

RECORD OF EXECUTIVE DECISION

Tuesday, 23 February 2021

Decision No: (CAB 20/21 31164)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Finance and Income Regeneration
SUBJECT:	THE REVENUE BUDGET 2021/22, MEDIUM TERM FINANCIAL FORECAST 2021/22 TO 2024/25 AND CAPITAL PROGRAMME 2020/21 TO 2025/26
AUTHOR:	Steve Harrison

THE DECISION

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 £36.81M in 2021/22 as detailed in paragraph 50 of Appendix 1.
- ix) Approves savings proposals totalling £10.68M 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) £512,018,229 (Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act).

(b) £406,137,601 (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 £466.43M (as detailed in paragraphs 4 to 6 of Appendix 2) and the associated use of resources.

xvi) Approves additions of £6.52M 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

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 £376.51M (as detailed in paragraph 22 & 32 of Appendix 3) and the associated use of resources.

xxx) Approves the addition of £164.34M to the HRA Capital Programme and the request for approval to spend £164.34M 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 MTFE 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 year 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 MTFF assumptions form an integral part of the development of the overall MTFF that will be considered at the council budget setting meeting on 24th February 2021.
2. Part of setting the General Fund Budget and Medium Term Financial Forecast, 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 MTFF Model.
3. This report sets out the HRA revenue budgets for 2021/22 and the 40 year HRA business plan covering the period 2021/22 to 2060/61. The proposed changes to rents and other charges are an integral part of the revenue estimates for 2021/22.
4. The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.

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: 23rd February, 2021

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 (*if applicable*)

Call-in heard by (*if applicable*)

Results of Call-in (*if applicable*)