

DECISION-MAKER:	COUNCIL
SUBJECT:	Conservative Group Budget Resolution 2019/20
DATE OF DECISION:	20 FEBRUARY 2019

STATEMENT OF CONFIDENTIALITY	
N/A	
It is recommended that Council:	
General Fund	
i)	Notes the general budget consultation process that was followed as detailed in paragraphs 153 to 157 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
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 161 to 164. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2.
iv)	Note the position on the forecast service overspend position for 2018/19 as set out in paragraphs 31 to 38 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
v)	Approves the revised Medium Term Financial Strategy (MTFS) for the period 2019/20 to 2022/23 attached as Appendix 2 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23.
vi)	Approves the amendment to the 2019/20 budget (1 year) detailed below in paragraph 1, and including a 0% increase in Council Tax in 2019/20.
vii)	Approve the General Fund Revenue Budget 2019/20 as detailed in Annex 1 of the MTFS in Appendix 2 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 of this resolution but subject to changes detailed below in paragraph 1, and including a 0% increase in Council Tax.
viii)	Approves the revised proposals (following consultation) which reduce cost and generate income that amount to £6.77M in 2019/20 increasing to £10.93M in 2020/21. These proposals are detailed in paragraphs 44, 56 and 57 and in the Outcome Plan Appendices in Appendix 1 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
ix)	Note that the Executive's budget proposals will impact on staffing and that consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented. The savings proposals set out in Appendix 1 propose the deletion of 87.31 Full Time Equivalent (FTE) posts, of which 18.33 FTE are vacant, leaving 68.98 FTE at risk of redundancy or TUPE transfer.
x)	Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFS and that this includes a council tax increase of 2.99%, allowable under general powers to increase council tax without a referendum. This resolution seeks to propose no increase in Council Tax for 2019/20 as part of the resolution as detailed in paragraph 1
xi)	Approves additional general fund pressures totalling £17.71M in 2019/20 as detailed in paragraphs 42 and 55.

xii)	Approves a change in the Council Tax – Empty Property Premium as noted in paragraphs 72 to 75 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
xiii)	To delegate authority to the Service Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Finance and Customer Experience, to do anything necessary to give effect to the proposals contained in this report.
xiv)	Sets the Council Tax Requirement for 2019/20 at £96.85M as per Appendix 1 of this budget resolution.
xv)	Notes the estimates of precepts on the Council Tax collection fund for 2019/20 as set out in Appendix 2.
xvi)	Delegates authority to the Service Director – Finance & Commercialisation (S151 Officer) to implement any variation to the overall council tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.
xvii)	Notes the Earmarked Reserves have been reviewed as part of the budget process and proposes an additional draw on reserves to fund proposals as detailed below in paragraphs 1 and 2.

Housing Revenue Account

xviii)	Approves that, from 1st April 2019, a standard decrease be applied to all dwelling rents of 1.0%, as set out in paragraph 117 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda, equivalent to an average decrease of £0.84 per week in the current average weekly dwelling rent figure of £84.39. This will be the final year of the required decreases.
xix)	Approve an increase in weekly service charges from 1st April 2019 (including supported accommodation) as detailed in paragraph 118 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xx)	Approve savings totalling of £3.15M in 2019/20 as detailed in paragraph 120 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxi)	Approves the Housing Revenue Account Revenue Estimates as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxii)	Approves the 30 year Business Plans for revenue and capital expenditure set out in Appendices 7 and 8 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxiii)	Notes that 2019/20 is a 53 week rent year and that rental income and service charge payments will be paid by tenants in 49 instalments across this period.

General Fund and Housing Revenue Account Capital Strategy & Programme

xxiv)	Approves the revised General Fund Capital Programme, which totals £184.11M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & Programme 2018/19 to 2022/23) and the associated use of resources. Approves the addition of a further £2.45M of capital projects as outlined in section 4 below, and approves the funding of the proposals, estimated at £3M, in
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		the Clean Air Zone Business Case in the event that government funding is not awarded. The revised General Fund Capital Programme total would be £189.56M
	xxv)	Approves the revised HRA Capital Programme, which totals £221.59M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23) and the associated use of resources.
	xxvi)	Approves additions of £22.13M which has been added to the General Fund programme and £36.69M to the HRA programme totalling £58.82M, requiring approval to spend. These additions are detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, and in paragraph 4 below.
	xxvii)	Approves the addition of £58.82M to the overall capital programme and the request for approval to spend to spend £58.82M as detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, and in paragraph 4 below.
	xxviii)	Approves the slippage and re-phasing totalling £20.52M as set out in paragraphs 14 to 21 and as detailed in Appendix 2 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
	xxix)	Approves the removal of schemes from the general fund capital programme totalling £3.90M and £12.05M from the HRA capital programme as set out in paragraphs 14 to 21 and as detailed in Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
	xxx)	Notes that the capital programme remains fully funded up to 2022/23 based on the latest forecast of available resources, and subject to a review of existing projects to finance new proposals in paragraph 4 below, 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.
	xxxi)	Approves the Council's capital strategy detailed in Appendix 4 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, subject to an amendment to the strategy to enable Capital Receipts from further asset disposals to be used to fund proposals as outlined in paragraph 4 below, and a review/reprioritisation of the existing programme to ensure all proposals in this amendment can be funded.

Council Tax Setting Matters

	cxxii)	Approves the following amounts now calculated by the Council for the year 2019/20 in accordance with Section 32 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act), and taking into account the proposals in this Amendment.
	cxxiii)	Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2019/20 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

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Aggregate the amounts which the Council estimates for the items set out in Section 32(2) of the Act.		£551,876,742
Aggregate the amounts which the Council estimates for the items set out in Section 32(3) of the Act.		£455,026,898
Calculation in accordance with Section 32(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 33(1) of the Act.		£96,849,844
The amount at c) above (Item R), divided by the Council Tax Base of 64,959.0 (Item T in the formula in Section 33(1) of the Act), as the basic amount of Council Tax for the year.		£1,490.94
Precepting Authority – Southampton City Council	Valuation Band	
	A	£993.96
	B	£1,159.62
	C	£1,325.28
	D	£1,490.94
	E	£1,822.25
	F	£2,153.58
	G	£2,484.89
	H	£2,981.87
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.		
That it be noted for the year 2019/20 that the Police and Crime Commissioner for Hampshire has agreed 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	
	A	£134.31
	B	£156.69
	C	£179.08
	D	£201.46
	E	£246.23
	F	£291.00
	G	£335.77
	H	£402.92
That it be noted for the year 2019/20 that the Hampshire Fire and Rescue Authority is 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	
	A	£45.14
	B	£52.66
	C	£60.19
	D	£67.71
	E	£82.76
	F	£97.80
	G	£112.85
	H	£135.42
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 2019/20 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	
	A	£1,173.41
	B	£1,368.97
	C	£1,564.55
	D	£1,760.11
	E	£2,151.24
	F	£2,542.38
	G	£2,933.51
	H	£3,520.21

Changes to the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23	
1.	The Conservative Group proposals seek to reverse a number of proposals within the proposed Revenue Budget that has been put to Council, and sets out new proposals within the Car Parking service and to support air quality improvements in the City. These proposals can be achieved through more ambitious savings targets throughout the budget. These proposals are summarised in the table at paragraph 3 below. In addition to the proposals below the Opposition Budget will maintain a commitment to providing funding for The Avenue Centre for the period of the MTFS.
2.	The savings proposals are ambitious and seek to drive additional savings across the Council. These proposals are target based savings to be driven through improved efficiency and smarter working. Implementation of these proposals are subject to the development of fuller business cases, including relevant impact assessments, and also a wider review and realignment of the Council Strategy. Savings are therefore anticipated to be part year savings in 2019/20, and a one-off draw from reserves is therefore proposed to mitigate this impact.

3.	Summary of changes to 2019/20 Revenue Budget	2019/20 £M
	Abolishment of evening car parking charges for on street & off street parking. Proposal excludes Multi Storey car parking.	0.70
	Reversing proposals to charge for Blue badge parking contained within the proposed Budget.	0.07
	Abolish charges on 1 st permits in all areas with resident parking schemes	0.20
	Reverse budget proposals to increase fees at Itchen Bridge	0.51
	Investment in additional staff within Street Cleaning and Bins service	0.30
	Establish an Air Quality Task Force. The cost represents additional employee cost.	0.10
	City Greening to improve Air Quality	0.15
	District and City Centre Improvements	0.30
	To undertake a feasibility study for introducing Trams – a one off pressure for 2019/20 only.	0.05
	Keep both Glen Lee and Holcroft House Care homes open. This will represent a pressure of £0.41m from 2020/21.	0.00
	Council Tax Freeze	2.94
	Total Additional Pressures	5.32

Funding of Budget Changes

Changes to 2019/20 Budget	2019/20 £M
Additional Procurement Savings	0.60
Additional savings from outsourcing and shared services	0.50
Increased income from Council Tax and Business Rates due to the re-tender of Property Services	0.50
To Outsource Museums and Galleries	0.20
Modernising Council Operations	0.40
Additional Savings in Transformation	0.55
Commercial Activities – to reinstate the income target for commercial income in 2019/20	0.50
Draw from Reserves	1.37
Draw from On-Street Parking Reserve	0.70
Additional Income / Funding	5.32

4.	<p>Pressures to the 2019/20 Capital Budget</p> <p>The main proposals for the Capital budget are centred on air quality as follows;</p> <ul style="list-style-type: none"> • The Council recently submitted a Business Case for government funding a number of measures to support reductions in Nitrogen Dioxide in the City. The amendment proposes that the Council fund the Case in the event that government funding is not awarded. • At the recent Cabinet meeting a Green City Charter was proposed. The Amendment proposes funding to be made available to support the work of the Green City Charter. • Match funding to support air quality projects – The purpose of this proposal is to allocate resource to match fund projects to enable business cases to be developed. • Increased Investment in Pavements & Highways 																										
5.	<p>Pressures to the 2019/20 Capital Budget</p> <table border="1" data-bbox="220 734 1474 1160"> <thead> <tr> <th>Changes to 2019/20 Capital Budget</th> <th>2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Green City Charter</td> <td>1.00</td> </tr> <tr> <td>Investment in Pavements & Highways</td> <td>1.00</td> </tr> <tr> <td>Investment in Outdoor Sports Centre</td> <td>0.25</td> </tr> <tr> <td>Match Funding for Air Quality</td> <td>0.20</td> </tr> <tr> <td>Investment in Clean Air Zone (contingency)</td> <td>3.00</td> </tr> <tr> <td>Additional Capital investment</td> <td>5.45</td> </tr> </tbody> </table> <p>Funding of Capital Budget Pressures</p> <table border="1" data-bbox="220 1256 1474 1621"> <thead> <tr> <th>Changes to 2019/20 Capital Budget</th> <th>2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Transfer from Reserves</td> <td>0.65</td> </tr> <tr> <td>S106 Contributions (ring fenced for transport/highways improvements)</td> <td>0.50</td> </tr> <tr> <td>Parking Fund Surplus (ring-fenced for highways improvements)</td> <td>0.30</td> </tr> <tr> <td>Capital Receipts from sale of Assets</td> <td>4.00</td> </tr> <tr> <td>Additional funding for Capital</td> <td>5.45</td> </tr> </tbody> </table>	Changes to 2019/20 Capital Budget	2019/20 £M	Green City Charter	1.00	Investment in Pavements & Highways	1.00	Investment in Outdoor Sports Centre	0.25	Match Funding for Air Quality	0.20	Investment in Clean Air Zone (contingency)	3.00	Additional Capital investment	5.45	Changes to 2019/20 Capital Budget	2019/20 £M	Transfer from Reserves	0.65	S106 Contributions (ring fenced for transport/highways improvements)	0.50	Parking Fund Surplus (ring-fenced for highways improvements)	0.30	Capital Receipts from sale of Assets	4.00	Additional funding for Capital	5.45
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KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Revised Council Tax Calculation 2019/20

2.	Revised Council Tax precepts 2019/20
3.	
4.	

Documents In Members' Rooms

1.	N/a