

REPORT OF THE
CABINET
PART I

1. REVENUE BUDGET AND PRECEPT 2022/23

- 1.1. The Cabinet considered the proposed Revenue Budget and Precept for 2022/23 at its meeting on 8 February 2022 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 collection fund and business rates figures. These changes have been reflected in an amended Summary Revenue Budget for 2022/23 presented at Annex 1 to this Part I report.
- 1.3. As a result of additional business rates reliefs there is a net increase in income for 2022/23, compared to that previously assumed, of £3.5m which reduces the required draw from the Budget Bridging Reserve (BBR). The impact of the figures provided by the Districts is set out in more detail below.

Business Rates Collection Fund

- 1.4. As for council tax, each year the Districts determine and declare the estimated surplus or deficit on their business rates Collection Fund.
- 1.5. The impact of the Covid-19 pandemic on business rates is anticipated to be material, but this is mainly due to the granting of additional reliefs (which are reimbursed by the Government). The forecast deficit on the collection fund exceeds the budgeted level by around £8.8m, however additional Section 31 grant funding of £9.2m is expected to reimburse the Council for one-off Covid reliefs for businesses in 2021/22, giving a small net benefit of £460,000.
- 1.6. The overall deficit on the collection fund also includes an adjustment for the 2020/21 business rates deficit due to Covid, which local authorities were permitted to spread over the three years from 2021/22 to 2023/24 in order to reduce the impact on 2021/22 budgets.
- 1.7. The actual amount of Government grant funding for Covid-19 reliefs will not be confirmed until 2022/23, however should the actual allocation exceed the budgeted level then the extra grant funding will be transferred to the Budget Bridging Reserve (BBR) in line with the approved Medium Term Financial Strategy (MTFS).

Business Rates Income

- 1.8. The final figures provided by Districts for 2022/23 result in a reduction of £4.7m in retained business rates compared to that originally assumed. However, forecast Section 31 grants exceed the budgeted level by £7.8m, giving a net benefit of £3.1m. The majority of this increase is due the

calculation of compensation grants for business rates indexation using RPI rather than CPI as used in the Provisional Finance Settlement. There was also a modest increase in the business rates tax base of around 0.5% after accounting for additional Section 31 grants.

Confirmation of Grant Allocations

- 1.9. The Government has recently announced the local authority allocations of the Public Health Grant and funding for the Supporting Families Programme for 2022/23.
- 1.10. Councils will receive a 2.81% cash terms increase in the Public Health Grant in 2022/23, worth an additional £2.1m to Hampshire. The grant is ringfenced for Public Health spending so does not impact the Council's net budget position, however it does increase the departmental cash limit for Adult's Health and Care.
- 1.11. At the 2021 Spending Review, the Government committed to invest an extra £200m to expand the Supporting Families Programme, equivalent to around a 40% real-terms uplift in funding. This additional allocation is worth up to £1.2m for the Council in 2022/23. A proportion of the funding is paid based on achieved outcomes and the allocation includes the maximum amount that the Council could receive. This funding is also ringfenced for specific activity so increases the departmental cash limit for Children's Services but does not impact the overall net budget position.
- 1.12. The total additional £4.8bn grant funding for local government announced at the Spending Review included a new grant for cyber security. However, at this stage the grant allocations for individual local authorities have yet to be announced and therefore no additional grant has been included in the budget.

Provisional Flood Protection Levy

- 1.13. The Council has received notification of the provisional Flood Protection Levy for 2022/23 pending final confirmation of local authority tax bases. The levy is expected to increase by £33k in 2022/23 which will be funded from a specific inflationary provision included in the Contingency budget.

Impact on the County Council

- 1.14. The overall impact of the budget changes outlined in this report on the Council's net budget position for 2022/23 is as follows:

	£'000
Reduction in retained business rates	(4,719)
Increase in business rates collection fund deficit	(8,777)
Forecast Covid-19 business rate reliefs	9,237
Additional non-Covid business rate relief grants	7,799
Reduction in draw from the BBR	<u>(3,540)</u>
Balanced Budget	<u>0</u>

- 1.15. The table shows that in 2022/23, 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

highlighted additional deficits of £21.5m in 2022/23 and £48.4m in 2023/24 to be funded from the BBR.

- 1.16. 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 £738,072,349.
- 1.17. The recommendations from Cabinet to County Council are unchanged, although final figures in Annex 1 to this Part I report reflect the technical adjustments that have been made.
- 1.18. The final local government finance settlement was published on 7 February 2022 and confirmed the provisional figures which were released in December last year.

2. CAPITAL PROGRAMME 2021/22 TO 2024/25

- 2.1. The Capital Programme report was presented to Cabinet on 8 February 2022 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 to p 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:

[Cabinet 8th February 2022](#)

RECOMMENDATIONS

A. Revenue Budget and Precept 2022/23

That the County Council approve:

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 6) be taken into account when the Council determines the budget and precept for 2022/23.
- b) The Revised Budget for 2021/22 set out in Appendix 1 of the Cabinet report.
- c) The Revenue Budget for 2022/23 set out in Annex 1 of this Part I report.
- d) Revenue funding of £3.783m in 2022/23 to progress the Strategic Land Programme, together with the ongoing commitment in future years as set out in paragraph 60 of the Cabinet report.
- e) Revenue funding of £0.5m in 2022/23 to develop highways schemes for grant bidding purposes, to be met from savings in contingencies in 2021/22.
- f) Recurring revenue funding of £388,000 per annum to cover the cost of unavoidable SharePoint licence costs
- g) That the **council tax requirement** for the County Council for the year beginning 1 April 2022, be £738,072,349.
- h) That the County Council's band D council tax for the year beginning 1 April 2022 be £1,390.86, an increase of 2.99%, of which 1% is specifically for adults' social care.
- i) That the County Council's council tax for the year beginning 1 April 2022 for properties in each tax band be:

	£
Band A	927.24
Band B	1,081.78
Band C	1,236.32
Band D	1,390.86
Band E	1,699.94
Band F	2,009.02
Band G	2,318.10
Band H	2,781.72

- j) That precepts be issued totalling £738,072,349 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:

	Tax base
Basingstoke and Deane	67,823.40
East Hampshire	51,908.73
Eastleigh	48,373.35
Fareham	44,002.60
Gosport	27,154.20
Hart	41,815.86
Havant	41,771.36
New Forest	72,122.10
Rushmoor	32,795.29
Test Valley	51,338.00
Winchester	51,554.09

- k) The Capital & Investment Strategy for 2022/23 (and the remainder of 2021/22) as set out in Appendix 7 of the Cabinet report.
- l) The Treasury Management Strategy for 2022/23 (and the remainder of 2021/22) as set out in Appendix 8 of the Cabinet report.
- m) Delegated 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.

B. Capital Programme 2022/23 to 2024/25

That the County Council approve:

- n) The Capital Programme for 2022/23 and the provisional programmes for 2023/24 and 2024/25 as set out in Appendix 1 of the Cabinet report.
- o) The increase in the capital programme value of the Stubbington Bypass scheme of £2.701m from £39.295m to £41.996m with the increase to be funded by a mix of Section 106 contributions, CAVAT funds, savings from Eclipse Busway scheme and Local Transport Plan funding (LTP) as set out in paragraph 72 of the Cabinet report.
- p) The increase in the capital programme value of the Lynchford Road improvement scheme phase 1 of £2.91m from £7.97m to £10.88m with the increase to be funded by a mix of S106 contributions and LTP funding as set out in paragraph 73 of the Cabinet report.

Revenue Budget 2022/23

	Original Budget 2021/22 £'000	Adjustment £'000	Proposed Budget 2022/23 £'000
<u>Departmental Expenditure</u>			
Adults' Health and Care	410,259	34,467	444,726
Children's – Schools	942,548	64,713	1,007,261
Children's – Non Schools	214,856	32,357	247,213
Corporate Services	50,544	2,881	53,425
Culture, Communities and Business Services	43,373	2,405	45,778
Economy, Transport and Environment	103,667	15,100	118,767
	1,765,247	151,923	1,917,170
<u>Capital Financing Costs</u>			
Committee Capital Charges	141,035	14,540	155,575
Capital Charge Reversal	(143,314)	(14,955)	(158,269)
Interest on Balances	(12,951)	(987)	(13,938)
Capital Financing Costs	48,961	4,893	53,854
	33,731	3,491	37,222
<u>RCCO</u>			
Main Contribution	7,355	(3,377)	3,978
RCCO from Reserves	0	0	0
	7,355	(3,377)	3,978
<u>Other Revenue Costs</u>			
Contingency	118,395	8,480	126,875
Dedicated Schools Grant	(877,731)	(38,245)	(915,976)
Specific Grants	(266,758)	(24,525)	(291,283)
Levies	2,864	43	2,907
Coroners	2,391	0	2,391
Business Units (Net Trading Position)	(415)	29	(386)
	(1,021,254)	(54,218)	(1,075,472)
Net Revenue Budget	785,079	97,819	882,898
<u>Contributions to / (from) Earmarked Reserves</u>			
Transfer to / (from) Earmarked Reserves	24,073	(57,213)	(33,140)
Trading Units Transfer to / (from) Reserves	563	(26)	537
RCCO from Reserves	0	0	0
	24,636	(57,239)	(32,603)
Contribution to / (from) General Balances	900	0	900
NET BUDGET REQUIREMENT	810,615	40,580	851,195

	Original Budget 2021/22 £'000	Adjustment £'000	Proposed Budget 2022/23 £'000
NET BUDGET REQUIREMENT	810,615	40,580	851,195
Funded by			
Business Rates and Government Grant	(122,130)	4,718	(117,412)
Business Rates Collection Fund Deficit / (Surplus)	21,092	(11,855)	9,237
Council Tax Collection Fund Deficit / (Surplus)	(2,193)	(2,755)	(4,948)
COUNCIL TAX REQUIREMENT	707,384	30,688	738,072