

Portsmouth City Council

**Budget & Council Tax 2023/24 &
Medium Term Forecast**

**Capital Programme
2022/23 – 2027/28**

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Part 1

Headlines

Headlines

- BUDGET PRESSURES**
 - £24m (14% of Net Budget)
- SAVINGS**
 - £2m (1.6% Controllable Spend)
- COUNCIL TAX**
 - 4.99% Increase (2.0% for Adult Social Care)
- CAPITAL PROGRAMME**
 - £61.3m of New Capital Investment
- FORECAST**
 - Balanced over the next 3 Years (2024/25 to 2026/27) +/- £5m
 - No Savings Required for 2024/25

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Part 1

Financial Context

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Contextual Information

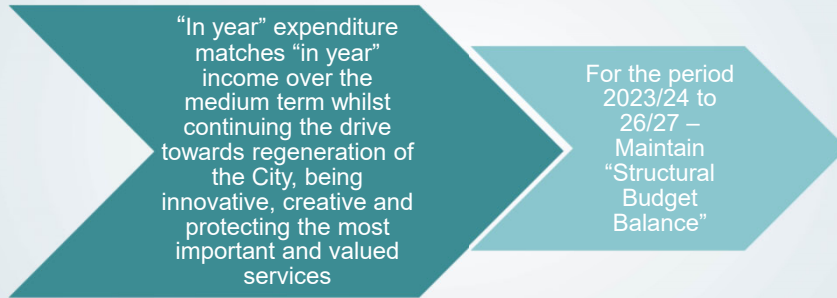


- Since 2011/12 - £106m savings (49% of controllable spend)
- Adult and Children's Social Care represent > 50% of controllable spending
- Council Tax:
 - PCC is a low tax authority (£9.0m or 9.1% less than average of statistical near neighbours)
 - PCC has a low tax base (i.e. Band B is the Portsmouth average vs. Band D nationally)
 - In combination resulting in overall low Council Tax income
- Highest levels of inflation in 40 years (11.1%)
- Covid pandemic continues to impact on the Budget
- Budget Pressures in Adult & Children's Social Care remain the primary drivers of cost
- Inflation + Demand + Covid = Budget Challenge

Part 1

Financial Strategy

The Plan - Overall Aim



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Future Years’ Savings Requirements 2023/24 to 2026/27

“Structural Balance” (but +/- £5m)

2023/24

2024/25

2025/26

2026/27

Balanced

+/-
£1.67m

+/-
£1.67m

+/-
£1.67m



- Forecast for 2025/26 onwards - Post Overhaul of Local Government Funding

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Part 2

Revised Budget 2022/23

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Revised Budget 2022/23 - £174.4m (net)

Key Changes

Budget Increase of 0.5%

Increased Spending is offset by Increased Funding

Budget Accommodates the following:

o Pay award	£3.8m
o Energy cost inflation	£3.6m
o Covid Costs / Losses Income (contained in Corporate Contingency)	£2.9m
o Portico (Inflation, Business Growth and Customs Control delays)	£2.4m
o Children, Families & Education (Home to School Transport, Placements)	£1.7m
o Adult Social Care (Domiciliary and Nursing Care packages)	£1.2m
o Housing (Temporary Accommodation)	£0.4m
o Revenue Contribution to Capital Programme	£0.75m
o Interest Income from Investments	£3.8m

Overall Position

- Balanced:
 - Overall Net Increase accommodated by Corporate Contingency Provision
 - No change in use of General Reserves vs. Budget

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Part 3

Budget 2023/24

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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 a 3% Council Tax increase for general purposes
- 76% of respondents supported a further Council Tax increase for ASC with a majority (40%) supporting a 2% increase
- Service Priorities:
 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
- Capital Investment Priorities:
 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%)

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Local Government Finance Settlement 2023/24

Funding 2023/24

- An overall real increase in Grant Funding of £6.4m:
 - o Increase in Social Care Grants **£7.9m**
 - o Reduction in all other Grants **£1.5m**
- Business Rate Retention is inflation linked - underlying increase of **£5.5m or 9.9%**
- No indicative Settlement for 2024/25 although a "Local Government Finance Policy Statement" has been published

Council Tax 2023/24 (47% of Funding Base)

- General Increase (**referendum threshold**) – 3.0% (but September CPI 10.1%)
- Social Care Precept – 2.0%
- Police & Crime Commissioner - £15
- H&IOW FRA – £5

Future of Local Government Funding

- Fair Funding Review delayed till 2025/26 at earliest – New Formula Funding model distributed on "Relative Need" (PCC £63.9m) – Winners & Losers
- Business Rate Retention & "Reset" delayed till 2025/26 – Re-distribution of current growth (PCC growth £11m) – Winners & Losers

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Council Tax Proposal - 2023/24

Council Tax Context

- Low taxing authority – 9.1% below average amounting to £9.0m
- Average Council Tax is Band B - £1,221.47.p.a.
- Only 57% of all households pay full Council Tax (all others receive some form of exemption, discount or support)

PCC Council Tax Proposal 2023/24

- Tax Level:**
 - o General Increase in Council Tax of 2.99% = £2.7m (70p per week for Band B Taxpayer)
 - o Increase for Social Care of 2.0% = £1.8m (47p per week for Band B Taxpayer) - *Alternative: ASC to find £902,700 for each 1% reduction*
- Tax Base:**
 - Additional 270.9 Band D equivalents = £0.4m

PCC, HPCC, H&IOW FRA Council Tax Proposals

• PCC	4.99%
• HPCC	6.34%
• H&IOW FRA	6.63%
• Total Portsmouth Resident	5.23%

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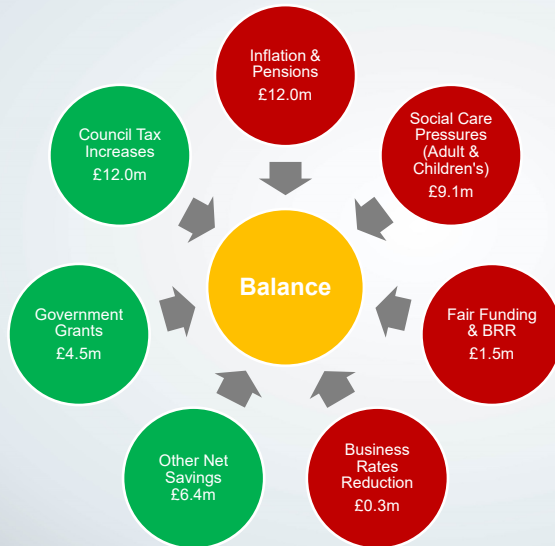
Budget Proposal 2023/24

Savings	£2.0m (Appendix C)
• Original Forecast	£0
• To meet extraordinary Inflation / Demand	£2.0m
Total Increase in Spending	£28.1m
• Adult Social Care (National Living Wage 9.7%)	£7.4m
• Children's Social Care (HTS Transport, Placements)	£6.1m
• Inflation (9.6% excluding ASC & CSC)	£8.1m
• Other (Smoothing of Business Rates Grants / Reliefs)	£8.5m
• Savings	£2.0m
Revenue Contribution to Capital	None
• Unaffordable	
Key Risks	
• Inflation & Demand Volatility	
• Business Rate Appeals	
• Council Tax & Business Rate Collection	
• Contingency of £15.1m	

Part 4

Future Forecasts – 2024/25 to 2026/27

The Next 3 Years – 2024/25 to 2026/27



- Inflation / Demand
- Fair Funding Review
- Business Rate "Reset"

+/- £5m

Part 5

Capital Programme

2022/23 to 2027/28

Capital Programme 2022/23 to 2027/28

Capital Strategy

- Statutory Obligations
- Continuity and sustainability of current services
- Enhancing the Environment
- Regeneration & Clean Economic Growth

Capital Resources Available £61.3m

- Corporate Capital Resources £15.3m
 - Includes Revenue Contributions, CIL, Capital Receipts and Non ring-fenced Capital Grants
- Borrowing available for Invest to Save Schemes £22.9m
 - Requires high degree of certainty that income / savings > debt costs
- Reserves & Contributions £23.1m
 - Specific Grants and external contributions

Capital Investment Proposals

Capital Investment £61.3m (Appendix D)

- Environmental Initiatives and Clean Economic Growth £39.2m
- Economic Growth £4.7m
- Essential Maintenance of Operational Buildings £7.8m
- Transport £1.3m

• Specific Investments include:

- Shore Power (Port) - £23m
- Anaerobic Digestion Plant - £13.5m
- Twin Stream Recycling - £2.5m
- City Centre North Regeneration - £4.5m
- Mountbatten Centre Roof - £6.8m
- Landlords Maintenance - £1.4m
- Border Control Post - £4.0m
- SEN School Places - £1.5m

“Capital Gap”

**Funding
vs.
Aspirations and
Obligations**



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Part 6

Summary

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Summary

- £2.0m Savings to help meet pressure associated with extraordinary inflation
- Balanced Budget
- Aligned with the MTFS & Budget Consultation
- Key risks – Inflation & Demand volatility (ASC / CSC)
- Future Funding uncertain
- Financial Health is sound

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Questions & Comments



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