

**HAMPSHIRE COUNTY COUNCIL
Decision Report**

Decision Maker:	Cabinet
Date:	28 June 2010
Title:	2009/10 – end of year financial report
Reference:	1739
Report From:	County Treasurer

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1. Executive Summary

- 1.1. This report provides a summary of the 2009/10 final accounts updating the provisional outturn information that was reported to Cabinet in May. The statement of accounts will be reported to the Audit Committee on 30 June.
- 1.2. Service cash-limited expenditure was £1.6m lower than forecast in the revised budget which anticipated a potential overspending of £1.25m on Children's Services. Thus cash-limited expenditure was just £0.3m (0.02%) lower than the service cash limits for the year. As a result of management action, Children's Services overspending against the cash limit was limited to £478,000, so that the balance of the £1.25m set aside corporately from balances of £772,000 will not be required for this purpose. Overall spending is £6.2m (0.9%) lower than budgeted, £0.6m more than forecast in May, adding to balances at 31 March 2010. It is proposed that the saving be transferred to the Corporate Policy Reserve in 2010/11 to cover potential budget gaps in 2011/12 and 2012/13 on a transitional basis.
- 1.3. The report also gives initial consideration to the implications of the 2010/11 grant reductions announced earlier in the month, which will be subject to further reports to the July and September meetings of the Cabinet.
- 1.4. The report also recommends approval of
 - the annual report on the exercise of the treasury management strategy, for subsequent consideration by the County Council
 - the prudential and financial health indicators
 - the final 2009/10 efficiency indicator data to be submitted to Communities and Local Government.

2. 2009/10 Final accounts

Service cash limits

- 2.1. The final accounts for each service are summarised in the next table.

Table 1: 2009/10 Outturn variation for services

	Revised Budget	Actual	Variation against cash limit	
	£000	£000	£000	%
Adult Services	302,071	301,864	-207	-0.1
Children's Services				
- School Block	797,706	797,706		
- other services	169,319	169,797	478	0.3
Culture, Communities and Rural Affairs	33,723	33,737	14	-
Environment	95,060	95,032	-28	-
Policy and Resources	72,258	71,690	-568	-0.8
	1,470,137	1,469,826	-311	-

- 2.2. The overall underspending of £311,000 compares with the provisional underspending of £250,000 reported to the Cabinet in May.
3. Service spending is therefore close to the revised budget, as in 2008/09 and most previous years. There was a more significant variation in 2005/06.

Table 2: Trends in Service spending against the revised budget

	£m	%
2004/05	-0.4	-
2005/06	11.3	0.9
2006/07	-3.8	-0.3
2007/08	-3.4	-0.3
2008/09	-0.8	-0.1
2009/10	-0.3	-

- 3.1. A brief summary of the position on each service is set out below. Appendix 1 contains an analysis of the main variations between actual spending and the cash-limit for each service and summarises the end of year position on demand led and employee budgets.

Adult Services (-£207,000)

- 3.2. Adult Services revised budget included a proposal to carry forward a planned underspending of £1.0m to 2010/11. This saving was achieved with a further small underspending of £207,000 against the revised budget. Spending on demand led care budgets was £2m higher than budgeted, but was offset by additional income and underspendings on other budgets.

Children's Services (£478,000)

- 3.3. The revised budget for Children's Services (excluding schools) was set at £1.25m above the cash-limit and included further savings still to be identified of £1.25m. This difficult budget position was primarily the result of the local impact of the national upward trend in numbers of looked after children. The Cabinet agreed to earmark £1.25m against a potential overspend based on the assumption that management action would only be partly successful in dealing with spending pressures on demand led budgets. Actual spending on looked after children was approximately £3m (8.3%) above the cash limit, mainly as a result of a 6.1 % increase in the number of looked after children. However management action, particularly in relation to strategic management costs, was successful in reducing the overspending against the cash-limit to £478,000. As a result £772,000 of the balances earmarked to cover a potential overspending in 2009/10, will not be required for that purpose.
- 3.4. The Schools Budget is fully funded by Dedicated Schools Grant (DSG) and other ring-fenced grants, which have to be carried forward for school purposes. Unless an overspending arises, spending is therefore automatically in line with the cash-limit, as the cash-limit is adjusted for the carry forward of grants. In total DSG of £12.6m will be carried forward to 2010/11, including £3.9m in respect of school capital repairs and the cost of installing smart meters and £7.1m which had already been agreed by the Schools Forum and incorporated in the revised budget. The trend in the direction of lower school balances following changes in the criteria for claw back of surplus balances introduced in 2008/09 continued in 2009/10, as schools collectively spent £3.4m above their budget shares in 2009/10. The underlying level of school reserves was reduced to £37.0m.

Environment (-£28,000)

- 3.5. As anticipated in the most recent budget monitoring report cash limited spending on Environment was very close to the cash-limit.

Policy and Resources (-£568,000)

- 3.6. As forecast in the last budget monitoring report to the Executive Member in April, Policy and Resources spending is within the cash-limit, with small underspendings across all of the central support services. In addition the final cost of the 2009 County Council elections has come in below budget, contrary to the position in 2005.

Culture, Communities and Rural Affairs (£14,000)

- 3.7. As forecast budget pressures were contained close to the cash limit.

Carry forward of over and underspendings

- 3.8. The County Council's financial management policy allows 50% of unplanned underspendings to be carried forward and requires services to plan on the assumption that 100% of any overspending will be carried forward. It is proposed that service underspendings in 2009/10 be carried forward in accordance with this policy, but as Children's Services overspending has been contained within the earmarked sum of £1.25m, that the overspending be written off against the earmarked sum.

Other budgets

- 3.9. The overall underspending on other budgets is £5.0m, of which the most significant variations are summarised in this section of the report.

Waste Management Contingency (-£4,131,000)

- 3.10. A contingency of £2.9m had been included in the 2009/10 budget to cover potential waste management contract increases arising from inflation, increased volumes and higher landfill tax. Waste volumes fell by 1.6% in 2009/10 compared with 2008/09, whereas the contingency had been based on growth of 1.4%. The downward trend in RPI during 2009 also resulted in the indexation of the contract producing a reduction in costs from January 2010. In addition income from the processing of commercial waste was higher than estimated. The combination of these favourable factors resulted in cost reducing by £1.2m, which after taking account of the unutilised contingency, produced an overall saving of £4.1m against the budget.

Capital financing charges (£452,000) and interest on balances (-£3,221,000)

- 3.11. Capital financing charges were slightly higher than estimated with the average rate of interest for the year at 3.1% being marginally higher than forecast. Higher interest on balances resulted both from slightly higher interest rate returns than assumed and additional balances arising from underspendings in revenue and capital expenditure and other favourable cash flow movements.

Insurance (-£3,575,000 offset by a contribution of £3,250,000 to the Insurance Reserve)

- 3.12. The contribution to or from the insurance provision is based on the value of claims paid in the year and the change in the assessed value of outstanding liabilities. This broadly matched the premiums charged for employer and public liability claims. However there was a significant saving as a result of another favourable year in respect of fire reinstatement costs incurred and in the level of damage incurred from new incidents during the year. About 98% of the building insurance premiums relate to schools buying back insurance services from the County Council so that the saving should either be retained within the insurance reserve or returned to schools in some other form. It is proposed initially to transfer the estimated saving to the insurance reserve. A new insurance SLA with

schools is operative from 1 April 2011 and consideration will need to be given to future premium levels in the light of current claims experience.

Highways winter maintenance (£2,903,000)

- 3.13. The highways winter maintenance budget is set on the basis of a four year average of actual expenditure adjusted for inflation, with any over or underspending taken to balances. The winter of 2009/10 has been particularly severe and in the two main periods of snowfall in December and January additional spending of £3m was incurred.

Doubtful debt provision (-£607,000)

- 3.14. The County Council's policy is to make a provision against a proportion of debts proving to be irrecoverable. The provision is assessed on the basis of the age profile of outstanding debts and partly on the probability of specific debts being irrecoverable. The provision varies from year to year . In 2009/10 the assessed provision is £607,000 lower than in 2008/09, mainly as a result of an improved age profile of outstanding debt.

Business rates (-£240,000)

- 3.15. Savings on business rates on non-school budgets of £240,000 have been achieved in 2009/10. Funding for the team in Property Services who deal with business rate appeals is provided from the Invest to Save and modernisation reserve and it is proposed that the saving be transferred to the reserve.

Revenue contributions to capital

- 3.16. As explained in Appendix 6, capital expenditure of £167.6m required funding in 2009/10. This is £16.1m lower than estimated. The lower spending relates to projects which would have been financed by supported borrowing. So despite that lower spending, the contribution required from the capital reserve of £8.6m is slightly higher than the estimated £7.1m.

Summary – other budgets

- 3.17. The variations on other budgets can be summarised as follows:

Table 3: Summary of variations on other budgets

	£000
Waste management contract contingency	-4,131
Capital financing charges	452
Interest on revenue balances	-3,221
Provision for doubtful debts	-607
Winter maintenance	2,903
Insurance provision	-3,575

	£000
Transfer to insurance reserve	3,250
Business rates	-240
Transfer to Invest to Save Reserve	240
Other variations	-49
Net saving on other budgets	<u>-4,978</u>

- 3.18. Based on the proposed carry forward of service over and underspendings and the earmarking of some of the savings on other budgets, the overall position is as follows:

Table 4: 2009/10 Outturn

	£000
Service underspending (Table 1)	311
Corporate provision made for potential Children's Services overspending	1,250
Saving on other budgets (Table 3)	4,978
Earmarking of 50% of service underspendings	-402
Increase in balances at 31 March 2010	<u>6,137</u>
Carry forward of Culture, Communities and Rural Affairs overspending to 2010/11	14
Potential increase in balances	<u>6,151</u>

4. Use of additional balances

- 4.1. The County Council's three year budget plan provides for current service funding levels to be sustained in 2011/12 and 2012/13, with a small increase for social care demographic factors, providing corporate efficiency savings of £15m per annum are achieved, while continuing to increase council tax by 1.9% per annum.
- 4.2. The Cabinet reviewed the medium term financial strategy assumptions in May in conjunction with considering how to deal with various budget pressures that have emerged since the budget was approved in February, particularly in relation to the condition of the highway network. On the basis of the previous Government's overall envelope for public spending from 2011/12 and the extent of the front-line budgets expected to be

protected from real terms spending reductions, other programmes including grants to local government could be subject to cash reductions of around 5% per annum. This is a bigger reduction than the 2% assumed in the three year budget plan, potentially a further annual reduction of around £10m in government grant, excluding schools ring fenced grants. The new Government's overall envelope for public spending may be clearer after the budget on June 22, but the latest Institute of Fiscal Studies projections suggest that similar or larger reductions in local government grants may be required, given the wider ring fencing proposed of the NHS budget and the plan to achieve a more rapid reduction in the public sector deficit. Though the decision not to implement an increase in employers national insurance contributions from 1 April 2011 or the Free Personal Care proposals reduce some additional anticipated budget pressures in 2011/12, the Cabinet agreed in May that the addition to balances from the 2009/10 underspending should be retained in balances until the extent of any additional budget gap in 2011/12 and 2012/13 is clearer.

- 4.3. Financial planning for 2011/12 is also complicated by the effect of two funding changes which are expected to be implemented. Funding for learning disability services which are currently funded by the NHS under a partnership agreement will transfer to local authorities from 1 April 2011. There is however scope for 'leakage' either from spending cuts in the national transfer or from grant distribution changes. Responsibility for funding concessionary fares for the elderly and the disabled will transfer to the County Council from the District Councils and this is affected by the differing extent of discretionary services over and above the national scheme across the County and by similar concerns about the funding transfer.
- 4.4. One effect of the change to the funding of concessionary fares is that responsibility both for supporting socially necessary non-commercial services and for funding concessions on both commercial and contracted services will reside with the County Council. This provides scope for considering whether current arrangements strike the right balance between these two elements of local authority support for the users of bus services.

5. **2010/11 grant reductions**

- 5.1. Since the Cabinet considered the medium term financial strategy update in May, the Chief Secretary to the Treasury has announced details of reductions of £6.2bn in planned public spending in 2010/11. £1.2bn of this sum will be achieved by reductions in local authority grants. It has been confirmed that formula grant, DSG and Sure Start grants will be unaffected by these grant reductions, and a statement has been made by the Secretary of State for Communities and Local Government on the allocation of the grant reductions, on 10 June 2010. In addition the Home Office has announced reductions of £125m in capital and revenue grants to Police Authorities of which the Hampshire Police Authority's share is £3.2m.

5.2. The County Council is facing cuts of a minimum of £8.4 million revenue funding and £5.5 million capital funding. Not all funding has been allocated so there are further opportunities lost where in-year bidding for grants will no longer be possible. This reduction represents about 4.8% of the County Council's grant income, excluding schools ringfenced grants.

5.3. County Council services are affected by the funding cuts, as follows

Table 5

	Revenue	Capital
	£m	£m
Children's Services	4.9	
Adult Services	0.6	
Environment	0.6	4.0
Safer and Stronger Communities	0.1	
LPSA2 reward grant	1.5	1.5
LABGI	0.7	
Total reduction	8.4	5.5

5.4. Expressed as a % of the overall revenue or capital cash limit for the relevant service the grant reductions are:

Table 6

	Revenue	Capital
	%	%
Children's Services	2.9	
Adult Services	0.2	
Environment	0.9	10.7
Policy and Resources	0.1	

5.5. **Area based grant (ABG)** of £75 million has been cut by 8% to £69 million in 2010/11, a total reduction £6.2 million for the County Council.

Table 7

	£m
Department for Education	4.9
Department for Transport	0.6
Home Office	0.1
CLG	0.6
Total Hampshire County Council ABG cuts	6.2

- 5.6. The most significant cuts are from the Department for Education (DfE). By reducing the overall amount available to local authorities through ABG by 24%, Hampshire's allocation to Children's Services has been reduced by £4.894 million. DfE expect local authorities to manage their reductions locally by giving priority to statutory services and functions along with those services which are most important to the local authority and its residents.
- 5.7. Department for Transport will reduce road safety area based grant by 27%, in the last four months of 2010/11. This represent a funding cut of £0.586 million. Although allocated as revenue, this grant has been vired to contribute funding to the Environment Department's capital programme.
- 5.8. The Home Office area based grant has been reduced by 8%, a cut of £0.109 million. These include a reduction of £0.091 million in the Safer and Stronger Communities grant, £0.016 million cuts to Young People Substance Misuse Partnership and a small reduction in the Community Call for Action funding.
- 5.9. Communities and Local Government are reducing a number of area based grants nationally. Of these, Hampshire will lose 100% of the grant for Supporting People administration of £0.615 million, while leaving the 'front line' grant of £30m unchanged. Other CLG funding reductions of £2.425 million revenue and £1.601 million capital are:
- 5.10. **Local Authority Business Incentive Scheme** grant has been ended cutting £0.655 million funding for Hampshire County Council, allocated in April. No specific decisions had been taken about the use of this sum. The coalition agreement intends to provide other incentives for local authorities to deliver sustainable development.
- 5.11. **Local Area Agreement reward grant** -CLG has confirmed that the proposed 50% reduction affects payments of both LPSA2 and LAA reward grant depending on the timing of the agreements. Authorities that received 50% grants in 2009/10 will receive no second phase in 2010/11. This represents a reduction of £8.5m in grant payable to the Hampshire area, of which £3m would have been retained by the County Council. Reward grant of up to £7.2m would have been payable in 2011/12 and 2012/13 in

respect of performance against the LAA targets, but ministers have yet to decide whether to retain any provision for reward grant beyond 2010/11.

- 5.12. **Housing Planning Delivery Grant** has been abolished in the current year at a loss of £0.027 million revenue and £0.101 million capital funding, based on the assumptions made in the budget.
- 5.13. The Department of Transport has announced **capital grant** cuts of £3.93 million for the county council, in the Integrated Transport block, Road Safety and Detrunking.
- 5.14. Other reductions are likely to reduce funds available for in-year bidding, such as for the Department for Transport major project funding and DEFRA funding for contaminated land.

Ringfencing

- 5.15. Ringfencing has been removed from some specific grants, to increase local government flexibility to make decisions about where savings are found. Grants received by the County Council that are no longer ringfenced total £4.382 million for revenue and £2.854 million capital. The total value of grants de-ringfenced is about £1.2bn nationally, well short of the £1.7bn anticipated.
- 5.16. The largest single revenue grant is Learning Disability Campus Closure from the Department of Health, £3.236 million. Other grants with ringfencing removed are Youth Opportunity Fund of £0.594 million, Think Family Grant of £0.419 million and AIDs support of £0.133 million.
- 5.17. Capital grants now without ringfencing are Fair Play Playbuilders of £0.422 million, the Department of Health's Common Assessment Framework of £1.610 million, Social Care IT infrastructure of £0.322 million and highway Detrunking of £0.500 million.

Timelines/next steps

- 5.18. The Government will not be consulting authorities on the reductions to grants or funding streams. However, CLG have requested councils check by 24 June to make sure that there are no errors in the calculation of the reductions.
- 5.19. The scale and direction of the grant reductions is not unexpected given the earlier national announcement, focussing on Area Based grant, mainly directed at Children's Services, reward grants and Transport Capital.
- 5.20. Given the Council's policy of directing area based, specific and capital grants, whether or not ringfenced, to the respective services, it would be consistent to reduce the respective service cash limits to reflect the reductions in grant, while accepting that a call on balances may be required in 2010/11 in view of both the logistic and service implications of achieving the reductions in full in-year.
- 5.21. The in-year grant reductions are additional to the savings already built into the 2010/11 budget. The overall level of planned savings is summarised in Table 8.

Table 8

	£m
Savings redeployed within the 2010/11 revenue budget	24.4
Budgeted corporate efficiency savings	8.6
Grant reductions now proposed	13.9
Overall service planned savings	<u>46.9</u>

The overall level of planned savings of £46.9m represents 5.5% of service revenue and capital programme cash limits for 2010/11.

- 5.22. The Cabinet had previously agreed that the County Council's £6m share of the LPSA 2 reward grant should be distributed on the basis of 50% for departmental and 50% for corporate use. In the light of the recent government announcement restricting reward grant payments to 50% of the anticipated level, the sum available for distribution is only £3m. It is recommended this be allocated in accordance with the corporate priorities agreed by the Cabinet in May:

Table 9

	£000
Structural highway maintenance in support of Operation Restore	1,339
Adult Services reablement	750
Children's Services	883
	<u>2,972</u>

- 5.23. Children's and Adult Services may also wish to use their allocations to help balance the impact of grant reductions in 2010/11.
- 5.24. Executive Members are asked to take the measures necessary to reduce their revenue spending such that the cash limit reductions are effected on a full year basis for 2011/12 by 31 March 2010, seeking to deliver the required cash savings as far as possible in 2010/11. Cabinet will review these measures in September.
- 5.25. The Cabinet has previously implemented a corporate efficiency programme, commencing in 2010/11, designed to limit the extent of service cuts or council tax increases above 1.9% required from 2011/12. In view of the recent announcement on grant reductions in 2010/11 and further

possible measures in the Emergency Budget, the Chief Executive will bring forward to the July meeting of the Cabinet a report on the efficiency programme and on other measures necessary to reduce Council expenditure in the current and future years.

- 5.26. The Emergency Budget on 22 June takes place after reports have been circulated for the Cabinet meeting. An oral presentation will be given at the meeting.

6. Policy on carry forward of underspendings

- 6.1. The current policy on the carry forward of 100% of planned and 50% of unplanned underspendings is designed to provide incentives to departments to disclose forecast in-year savings to enable their use to be considered as part of the following year's budget process. However in the more difficult financial climate that is now emerging, the current policy could be developed to provide more of an emphasis on incentives to departments to take positive action to achieve savings in advance of 2011/12. The Chief Executive proposes to develop a policy with this objective, subject to a corporate approval process for agreeing proposals and the level of retention of savings, involving the Chief Executive and County Treasurer in consultation with the Leader.

7. Balances

- 7.1. The closure of the 2009/10 accounts has the following impact on the level of balances.

	£m
Estimated balances at 31 March 2010	30.7
Increase in estimated balances as a result of 2009/10 outturn	6.2
Use of balances in 2010/11 budget	-9.2
Proposed use of balances budgeted in	
2011/12	-4.6
2012/13	-
Additional available from 2009/10	-6.2
Underlying level of balances	16.9

8. Earmarked Reserves

- 8.1. Earmarked reserves are £154.5m at 31 March 2010, a reduction of £5.6m since 31 March 2009, mainly as a result of lower school and capital reserves. The main reserves are for schools (£37.1m), equal pay (£41.0m), grant equalisation (£22.4m), the carry forward of service underspends (£14.5m), trading units (£12.2m) and insurance reserve (£12.6m). Details of the movements in reserves during 2009/10 and of the protocol for each of the main classes of reserve are set out in Appendix 2.

9. Treasury management, and prudential and financial health indicators

- 9.1. The County Council's treasury management policy requires an annual report to the Cabinet on the exercise of the treasury management function, details of which are set out in Appendix 3. Under the new Treasury Management Code of Practice, the end of year report has to be submitted to the County Council.
- 9.2. Treasury management in 2009/10 was affected in 2009/10, by the continuing impact of the banking crisis in the previous year, with base rate remaining at 0.5% throughout the year.
- 9.3. The prudential code for capital finance in local authorities includes a number of prudential indicators for which actual indicators for the year as well as budgeted indicators require approval. Appendix 3 summarises the relevant indicators for the 2009/10 outturn which are in accordance with the policies approved by the Cabinet, together with the remaining financial health indicators included in the medium term financial strategy. The borrowing indicators are affected by the requirement to recognise the assets created under the Waste Management contract on the local authority balance sheets from 2009/10.

10. Efficiency indicator

- 10.1. The County Council is required to submit its 2009/10 efficiency indicator, which is a cumulative indicator for the period 1 April 2009 to 31 March 2010 and which forms part of the national indicator set in July 2010. The indicator data requires the approval of the Leader, Chief Executive and County Treasurer.
- 10.2. 2009/10 represents the second year of the efficiency target incorporated in the 2007 Spending Review which requires local government to achieve cash releasing efficiency gains of 3% per annum in 2008/09 and 2009/10, rising to 4% per annum in 2010/11. The proposed 2009/10 indicator, which is summarised and explained in Appendix 4 is £47.7m, including a carry forward of £8.3m representing 'surplus' cashable efficiencies achieved during the Spending Review 2004 period. This represents an efficiency gain of 7.3% compared with the national 6.1% target.

11. Financial management policy

- 11.1. The County Council's financial management policy incorporates both the financial planning policies that underpin the County Council's medium term

financial strategy and policies relating to provision of financial services. Appendix 5 highlights the progress made in 2009/10 in implementing the financial planning policies.

12. Capital spending and financing 2009/10

- 12.1. Details are show in Appendix 6, but in summary:
- 12.2. £207.5m of capital schemes were committed leaving £66.6m to be carried forward to 2010/11. This is a record capital programme for the County Council and the second highest level of projects committed in any year.
- 12.3. Capital expenditure of £167.6m was incurred which can all be financed within available resources, including the use of £8.6m from the capital reserve
- 12.4. A reduction of £0.8m in the level of unsupported borrowing under the prudential code was incurred, net of repayment from capital receipts and other sources.

13. Partnership accounts

- 13.1. Details are included in Appendix 7 of partnerships for which the County Council is the accountable body, but where no other reporting to members of the County Council takes place and the full expenditure and income of the partnership is not included in the County Council's revenue accounts.

14. Pension Fund accounts

- 14.1. The separate accounts for the Hampshire Pension Fund are also attached as Appendix 8. The value of the fund's assets has increased from £2.4bn to £3.2bn during 2009/10.

15. Assurance statement

- 15.1. The code of Practice on Local Authority Accounting in the UK requires the County Council within its Statement of Accounts to publish an annual governance statement signed by the Leader and Chief Executive. As part of this process, the Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control operating in each department and in the County Council as a whole. These opinions are reviewed by the Audit Committee. Appendix 9 contains the overall statement and concludes that the County Council has an appropriate framework of control that provides reasonable assurance regarding the effective, efficient and economic achievements of the County Council's objectives. Audit testing has shown that the controls are working in practice with some exceptions.

16. Recommendations

- 16.1. That the favourable outturn position be approved and that the overall underspend of £6.2m be added to balances and transferred to the Corporate Policy Reserve in 2010/11.

- 16.2. That the updated protocol on earmarked reserves as set out in Appendix 2 be approved.
- 16.3. That the report on the County Council's treasury management activities prudential and financial health indicators as set out in Appendix 3 be approved for submission to the County Council.
- 16.4. That the efficiency indicators for 2009/10 be approved as set out in Appendix 4 and submitted to Communities and Local Government.
- 16.5. That service capital programme cash limits for 2010/11 be increased to reflect the carry forward of capital programme schemes and shares of capital receipts, as set out in Appendix 6.
- 16.6. That 2010/11 revenue budget and capital programme cash limits be reduced to reflect the grant reductions summarised in paragraph 5 of the report.
- 16.7. That a further report be submitted to Cabinet in September on Executive Members' proposals to achieve the cash limit reductions. For revenue spending the reductions required should be achieved on a full year basis from 2011/12 by 31 March 2010, seeking to deliver the required cash savings as far as possible in 2010/11.
- 16.8. That the reduced level of LPSA2 reward grant be allocated in accordance with the corporate priorities agreed by the Cabinet in May, but that Children's and Adult Services be authorized to use their allocations to help balance the impact of grant reductions in 2010/11, if required.
- 16.9. That the Chief Executive reports back to the July meeting on the efficiency programme and on other measures to reduce spending in the current and future years.
- 16.10. That the Chief Executive and County Treasurer report back to a future Cabinet with details of a proposed new policy to incentivise departments to take early positive action to achieve budget savings.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	
<i>NB: Only complete this section if you have not completed any of the Corporate Strategy tick boxes above. If it is not applicable, please delete.</i>	

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Departments will have to consider the impact in determining their proposals to accommodate the reduction in Government grant.

2. Impact on Crime and Disorder:

- 2.1. Departments will have to consider the impact in determining their proposals to accommodate the reduction in Government grant.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

No specific proposals.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts

No specific proposals affecting adaptation to climate change.