

RECORD OF EXECUTIVE DECISION

Tuesday, 15 October 2019

Decision No: (CAB 19/20 25459)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	RESOURCES
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY TO 2023/24 AND ASSOCIATED MATTERS
AUTHOR:	Steve Harrison

THE DECISION

- i) Note the high level forecast for the General Fund for 2020/21 onwards and subsequent rebasing of budgets, ensuring budgets are on a sound and robust footing.
- ii) Note the pressures which have been included in the forecast which are set out in paragraphs 17 and 18.
- iii) Note the Executive's initial investment and savings proposals put forward for conversation and consultation in Appendices 3 and 4. Savings amount to a cumulative £29.5M by 2022/23, with a significant contribution from income generating initiatives. New investment under these proposals is estimated at around £14.0M in the revenue budget.
- iv) Note that the Executive's budget proposals for consultation are based on the assumption that they will recommend a Council Tax increase of 1.99% to Full Council as per paragraph 21.
- v) To note the implications for the Capital Programme and to approve the additions to the capital programme as detailed in paragraph 26 to 28 and give approval to spend.
- vi) Note that the Executive's initial savings set out in Appendices 3, with a clear emphasis on ways to generate income as a key part of ensuring a balanced budget.
- vii) Note the consultation on the Executive's draft budget proposals will commence on 16th October 2019 and note the consultation proposals and methodology set out in paragraph 35.
- viii) Delegate authority to the Chief Financial Officer (CFO), following consultation with the Cabinet Member for Resources, to do anything necessary to give effect to the proposals contained in this report.

REASONS FOR THE DECISION

Report of the Cabinet Member for Resources updating the current strategy and seeking approval for consultation on Budget Proposals.

DETAILS OF ANY ALTERNATIVE OPTIONS

The proposals presented in this report represent the Executive's draft budget for 2020/21 through to 2022/23, which is being published for consultation. There are a number of variables and alternative options that could be implemented as part of the budget. The budget will be set by Full Council in February 2020.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

NOTE OF AMENDMENTS

RECOMMENDATIONS:

Cabinet are recommended to:

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| i) | Note the high level forecast for the General Fund for 2019/20 2020/21 onwards and subsequent rebasing of budgets, ensuring budgets are on a sound and robust footing. |
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Paragraph 19:

Table 5: Investment Proposals

Description	2020/21	2021/22	2022/23	Total
	Revenue	Revenue	Revenue	Revenue
	£000s	£000s	£000s	£000s
A city of culture by 2025	319	27	192	539
Delivery of Bitterne Community Hub Project	300	0	50	350
Global partnership Programme	20	20	20	60
Green City Charter	207	226	226	659
People and place planning through the Local plan	327	112	0	439
Connected Southampton 2040 (Local Transport Plan 4)	212	714	714	1,640
Connected City	0	100	0	100
Future of Work (inquiry response)	140	125	55	320
Itchen bridge payment (contactless)	248	286	286	820
Itchen flood defences	46	50	50	146
implementation of better client handling (new case management system)	104	0	0	104

Improving surplus generated by our services to reinvest in council services	185	191	191	567
Digital Customer Experience Improvement	98	0	0	98
Smart Ways Of Working	135	91	91	317
Organisational Development	200	200	200	600
Reducing overheads and streamlining our processes to improve outcomes and services	273	45	45	363
Safer Communities	314	216	162	692
Children/Young People get a good start in life	500	500	500	1,500
Sub total	3,626	2,903	2,782	9,311
Capital Financing Budget	140	1,350	3,162	4,652
Investment Total	3,766	4,253	5,944	13,963

*Note figures have rounded in this table, which may produce small difference to the totals

The table indicates additional investment across a range of proposals in the next three years, totalling ~~£3.3M~~ **£3.8M** in 2020/21 and totalling around £14.0M over the three years.

<u>Table 6 – MTFS Summary Position</u>	2020/21 £M	2021/22 £M	2022/23 £M
Budget Gap - February 2019	9.5	11.8	11.6
Pressures and Mitigations	6.2	6.2	8.5
Developments/Investment	3.8	4.3	5.9
Savings Proposals	-7.8	-10.3	-11.4
Funding Reduction	4.5	4.5	4.5
Spending Round 2019 and grant assumptions	-9.9	-7.0	-7.0
Assumptions on grant-funding*		-7.0	-7.0
Use of reserves	-6.3	-4.8	-4.8
Amended Budget Gap – October 2019	0.0	4.7	7.3

**this line should have been removed*

Paragraph 28

Table 7 – New Capital Investments

	2020/21 £M	2021/22 £M	2022/23 £M	Total £M
City of culture	0.2	0.3		0.5
Bitterne Hub		27.3		27.3

Green City Charter	1.0		20.0	21.0
ToysRus site		26.7		26.7
Connected Southampton	42.0	37.0	50.0	129.0
Itchen Bridge*	0.1			0.1
Children Res Centre	0.8			0.8
Highways capital prog	6.0	7.0	8.0	21.0
Digital customer experience	0.4			0.4
Smarter ways of working	1.6	1.0	1.0	3.6
Outdoor Leisure	0.2	4.4	8.2	12.8
Streamlining Processes	0.2			0.2
Total New Capital Investment	52.5	103.7	87.2	243.4

**Note: in programme for 2019/20 (contactless payment)*

Paragraph 42:

The legal significance of the Annual Budget derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) to set a balanced budget. Failure to make a lawful Council Tax on or before 11 March 2017 **2020** could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax.

							Amended Appendix FOUR
Investment in Services							
	2020/21	2021/22	2022/23	Total			
Description	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
A city of culture by 2025	319	10	27	0	192	0	539
Delivery of Bitterne Community Hub Project	300	0	0	17,600	50	0	350
Global partnership programme	20	0	20	0	20	0	60
Green City Charter	207	1,000	226	0	226	10,000	659
People and place planning through the Local plan	327	0	112	0	0	0	439
Mayflower Quarter phase 1	0	0	0	26,700	0	0	0
Connected Southampton 2040 (Local Transport Plan 4)	212	960	714	780	714	130	1,640
Connected City	0	0	100	0	0	0	100
Future of work inquiry response	140	0	125	0	55	0	320
Itchen bridge payment (Contactless)	248	0	286	0	286	0	820
Itchen flood defences	46	0	50	0	50	0	146
implementation of better client handling (new case management system)	104	0	0	0	0	0	104
HIGHWAYS CAPITAL programme		4,630		5,630		6,630	0
Improving surplus generated by our services to reinvest in council services	185	0	191	0	191	0	567
Digital Customer Experience Improvement	98	400	0	0	0	0	98

Smart Ways Of Working	135	1,657	91	1,000	91	1,000	317	3,657
Organisational Development	200	0	200	0	200	0	600	0
Reducing overheads and streamlining our processes to improve outcomes and services	273	100	45	0	45	0	363	100
Safer Communities	314	0	216	0	162	0	692	0
Community Assets - Outdoor Sports Centre	0	150	0	1,300	0	5,400	0	6,850
Children to get a good start in life	500	0	500	0	500	0	1,500	0
NET TOTAL	3,626	8,907	2,903	53,010	2,782	23,160	9,311	85,077
<i>NB the £85.077M capital over three years represents the estimated SCC element of additional funding, after allowing for estimated funding from other sources (some of which is to be confirmed).</i>								

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: 15 October 2019

Decision Maker:
The Cabinet

Proper Officer:
Pat Wood

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 <i>(if applicable)</i>
Call-in heard by <i>(if applicable)</i>
Results of Call-in <i>(if applicable)</i>