

RECORD OF EXECUTIVE DECISION

Monday, 21 February 2022

Decision No: (CAB 21/22 33092)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Finance and Capital Assets
SUBJECT:	The Revenue Budget 2022/23, Medium Term Financial Strategy and Capital Programme
AUTHOR:	Steve Harrison (Finance)

THE DECISION

Cabinet is recommended to:
General Fund

- i) Note the forecast outturn position for 2021/22 as set out in paragraphs 25 to 30 of Appendix 1.
- ii) Note the revised Medium Term Financial Strategy 2022/23 to 2025/26 as detailed in paragraphs 69 to 75 of Appendix 1 and Annex 1.1.
- iii) Note the aims and objectives of the Medium Term Financial Strategy which will be presented to council for approval on 23 February 2022 as set out in paragraph 32 of Appendix 1.
- iv) Note that 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.
- v) Note that a consultation on the discontinuation of leisure services at St Mary's Leisure Centre is the subject of a separate report to Cabinet on 21 February 2022, as noted in paragraph 39.
- vi) Note that the Executive's budget proposals are based on the assumptions detailed within the MTF's and that this includes no increase in the 'core' council tax or Adult Social Care precept for 2022/23.
- vii) Note that Executive Commitments totalling £4.93M are included in the 2022/23 General Fund Revenue Budget, reducing to £4.50M in 2025/26, as detailed in paragraph 51 of Appendix 1.
- viii) Note that the report identifies general fund pressures totalling £14.83M in 2022/23, rising to £18.01M in 2025/26, as detailed in paragraph 54 of Appendix 1.
- ix) Note that savings proposals totalling £10.87M are included in the 2022/23 General Fund Revenue Budget, rising to £23.52M in 2025/26, as detailed in paragraph 59 of Appendix 1.
- x) Note that the budget sets the Band D Council Tax for Southampton City Council at £1,644.39 for 2022/23, a Net Budget Requirement of £193.05M and the Council Tax Requirement for 2022/23 at £108.77M

- as per Annex 1.2.
- xi) Note that further proposals will need to be considered to address the 2023/24 and future years budget shortfall.
 - xii) Note and recommend to council where appropriate, the MTFs and General Fund Revenue Budget changes as set out in Council recommendations i) to xiv).
 - xiii) Note the Code of practice on financial management introduced by CIPFA and set out in paragraphs 33 to 36 and that good financial management is assigned to all senior management levels in the council as well as councillors.

General Fund Capital Programme

- xiv) Note the revised General Fund Capital Programme, which totals £426.20M (as detailed in paragraphs 2 to 6 of Appendix 2) and the associated use of resources.
- xv) Note that £30.35M has been added to the General Fund programme, with approval to spend. These additions are detailed in paragraphs 13 to 38 of Appendix 2 and Annex 2.1.
- xvi) Note that a further £58.44M 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 13 to 38 of Appendix 2 and Annex 2.1.
- xvii) Note the request for approval to spend a further £2.75M relating to the SEND (Special Educational Needs and Disabilities) programme as detailed in paragraph 10 of Appendix 2.
- xviii) Note the request for approval to spend £19.96M in 2022/23, £10.06M in 2023/24 and £0.95M in 2024/25 to deliver the Highways and Integrated Transport programmes and Future Transport Zone, as detailed in paragraph 11 of Appendix 2.
- xix) Note the removal of schemes from the capital programme totalling £90.80M as set out in paragraphs 13 to 38 of Appendix 2 and detailed in Annex 2.1.
- xx) Note that the capital programme remains fully funded up to 2026/27 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) Note that a review of the Council's Capital Strategy has been undertaken as detailed in Annex 2.3.
- xxii) Note that a review of the Council's MRP (Minimum Revenue Provision) Strategy has been undertaken as detailed in Annex 2.3(a).
- xxiii) Note that a review of the Council's Investment Strategy has been undertaken as detailed in Annex 2.3(b).

Housing Revenue Account

- xxiv) Note that no rent increase will be applied to dwelling rents from 1 April 2022, as set out in paragraph 8 of Appendix 3.
- xxv) Note that no increase will be applied to weekly service charges from 1 April 2022, as detailed in paragraphs 11 to 14 of Appendix 3.
- xxvi) Note and recommend to council the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
- xxvii) Note the 40 year Business Plan for revenue and capital expenditure set out in Annexes 3.1 and 3.3 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) Note the increase in heating charges set out in paragraph 15 of Appendix 3 and Annex 3.2.
- xxix) Note the revised Housing Revenue Account (HRA) Capital Programme, which totals £301.34M (as detailed in paragraph 30 & 40 of Appendix 3) and the associated use of resources.
- xxx) Note the reduction of £70.05M in the HRA Capital Programme as detailed in paragraph 31 of Appendix 3.

REASONS FOR THE DECISION

1. The Council is a large and complex organisation managing the delivery of a vast range of businesses either directly or through/with others. Its core purpose is to improve the quality of life for residents and effective financial management is key to this. It is important that Members are aware of the major financial opportunities and challenges and that they make informed decisions. The Council regularly revises its Medium Term Financial Strategy (MTFS) so that the financial position is clear for budget proposals to be drawn up for the forthcoming year.
2. The Capital Programme is reviewed on a quarterly basis in accordance with the Council's Capital Strategy. Programme updates are reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme. Major capital projects are undertaken over a number of years so by setting a clear 5 year programme works can be undertaken in timely manner to assist the Council in achieving its aims and priorities, over both the short and medium term.
3. The Constitution requires the Executive to recommend its budget proposals for the forthcoming year to Full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be presented to full Council.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. Alternative options for revenue spending and MTFS assumptions form an integral part of the development of the overall MTFS that will be considered at the council budget setting meeting on 23 February 2022.
2. Part of setting the General Fund Budget and Medium Term Financial Strategy requires a view to be taken on the revenue cost of capital to the Council and proposals have been considered in order to ensure the most appropriate use of capital resources in meeting the council's priorities. The Capital Strategy and an updated Capital Programme are included as Appendix 2 to the report, and the latest position is included in the Medium Term Financial Forecast Model.
3. This report sets out the HRA revenue budgets for 2022/23 and the 40 year HRA business plan covering the period 2022/23 to 2061/62. The proposed changes to heating charges and the freezing of rent and service charges are

an integral part of the revenue estimates for 2022/23.

4. The update of the Capital Programme is undertaken after consideration of value for money and alternative options. Every £1M needed to be borrowed to finance capital spend has an impact of around £60,000 in the revenue budget for capital financing. Every effort will be made to identify sources of funding as an alternative to borrowing for financing the programme. The overall financial position is considered when formulating the budget and the financing of the capital programme. Prudential Indicators, including the forecast share of capital financing on the council's net budget is reported in Capital Strategy at annex 2.3 of this report.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None.

CONFLICTS OF INTEREST

None.

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 20th February 2022

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in (*if applicable*) (*this suspends implementation*)

Call-in Procedure completed <i>(if applicable)</i>
Call-in heard by <i>(if applicable)</i>
Results of Call-in <i>(if applicable)</i>