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Council

Wednesday, 26th February,
2020
at 2.00 pm

EXECUTIVE AND OPPOSITION BUDGET RESOLUTIONS

This meeting is open to the public

Members

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MEMBERS' ROOM DOCUMENTS

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4 THE MEDIUM TERM FINANCIAL STRATEGY, BUDGET AND CAPITAL PROGRAMME 2020/21 TO 2022/23 (Pages 1 - 8)

Executive and Opposition Budget Resolutions.

Tuesday, 18 February 2020

SERVICE DIRECTOR, LEGAL AND BUSINESS OPERATIONS

Agenda Item 4

EXECUTIVE BUDGET RESOLUTION 2020/21

It is recommended that Council:

Medium Term Financial Strategy and Budget

The following recommendations in respect of the General Fund, Revenue Account and Capital Programme and Housing Revenue Account are as per the Medium Term Financial Strategy, Budget and Capital Programme 2020/21 to 2022/23 report, with the exception of where recommendations have been amended to reflect the confirmed precept by the Police and Crime Commissioner for Hampshire, the confirmed precept for Hampshire Fire and Rescue Authority and the agreed final local government finance settlement:

General Fund: Revenue Account

- i) Notes the general budget consultation process that was followed as detailed in paragraphs 37 to 42.
- 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 44 to 47. 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 outturn position for 2019/20 as set out in paragraphs 30 to 33 of Appendix 1.
- v) Approves the revised Medium Term Financial Strategy (MTFS) for the period 2020/21 to 2022/23 attached as Annex 1.1 to Appendix 1.
- vi) Approves the 2020/21 General Fund Revenue Budget as detailed in Annex 1.1(a) of the MTFS at Annex 1.1 of Appendix 1.
- vii) Notes that the Executive's budget proposals are expected to lead to an overall investment in staffing within the council. Where staffing levels are impacted consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented.
- viii) Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFS and that this includes an increase in the Adult Social Care precept of just under 2.00% and no increase in the general council tax, allowable under general powers to increase council tax without a referendum.
- ix) Approves additional general fund pressures totalling £7.22M in 2020/21, rising to £9.82M in 2022/23, as detailed in paragraphs 47 to 51 of Appendix 1.
- x) Approves savings proposals totalling £7.61M that are included in the 2020/21 General Fund Revenue Budget, rising to £11.42M in 2022/23, as detailed in paragraphs 52 to 55 of Appendix 1.
- xi) Approves investment proposals totalling £4.25M that are included in the 2020/21 General Fund Revenue Budget, rising to £6.10M in 2022/23, as detailed in paragraphs 56 to 58 of Appendix 1.
- xii) To delegate authority to the Executive Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Resources, to do anything necessary to give effect to the proposals contained in this report.

- xiii) Sets the Band D Council Tax for Southampton City Council at £1,566.18 for 2020/21, the Net Budget Requirement at £190.82M and the Council Tax Requirement for 2020/21 at £102.53M as per Annex 1.2 to Appendix 1.
- xiv) Notes the estimates of precepts on the council tax collection fund for 2020/21 as set out in Annex 1.3 to Appendix 1, as well as the council tax band charges for Southampton City Council and the charges for the Police and Crime Commissioner for Hampshire and the charges for Hampshire Fire and Rescue Authority, which have now been agreed by the respective authorities.

General Fund: Capital Programme

- xv) Approves the revised General Fund Capital Programme, which totals £728.77M (as detailed in paragraphs 5 & 39 of Appendix 2) and the associated use of resources.
- xvi) Approves additions of £320.46M which has been added to the General Fund programme requiring approval to spend, by Cabinet/Council subject to the relevant financial limits. These additions are detailed in paragraphs 9 of Appendix 2 and annex 2.1.
- xvii) Approves the addition of £29.48M to the overall capital programme and the request for approval to spend £29.48M as detailed in paragraph 10 of Appendix 2 and Annex 2.1.
- xviii) Approves the removal of schemes from the capital programme totalling £15.68M as set out in paragraph 11 of Appendix 2 and detailed in Annex 2.1.
- xix) Notes that the capital programme remains fully funded up to 2024/25 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.
- xx) Approves the Council's capital strategy detailed in Annex 2.3.
- xxi) Approves the Council's MRP strategy detailed in Annex 2.3(a).
- xxii) Approves the Council's investment strategy detailed in Annex 2.3(b).

Housing Revenue Account

- xxiii) Approves that, from 1st April 2020, a standard increase be applied to all dwelling rents of 2.7%, as set out in paragraph 10 of Appendix 3, equivalent to an average increase of £2.26 per week in the current average weekly dwelling rent figure of £83.46.
- xxiv) To note an increase in a number of weekly service charges, whilst others remain unchanged, as detailed in paragraph 11 of Appendix 3 from 1st April 2020 (including supported accommodation). This approach was previously agreed by Council at its meeting in February 2019.
- xxv) Approves the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
- xxvi) Approves the 40 year Business Plans for revenue and capital expenditure set out in Annexes 3.1 and 3.2 of Appendix 3 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
- xxvii) To note that from 2020/21 onwards, following consultation, rents will now be charged on a weekly basis throughout the year, thus reducing the weekly payment and removing the four "rent-free" weeks.
- xxviii) Approves the revised Housing Revenue Account (HRA) Capital Programme, which totals £251.97M (as detailed in paragraph 22 & 31 of Appendix 3) and the associated use of resources.

- xxix) Approves the addition of £73.71M to the HRA Capital Programme and the request for approval to spend £73.71M as detailed in paragraph 30 of Appendix 3.

NEW RECOMMENDATIONS: Council Tax Setting Matters

- xxx) Approves the following amounts now calculated by the Council for the year 2020/21 in accordance with Section 32 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act).
- xxxi) Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2020/21 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 32(2) of the Act.		£515,797,992
b)	Aggregate the amounts which the Council estimates for the items set out in Section 32(3) of the Act.		£413,263,320
c)	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.)		£102,534,672
d)	The amount at c) above (Item R), divided by the Council Tax Base of 65,468 (Item T in the formula in Section 33(1) of the Act), as the basic amount of Council Tax for the year.		£1,566.18
e)	Precepting Authority – Southampton City Council	Valuation Band	Amount
		A	£1,044.12
		B	£1,218.14
		C	£1,392.16
		D	£1,566.18
		E	£1,914.22
		F	£2,262.26
		G	£2,610.30
		H	£3,132.36
	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 2020/21 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	Amount
		A	£140.97
		B	£164.47
		C	£187.96
		D	£211.46
		E	£258.45
		F	£305.44
		G	£352.43
		H	£422.92

	g) That it be noted for the year 2020/21 that the Hampshire Fire and Rescue Authority 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	Amount
		A	£46.04
		B	£53.71
		C	£61.39
		D	£69.06
		E	£84.41
		F	£99.75
		G	£115.10
		H	£138.12
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 2020/21 for each of the categories of dwellings shown following the agreement of the precepts for the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority:	Valuation Band	Amount
		A	£1,231.13
		B	£1,436.32
		C	£1,641.51
		D	£1,846.70
		E	£2,257.08
		F	£2,667.45
		G	£3,077.83
		H	£3,693.40

It is recommended that Council:

Medium Term Financial Strategy and Budget

General Fund: Revenue Account

- i) Notes the general budget consultation process that was followed as detailed in paragraphs 37 to 42.
- 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 44 to 47. 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 outturn position for 2019/20 as set out in paragraphs 30 to 33 of Appendix 1.
- v) Approves the revised Medium Term Financial Strategy (MTFS) for the period 2020/21 to 2022/23 attached as Annex 1.1 to Appendix 1.
- vi) Approves the 2020/21 General Fund Revenue Budget as detailed in Annex 1.1(a) of the MTFS at Annex 1.1 of Appendix 1.
- vii) Notes that these budget proposals are expected to lead to an overall investment in staffing within the council. Where staffing levels are impacted consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented.
- viii) Notes that these budget proposals are based on the assumptions detailed within the MTFS and that this includes an increase in the Adult Social Care precept of just under 2.00% and no increase in the general council tax, allowable under general powers to increase council tax without a referendum.
- ix) Approves additional general fund pressures totalling £7.22M in 2020/21, rising to £9.82M in 2022/23, as detailed in paragraphs 47 to 51 of Appendix 1.
- x) Approves savings proposals totalling £7.91M that are included in the 2020/21 General Fund Revenue Budget, rising to £12.22M in 2022/23.
- xi) Approves investment proposals totalling £6.78M that are included in the 2020/21 General Fund Revenue Budget, rising to £9.68M in 2022/23.
- xii) To delegate authority to the Executive Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Resources, to do anything necessary to give effect to the proposals contained in this report.
- xiii) Sets the Band D Council Tax for Southampton City Council at £1,566.18 for 2020/21, the Net Budget Requirement at £190.82M and the Council Tax Requirement for 2020/21 at £102.53M as per Annex 1.2 to Appendix 1.
- xiv) Notes the estimates of precepts on the council tax collection fund for 2020/21 as set out in Annex 1.3 to Appendix 1, as well as the council tax band charges for Southampton City Council and the charges for the Police and Crime Commissioner for Hampshire and the charges for Hampshire Fire and Rescue Authority, which have now been agreed by the respective authorities.

General Fund: Capital Programme

- xv) Approves the revised General Fund Capital Programme, which totals £730.47M and the associated use of resources.
- xvi) Approves additions of £322.16M which has been added to the General Fund programme requiring approval to spend, by Cabinet/Council subject to the relevant financial limits.
- xvii) Approves the addition of £29.48M to the overall capital programme and the request for approval to spend £29.48M as detailed in paragraph 10 of Appendix 2 and Annex 2.1
- xviii) Approves the removal of schemes from the capital programme totalling £15.68M as set out in paragraph 11 of Appendix 2 and detailed in Annex 2.1.
- xix) Notes that the capital programme remains fully funded up to 2024/25 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.
- xx) Approves the Council's capital strategy detailed in Annex 2.3.
- xi) Approves the Council's MRP strategy detailed in Annex 2.3(a).
- xxii) Approves the Council's investment strategy detailed in Annex 2.3(b).

Housing Revenue Account

- xxiii) Approves that, from 1st April 2020, a standard increase be applied to all dwelling rents of 2.7%, as set out in paragraph 10 of Appendix 3, equivalent to an average increase of £2.26 per week in the current average weekly dwelling rent figure of £83.46.
- xxiv) To note an increase in a number of weekly service charges, whilst others remain unchanged, as detailed in paragraph 11 of Appendix 3 from 1st April 2020 (including supported accommodation). This approach was previously agreed by Council at its meeting in February 2019.
- xxv) Approves the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
- xxvi) Approves the 40 year Business Plans for revenue and capital expenditure and that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
- xxvii) To note that from 2020/21 onwards, following consultation, rents will now be charged on a weekly basis throughout the year, thus reducing the weekly payment and removing the four "rent-free" weeks.
- xxviii) Approves the revised Housing Revenue Account (HRA) Capital Programme, which totals £255.97M and the associated use of resources.
- xxix) Approves the addition of £77.71M to the HRA Capital Programme and the request for approval to spend £77.71M

NEW RECOMMENDATIONS: Council Tax Setting Matters

- xxx) Approves the following amounts now calculated by the Council for the year 2020/21 in accordance with Section 32 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act).

- xxxii) Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2020/21 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 32(2) of the Act.		£514,777,992
b)	Aggregate the amounts which the Council estimates for the items set out in Section 32(3) of the Act.		£412,243,320
c)	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.)		£102,534,672
d)	The amount at c) above (Item R), divided by the Council Tax Base of 65,468 (Item T in the formula in Section 33(1) of the Act), as the basic amount of Council Tax for the year.		£1,566.18
e)	Precepting Authority – Southampton City Council	Valuation Band	Amount
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		F	£2,262.26
		G	£2,610.30
		H	£3,132.36
	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 2020/21 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	Amount
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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 2020/21 for each of the categories of dwellings shown following the agreement of the precepts for the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority:	Valuation Band	Amount
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