

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 21 FEBRUARY 2023

Present:

Councillor Bogle -
Councillor Fielker -
Councillor Kataria -
Councillor Kaur -
Councillor Keogh -
Councillor Leggett -
Councillor Dr Paffey -
Councillor Renyard -

Apologies: Councillor Mitchell

59. EXECUTIVE APPOINTMENTS

The following Executive Appointment was made:-

Councillor Keogh appointed to PATROL AJC (Parking and Traffic Regulations Outside London Joint Committee)

60. ITCHEN BRIDGE TOLL INCREASE AND REMOVAL OF EV CONCESSION

DECISION MADE: (CAB 22/23 35971)

On consideration of the report of the Cabinet Member for Transport and District Regeneration, Cabinet agreed the following:

- (i) To implement the proposed Itchen Bridge toll increase for Class 2 vehicles from £0.80 to £1.00 during peak periods and £0.70 to £0.80 during off peak periods.
- (ii) To remove the Electric Vehicle concession.

61. FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2022

DECISION MADE: (CAB 22/23 35995)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet agreed the following:

General Revenue Fund
Cabinet is recommended to:

- (i) Note the forecast outturn position is a £10.34M deficit, after taking account of £4.70M agreed in-year savings, as outlined in paragraph 4 and in paragraph 1 of appendix 1.
- (ii) Note that failing any further improvement in the 2022/23 financial position the £10.34M deficit will need to be met from the Medium Term Financial Risk Reserve, as set out in paragraph 4 and in paragraph 3 of appendix 1.
- (iii) Note the performance of treasury management, and financial outlook in paragraphs 5 to 8 of appendix 1.
- (iv) Note the forecast year end position for reserves and balances as detailed in paragraphs 9 and 10 of appendix 1.
- (v) Note the Key Financial Risk Register as detailed in paragraph 11 of appendix 1.
- (vi) Note the performance against the financial health indicators detailed in paragraphs 15 and 16 of appendix 1.
- (vii) Note the forecast outturn position outlined in the Collection Fund Statement detailed in paragraphs 19 to 22 of appendix 1.

Housing Revenue Account
Cabinet is recommended to:

- (viii) Note the forecast outturn position is a nil variance against budget as outlined in paragraph 5 and paragraph 17 of appendix 1.

Capital Programme
Cabinet is recommended to:

- (ix) Note the revised General Fund Capital Programme, which totals £356.25M as detailed in paragraph 1 of appendix 2.
- (x) Note the HRA Capital Programme is £267.12M as detailed in paragraph 1 of appendix 2.
- (xi) Note that the overall forecast position for 2022/23 at quarter 3 is £144.78M, resulting in a potential surplus of £2.43M, as detailed in paragraphs 5 and 6 of appendix 2.
- (xii) 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 regarding the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.

62. THE REVENUE BUDGET 2023/24, MEDIUM TERM FINANCIAL STRATEGY AND CAPITAL PROGRAMME

DECISION MADE: (CAB 22/23 36003)

On consideration of the report of the Cabinet Member for Finance and Change, Cabinet agreed the following:

Cabinet is recommended to:
General Fund Revenue

- (i) Note the forecast outturn position for 2022/23 as set out in paragraphs 26 to 28 of Appendix 1.
- (ii) Note the revised Medium Term Financial Strategy 2023/24 to 2026/27 as detailed in paragraphs 69 to 76 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 22 February 2023 as set out in paragraph 32 of Appendix 1.
- (iv) Note that formal budget consultation began on 9 November 2022 and ended on 10 January 2023, although comments submitted after this date will be considered where possible. The outcome of the consultation is outlined in paragraphs 54 to 60.
- (v) Note that the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 61 to 64. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members' Room.
- (vi) Note that the Executive's budget proposals are based on the assumptions detailed within the MTF's and that this includes for 2023/24 an increase in the 'core' council tax of 2.99% and an increase in the Adult Social Care precept of 2.00%, allowable under general powers to increase council tax without a referendum.
- (vii) Note that the report identifies General Fund pressures totalling £28.22M in 2023/24, falling to £26.52M in 2026/27, as detailed in paragraph 53 of Appendix 1.
- (viii) Note that savings proposals totalling £22.03M are included in the 2023/24 General Fund Revenue Budget, reducing to £19.27M in 2026/27, as detailed in paragraph 57 of Appendix 1.
- (ix) Delegate authority to the Head of Supplier Management, after consultation with the Cabinet Member for Transport and District Regeneration, to approve amendments to the Part-night Street Lighting Exemptions Scheme set out in Annex 1.7.
- (x) Note that the budget sets the Band D Council Tax for Southampton City Council at £1,726.47 for 2023/24, a Net Budget Requirement of £221.45M and the Council Tax Requirement for 2023/24 at £115.77M as per Annex 1.2.
- (xi) Notes and endorses the Statement of the S151 Officer as set out in paragraphs 20 to 45 on the robustness of the budget and the adequacy of the council's reserves. In particular the precarious financial position of the authority, the high level of financial risk currently faced and the lack of adequacy of reserves in the light of these risks and that work must continue at pace to lower reliance on reserves as remaining unallocated reserves (estimated at £10.3M) will be exhausted in 2024/25 at the latest, and potentially earlier in 2023/24 should the risks identified in this report materialise.
- (xii) Note that work will continue to review opportunities and proposals to address the 2024/25 and future years budget shortfall and to help mitigate the high level of financial risk within the budget.
- (xiii) Note and recommend to Council where appropriate, the MTF's and General Fund Revenue Budget changes as set out in Council recommendations i) to xvii).
- (xiv) Note CIPFA's code of practice on financial management set out in paragraphs 50 to 53 and that good financial management is assigned to all senior management levels in the Council as well as councillors.

Capital Strategy

- (xv) Note that a review of the Council's Capital Strategy has been undertaken as detailed in Appendix 2.
- (xvi) Note that a review of the Council's MRP (Minimum Revenue Provision) Strategy has been undertaken as detailed in Annex 2.1.

- (xvii) Note that a review of the Council's Investment Strategy has been undertaken as detailed in Annex 2.2.

Flexible Use of Capital Receipts Strategy

- (xviii) Note the Council's Flexible Use of Capital Receipts Strategy as detailed in Appendix 3.

General Fund Capital Programme

- (xix) Note the revised General Fund Capital Programme, which totals £367.41M (as detailed in paragraphs 2 to 6 of Appendix 4) and the associated use of resources.
- (xx) Note that £10.45M has been added to the General Fund programme, with approval to spend. These additions are detailed in paragraphs 12 to 31 of Appendix 4 and Annex 4.1.
- (xxi) Note that a further £13.27M has been added to the General Fund programme, to an existing project which requires approval to spend in its entirety. This addition is detailed in paragraphs 16 of Appendix 4 and Annex 4.1.
- (xxii) Note the removal of schemes from the capital programme totalling £13.22M as set out in paragraphs 12 to 31 of Appendix 4 and detailed in Annex 4.1.
- (xxiii) Note the approval to spend £3.18M for the Outdoor Sports Centre, as set out in paragraph 10 and 16 of Appendix 4.
- (xxiv) Note that the capital programme remains fully funded up to 2027/28 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.

Housing Revenue Account and Capital Programme

- (xxv) Note that formal consultation on proposals for rent, service charge and landlord controlled heating charges began on 9 November 2022 and ended on 10 January 2023, although comments submitted after this date will be considered where possible. The outcome of the consultation is outlined in paragraphs 54 to 60.
- (xxvi) Note that, from 1 April 2023, an average rent increase will be applied to dwelling rents of 7.0% in line with the rent increase cap set by Government, as detailed in paragraph 10 of Appendix 5, equivalent to an average increase of £6.07 per week in the current average weekly dwelling rent figure of £86.72 for Social rent, and £9.89 per week in the current average weekly rent for affordable rent of £141.27. Rents for Shared Ownership rents will also increase by 7%.
- (xxvii) Note that an increase in weekly service charges of 9.0% will be applied from 1 April 2023, as detailed in paragraphs 16 to 19 of Appendix 5.
- (xxviii) Note and recommend to council the Housing Revenue Account revenue estimates as set out in Appendix 5.
- (xxix) Notes the 40 year Business Plan for revenue and capital expenditure set out in Annexes 5.1 and 5.3 of Appendix 5 respectively, that based on current assumptions are sustainable, maintaining a minimum HRA balance of £2.0M in every financial year in line with current policy. However, the S151 Officer has noted a need to review this policy for future budgets and increasing that balance from £2M over time to provide more of a necessary buffer against financial risks.
- (xxx) Note the increase in landlord controlled heating charges set out in paragraph 21 of Appendix 5 and Annex 5.2.

- (xxxi) Note the revised Housing Revenue Account (HRA) Capital Programme, which totals £292.24M (as detailed in paragraph 35 & 42 of Appendix 5) and the associated use of resources.
- (xxxii) Note the capital projections in the HRA Capital Programme for 2022/23 to 2027/28 as detailed in paragraph 35 of Appendix 5, and that spend between 2022/23 and 2026/27 has been maintained within the control totals previously agreed, and adjusted for known slippages at Quarter 3.