

REPORT OF THE
Cabinet
PART I

**REVENUE BUDGET AND PRECEPT 2018/19 AND CAPITAL PROGRAMME
2018/19 – 2020/21**

1. REVENUE BUDGET AND PRECEPT 2018/19

- 1.1. The Cabinet considered the proposed Revenue Budget and Precept for 2018/19 at its meeting on 5 February 2018 and resolved to make a number of recommendations to the County Council. The report considered by Cabinet is attached as Annex A to this Part I report and is referenced in recommendations a to m below.
- 1.2. The main changes that have been made to the figures presented to Cabinet are technical and relate to notifications from District Councils of final tax base, business rates and collection fund figures, together with the final local government finance settlement announced on 6 February.

Changes from District Councils

- 1.3. Various changes to figures have been notified by District Councils, which have been reflected in an amended Summary Revenue Budget for 2018/19 presented at Appendix 1 to this Part I report. In addition, the tax base as notified by the Districts has informed the final Flood Protection Levy which has now been updated in Annex 1 to this Part I report.
- 1.4. Overall there is a net increase in income of £2.627m which can be used to reduce the draw from the Grant Equalisation Reserve from £29.062m to £26.435m.

Final Local Government Finance Settlement

- 1.5. The Secretary of State for Housing, Communities and Local Government announced the final local government finance settlement to the House of Commons on 6 February 2018.
- 1.6. The expectation was for limited changes to the figures that were released in December last year, and the main changes at a national level between the provisional and final 2018/19 settlements are one-off in nature and are as follows:
 - An additional one-off allocation of £150m for an Adult Social Care Support Grant in 2018/19 only.
 - An additional one-off allocation of £16m has been added to the Rural Services Delivery Grant in 2018/19 only.

- 1.7. Hampshire County Council has therefore been allocated one-off Adult Social Care Support Grant of £2,971,560 as a result of the final settlement announcement. This grant income and the consequent increase in the budget for Adults' Health & Care have been reflected in an amended Summary Revenue Budget for 2018/19 presented at Annex 1 to this Part I report.
- 1.8. The recommendations from Cabinet to Full Council are not changed, although final figures reflect the technical adjustments that have been made.

2. CAPITAL PROGRAMME 2018/19 – 2020/21

- 2.1. The Capital Programme report was presented to Cabinet on 5 February 2018 and recommendations were made to the County Council. The report is attached as Annex B to this Part I report and is referenced in recommendations n and o below. There have been no changes to the report since Cabinet.

The full reports to Cabinet can be found at the following link:

[Cabinet 5 February 2018](#)

RECOMMENDATIONS

A. Revenue Budget and Precept 2018/19

That the County Council approve:

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 7 to Annex A) and take this into account when determining the budget and precept for 2018/19.
- b) The Revised Budget for 2017/18 set out in Appendix 1 to Annex A.
- c) The Revenue Budget for 2018/19 as set out in Annex 1 to this Part I report.
- d) Funding for one off revenue priorities linked to the development of capital investment totalling £3.045m as set out in paragraphs 5.25 to 5.36 of Annex A.
- e) The strategy for dealing with new capital investment priorities as set out in Section 6, together with the addition of new schemes totalling £15.78m (net) as detailed in Appendix 2 to Annex A.
- f) The changes to ETE savings proposals as outlined in paragraphs 9.8 to 9.14 of Annex A, together with the proposed increase in corporate housekeeping savings that will be met from additional council tax income generated from the 1% increase in 2018/19.
- g) Recurring funding from 2018/19 onwards of £3.2m rising to £3.7m per annum, to be held within contingencies, to partly cover the forecast increased costs for Children Looked After.

- h) That the total **budget requirement** for the general expenses of the County Council for the year beginning 1 April 2018, be £751,701,377.
- i) That the **council tax requirement** for the County Council for the year beginning 1 April 2018, be £608,452,465.
- j) That the County Council's band D council tax for the year beginning 1 April 2018 be £1,200.96, an increase of 5.99% of which 3% is specifically for adults' social care.
- k) The County Council's council tax for the year beginning 1 April 2018 for properties in each tax band be:

	£
Band A	800.64
Band B	934.08
Band C	1,067.52
Band D	1,200.96
Band E	1,467.84
Band F	1,734.72
Band G	2,001.60
Band H	2,401.92

- l) Precepts be issued totalling £608,452,465 on the billing authorities in Hampshire, requiring the payment in such instalments and on such date set by them previously notified to the County Council, in proportion to the tax base of each billing authorities area as determined by them and as set out below:

Basingstoke and Deane	64,085.00
East Hampshire	49,459.56
Eastleigh	44,805.97
Fareham	42,605.30
Gosport	26,524.90
Hart	40,392.40
Havant	40,704.00
New Forest	70,621.00
Rushmoor	30,971.38
Test Valley	48,079.00
Winchester	48,389.90

- m) The Treasury Management Strategy and the Annual Investment Strategy for 2018/19 (and the remainder of 2017/18) as set out in Appendix 8 to Annex A be approved, including:

- The Prudential Indicators for 2018/19, 2019/20 and 2012021 (Appendix 8 - Annex C).
- The Minimum Revenue Provision (MRP) Statement (Appendix 8 - Annex D).
- The delegation of authority to the Director of Corporate Resources to manage the Council's investments according to the risk assessment process in the Investment Strategy as appropriate.
- Investments of up to £35m for up to 20 years in the Manydown joint venture in which the County Council has a significant interest.
- The delegation of authority to the Director of Corporate Resources to approve investments in the Manydown joint venture in consultation with the Executive Member for Policy and Resources.

B. Capital Programme 2018/19 – 2020/21

That the County Council approve:

- n) The capital programme for 2018/19 and the provisional programmes for 2019/20 and 2020/21 as set out in Appendix 3 to Annex B.
- o) The new capital schemes contained in Appendix 4 to Annex B.

Revenue Budget 2018/19

	Original Budget 2017/18 £'000	Adjustment £'000	Proposed Budget 2018/19 £'000
<u>Departmental Expenditure</u>			
Adults' Health and Care	355,587	43,368	398,955
Children's – Schools	786,892	19,993	806,885
Children's – Non Schools	150,067	16,974	167,041
Economy, Transport and Environment	108,014	4,492	112,506
Policy and Resources	87,564	3,957	91,521
	1,488,124	88,784	1,576,908
<u>Capital Financing Costs</u>			
Committee Capital Charges	135,264	(223)	135,041
Capital Charge Reversal	(136,489)	160	(136,329)
Interest on Balances	(8,395)	800	(7,595)
Capital Financing Costs	51,775	(11,474)	40,301
	42,155	(10,737)	31,418
<u>RCCO</u>			
Main Contribution	14,034	(3,452)	10,582
RCCO from Reserves	8,529	(8,529)	0
	22,563	(11,981)	10,582
<u>Other Revenue Costs</u>			
Contingency	35,880	22,533	58,413
Dedicated Schools Grant	(732,102)	(15,168)	(747,270)
Specific Grants	(159,861)	(13,453)	(173,314)
Pensions – Non Distributed Costs	18,526	1,765	20,291
Apprenticeship Levy	0	1,350	1,350
Flood Protection Levy	623	25	648
Coroners Expenditure	1,650	97	1,747
Business Units (Net Trading Position)	164	54	218
	(835,120)	(2,797)	(837,917)
Net Revenue Budget	717,722	63,269	780,991
<u>Contributions to / (from) Earmarked Reserves</u>			
Transfer to / (from) Earmarked Reserves	19,520	(47,733)	(28,213)
Trading Units Transfer to / (from) Reserves	(242)	165	(77)
RCCO from Reserves	(8,529)	8,529	0
	10,749	(39,039)	(28,290)
Use of General Balances	900	(1,900)	(1,000)
BUDGET REQUIREMENT	729,371	22,330	751,701

	Original Budget 2017/18 £'000	Adjustment £'000	Proposed Budget 2018/19 £'000
BUDGET REQUIREMENT	729,371	22,330	751,701
Funded by			
Business Rates and Government Grant	(156,274)	17,723	(138,551)
Business Rates Collection Fund Deficit / (Surplus)	696	(767)	(71)
Council Tax Collection Fund Deficit / (Surplus)	(6,963)	2,336	(4,627)
COUNCIL TAX REQUIREMENT	566,830	41,622	608,452