

APPENDIX 1

LABOUR GROUP BUDGET RESOLUTION 2015/16

It is recommended that Council:

- i) Notes the budget consultation process that was followed as outlined in Appendix 1 to the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda and notes that this year's process took into consideration feedback from last year on how to improve the process.
- ii) Notes that the consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals.
- iii) Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 18 to 20 and the details contained in Appendix 2 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda, which reflect the feedback received through the consultation process.
- iv) Approves the revised estimate for 2014/15 as set out in Appendix 3 of the General Fund Budget 2015/16 to 2017/18 report on the Council agenda.
- v) Notes the position on the forecast roll forward budget for 2015/16 as set out in paragraphs 34 to 77 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council Agenda.
- vi) Approves the revenue pressures and bids as set out in Appendix 4 and 5 respectively of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda.
- vii) Approves the efficiencies, income and service reductions as set out in Appendix 6b of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda.
- viii) Approves the updated General Fund Revenue Budget 2015/16 as set out in Annex 2 of this resolution, which assumes a council tax increase of 1.99%, with detailed changes from the published General Fund Revenue Budget 2015/16 to 2017/18 Report set out in Annex 1.
- ix) Delegates authority to the Chief Financial Officer (CFO) to action all budget changes arising from the approved pressures, bids, efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
- x) Notes that after taking these items into account, there is an estimated General Fund balance of £9.6M at the end of 2017/18 as detailed in paragraph 114 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda. An updated balances table is attached as Annex 5.
- xi) Delegates authority to the Chief Financial Officer, in consultation with the Head of Legal and Democratic Services, to do anything necessary to give effect to the recommendations in this Resolution.

- xii) Sets the Council Tax Requirement for 2015/16 at £77.27M.
- xiii) Notes the estimates of precepts on the Council Tax collection fund for 2015/16 as set out in Annex 3 to this Resolution.
- xiv) Delegates authority to the Chief Financial Officer to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.
- xv) Notes the Medium Term Financial Strategy as detailed in Appendix 10 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda including the updated Medium Term Financial Forecast in Annex 4 of this Resolution.
- xvi) Approves the Reserves Policy as set out in the Medium Term Financial Strategy at Appendix 10 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda.
- xvii) Approves the creation of a Medium Term Financial Risk Reserve with a contribution of £3.28M in 2015/16 and to delegate authority to draw on this reserve to the Chief Financial Officer and Chief Executive in consultation with the Cabinet Member for Resources as set out in paragraph 119 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda and amended by the changes in Annex 2 to this Resolution.
- xviii) Authorises the Chief Executive and Chief Officers to pursue the development of the options for efficiencies, income and service reductions as set out in Appendix 6b of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda, for the financial years 2016/17 and 2017/18 and continue to develop options to close the remaining projected gaps in those years.
- xix) Approves entering in to an agreement with the Local Capital Finance Company and to approve a £20,000 investment in the Company in 2015/16 to enable SCC to have access to this competitive alternative borrowing source, as set out in paragraph 85 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda.
- xx) Approves entering into a Section 75 (S75) of the National Health Service Act 2006 Partnership Agreement pooled fund, noting the minimum statutory requirement to pool £15.325m revenue (SCC contribution £5.085M) and £1.526m (all SCC contribution) capital as detailed in paragraphs 124 to 128 of the General Fund Revenue Budget 2015/16 to 2017/18 report on the Council agenda.
- xxi) Note the actual S75 pooled fund to be set up will be an estimated £61M and approve a total SCC contribution of £5.3M revenue and £1.526M capital, from 1 April 2015.
- xxii) Approves, in conjunction with recommendation xxiii, the addition of the remaining budgets included within the schemes as per the Better Care Plan, into the pooled fund as and when appropriate, bringing the total value to approximately £132M (SCC contribution of £51M).

- xxiii) Delegates authority to the Director of People, following consultation with the lead Cabinet Member for Health and Adult Social Care, the Chair of the Health and Wellbeing Board and the Head of Legal and Democratic Services, to (a) agree the terms and conditions of the pooled fund agreement under S75 of the National Health Service Act 2006 and (b) to carry out any ancillary actions needed to give effect to this recommendation.
- xxiv) Approves the following amounts now calculated by the Council for the year 2015/16 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act).
- xxv) Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2015/16 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

a)	Aggregate the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.		£533,293,900
b)	Aggregate the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.		£456,024,300
c)	Calculation in accordance with Section 31A(4) of the Act, of the Council's council tax requirement for the year, being the amount by which the aggregate at a) above exceeds the aggregate at b) above. (Item R in the formulae in Section 31B(1) of the Act.		£77,269,600
d)	The amount at c) above (Item R), divided by the Council Tax Base of 58,825.0 (Item T in the formula in Section 31B(1) of the Act), as the basic amount of Council Tax for the year.		£1,313.55
e)	Precepting Authority – Southampton City Council	Valuation Band	Amount
		A	£875.70
		B	£1,021.65
		C	£1,167.60
		D	£1,313.55
		E	£1,605.46
		F	£1,897.36
		G	£2,189.26
		H	£2,627.11
	Being the amounts given by multiplying the amount of d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in the proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amount to be taken into account for the year in		

	respect of the dwellings listed in different valuation bands.		
f)	That it be noted for the year 2015/16 that the Police And Crime Commissioner for Hampshire are provisionally recommending the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:	Valuation Band	Amount
		A	£104.89
		B	£122.37
		C	£139.85
		D	£157.33
		E	£192.29
		F	£227.26
		G	£262.22
		H	£314.66
g)	That it be noted for the year 2015/16 that the Hampshire Fire and Rescue Authority are provisionally recommending the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:	Valuation Band	Amount
		A	£40.92
		B	£47.74
		C	£54.56
		D	£61.38
		E	£75.02
		F	£88.66
		G	£102.30
		H	£122.76
h)	That, having calculated the aggregate in each case of the amounts at e), f) and g) above, the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby set the following amounts of the Council Tax for the year 2015/16 for each of the categories of dwellings shown below subject to final notification of the precepts for the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority:	Valuation Band	Amount
		A	£1,021.51
		B	£1,191.76
		C	£1,362.01
		D	£1,532.26
		E	£1,872.77
		F	£2,213.28
		G	£2,553.78
		H	£3,064.53

EXPLANATIONS OF CHANGES

When the General Fund Revenue Budget 2015/16 to 2017/18 report was published, it was acknowledged that a number of factors could potentially change which would affect the budget proposed. It was advised that any changes required would be highlighted and taken into account if necessary in a revised budget proposal for the Council meeting on 11 February 2015.

The areas that remained to be clarified were:

- The final Local Government Finance Settlement.
- The Council Tax Referendum threshold
- The provisional notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.

The current position for each of these elements is set out below.

FINAL LOCAL GOVERNMENT SETTLEMENT

The final settlement was published on 3 February 2015 and confirmed that there are no changes to the proposals that were previously announced at the provisional settlement (i.e. the methodology used to determine Settlement Funding Assessment figures and related specific grants remain unchanged).

However, there has been an increase to Revenue Support Grant (RSG) nationally of £74M for 2015/16 to upper tier authorities to assist them in dealing with pressures on local welfare and health and social care. This has resulted in an increase in the Council's Revenue Support Grant of £391,000. This has resulted in the Council's actual reduction in RSG being 27.8% rather than 28.5%, and the actual grant allocation being £42.864M an increase of £0.652M on the original forecast position.

The table below details the revised level of non specific grants for the period 2015/16 to 2017/18

Grant	Estimate 2015/16 £M	Estimate 2016/17 £M	Estimate 2017/18 £M
Revenue Support Grant	42.864	30.054	19.214
Housing and Council Tax Benefit Subsidy Admin Grant	1.783	0.309	0.272
Lead Local Flood Authority - Paid Via LSSG	0.065	0.020	0.018
Education Services Grant	2.000	1.728	1.389
Community Right to Challenge	0.009	0.008	0.007
Community Right to Bid	0.008	0.007	0.006
Local Reform and Community Voices	0.150	0.126	0.105
Council Tax - New Burdens Funding	0.146	0.128	0.113
New Homes Bonus	4.342	0.000	0.000
Total	51.367	32.381	21.123

As the 2015/16 budget has already been balanced and this relatively small allocation has been notified at such a late stage it is proposed to transfer the additional allocation into the Medium Term Financial Risk Reserve, to assist in addressing the potential issues the Council faces in the forthcoming five years. This will bring the total being transferred into this reserve to £3.281M. The updated 2015/16 General Fund Revenue Account is attached at Annex 2 and an updated Medium Term Financial Forecast at Annex 4.

Attached at Annex 5 is also a Revised General Fund Balance table which rectifies an erroneous line. It does not impact on the final totals or any other areas of the report

COUNCIL TAX REFENDUM THRESHOLD

At the time of writing the General Fund Revenue Budget 2015/16 to 2017/18 report, the Government had provisionally announced a Council Tax Referendum threshold for the 2015/16 budget year at 2%. The Minister's written statement for the Final Local Government Finance Settlement confirmed that the referendum limit is set at 2%. Therefore there is no change to the 1.99% increase assumed in the published report.

THE PROVISIONAL NOTIFICATION OF THE HAMPSHIRE FIRE AND RESCUE AUTHORITY PRECEPT AND THE POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE PRECEPT

The Police and Crime Commissioner for Hampshire are provisionally recommending an increase in precepts issued to the Council of 1.99%. This has not been reflected in the published General Fund Revenue Budget 2015/16 to 2017/18 report. The updated Collection Fund Estimates for 2015/16 are attached in Annex 3.

ANNEX 2

2015/16 GENERAL FUND REVENUE ACCOUNT

	2015/16 Forecast	Revenue Pressures	Revenue Bids	Savings & Income	2015/16 Budget
	£000	£000	£000	£000	£000
Portfolios					
Children's Services	55,096.0	3,100.0		(2,039.1)	56,156.9
Communities	2,090.7			(235.3)	1,855.4
Environment & Transport	36,218.1	205.0		(1,943.6)	34,479.5
Health & Adult Social Care	67,443.4	3,200.0		(3,115.7)	67,527.7
Housing & Sustainability	2,791.2			(104.4)	2,686.8
Leader's Portfolio	5,126.3			(338.1)	4,788.2
Resources & Leisure	29,891.5		126.0	(2,193.3)	27,824.2
	198,657.2	6,505.0	126.0	(9,969.5)	195,318.7
Levies & Contributions					
Southern Seas Fisheries Levy	32.4				32.4
Flood Defence Levy	39.8				39.8
Coroners Service	560.0				560.0
	632.2	0.0	0.0	0.0	632.2
Capital Asset Management					
Capital Financing Charges	13,321.6				13,321.6
Capital Asset Management Account	(24,503.4)				(24,503.4)
	(11,181.8)	0.0	0.0	0.0	(11,181.8)
Other Expenditure & Income					
Direct Revenue Financing of Capital	0.0				0.0
Trading Areas (Surplus) / Deficit	6.6			(10.5)	(3.9)
Net Housing Benefit Payments	(758.2)				(758.2)
Non-Specific Government Grants & Other Funding	(51,366.3)				(51,366.3)
Business Rates	(50,135.2)				(50,135.2)
Council Tax Collection Fund (Surplus) / Deficit	(3,205.5)				(3,205.5)
Business Rates Collection Fund (Surplus)/Deficit	(2,368.7)				(2,368.7)
Open Spaces and HRA	435.7				435.7
Risk Fund	4,502.5				4,502.5
Contingencies	250.0				250.0
	(102,639.1)	0.0	0.0	(10.5)	(102,649.6)
NET GF SPENDING	85,468.5	6,505.0	126.0	(9,980.0)	82,119.5
Draw from Balances:					
Addition to / (Draw From) Balances	(7,130.4)				(7,130.4)
Addition to / (Draw From) Reserves	2,280.5				2,280.5
To Fund the Capital Programme	0.0				0.0
	(4,849.9)	0.0	0.0	0.0	(4,849.9)
Revenue Pressures	6,505.0	(6,505.0)			0.0
Net Gap in Budget After Pressures	9,854.0	0.0	126.0	(9,980.0)	0.0

COUNCIL TAX REQUIREMENT

77,269.6	0.0	0.0	0.0	77,269.6
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ANNEX 3

COLLECTION FUND ESTIMATES 2015/16

	2014/15 £000	2015/16 £000	Change £000	Change %
Southampton City Council Precept	73,467.0	77,269.6	3,802.6	5.18%
Hampshire Police Precept	8,799.6	9,254.9	455.3	5.17%
Fire and Rescue Services Precept	3,501.4	3,610.7	109.3	3.12%
Income due from Council Tax Payers	85,768.0	90,135.2	4,367.2	5.09%
Tax Base for Area	57,044.0	58,825.0	1,781.0	3.10%
Basic Amount of Tax for Band D Property	1,503.54	1,532.26	28.72	1.91%

MEDIUM TERM FINANCIAL FORECAST

Portfolios	2015/16	Base	2016/17	Base	2017/18	Base	2018/19	Base	2019/20
	Forecast	Changes	Forecast	Changes	Forecast	Changes	Forecast	Changes	Forecast
	£M	£M	£M	£M	£M	£M	£M	£M	£M
Children's Services	55.1		55.1		55.1		55.1		55.1
Communities	2.1		2.1		2.1		2.1		2.1
Environment & Transport	36.2		36.2		36.2		36.2		36.2
Health & Adult Social Care	67.5		67.5		67.5		67.5		67.5
Housing & Sustainability	2.8		2.8		2.8		2.8		2.8
Leader's Portfolio	5.1		5.1		5.1		5.1		5.1
Resources & Leisure	29.9		29.9	1.4	31.3		31.3		31.3
Add Pressure - Future Years (Known)	6.6		6.6	(0.4)	6.2		6.2		6.2
Add Pressures - Future Years (Unknown)	0.0	1.0	1.0	1.0	2.0	1.0	3.0	1.0	4.0
Base Changes & Inflation	0.0	8.1	8.1	8.8	16.9	9.3	26.2	9.5	35.8
Sub-total for Portfolios	205.3	9.1	214.4	10.8	225.2	10.3	235.5	10.5	246.1
Levies & Contributions	0.6	0.0	0.6	0.0	0.6	0.0	0.6	0.0	0.6
Capital Asset Management	(11.2)	1.5	(9.7)	0.2	(9.5)	0.0	(9.5)	0.0	(9.5)
Other Expenditure & Income									
Direct Revenue Financing of Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trading Areas (Surplus) / Deficit	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)
Net Housing Benefit Payments	(0.8)	0.0	(0.8)	0.0	(0.8)	0.0	(0.8)	0.0	(0.8)
Open Spaces and HRA	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0	0.4
Risk Fund	4.5	0.3	4.8	0.6	5.3	0.3	5.6	0.3	5.9
Contingencies	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.3
Addition to / (Draw From) Reserves	2.3	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total for Other Expenditure & Income	6.7	(2.0)	4.7	0.6	5.3	0.3	5.6	0.3	5.9

Net Revenue Expenditure	201.5	8.6	210.1	11.6	221.6	10.6	232.3	10.8	243.1
	2015/16 Forecast	Base Changes	2016/17 Forecast	Base Changes	2017/18 Forecast	Base Changes	2018/19 Forecast	Base Changes	2019/20 Forecast
	£M	£M	£M	£M	£M	£M	£M	£M	£M
Draw from Balances:									
Addition to / (Draw From) Balances	(7.1)	9.6	2.5	1.5	4.0	(1.0)	3.0	(1.0)	2.0
Council Tax	(77.3)	(1.5)	(78.8)	(1.6)	(80.4)	(1.6)	(81.9)	(1.6)	(83.6)
Non-Specific Government Grants & Other Funding	(51.4)	19.0	(32.4)	11.3	(21.2)	9.9	(11.3)	5.3	(6.0)
Business Rates	(50.1)	(0.9)	(51.1)	(1.0)	(52.0)	(1.0)	(53.0)	(1.0)	(54.0)
Council Tax Collection Fund (Surplus) / Deficit	(3.2)	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business Rates Collection Fund (Surplus)/Deficit	(2.4)	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	(191.5)	31.7	(159.8)	10.2	(149.6)	6.4	(143.2)	1.6	(141.6)
Savings proposals Feb 15	(10.0)	(1.2)	(11.2)	(0.2)	(11.4)	0.0	(11.4)	0.0	(11.4)
DRAFT BUDGET GAP	(0.0)	39.1	39.1	21.6	60.7	17.0	77.7	12.4	90.1

ANNEX 5

	2014/15 £M	2015/16 £M	2016/17 £M	2017/18 £M
Opening balance	53.409	23.366	11.858	10.052
(Draw to Support) Capital	(1.489)	0.0	0.0	0.0
(Draw to Support) / Contribution from Revenue	(17.564)	(7.130)	2.507	4.000
Contributions (to) / from Other Reserves	(3.000)	0.0	0.0	0.0
(Draw for) Strategic Schemes	(7.989)	(4.378)	(4.313)	(4.427)
Closing Balance	23.366	11.858	10.052	9.624