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Council

Wednesday, 24th February,
2021 at 2.00 pm

CONSERVATIVE BUDGET AMENDMENT 2021-22

This meeting is open to the public

Members

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MEMBERS' ROOM DOCUMENTS

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6 **THE REVENUE BUDGET 2021/22, MEDIUM TERM FINANCIAL FORECAST
2021/22 TO 2024/25 AND CAPITAL PROGRAMME 2020/21 TO 2025/26**
(Pages 1 - 6)

Conservative Budget Amendment 2021-22.

Tuesday, 16 February 2021

SERVICE DIRECTOR, LEGAL AND BUSINESS
OPERATIONS

CONSERVATIVE GROUP BUDGET AMENDMENT

GENERAL FUND MTFF 2021/22 to 2022/23

That the Budget proposals be amended as follows:

1) GENERAL FUND CAPITAL:

DESCRIPTION	2021/22 £M	2022/23 £M
NEW SCHEMES:		
Highways investment (extra £1m for pavements, road and potholes. Years 2021/22 & 2022/23)	1.00	1.00
Extra investment Golf course & Sports centre	0.20	-
Total new schemes:	1.20	1.00
To be funded by:		
Borrowing	(1.20)	(1.00)

That the Treasury management indicators be amended accordingly

2) GENERAL FUND REVENUE SPEND:

DESCRIPTION	2021/22 £M	2022/23 £M
NEW SCHEMES:		
Extra cleaning – city centre, districts & open spaces	0.30	0.30
Estates Regeneration Fund (to help tackle anti-social behaviour, provide grants to support Youth Clubs & other facilities/projects to improve the community culture & quality of life for residents)	0.50	-
Total new schemes:	0.80	0.30
REDUCTIONS IN INCOME:		
0% council tax 2022/23		2.11
Abolish evening off street parking fees	0.34	0.34
Abolish evening on street parking fees (funded by parking reserve)	0.50	0.50
Total reductions in income:	0.84	2.95
Capital Financing costs	0.05	0.10
TOTAL IMPACT:	1.69	3.35
To be funded by:		

Further procurement savings	(0.10)	
Shared service/outsource savings	(0.10)	
Draw from unallocated reserves	(0.99)	
Draw from On Street parking Reserve	(0.50)	(0.50)
Total funding identified	(1.69)	(0.50)
NET IMPACT ON BUDGET	0.00	2.85

Notes: (i) the on-street parking reserve would reduce to a balance of £0.84M by end of 2022/23 as part of the funding of these proposals (ii) estimated unallocated reserves would reduce to around £34.6M by the end of the Medium Term Financial Forecast period (31/03/2025) as part of the funding for these proposals.

Revised total budget deficit for 2022/23 would be £25.37M (an increase of £2.85M).

3) HOUSING REVENUE ACCOUNT CAPITAL:

DESCRIPTION	2021/22 £M	2022/23 £M
NEW SCHEMES:		
1,000 New parking spaces in City Estates (on HRA land)	2.00	2.00
Total new schemes:	2.00	2.00
To be funded by:		
Borrowing	(2.00)	(2.00)
Additional capital financing costs to be borne	0.09	0.18

COMMENTARY OF S151 OFFICER:

I have been consulted on the proposed amendments and have the following advice.

- Some proposals are not without risk but are not so fragile that they cannot be incorporated within the overall risk profile of the budgets
- The future financial targets to balance the budget are not so unreasonable that they can be ruled out on a medium term view
- The proposals in 2021/22 provide for a balanced budget

I thereby certify that this is valid budget amendment.

SIGNED: John Harrison

S151 Officer

DATE: 22 FEBRUARY 2020

CONSERVATIVE BUDGET AMENDMENT 2021/22

General Fund

- i. Notes the general budget consultation process that was followed as detailed in paragraphs 34 to 39.
- ii. Notes that the budget consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals. Further details are contained within the Members Room document 3.
- iii. Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 40 to 43. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2.
- iv. Note the forecast outturn position for 2020/21 as set out in paragraphs 29 to 32 of Appendix 1.
- v. Approves the revised Medium Term Financial Forecast (MTFF) for the period 2021/22 to 2024/25 attached as Annex 1.1.
- vi. Approves the 2021/22 General Fund Revenue Budget as detailed in Annex 1.1(a) of the MTFF at Annex 1.1.
- vii. Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFF and that this includes an increase in the Adult Social Care precept of 3.00% and an increase in the general council tax of 1.99%, allowable under general powers to increase council tax without a referendum.
- viii. Approves additional general fund pressures totalling £38.50M in 2021/22 as detailed in paragraph 50 of Appendix 1.
- ix. Approves savings proposals totalling £10.88M that are included in the 2021/22 General Fund Revenue Budget, with £7.14M in 2022/23, as detailed in paragraphs 53 to 56 of Appendix 1.
- x. To note proposals for the use of the Local Council Tax Support Grant will be brought forward during 2021/22, as detailed in paragraph 75 of Appendix 1.
- xi. *To delegate authority to the Executive Director for Finance, Commercialisation & S151 Officer, following consultation with the Cabinet Member for Finance and Income Generation, to do anything necessary to give effect to the proposals contained in this report.*

- xii. Sets the Band D Council Tax for Southampton City Council at £1,644.39 for 2021/22, a Net Budget Requirement of £173.85M and the Council Tax Requirement for 2020/21 at £105.88M as per Annex 1.2.
- xiii. Notes the estimates of precepts on the council tax collection fund for 2021/22 as set out in Annex 1.3.
- xiv. Agrees that the following amounts be now calculated by the Council for the financial year 2021/22 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992; and

Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2021/22 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

- (a) **£511,178,229** (Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act).
- (b) **£405,297,601** (Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act).
- (c) **£105,880,628** (Being the amount by which the aggregate at (a) above exceeds the aggregate at (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) **£1,644.39** (Being the amount at (c) above (Item R), all divided by the tax base of 64,389 (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).

General Fund Capital Programme

- xv. Approves the revised General Fund Capital Programme, which totals £468.63M) (as detailed in paragraphs 4 to 6 of Appendix 2) and the associated use of resources.
- xvi. Approves additions of £8.72M which has been added to the General Fund programme requiring approval to spend, by Cabinet/Council subject to the relevant financial limits. These additions are detailed in paragraphs 14 to 23 of Appendix 2 and Annex 2.1.
- xvii. Approves the request to spend £2.50M as part of the SEND work as detailed in paragraph 11 of Appendix 2 and Annex 2.1.
- xviii. Approves the removal of schemes from the capital programme totalling £201.79M as set out in paragraphs 8 and 10 of Appendix 2 and detailed in Annex 2.1.

- xix. Approves the acceptance of government grant funding of £1.68M from the Department of Business, Energy & Industrial Strategy under the Public Sector Decarbonisation Scheme awarded following a bid made by the Green City & Place portfolio as detailed in paragraph 12 of Appendix 2.
- xx. Notes that the capital programme remains fully funded up to 2025/26 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
- xxi. Approves the Council's capital strategy detailed in Annex 2.3.
- xxii. Approves the Council's MRP strategy detailed in Annex 2.3(a).
- xxiii. Approves the Council's investment strategy detailed in Annex 2.3(b).

Housing Revenue Account (HRA)

- xxiv. Approves that, from 1st April 2021, an average rent increase be applied to dwelling rents of 1.33%, as set out in paragraph 9 of Appendix 3, equivalent to an average increase of £1.14 per week in the current average weekly dwelling rent figure of £85.67.
- xxv. Approves an increase in weekly service charges of 1.5% as detailed in paragraphs 10 and 11 of Appendix 3 from 1st April 2021 (including supported accommodation).
- xxvi. Approves the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
- xxvii. Approves the 40 year Business Plans for revenue and capital expenditure set out in Annexes 3.1 and 3.2 of Appendix 3 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
- xxviii. Approves the increase in heating charges as detailed in paragraph 12 of Appendix 3 and Annex 3.3.
- xxix. Approves the revised Housing Revenue Account (HRA) Capital Programme, which totals £380.51M (as detailed in paragraph 22 & 32 of Appendix 3) and the associated use of resources.
- xxx. Approves the addition of £168.34M to the HRA Capital Programme and the request for approval to spend £168.34M as detailed in paragraph 31 of Appendix 3.

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