

From CABINET held on 6 February 2024

Council Agenda Item 8 (Cabinet minute 20)

Portsmouth City Council Budget & Council Tax 2024/25 & Medium-Term Budget Forecast 2025/26 to 2027/28

Recommendations

3.1 That the following be approved in respect of the Council's Budget:

- 1) The revised Revenue Estimates for the financial year 2023/24 and the Revenue Estimates for the financial year 2024/25 as set out in the General Fund Summary (Appendix A)**
- 2) The Portfolio Cash Limits for the Revised Budget for 2023/24 and the Budget 2024/25 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 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 2024/25 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 £1,922,600 is passported direct to Adult Social Care**
- 8) Managers be authorised to incur routine expenditure against the Cash Limits for 2024/25 as set out in Section 11**
- 9) That a minimum savings requirement of £1m for 2025/26 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 2024/25**
- 10) 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**

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

- 11) The minimum level of General Reserves as at 31 March 2025 be maintained at £10.0m to reflect the known and expected budget and financial risks to the Council
- 12) The Revised Capital Programme 2023/24 to 2028/29 attached at Appendix E which includes all additions, deletions and amendments for slippage and re-phasing
- 13) 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
- 14) 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)
- 15) 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 2023/24 to 2028/29
- 16) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & S.151 Officer, that delegated authority to borrow up to £15m 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
- 17) The Prudential Indicators described set out in Appendix F be approved
- 18) 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.

3.2 That the following be noted in respect of the Council's Revenue Budget and Capital Programme:

- 1) The Revenue Estimates 2024/25 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 £1,922,600) 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 2024/25
- 3) In general, any reduction to the proposed increase in the level of Council Tax for 2024/25 will require equivalent offsetting savings to be made in order for the Budget 2024/25 to be approved. Each 1% reduction requires additional savings of £961,300 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 Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the 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 2025/26 to 2027/28 as set out in Section 12 and Appendix B
- 10) That, at this stage, the Council's Future Forecast for the 3 Year Period 2025/26 to 2027/28 is estimated to be a £3m Deficit; 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 £7.3m 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 surplus for 2023/24 is estimated to be £2,357,452
- 13) The Council's share of the Business Rate element of the Collection Fund surplus for 2023/24 is estimated to be £5,021,116
- 14) The Retained Business Rate income² for 2024/25 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2024, the Non Domestic Rates poundage for 2024/25 and estimated rateable values for 2024/25 and has been determined at £70,907,151
- 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 2024/25 will be 58,299.40 [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

² Includes Retained Business Rates £42,006,006, "Top Up" £6,736,612, a surplus on the Collection Fund of £5,021,116 plus S.31 Grants of £17,143,417 for compensation due to national Government business rate relief initiatives

3.4 That the following amounts be now calculated by the Council for the financial year 2024/25 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£543,649,931	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£442,724,925	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£100,925,006	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)	£1,731.15	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.

(e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
1,154.10	1,346.45	1,538.80	1,731.15	2,115.85	2,500.55	2,885.25	3,462.30

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 2024/25, 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 £
174.31	203.36	232.41	261.46	319.56	377.66	435.77	522.92

- 3.6 That it be noted that for the financial year 2024/25, for Hampshire and Isle of Wight Fire and Rescue Authority it is recommended 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 and Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
55.23	64.43	73.64	82.84	101.25	119.66	138.07	165.68

- 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 2024/25 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
1,383.64	1,614.24	1,844.85	2,075.45	2,536.66	2,997.87	3,459.09	4,150.90

- 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 2024/25, 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 Hampshire Police & Crime Commissioner or the Hampshire and Isle of Wight Fire and Rescue Authority) that its relevant basic amount of Council Tax for 2024/25 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.