,000							45,000
62	Binstead Play Area	CRGG	-		15,000							15,000
63	Seafront 'Festoon' Lighting	CP(DCSF)CM	-		42,200							42,200
		CRGG	-		2,800							2,800
Sub Total			-	-	45,000	-	-	-	-	-	-	45,000
64	Hilsea Basketball Court - Refurbishment and resurfacing	CorpRsv	-		60,000							60,000
65	Sea Defence Enhancements	CP(DCSF)CM	-		25,000							25,000
66	Enhancements to Sea Defences Grand Parade (Phase 2)	CorpRsv	-		50,000	50,000						100,000
Grand Total			82,355,161	51,084,531	61,427,492	42,491,432	29,696,062	25,942,391	-	-	-	292,997,069

APPENDIX E

HEALTH, WELLBEING & SOCIAL CARE PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27		
1	Oakdene SJH Purchase & Remodelling	OC	196,818							196,818
		UB	670,000							670,000
		CorpRsv	263,182							263,182
		RCCO	263,392	67,937						331,329
		UBIR	1,041,758							1,041,758
		OR	10,826							10,826
Sub Total			2,445,976	67,937	-	-	-	-	-	2,513,913
2	Older Persons Supported Living (Extra Care Housing)	CorpRsv	450,683	200,000	3,855,607					4,506,290
		CP(DH)CG	93,710							93,710
		UB	-		5,836,000					5,836,000
		OR	162,051		837,949					1,000,000
		BCF(DFG)DCLG	-		1,294,000					1,294,000
		OC	-		5,623,984	374,600				5,998,584
Sub Total			706,444	200,000	17,447,540	374,600	-	-	-	18,728,584
3	Critical Reporting Solution	BCF(DFG)DCLG	-	297,120	74,280					371,400
		OC	-	120,000	30,000					150,000
Sub Total			-	417,120	104,280	-	-	-	-	521,400
Grand Total			3,152,420	685,057	17,551,820	374,600	-	-	-	21,763,897

APPENDIX E

LEADER PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27		
1	Sainsbury's Acquisition	CorpRsv CP(DCSF)BN	1,647,777 4,668,598							1,647,777 4,668,598
	Sub Total		6,316,375	-	-	-	-	-	-	6,316,375
2	City Centre North Regeneration	CIL CorpRsv UB CP(DFT)IT RCCO	2,228,553 2,010,838 9,927,983 - -	536,447 322,787 72,018 - 26,800	752,100 1,436,500 350,000 1,911,400					3,517,100 3,770,125 10,350,000 1,911,400 26,800
	Sub Total		14,167,374	958,052	4,450,000	-	-	-	-	19,575,425
3	Dunsbury Hill Farm - Access Road	UBIR OG(DCLG)CD OC LEP UB	280,440 568,954 4,556,480 241,078 4,805,437	(16,480)						280,440 568,954 4,540,000 241,078 5,154,528
	Sub Total		10,452,389	332,611	-	-	-	-	-	10,785,000
4	Dunsbury Hill - Utilities & Enabling	UB LEP	11,526,632 924,904	- -						11,526,632 924,904
	Sub Total		12,451,536	-	-	-	-	-	-	12,451,536
5	Dunsbury Hill - Plot 3	UBIR UB OC	19,047 6,753,218 89,922	100,000						19,047 6,853,218 89,922
	Sub Total		6,862,187	100,000	-	-	-	-	-	6,962,187
6	Dunsbury Hill Farm- Master Plan	UB CorpRsv	53,922 1,577,554	8,226,200 5,284,246	15,300,000	6,138,078				29,718,200 6,861,800
	Sub Total		1,631,476	13,510,446	15,300,000	6,138,078	-	-	-	36,580,000

APPENDIX E

LEADER PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp.	Revised Estimate					Exp. in Subsequent Years	Final Cost
			to 31 Mar 2022	for 2022 / 23	for 2023 / 24	for 2024 / 25	for 2025/26	for 2026/27	for 2027/28	
7	Dunsbury Hill Farm- Plot 4a	UB	33,918							33,918
		LEP	2,827,982							2,827,982
		LEP(MHCLG)	2,004,844							2,004,844
		CorpRsv	7,360,455	1,172,801						8,533,256
	Sub Total		12,227,199	1,172,801	-	-	-	-	-	13,400,000
8	Tipner Regeneration	OG(DCLG)CD	4,072,035							4,072,035
		CorpRsv	-	216,799	1,010,988					1,227,787
		CIL	-		972,213					972,213
		OC	121,089							121,089
		ORCD	-	323,192	1,313,188					1,636,380
		OG(DCLG)CD	-							-
		UB	22,004				3,106,263			3,128,267
		CP(DCSF)CM	3,722,451							3,722,451
		CP(DCSF)BN	-		1,703,611	2,774,701				4,478,312
		CP(DH)CG	654,533							654,533
		CP(DFI)IT	344,946	3,106,336						3,451,282
		CP(DFI)HM	2,014,294							2,014,294
		CP(DCLG)DFG	666,047							666,047
		CRGG	769,589							769,589
		CorpRsv	1,916,799	216,799						1,700,000
		MTRS	775,705							775,705
		ORCD	4,862,781	5,404,957						10,267,738
		OR	-			7,225,299	6,733,801			13,959,100
		CP(EFA)2YR	331,666							331,666
		S106(ST)	161,376							161,376
		S106(OS)	105,515							105,515
	Sub Total		20,540,830	8,834,485	5,000,000	10,000,000	9,840,064	-	-	54,215,379

APPENDIX E

LEADER PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
9	Local Enterprise Partnership	OC	25,643,217								25,643,217
		LEP	96,313,025	10,334,836	3,494,292	200,000					110,342,153
		LEPCapRec	-	5,930,000	8,111,708	4,271,208					18,312,916
		LEP(DCLG)	1,496,147	125,395	159,854	140,000					1,921,396
		LEP(OG)	6,672,217	417,783							7,090,000
		LEP(MHCLG)	11,395,313	2,004,844							13,400,157
		LEP(ERDF)	36,908								36,908
		UB	41,196,998								41,196,998
		CorpRsv	2,999,361								2,999,361
		CRGG	456,600								456,600
	Sub Total		186,209,785	18,812,858	11,765,854	4,611,208	-	-	-	-	221,399,705
10	Commercial Property Acquisition Fund	UB	156,743,281								156,743,281
		OC	106,800								106,800
	Sub Total		156,850,081	-	-	-	-	-	-	-	156,850,081
11	Scrutton Street	UB	15,887,096	7,600,000	2,685,311						26,172,407
12	Lakeside North Harbour	UB	122,706,735		3,836,286						126,543,021
		LEP	21,456,979								21,456,979
	Sub Total		144,163,714	-	3,836,286	-	-	-	-	-	148,000,000
13	Cosham Land Assembly (Phase 1 Development)	CorpRsv	56,372	293,393							349,765
		RCCO	-	40,000							40,000
	Sub Total		56,372	333,393	-	-	-	-	-	-	389,765
14	Limberline 1 & 2 Roof Replacement	CorpRsv	-	992,500	52,500						1,045,000
15	Upgrade of Accessways & Rd Ways (non Highway)	CorpRsv	-	150,000							150,000
16	Minimum Energy Efficiency Standards	CorpRsv	-	70,000							70,000

APPENDIX E

LEADER PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
17	Langstone Harbour Board Linkspan Loan	RCCO	-	115,000	-	-					115,000
18	Solent Freeport	OG	-	3,100,000	21,900,000	-					25,000,000
19	Minimum Energy Efficiency Standards	CorpRsv	-		70,000						70,000
20	Eastney Point Opportunity Area	CorpRsv	-		50,000						50,000
21	Eastney Pool Site	CorpRsv	-		50,000						50,000
22	Ravelin Share Capital	CorpRsv	-		100,000						100,000
Grand Total			587,816,415	56,082,146	65,259,951	20,749,286	9,840,064	-	-	-	739,747,862

APPENDIX E

COMMERCIAL PORT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27		
1	Port Regeneration	OG(DCLG)CD	43,362							43,362
		LEP	1,627,881							1,627,881
		UB	9,466,400	65,000						9,531,400
	Sub Total		11,137,643	65,000	-	-	-	-	-	11,202,643
2	Development of Cruise & Ferry Port	UB	3,843,047	1,000,000	4,250,000	4,000,000	3,428,710			16,521,757
		LEP	1,935,383							1,935,383
		LEP(MHCLG)	636,957							636,957
		CorpRsv	684,977							684,977
		CRGG	926							926
		OG(LUHC)		11,250,000						11,250,000
	Sub Total		7,101,290	12,250,000	4,250,000	4,000,000	3,428,710	-	-	31,030,000
3	Passenger Boarding Bridge	UB	139,748		3,360,252	3,500,000				7,000,000
4	Anodes	CorpRsv	265,268	7,775						273,043
		UB	33,767							33,767
	Sub Total		299,035	7,775	-	-	-	-	-	306,810
5	Port - Floating Dock Jetty Dredge	MTRS	103,339	896,661						1,000,000
		UB	1,000,710	879,290						1,880,000
	Sub Total		1,104,049	1,775,951	-	-	-	-	-	2,880,000
6	The Camber Quay - Structural Investigations	CorpRsv	7,400							7,400
7	Shore to Ship Electric "Plug in" Facility (Feasibility / Design)	CorpRsv	-	75,000						75,000

APPENDIX E

COMMERCIAL PORT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp.	Revised					Exp.	Final Cost	
			to 31 Mar 2022	Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28		in Subsequent Years
8	Electrification of Light Goods Vehicles	CorpRsv PR	56,008 20,000								56,008 20,000
	Sub Total		76,008	-	-	-	-	-	-	-	76,008
9	Brexit Infrastructure	CorpRsv OG LEP(MHCLG)	8,420 17,146,731 550,000	6,411,124 8,420							6,419,544 17,155,151 550,000
	Sub Total		18,694,505	5,430,190	-	-	-	-	-	-	24,124,695
10	Replacement of Freight Gate Roof	PR	-	200,000							200,000
11	Replacement of Turnout Shed Roof	PR	-		750,000						750,000
12	Acquisitions including Port Master Plan Land & Building Requirements Phase 1	UB	-	200,000	10,000,000	10,000,000	7,300,000				27,500,000
13	Demolish Sydenhams Building & Hinterland Work	UB OC	- -	250,000 100,000							250,000 100,000
	Sub Total		-	350,000	-	-	-	-	-	-	350,000
14	Rudmore Square Right Hand Turn	CorpRsv OC	- -		50,000 200,000						50,000 200,000
	Sub Total		-	-	250,000	-	-	-	-	-	250,000

APPENDIX E

COMMERCIAL PORT

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
15	Brexit Control Post - New Building	UB	-		1,000,000	2,000,000	1,000,000				4,000,000
16	Shore Power	UB	-		2,500,000						2,500,000
		CorpRsv	-		3,000,000						3,000,000
		OC	-			8,750,000	8,750,000				17,500,000
Sub Total			-	-	5,500,000	8,750,000	8,750,000	-	-	-	23,000,000
Grand Total			38,559,678	20,353,916	25,110,252	28,250,000	20,478,710	-	-	-	132,752,556

APPENDIX E

PLANNING, POLICY & CITY DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
1	Hampshire Community Bank	UB	4,897,998	136,416							5,034,414
		CorpRsv	63,415								63,415
		MTRS	85,300								85,300
		OC	27,770								27,770
	Sub Total		5,074,483	136,416	-	-	-	-	-	-	5,210,899
2	Public Realm - Improvements to Station Square & Isambard Brunel Road	CWCIL	251,870	56,071							307,941
		CP(DFI)IT	200,000								200,000
	Sub Total		451,870	56,071	-	-	-	-	-	-	507,941
3	City Centre Public Realm 2018-19	CWCIL	252,038	(553)							251,485
4	Public Realm 2021/22	CWCIL	101,652	378,609							480,261
		CP(DCSF)CM	-	262,893							262,893
		CorpRsv	-	5,153							5,153
	Sub Total		101,652	646,655	-	-	-	-	-	-	748,307
5	Planning IT System	CorpRsv	-		125,400						125,400
Grand Total			5,880,042	838,589	125,400	-	-	-	-	-	6,844,031

APPENDIX E

SAFETY IN THE COMMUNITY

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
1	CCTV Upgrades	GGNR(HO)SSC	69,500								69,500
		RCCO	217,306	5,194							222,500
		CorpRsv	238,615								238,615
		S106(OS)	15,373	24,627							40,000
	Sub Total		540,794	29,821	-	-	-	-	-	-	570,615
2	Refresh of CCTV Control Room Infrastructure	CorpRsv	-	25,000							25,000
3	3 Additional Redeployable CCTV Cameras	CorpRsv	20,970	4,030							25,000
4	CCTV IT Infra, Security & Upgrade	CorpRsv	-	75,000							75,000
5	Redeployable CCTV Cameras for Env Issues	CorpRsv	-	45,000							45,000
6	Unauthorised Encampment	CIL	-		70,000						70,000
	Grand Total		561,764	178,851	70,000	0	0	0	0	0	810,615

APPENDIX E

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27		
3	The Hard Public Transport Interchange	CIL	-							0
		UB	113,101							113,101
		UBIR	462,850							462,850
		CP(DCSF)BN	3,365,593							3,365,593
		CP(DFT)IT	20,908							20,908
		CP(DCLG)DFG	135,700							135,700
		OC	4,832,000							4,832,000
		CROC	567,092							567,092
		S106(OS)	345,800							345,800
		PARK	500,000							500,000
		OG(DFT)LSTFSec31	608,732							608,732
		OG(DFT)TFSHSec31	244,355							244,355
		CorpRsv	706,518							706,518
	Sub Total		11,902,649	-	-	-	-	-	-	11,902,649
4	Replace Residential Street Lighting With LED	UB	1,237,724	70,000						1,307,724
		UBS	3,688,700							3,688,700
	Sub Total		4,926,424	70,000	-	-	-	-	-	4,996,424
5	Eastern Rd Waterbridge	CorpRsv	-	2,595	2,595					5,189
		CP(DFT)IT	997,969							997,969
		OG(DFT)Sec31	379,735							379,735
		OC	157,369							157,369
		OG	16,822	29,580	29,580					75,981
	Sub Total		1,551,895	32,174	32,174	-	-	-	-	1,616,243
6	Traffic Management Centre - System Review	PARK	243,516	37,702						281,218
7	Isambard Brunel Car Park	PARK	331,612	20,000						351,612

APPENDIX E

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27		
8	Eastern Corridor Road Link Improvements	CP(DFT)NPIF	500,000							500,000
		OG(DFT)Sec31	29,774	207,576	131,770					369,120
		CP(DFT)IT	328,885	2,885						331,770
		CorpRsv	-		88,230					88,230
	Sub Total		858,659	210,461	220,000	-	-	-	-	1,289,120
9	Improvements to Neighbourhood Living and Street Environment (Including Verge Hardening)	CP(DFT)IT	192,654							192,654
		CorpRsv	109,819							109,819
	Sub Total		302,473	-	-	-	-	-	-	302,473
10	Old Portsmouth Area Study	CorpRsv	39,233							39,233
11	Upgrade Car Park Counting Equipment (link to TMC)	PARK	-	50,000	50,000					100,000
12	Bike Hangars	PARK	28,530							28,530
13	Spur Analytics, Upgrade, Handheld Upgrade & SiDEM	PARK	-	65,000						65,000
14	Co-operative Intelligent Transport Systems	OC	115,300	(1,817)						113,483
		OG	179,270	(7,753)						171,517
		CP(DFT)IT	-	18,000						18,000
	Sub Total		294,570	8,430	-	-	-	-	-	303,000
15	Cycle Signs and Infrastructure	PARK	48,822	51,178						100,000
		OC	3,500							3,500
	Sub Total		52,322	51,178	-	-	-	-	-	103,500
16	Specific Planning Obligations	S106(NEW)	252,406	200,000	414,009					866,415

APPENDIX E

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost		
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27			Estimate for 2027/28	
46	Zero Emission Bus Regional Area Scheme (ZEBRA)	OG(DFT)Sec31	-	6,230,690	6,537,166					12,767,856		
47	Bus Service Improvement Plan (BSIP)	OG(DFT)Sec31	-	2,434,600	16,489,447	14,896,155				33,820,202		
48	Improved Access (neighbourhood fund)	CorpRsv	-		10,000					10,000		
49	Active Pompey Neighbourhoods	CIL	-		100,000					100,000		
50	School Streets	CorpRsv	-		30,000					30,000		
51	Cycle Improvements in the City	CIL	-		105,000					105,000		
		CP(DCSF)CM	-		15,000					15,000		
		CorpRsv	-		45,000					45,000		
	Sub Total		-	-	165,000	-	-	-	-	165,000		
52	Bike Hangars	CIL	-		25,000					25,000		
53	Transport Hub at Tipner (Phase 1)	CIL	-		100,000					100,000		
54	Phase 3 on-street Electric Vehicle chargepoints	CIL	-		80,000					80,000		
55	Verge Hardening Paulsgrove	CorpRsv	-		75,000					75,000		
	Grand Total			106,506,157	49,594,779	45,686,468	22,322,774	5,935,404	5,935,404	1,809,658	0	237,790,644

APPENDIX E

HOUSING & PREVENTING HOMELESSNESS PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
1	Support For Vulnerable People	CorpRsv	2,347,912								2,347,912
		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	2,524,239	271,000	271,000	271,000	271,000	271,000	271,000		4,150,239
		LR(HIP)	2,642,763	130,000	130,000	100,000	100,000	100,000	100,000	241,412	3,544,175
		BCF(DFG)DCLG	8,148,513	2,400,000	1,646,000	1,646,000	1,646,000	1,646,000	1,646,000		18,778,513
		OG	162,513								162,513
		OG(DCLG)CD	1,318,131								1,318,131
	Sub Total		20,095,026	2,801,000	2,047,000	2,017,000	2,017,000	2,017,000	2,017,000	241,412	33,252,438
2	Removal of Hazards & Risks Within The Home	GGR(DCLG)PSR	372,963								372,963
		LR(HIP)	1,945,178	126,000	126,000	126,000	126,000	126,000	126,000	341,980	3,043,158
	Sub Total		2,318,141	126,000	126,000	126,000	126,000	126,000	126,000	341,980	3,416,121
3	Grants to Registered Social Landlords	S106(Hsg)	237,170	35,758							272,928
		CorpRsv	1,994								1,994
		NewS106(Hsg)	107,830	304,242	150,000						562,072
	Sub Total		346,994	340,000	150,000	-	-	-	-	-	836,994
4	Guildhall Capital Works	CorpRsv	1,891,382								1,891,382
		OG(DCLG)CD	894,858								894,858
		RCCO	349,544	403,157	396,000	394,152					1,542,853
	Sub Total		3,135,784	403,157	396,000	394,152	-	-	-	-	4,329,093
5	Guildhall Internal Works	CorpRsv	7,917		72,083						80,000

APPENDIX E

HOUSING & PREVENTING HOMELESSNESS PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate					Exp. in Subsequent Years	Final Cost	
				Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27			Estimate for 2027/28
14	Public Sector Decarbonisation	UBS	-								
		OG	1,662,242	200,141						1,862,383	
	Sub Total		1,662,242	200,141	-	-	-	-	-	1,862,383	
15	Home Upgrade Grant Projects	OG	-	16,234,654						16,234,654	
Grand Total			60,105,979	44,491,365	6,230,874	3,937,152	2,143,000	2,143,000	2,143,000	583,392	121,777,761

APPENDIX E

HOUSING & PREVENTING HOMELESSNESS PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
5	Blendworth Crescent	UB(HRA)	4,505,991								4,505,991
		OCRec(HRA)	1,240,958								1,240,958
		CRec(HRA)	2,384,796								2,384,796
	Sub Total		8,131,745	-	-	-	-	-	-	-	8,131,745
6	Longdean	UB(HRA)	2,381,096	1,163,857	147,186						3,692,139
		CRec(HRA)	- 0								0
		OCRec(HRA)	704,647	250,000							954,647
		OG	1,184,250								1,184,250
	Sub Total		4,269,993	1,413,857	147,186	-	-	-	-	-	5,831,036
7	Highgrove House	UB(HRA)	5,883	794,711	4,107,410						4,908,004
		CRec(HRA)	0								0
		OCRec(HRA)	295,922	251,111							547,033
	Sub Total		301,805	1,045,822	4,107,410	-	-	-	-	-	5,455,037
8	Doyle Avenue New Build Properties	OCRec(HRA)	834,329	342,207							1,176,536
		UB(HRA)	2,343,158		61,027						2,404,185
		CRec(HRA)	(25,563)								- 25,563
		OG	684,000								684,000
		NewS106(Hsg)	160,000								160,000
	Sub Total		3,995,924	342,207	61,027	-	-	-	-	-	4,399,158
9	Replacement Homes	CRec(HRA)	10,980,162	1,500,000							12,480,162
		OCRec(HRA)	3,236,773	(1,794,631)							1,442,142
		UB(HRA)	34,561,236	20,294,631	20,000,000	20,000,000					94,855,867
		S106(Hsg)	259,800								259,800
	Sub Total		49,037,971	20,000,000	20,000,000	20,000,000	-	-	-	-	109,037,971

APPENDIX E

HOUSING & PREVENTING HOMELESSNESS PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2022	Revised Estimate for 2022 / 23	Estimate for 2023 / 24	Estimate for 2024 / 25	Estimate for 2025/26	Estimate for 2026/27	Estimate for 2027/28	Exp. in Subsequent Years	Final Cost
17	Somerstown Redevelopment	RCCO(HRA)	2,913,176								2,913,176
		UB(HRA)	-	4,995,763	30,000,000	30,000,000	30,000,000				94,995,763
		OCRec(HRA)	191,061								191,061
	Sub Total		3,104,237	4,995,763	30,000,000	30,000,000	30,000,000	-	-	-	98,100,000
18	Acquisition of Viking Court and Shootpool	UB(HRA)	-	3,250,000							3,250,000
Grand Total			323,213,110	71,851,234	104,133,891	88,518,908	61,340,000	33,197,000	34,706,000	0	716,960,143

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APPENDIX F

PRUDENTIAL INDICATORS

Details of the Capital Programme are contained in Appendix E

Ratio of Financing Costs to Net Revenue Stream							
	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non - HRA	16.0%	14.5%	10.5%	11.1%	11.6%	11.9%	13.0%
HRA	6.3%	5.9%	6.9%	8.3%	9.2%	9.4%	9.3%

Capital Financing Requirement							
	2021/22 Actual £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s	2025/26 Estimate £'000s	2026/27 Estimate £'000s	2027/28 Estimate £'000s
Non - HRA	628,168	645,488	736,276	790,067	804,069	795,629	784,101
HRA	228,737	260,213	331,292	390,227	417,273	414,319	411,365

Authorised Limit for External Debt							
	2021/22 Actual £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s	2025/26 Estimate £'000s	2026/27 Estimate £'000s	2027/28 Estimate £'000s
Borrowing	824,971	891,429	1,057,469	1,174,971	1,220,408	1,226,588	1,222,332
Other Long Term Liabilities (ie Credit Arrangements)	51,340	46,032	42,494	38,366	34,639	29,132	22,682
Total	876,311	937,461	1,099,963	1,213,337	1,255,046	1,255,720	1,245,014

APPENDIX F

PRUDENTIAL INDICATORS

Operational Boundary for External Debt							
	2021/22 Actual £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s	2025/26 Estimate £'000s	2026/27 Estimate £'000s	2027/28 Estimate £'000s
Borrowing	811,519	859,669	1,025,074	1,141,928	1,186,704	1,192,210	1,187,266
Other Long Term Liabilities (ie Credit Arrangements)	51,340	46,032	42,494	38,366	34,639	29,132	22,682
Total	862,859	905,701	1,067,568	1,180,294	1,221,342	1,221,342	1,209,948

Ratio of Net Income from Commercial and Service Investments to Net General Fund Revenue Stream							
	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Commercial Investments	4.3%	4.4%	3.8%	4.3%	4.2%	4.3%	4.2%
Service Investments	5.1%	4.7%	4.1%	3.9%	3.9%	3.8%	3.8%
Total	9.4%	9.1%	7.9%	8.2%	8.1%	8.1%	8.0%