

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	Medium Term Financial Strategy 2024/25 TO 2028/29 REBASE		
<b>DATE OF DECISION:</b>	16 JULY 2024		
<b>REPORT OF:</b>	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	Executive Director Enabling Services and S151 Officer	
	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 3528
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title:</b>	Director of Finance	
	<b>Name:</b>	Richard Williams	<b>Tel:</b> 023 8083 2936
	<b>E-mail:</b>	<a href="mailto:Richard.Williams@southampton.gov.uk">Richard.Williams@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
Not Applicable
<b>BRIEF SUMMARY</b>

The report outlines the quarterly update including an exercise to rebase the Medium-Term Financial Strategy (MTFS). The rebase helps to ensure a clearer base position for members and budget holders on which the impact of any future decisions including the transformation programme can be assessed.

**RECOMMENDATIONS:**

	Cabinet is asked to:	
i)	Approve the rebasing amendments to the MTFS and set out in Appendix 1.	
ii)	Agree the revised medium term financial forecast after the quarter 1 review and rebasing exercise for the period 2024/25 to 2028/29 and MTFS update commentary as set put in Appendix 1.	
iii)	Agree in year savings that are transformation related and recurrent in nature, a budget adjustment will be completed to remove the budget once there is evidence of achievement. This will be completed on a quarterly basis and used to offset the Exceptional Financial Support (EFS) requirement.	
iv)	Agree the next steps to developing the MTFS and creating a balanced budget including further developing the business planning framework to deliver savings going forward.	

**REASONS FOR REPORT RECOMMENDATIONS**

1.	This report details a rebasing the MTFS to set the base year to 2024/25. Cabinet is being asked to approve the amendments to the MTFS from this exercise and to note the commentary provided.
----	---

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2.	Not reviewing previously agreed budget adjustments included in the MTFS is not considered appropriate because this may result in the double counting of transformation savings with existing budget reductions or retention of budget increases that will not be required in the light of remodelled services. It would also result in a lack of clarity for members and budget holders over what is contained within the budget going forward.
----	---

**DETAIL**

3.	<p><b><u>Rebasing the budget</u></b></p> <p>Significant work has been undertaken to ensure the 2024/25 budget is correct. This work included all budget holders detailing the pressures the services are facing and proposing savings that could be delivered within this financial year.</p> <p>The work also involved budget holders signing accountability statements to ensure they fully understood the budget they are responsible for.</p> <p>Due to this work, it is an optimal point to rebase the budget to use 2024/25 budget as the starting point for any decision going forward. As a result of this a review has been undertaken of all budget adjustments in future years. The result of this work has been set out in Appendix 1.</p>
----	--

4.	<p><b><u>Quarter 1 Review</u></b></p> <p>The 2024/25 to 2027/28 MTFS introduced a practice of reviewing the MTFS on an ongoing basis and reporting this each quarter in line with best practice. Due to timings this quarters update is based on figures at month 2.</p> <p>A review of the assumptions that drive the MTFS has also been undertaken, due to the uncertainty around the future comprehensive funding assessment and national policy, we have adopted the scenario-based planning method. This approach was taken in Q1 last financial year and served as a useful planning tool.</p>
----	--

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

4.	<p>The revenue implications are contained in the report. The costs of transformation can are still be determined as the project plans are being developed. The council currently has the following available to pay for transformation:</p> <ol style="list-style-type: none"> <li>1. Exceptional Financial Support – (classed as capital expenditure)</li> <li>2. Capital receipts flexibilities – (classed as capital expenditure)</li> <li>3. Transformation reserve – (classed as revenue expenditure)</li> </ol> <p>Each of the transformation portfolios are likely to have capital requests attached to them some of these are already included in the capital programme (for example the new social care system) others may require additions to the capital programme.</p> <p>A full update on the capital programme will be brought forward in the MTFS Q2 report.</p>
----	--

**Property/Other**

5.	None.
----	-------

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

3.	Budget reports are consistent with the Section 151 Officer's role to align budget with the aims of the council and the duty to ensure good financial administration.
<b>Other Legal Implications:</b>	
4.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
5.	Risk management implications are contained in the report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
6.	None.

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
------------------------------------	-----

### SUPPORTING DOCUMENTATION

#### Appendices

1.	
2.	
3.	

#### Documents In Members' Rooms

1.	None
2.	
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule

	12A allowing document to be Exempt/Confidential (if applicable)
--	---

1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
2.		