

REPORT OF THE
CABINET
PART I

1. REVENUE BUDGET AND PRECEPT 2024/25

1. The Cabinet considered the proposed Revenue Budget and Precept for 2024/25 at its meeting on 6 February 2024 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 n below.
2. The main changes that have been made to the figures presented to Cabinet relate to the additional grant funding allocated to the Council through the Final Local Government Finance Settlement and notifications from District Councils of final business rates and tax base figures. These changes have been reflected in an amended Summary Revenue Budget for 2024/25 presented at Annex 1 to this Part I report.
3. As a result of these changes there is a net increase in income for 2024/25, compared to that previously assumed, of £10.6m which reduces the required draw from the Budget Bridging Reserve (BBR). The impact of the grant allocations and figures provided by the Districts is set out in more detail below.

Additional Grant Allocations

4. The final Local Government Finance Settlement was published on 5th February and provided a further £500m uplift to the Social Care Grant, reflecting the success of a concerted lobbying effort by the sector following the publication of the provisional Settlement. Hampshire's share of the additional Social Care Grant has been confirmed at just over £9.9m. The Settlement also included a further £100m for other items which provided a small increase to the Services Grant and a small Funding Guarantee allocation to increase the additional grant funding provided to Hampshire in 2024/25 to the minimum threshold level of 4%.
5. Whilst this improved settlement is welcomed by the Council, it is expected to be one off and it does not change the Council's underlying financial position, with a significant deficit of £74.1m still expected for 2024/25 which must be met from the Budget Bridging Reserve. Given the worsening pressures in School Transport, Special Educational Needs and Adult Social Care detailed in the Budget Report to Cabinet, even if it were to be recurring, it is not expected to improve the Council's medium term budget position to 2025/26 with a gap of at least £132m still anticipated.
6. The government published the Public Health Grant allocations for 2024/25 alongside the final Settlement which provided Hampshire with additional funding of around £1.3m, which includes an uplift for the 2023/24 NHS pay award. This increase is reflected in the updated revenue budget set out in Annex 1 to this Part I report.

Business Rates Income and Collection Fund

7. Business rates were particularly difficult for Billing Authorities to estimate this year due to a change in regulations which allows a distinction to be drawn between the rates set for small and large businesses. Due to the uncertainty of the respective impacts on the business rates base, top up grant and Section 31 Grants, the estimated inflationary uplift was budgeted centrally as an adjustment to grant income.
8. The final figures provided by Districts for 2024/25 result in an increase of £3.0m in retained business rates and the Council's business rates top up grant increased by £3.6m compared to 2023/24 levels. This was balanced by a £6.6m reduction in Section 31 Grant income due to the removal of the central budget adjustment.
9. Each year the Districts determine and declare the estimated surplus or deficit on their Council Tax and Business Rates Collection Funds.
10. The position reported to Cabinet on 6th February included a prudent assumption of a balanced position for the Business Rates Collection Fund, pending the final figures from Districts. A Collection Fund surplus of £0.9m has now been declared.

Council Tax base

11. The proposed Council Tax precept reported to Cabinet on 6th February was based on provisional tax base estimates provided by some Districts. Finalised figures have now been received from all Districts and this has resulted in a small reduction to the tax base which has reduced the Council Tax Precept by £0.4m. This is reflected in recommendations b and e to this report and in the revised net budget position detailed below.

Impact on the County Council

12. The overall impact of the budget changes outlined in this report on the Council's net budget position for 2024/25 is as follows:

	£'000
Increase in Social Care Grant	9,905
Increase in Services Grant	75
Funding Guarantee Grant	28
Revenue Support Grant	58
Increase in business rates income	2,967
Increase in business rates top up	3,619
Reduction in business rates relief grants	(6,598)
Business rates collection fund surplus	890
Reduction in Council Tax base	(377)
Reduction in Draw from BBR	(10,567)
Balanced Budget	0

13. The table shows that in 2024/25, because of the changes, the County Council can reduce the draw from the BBR, leaving funding available for future years. This is in line with the approach set out in the budget report to Cabinet which

requires a deficit in 2024/25 to be met from the Budget Bridging Reserve as well as the remaining gap in 2025/26 pending the completion of the legal minimum service level exercise that was reported to December Cabinet.

14. Local authorities are required to report a formal council tax requirement as part of the budget setting process and the recommendations to Council in this report show that the Council Tax Requirement for the year is £826,354,662.42
15. The recommendations from Cabinet to County Council are unchanged (except for the additional recommendation referenced below), although final figures in Annex 1 to this Part I report reflect the technical adjustments that have been made. The order of recommendations has also been changed to aid with the recorded voting required for council tax setting purposes.
16. County Council approved additional highways funding last year which provided £7.5m per annum for 3 years up to the 2025/26 financial year. Following the announcement by the Government of additional resources for highway repairs and maintenance, which is expected to be over £13m for Hampshire from 2025/26 onwards, it is recommended that the £7.5m allocated to 2025/26 is brought forward into 2024/25 in order to be able to expand the programme for that year.

CAPITAL PROGRAMME 2024/25 TO 2026/27

17. The Capital Programme report was presented to Cabinet on 6 February 2024 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 under Part B below. There have been no changes to the report or recommendations since Cabinet.

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

[Agenda for Cabinet on Tuesday, 6th February, 2024, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

RECOMMENDATIONS

A. Revenue Budget and Precept 2024/25

That the County Council approve:

- a) The Revenue Budget for 2024/25 (as set out in Annex 1).
- b) That the council **tax requirement** for the County Council for the year beginning 1 April 2024, be £826,354,662.42.
- c) That the County Council's band D council tax for the year beginning 1 April 2024 be £1,533.24, an increase of 4.999%, of which 2% is specifically for adults' social care.
- d) The County Council's council tax for the year beginning 1 April 2024 for properties in each tax band be:

	£
Band A	1,022.16
Band B	1,192.52
Band C	1,362.88
Band D	1,533.24
Band E	1,873.96
Band F	2,214.68
Band G	2,555.40
Band H	3,066.48

- e) Precepts to be issued totalling £826,354,662.42 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 authority's area as determined by them and as set out below:

Local Authority	Tax Base	Council Tax Precept (HCC share)
Basingstoke and Deane	69,800.30	107,020,611.97
East Hampshire	52,599.43	80,647,550.05
Eastleigh	49,037.29	75,185,934.52
Fareham	44,188.90	67,752,189.04
Gosport	26,980.90	41,368,195.12
Hart	42,690.97	65,455,502.84
Havant	42,528.17	65,205,891.37
New Forest	72,371.50	110,962,878.66
Rushmoor	33,011.65	50,614,782.25
Test Valley	52,059.00	79,818,941.16
Winchester	53,691.65	82,322,185.44

- f) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 6 to the Cabinet report) and take this into account when determining the budget and precept for 2024/25.
- g) The Revised Budget for 2023/24 set out in Appendix 1 to the Cabinet report.
- h) The revenue pressures set out in Section G of the Cabinet report.
- i) The Reserves Strategy at Appendix 5 to the Cabinet report.
- j) The Capital & Investment Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 7 to the Cabinet report.
- k) The Treasury Management Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 8 to the Cabinet report.
- l) The delegation of authority to the Director of Corporate Operations to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.
- m) That the Council's Constitution and Policy Framework are reviewed and updated in due course and where necessary to ensure that they align with the principles of legal minimum service provision.
- n) That the approved one off funding for highways maintenance of £7.5m in 2025/26 be brought forward to 2024/25.

B. Capital Programme 2024/25 to 2026/27

That the County Council approve:

- a) The capital programme for 2024/25 and the provisional programmes for 2025/26 and 2026/27 as set out in Appendix 1 to the Cabinet report, including the identified carry forward of resources, noting that the locally resourced capital programme has been prepared in line with the changed treatment of capital guidelines from 2025/26 onwards as agreed by Cabinet in December 2023.
- b) The revised capital programme cash limits for 2023/24.
- c) An increase in the scheme value for the Bishopstoke Road scheme within the Universal Services capital programme from £5.3m to £8.1m to be funded by S106 contributions, DfT LTP Integrated Transport Block grant and Concessionary Fares budget.

Revenue Budget 2024/25

	Original Budget 2023/24 £'000	Adjustment £'000	Proposed Budget 2024/25 £'000
<u>Directorate Expenditure</u>			
Adults' Health and Care	528,166	85,355	613,521
Children's – Schools	1,075,676	68,646	1,144,322
Children's – Non Schools	313,118	48,644	361,762
Universal Services	147,465	12,396	159,861
Hampshire 2050	15,333	1,082	16,415
Corporate Operations	37,256	5,575	42,831
People and Organisation	16,257	(1,085)	15,172
	2,133,271	220,613	2,353,884
<u>Capital Financing Costs</u>			
Committee Capital Charges	155,575	0	155,575
Capital Charge Reversal	(158,269)	0	(158,269)
Interest on Balances	(16,402)	(9,088)	(25,490)
Capital Financing Costs	52,228	(472)	51,756
	33,132	(9,560)	23,572
<u>RCCO</u>			
Main Contribution	3,804	9,925	13,729
<u>Other Revenue Costs</u>			
Contingency	94,272	(38,542)	55,730
Dedicated Schools Grant	(1,005,981)	(53,595)	(1,059,576)
Specific Grants	(222,112)	(22,313)	(244,425)
Levies	2,907	14	2,921
Coroners	2,968	1,131	4,099
Business Units (Net Trading Position)	(383)	533	150
	(1,128,329)	(112,772)	(1,241,101)
Net Revenue Budget	1,041,878	108,206	1,150,084
<u>Contributions to / (from) Earmarked Reserves</u>			
Transfer to / (from) Earmarked Reserves	(29,990)	(34,954)	(64,944)
Trading Units Transfer to / (from) Reserves	534	(1,195)	(661)
	(29,456)	(36,149)	(65,605)
Contribution to / (from) General Balances	900	100	1,000
NET BUDGET REQUIREMENT	1,013,322	72,157	1,085,479

	Original Budget 2023/24 £'000	Adjustment £'000	Proposed Budget 2024/25 £'000
NET BUDGET REQUIREMENT	1,013,322	72,157	1,085,479
Funded by			
Business Rates and Top up Grant	(123,917)	(6,644)	(130,561)
Non-Specific Grants	(102,669)	(18,621)	(121,290)
Business Rates Collection Fund Deficit / (Surplus)	(709)	(181)	(890)
Council Tax Collection Fund Deficit / (Surplus)	(4,265)	(2,118)	(6,383)
COUNCIL TAX REQUIREMENT	781,762	44,593	826,355