

Public Document Pack

# **Cabinet**

## **AMENDED PAPERS**

Tuesday, 13th February, 2018  
at 4.30 pm

# MEMBERS ROOM DOCUMENTS

## 9 THE REVISED MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2018/19 TO 2021/22 □ (Pages 1 - 12)

- Updated Appendix 1
- Updated Appendix 2, Annex 1

Monday, 5 February 2018

SERVICE DIRECTOR, LEGAL AND GOVERNANCE

# Agenda Item 9

## SOUTHAMPTON IS AN ATTRACTIVE AND MODERN CITY WHERE PEOPLE ARE PROUD TO LIVE AND WORK

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Base Estimate 2017/18</b>	26,645.8	26,645.8	26,645.8	26,645.8
<b>Previously Agreed Savings &amp; Pressures</b>	(527.2)	(327.2)	(527.2)	(527.2)
<b>Base Changes</b>	322.9	322.9	322.9	322.9
<b>Allocated Inflationary Pressures</b>	1,237.9	1,237.9	1,237.9	1,237.9
<b>New Pressures</b>				
LATCo - reduction in year 1 income target.	550.0	0.0	0.0	0.0
RePhasing of Treasure Trove Project	200.0	(200.0)	0.0	0.0
<b>Investment in Services</b>				
Street Cleansing - additional mechanical sweeper and staffing resources.	410.0	250.0	250.0	250.0
Enforcement - Additional staffing resources to be made available to support Environmental Health Enforcement activities.	230.0	230.0	230.0	230.0
Parks & Open Spaces - Additional resources to deliver parks and open spaces improvements including investment in safety, cleanliness and play.	100.0	100.0	100.0	100.0
Leisure & Heritage - Additional resources to support applications to bid for sports, recreation & heritage grant funding.	180.0	180.0	180.0	180.0
Investment in Heritage Assets	200.0	0.0	0.0	0.0
<b>Identified Budget Savings Proposals</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Current Budget Requirement Based on existing proposals</b>	<b>29,549.4</b>	<b>28,439.4</b>	<b>28,439.4</b>	<b>28,439.4</b>
Budget Requirement reported in February 2017	25,591.4	25,991.4	25,591.4	25,591.4
<b>Overall Change in Budget Requirement</b>	<b>3,958.0</b>	<b>2,448.0</b>	<b>2,848.0</b>	<b>2,848.0</b>

## CHILDREN AND YOUNG PEOPLE GET A GOOD START IN LIFE

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Base Estimate 2017/18</b>	45,638.6	45,638.6	45,638.6	45,638.6
<b>Previously Agreed Savings &amp; Pressures &amp; Inflation</b>	(5,945.4)	(9,267.4)	(9,267.4)	(9,267.4)
<b>Base Changes</b>	59.6	59.6	59.6	59.6
<b>Allocated Inflationary Pressures</b>	364.8	364.8	364.8	364.8
<b>New Pressures</b>				
Home to School Transport Service	390.0	0.0	0.0	0.0
Service Cost Recovery - Non Achievement of Savings	450.0	450.0	450.0	450.0
<b>Investment in Services</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Identified Budget Savings Proposals</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Current Budget Requirement Based on existing proposals</b>	<b>40,957.6</b>	<b>37,245.6</b>	<b>37,245.6</b>	<b>37,245.6</b>
Budget Requirement reported in February 2017	39,693.2	36,371.2	36,371.2	36,371.2
<b>Overall Change in Budget Requirement</b>	<b>1,264.4</b>	<b>874.4</b>	<b>874.4</b>	<b>874.4</b>

**PEOPLE IN SOUTHAMPTON LEAD SAFE, HEALTHY, INDEPENDENT LIVES**

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Base Estimate 2016/17</b>	58,930.2	58,930.2	58,930.2	58,930.2
<b>Previously Agreed Savings &amp; Pressures</b>	(9,595.6)	(14,214.6)	(14,214.6)	(14,214.6)
<b>Base Changes</b>	(202.7)	(202.7)	(202.7)	(202.7)
<b>Allocated Inflationary Pressures</b>	365.5	365.5	365.5	365.5
<b>New Pressures</b>				
Unachieved savings	1,070.0	1,070.0	1,070.0	1,070.0
Increased Pressures due to demographics / demand :	2,670.0	800.0	1,580.0	1,580.0
<b>Investment in Services</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Identified Budget Savings Proposals</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Current Budget Requirement Based on existing proposals</b>	<b>53,237.4</b>	<b>46,748.4</b>	<b>47,528.4</b>	<b>47,528.4</b>
Budget Requirement reported in February 2017	49,334.6	44,715.6	44,715.6	44,715.6
<b>Overall Change in Budget Requirement</b>	<b>3,902.8</b>	<b>2,032.8</b>	<b>2,812.8</b>	<b>2,812.8</b>

**SOUTHAMPTON IS A CITY WITH STRONG, SUSTAINABLE ECONOMIC GROWTH**

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Base Estimate 2017/18</b>	12,669.7	12,669.7	12,669.7	12,669.7
<b>Previously Agreed Savings &amp; Pressures &amp; Inflation</b>	(4,445.2)	(5,021.2)	(5,021.2)	(5,021.2)
<b>Base Changes</b>	(1,274.1)	(1,260.0)	(1,118.5)	(1,118.5)
<b>Allocated Inflationary Pressures</b>	342.7	337.0	486.6	486.6
<b>New Pressures</b>				
Unachieved income targets in relation to reduced opportunities for Property Investment.	500.0	500.0	0.0	0.0
One off saving, previously assumed to be recurring in relation to contract compliance.	500.0	500.0	500.0	500.0
Unachieved income targets linked to Solent Devolution Deal.	100.0	100.0	100.0	100.0
Expected increase in parking income will not be achieved.	70.0	70.0	70.0	70.0
<b>Investment in Services</b>				
Investment in Roads	1,100.0	1,100.0	1,100.0	1,100.0
<b>Identified Budget Savings Proposals</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Current Budget Requirement Based on existing proposals</b>	<b>9,563.1</b>	<b>8,995.5</b>	<b>8,786.6</b>	<b>8,786.6</b>
Budget Requirement reported in February 2017	8,224.5	7,648.5	7,648.5	7,648.5
<b>Overall Change in Budget Requirement</b>	<b>1,338.6</b>	<b>1,347.0</b>	<b>1,138.1</b>	<b>1,138.1</b>

**A SUSTAINABLE MODERN COUNCIL**

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Base Estimate 2017/18</b>	24,316.1	24,316.1	24,316.1	24,316.1
<b>Previously Agreed Savings &amp; Pressures</b>	(7,652.1)	(8,677.1)	(9,977.1)	(9,977.1)
<b>Base Changes</b>	2,152.3	2,114.0	1,972.5	1,972.5
<b>Allocated Inflationary Pressures</b>	551.4	550.3	552.2	552.2
<b>New Pressures</b>				
Unachieved digital savings where assumed staff savings cannot be achieved and staffing pressures from the implementation of Universal Credit	1,260.0	1,200.0	1,200.0	1,200.0
Changes to central funding requirements - pay inflation, grants and minimum revenue provision.	2,520.0	750.0	750.0	750.0
<b>Investment in Services</b>				
Additional Customer Services Resources	200.0	200.0	200.0	200.0
Investment in water fountains	20.0	20.0	20.0	20.0
British Legion Statues	4.0	0.0	0.0	0.0
Investment in Armed Forces Day	20.0	0.0	0.0	0.0
<b>Identified Budget Savings Proposals</b>				
None Identified	0.0	0.0	0.0	0.0
<b>Current Budget Requirement Based on existing proposals</b>				
	<b>23,391.7</b>	<b>20,473.3</b>	<b>19,033.7</b>	<b>19,033.7</b>
Budget Requirement reported in February 2017	16,664.0	15,639.0	14,339.0	14,339.0
<b>Overall Change in Budget Requirement</b>	<b>6,727.7</b>	<b>4,834.3</b>	<b>4,694.7</b>	<b>4,694.7</b>

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**ANNEX 1. GENERAL FUND REVENUE ACCOUNT**

Approved budget as at Feb 2017	Approved 2017/18 budget £M	Forecast changes £M	Revised 2017/18 budget £M	Approved 2018/19 budget £M	Forecast changes £M	Revised 2018/19 budget £M	Approved 2019/20 budget £M	Forecast changes £M	Revised 2019/20 budget £M	Approved 2020/21 budget £M	Forecast changes £M	Revised 2020/21 budget £M	Approved 2021/22 budget £M	Forecast changes £M	Revised 2021/22 budget £M
Southampton is a city with Strong Sustainable Growth	9.35	(1.18)	8.17	8.22	1.34	9.56	7.65	1.35	9.00	7.65	1.14	8.79	7.65	1.14	8.79
Children and Young People In Southampton Get a Good Start in Life	44.56	0.01	44.56	39.69	1.27	40.96	36.37	0.87	37.25	36.37	0.87	37.25	36.37	0.87	37.25
People in Southampton live safe, healthy, independent lives	55.26	0.59	55.84	49.33	3.90	53.24	44.72	2.03	46.75	44.72	2.81	47.53	44.72	2.81	47.53
Southampton is an attractive, modern city where people are proud to live and work	27.80	(1.36)	26.44	26.12	3.43	29.55	26.32	2.12	28.44	26.12	2.32	28.44	26.12	2.32	28.44
A Modern Sustainable Council	21.38	3.73	25.11	16.66	6.67	23.33	15.64	4.83	20.47	14.34	4.70	19.03	14.34	4.70	19.03
Other Inflationary Pressures	0.00		0.00	8.19	(2.94)	5.25	15.19	(2.03)	13.16	21.49	(2.08)	19.41	21.49	(1.98)	19.51
<b>Outcome Expenditure</b>	<b>158.34</b>	<b>1.79</b>	<b>160.13</b>	<b>148.23</b>	<b>13.67</b>	<b>161.90</b>	<b>145.88</b>	<b>9.18</b>	<b>155.06</b>	<b>150.68</b>	<b>9.76</b>	<b>160.44</b>	<b>150.68</b>	<b>9.86</b>	<b>160.54</b>
Capital Asset Management	9.09		9.09	15.39	(4.00)	11.39	17.69	0.00	17.69	19.99	0.00	19.99	19.99	0.00	19.99
Levies & Contribution	0.63		0.63	0.63	0.00	0.63	0.63	0.00	0.63	0.63	0.00	0.63	0.63	0.00	0.63
Other Expenditure & Income & Centrally Held Allocations	8.57	(1.79)	6.78	8.22	(1.31)	6.91	12.91	(1.03)	11.88	16.15	(1.03)	15.12	16.15	(1.03)	15.12
Transfer to Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to Highways Capital Programme & Minor Schemes	2.25		2.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Responsibilities	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>NET REVENUE EXPENDITURE</b>	<b>178.89</b>	<b>0.00</b>	<b>178.89</b>	<b>172.47</b>	<b>3.40</b>	<b>180.88</b>	<b>177.11</b>	<b>8.15</b>	<b>185.26</b>	<b>187.45</b>	<b>8.73</b>	<b>196.18</b>	<b>187.45</b>	<b>8.83</b>	<b>196.28</b>
<b>Funding</b>															
Draw From Balances	0.00		0.00	0.00	(1.18)	(1.18)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Government Grants	(2.39)		(2.39)	(0.81)	(0.70)	(1.51)	(0.92)	0.22	(0.70)	(0.92)	0.22	(0.70)	(0.92)	0.22	(0.70)
Revenue Support Grant	(23.25)		(23.25)	(17.06)	17.05	0.00	(10.79)	0.00	(10.79)	(10.79)	0.00	(10.79)	(10.79)	0.00	(10.79)
New Homes Bonus	(5.78)		(5.78)	(4.40)	(0.80)	(5.20)	(4.20)	(0.80)	(5.00)	(4.20)	(0.10)	(4.30)	(4.20)	(0.10)	(4.30)

# ANNEX I

Approved budget as at Feb 2017	Approved budget 2017/18 £M	Forecast changes £M	Revised budget 2017/18 £M	Approved budget 2018/19 £M	Forecast changes £M	Revised budget 2018/19 £M	Approved budget 2019/20 £M	Forecast changes £M	Revised budget 2019/20 £M	Approved budget 2020/21 £M	Forecast changes £M	Revised budget 2020/21 £M	Approved budget 2021/22 £M	Forecast changes £M	Revised budget 2021/22 £M
New Homes Bonus Returned Funding	(0.12)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adult Social Care Grant	(1.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Top Up Grant	(3.74)	32.23	28.29	(3.94)	(0.53)	(4.55)	(4.10)	(0.45)	(4.55)	(4.10)	(0.45)	(4.55)	(4.10)	(0.45)	(4.55)
S31 Business Rates Grants	(2.03)	(4.00)	(6.14)	(2.15)	(1.95)	(4.11)	(2.82)	(1.35)	(4.16)	(2.82)	(1.43)	(4.24)	(2.82)	(1.43)	(4.24)
Collection Fund Account															
Business Rates	(45.56)	(47.99)	(93.35)	(45.36)	(2.98)	(48.77)	(45.79)	(2.98)	(48.77)	(53.54)	2.37	(51.18)	(53.54)	1.18	(52.36)
Southampton is a city with Strong Sustainable Growth - Business Rates Growth	(2.35)	0.00	(5.86)	(5.86)	0.00	(5.91)	(5.97)	0.00	(5.97)	(5.97)	0.00	(5.97)	(5.97)	0.00	(5.97)
Council Tax	(83.10)	(2.48)	(86.95)	(84.46)	(2.67)	(88.80)	(86.13)	(2.86)	(90.68)	(87.82)	(2.86)	(90.68)	(87.82)	(4.8)	(92.62)
Adult Social Care Council Tax Levy	(4.18)	(0.16)	(6.99)	(6.84)	(0.07)	(7.04)	(6.97)	(0.07)	(7.04)	(7.11)	0.07	(7.04)	(7.11)	0.07	(7.04)
Southampton is a city with Strong Sustainable Growth - Council Tax Growth	(1.20)	(0.40)	(2.00)	(1.60)	(0.99)	(2.63)	(1.64)	(1.01)	(2.71)	(1.69)	(1.01)	(2.71)	(1.69)	(1.07)	(2.76)
Collection Fund Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Collection Fund Additional Surplus	(4.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL FUNDING</b>	<b>(178.89)</b>	<b>0.00</b>	<b>(180.88)</b>	<b>(172.47)</b>	<b>(8.41)</b>	<b>(168.54)</b>	<b>(168.54)</b>	<b>(9.77)</b>	<b>(178.31)</b>	<b>(178.98)</b>	<b>(3.11)</b>	<b>(182.08)</b>	<b>(178.98)</b>	<b>(6.37)</b>	<b>(185.35)</b>
<b>Savings Requirement</b>	<b>(0.00)</b>	<b>0.00</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>8.58</b>	<b>(1.62)</b>	<b>6.95</b>	<b>8.48</b>	<b>5.62</b>	<b>14.10</b>	<b>8.48</b>	<b>2.46</b>	<b>10.94</b>

## Housing Revenue Account

HOUSING REVENUE ACCOUNT	2017/18 budget £M	2018/19 budget £M	2019/20 budget £M	2020/21 budget £M	2021/22 budget £M
Net rent Income	(72.59)	(69.63)	(69.64)	(70.52)	(72.45)
Service charges & other income	(2.27)	(2.82)	(2.92)	(3.01)	(3.10)
Misc. Adjustments	0.00	0.00	0.00	0.00	0.00
RTB Admin	(0.13)	(0.13)	(0.10)	(0.10)	(0.10)
<b>TOTAL INCOME</b>	<b>(74.99)</b>	<b>(72.58)</b>	<b>(72.65)</b>	<b>(73.63)</b>	<b>(75.65)</b>
Management	21.95	21.57	22.22	22.99	23.68
Contribution to Depreciation Reserve	19.26	19.53	19.95	20.51	21.10
Responsive & Cyclical Repairs	13.91	14.79	15.03	15.33	15.52
Other Revenue spend	0.10	0.10	0.17	0.12	0.12
HRA Cost of Rent Rebates	0.00	0.00	0.00	0.00	0.00
<b>Total service expenses</b>	<b>55.22</b>	<b>55.98</b>	<b>57.37</b>	<b>58.96</b>	<b>60.42</b>
Capital Charges	5.98	6.17	6.49	6.78	6.90
Repayment of loans	5.59	5.96	12.84	12.45	0.25
Revenue Contribution to capital spending	9.19	4.47	0.10	0.00	11.26
<b>TOTAL EXPENDITURE</b>	<b>75.99</b>	<b>72.58</b>	<b>76.80</b>	<b>78.19</b>	<b>78.83</b>
Savings Requirement	0.00	0.00	(4.15)	(4.42)	(4.68)
<b>(Surplus) /Deficit for the Year</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.14</b>	<b>(1.51)</b>

## Reserves and Balances

	2018/19 budget £M	Forecast changes £M	2019/20 budget £M	Forecast changes £M	2020/21 budget £M	Forecast changes £M	2021/22 budget £M
General Fund Balance	(11.3)	0.0	(11.3)	0.0	(11.3)	0.0	(11.3)
HRA Balance	(2.0)	0.0	(2.0)	0.0	(2.0)	0.0	(2.0)
Earmarked Reserves - School Balances	(5.0)	0.0	(5.0)	0.0	(5.0)	0.0	(5.0)
Earmarked Reserves - Revenue Grants	(4.5)	0.0	(4.5)	0.0	(4.5)	0.0	(4.5)
Earmarked Reserves - Revenue Account	(46.9)	3.0	(43.9)	1.8	(42.0)	1.5	(40.6)
Earmarked Reserves - Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Reserves &amp; Balances</b>	<b>(69.7)</b>	<b>3.0</b>	<b>(66.7)</b>	<b>1.8</b>	<b>(64.9)</b>	<b>1.5</b>	<b>(63.4)</b>

## General Fund &amp; HRA Capital Programme 2017/18 to 2021/22

Programme	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M
Communities, Culture & Leisure	0.61	1.95	0.00	0.00	0.00	2.56
Education & Childrens Social Care	12.19	21.57	15.81	20.74	29.48	99.79
E&T - City Services	2.37	0.41	2.65	0.00	0.00	5.43
Finance	2.44	4.20	0.27	0.30	0.00	7.21
Health & Community Safety	1.17	0.18	0.00	0.00	0.00	1.35
Housing & Adult Social Care	1.22	0.50	0.50	0.50	0.00	2.72
Leaders	6.74	9.24	0.00	0.00	0.00	15.98
Sustainability	3.14	1.08	0.00	0.00	0.00	4.22
Transport	18.56	29.65	4.75	2.21	0.00	55.17
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>48.44</b>	<b>68.78</b>	<b>23.98</b>	<b>23.75</b>	<b>29.48</b>	<b>194.43</b>
Housing Revenue Account	44.92	53.12	41.15	43.69	34.01	216.89
<b>TOTAL CAPITAL PROGRAMME</b>	<b>93.36</b>	<b>121.90</b>	<b>65.13</b>	<b>67.44</b>	<b>63.49</b>	<b>411.32</b>
<b>Capital Programme Financing</b>						
*CR - GF Borrowing	(14.51)	(29.71)	(4.37)	(17.79)	(29.48)	(95.86)
*CR - HRA Borrowing	(14.10)	(16.35)	(16.21)	(10.09)	0.00	(56.75)
Capital Receipts	(7.55)	(17.56)	0.00	(0.96)	(1.66)	(27.73)
Contributions	(5.26)	(5.95)	0.00	0.00	0.00	(11.21)
Capital Grants	(18.70)	(24.20)	(19.31)	(5.65)	0.00	(67.86)
Revenue Financing	(13.29)	(14.29)	(1.76)	(10.48)	(11.25)	(51.07)
HRA - MRA	(19.95)	(13.84)	(23.48)	(22.47)	(21.10)	(100.84)
<b>TOTAL PROGRAMME FINANCING</b>	<b>(93.36)</b>	<b>(121.90)</b>	<b>(65.13)</b>	<b>(67.44)</b>	<b>(63.49)</b>	<b>(411.32)</b>
*CR - Council Resources						

