

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	24 May 2010
<b>Title:</b>	Medium Term Financial Strategy Update
<b>Reference:</b>	1600
<b>Report From:</b>	County Treasurer

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#### 1. The decision: **(PROPOSED)**

- a) That £12.5m be allocated to the Environment 2010/11 revenue budget on a one-off basis to restore the highway network to its condition before the severe winter, met by use of government grant, LPSA reward grant, LATS reserve and re-phasing and reprioritisation of existing highways maintenance resources as set out in table 2 (paragraph 3.7).
- b) That £70m be added to the Environment capital programme for structural maintenance and restructuring of the highway network over the seven year period from 2011/12, at £10m per annum, subject to annual budget review of improved outcomes and funding available to sustain the programme.
- c) That prudential borrowing of £10m per annum be authorised to finance the £70m capital investment, with the capital financing costs of £1m per annum (rising to £7m per annum) being met from savings in procurement costs, revenue contributions to capital and from capital receipts as set out in paragraph 4.6.
- d) That £750,000 be allocated from the LPSA2 reward grant to improve reablement capacity in advance of the anticipated introduction of free personal care at home from April 2011, that match funding of £750,000 be met from the Adult Services 2010/11 budget, that the £4.5m contingency be carried forward from the 2010/11 to the 2011/12 Budget to meet 50% of the estimated costs in that year, and that Adult Services report back with the 2011/12 budget on cost reductions of £5m from residential and nursing care for 2012/13.
- e) That £872,000 be removed from the insurance reserve given fewer claims in 2009/10 and be added to finance the necessary repairs to the Basingstoke Canal in the Culture, Communities and Rural Affairs capital programme over a three year period from 2010/11.

- f) That subject to a suitable business plan, £900,000 be allocated from the invest to save reserve to the Culture, Communities and Rural Affairs budget in 2010/11 to meet the costs of remodelling the library service, to be repaid over a three year period from 2010/11, as net savings are realised, in order to provide an improved and sustainable service for the future, subject to bi-monthly update of results.
- g) That the service proposals, as set out in paragraph 8.2, for spending this 50% share of the LPSA2 reward grant be agreed.
- h) That the following allocations of the LPSA 2 reward grant be made to meet the 'hard-to-move' targets in the corporate improvement plan:
  - £1.3m to Environment
  - £750,000 to Adult Services
  - £883,000 to Children's Services
- i) That the increased risks of worsening national spending plans and its impact upon the Council's grant on non-schools services be noted.
- j) That contingency plans for reductions in ring fenced services funded by specific grants and area based grant budgets, be prepared for the 2011/12 budget.
- k) To assume a pay freeze in 2010/11 and no more than 1% pay awards in 2011/12 and 2012/13, adding the resources released of £5.2m on a recurring basis to reserves pending the determination of the 2011/12 budget.
- l) To note a potential saving of up to £5.6m in the 2009/10 outturn and again to add this to reserves to cover the worst case scenarios for 2011/12.
- m) To agree the allocation of £1.45m from the Building Schools for the Future reserve in 2010/11 towards the feasibility study costs incurred on the first phase of the project.

## **2. Reason(s) for the decision:**

- 2.1. To consider the impact of different assumptions, after the 2010/11 budget was set and the new Government's proposal for spending became clearer.
- 2.2. To agree the revisions required to the medium term financial strategy for 2011/12 – 2012/13.
- 2.3. To deal with any issues that have arisen since the budget was prepared in February, including the impact of the significant adverse weather upon the highways network, an update on the major risks identified when the budget was set and the proposed allocation of the Local Public Services Agreement reward grant.

**3. Other options considered and rejected:**

3.1. Not to revise the medium term strategy, but this option would not have allowed consideration of the emerging public spending forecasts or dealt with urgent issues and pressures which require action and approval.

**4. Conflicts of interest:**

4.1. Conflicts of interest declared by the decision-maker:

None.

4.2. Conflicts of interest declared by other Executive Members consulted:

None.

**5. Dispensation granted by the Standards Committee: none.**

**6. Reason(s) for the matter being dealt with if urgent: not applicable.**

**7. Statement from the Decision Maker:**

None.

<b>Approved by:</b>	<b>Date:</b>
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<b>T K Thornber, CBE Leader</b>	