

REPORT OF THE  
**Cabinet**  
PART I

**119. REVENUE BUDGET AND PRECEPT 2015/16 AND CAPITAL PROGRAMME  
2015/16 – 2017/18**

**Introduction**

The Cabinet considered the proposed Revenue Budget and Precept for 2015/16 and the Capital Programme for 2015/16 to 2017/18 at its meeting on 6 February 2015.

The main purpose of this report is to explain any changes that have been necessary since the reports were approved at Cabinet and to set out the formal recommendations for full Council in considering the budget, council tax and capital programme for 2015/16 and beyond.

**A. REVENUE BUDGET AND PRECEPT 2015/16**

The revenue report that was presented to Cabinet on 6 February 2015 is attached as Annex A to this Part 1 report. The main changes that have been made to the figures presented at Cabinet are:

- Notification as part of the Final Local Government Settlement of an additional £811,000 in Revenue Support Grant.
- An increase in retained business rates notified by District Councils of £729,000 mainly as a result of an error in one of the returns that has only just been notified to the County Council.
- An increase in the business rates collection fund surplus of £566,000 following receipt of final figures from Districts.
- An increase in the Budget Requirement (the amount that the County Council is able to spend) of £2.106m as a result of the increased income and Revenue Support Grant detailed above.
- A balancing figure within the revenue account of £2.106m as a contribution **to** the grant equalisation reserve.

Cabinet have recommended the following to the County Council.

## RECOMMENDATIONS

It is recommended to the County Council that :

1. The Treasurer's report under Section 25 of the Local Government Act 2003 be taken into account when the Council determines the budget and precept for 2015/16 (Appendix 7 to Annex A).
2. The Revised Budget set out in Appendix 1 to Annex A be approved.
3. The Revenue Budget for 2015/16 (as set out in Appendix 3 to Annex A and Annex 1 to this Part 1 report) be approved.
4. The total **budget requirement** for the general expenses of the County Council for the year beginning 1 April 2015, be £743,465,344.
5. The **council tax requirement** for the County Council for the year beginning 1 April 2015, be £504,890,643.97
6. The County Council's band D council tax for the year beginning 1 April 2015 be £1,037.88 as in 2014/15
7. The County Council's council tax for the year beginning 1 April 2015 for properties in each tax band be :

	£
Band A	691.92
Band B	807.24
Band C	922.56
Band D	1,037.88
Band E	1,268.52
Band F	1,499.16
Band G	1,729.80
Band H	2075.76

8. Precepts be issued totalling £504,890,643.97 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	61,635.30
East Hampshire	47,352.21
Eastleigh	42,660.34
Fareham	41,630.20
Gosport	25,640.40
Hart	37,981.04
Havant	38,846.07
New Forest	69,194.00
Rushmoor	29,751.47
Test Valley	45,322.00
Winchester	46,450.38

9. The treasury management and annual investment strategies, prudential and financial health indicators for 2015/16 be approved, in accordance with the recommendations in Appendix 8 to Annex A.

#### **B. CAPITAL PROGRAMME 2014/15 TO 2016/17**

The Capital Programme report presented to Cabinet on 6 February is attached at Annex B to this Part 1 report. There have been no changes to the report since Cabinet.

Cabinet have recommended the following to the County Council.

#### **RECOMMENDATIONS**

It is recommended to County Council that:

1. Additional resources of £0.700m Two Year Old Trajectory Revenue Funding should be converted to capital and are added to the Children's Services 2014/15 programme

2. The Policy and Resources provision for strategic land and asset purchase and asset improvements in 2014/15 is increased by £2.3 million, funded from unallocated resources identified in the capital review reported to Cabinet in July 2014.
3. The capital programme for 2015/16 and the provisional programmes for 2016/17 and 2017/18 as set out in Appendix 3 be approved, subject to the conditions set out in section B.3 of the County Council's Financial Procedures on the responsibilities for managing the capital programme and, where appropriate, to the approval of the Executive Member for Policy and Resources to proposals by Executive Members to retain more than a 25% share of capital receipts
4. Expenditure on preliminary design and planning work for major transport schemes be permitted when they have achieved a place in the County Council's Local Transport Plan, subject to the cost being met within existing Government allocations

Authority be given to incur expenditure on land purchases as follows:

- a. up to the sum specified in respect of sites still required for the schemes included in the capital programme for the period 2015/16 to 2017/18 provided that the relevant scheme has been the subject of a feasibility or design project appraisal approved by the relevant Executive Member
- b. up to the amount included in the programmes for 2015/16 to 2017/18 in respect of advance and advantageous land purchases.

**General Fund Revenue Account 2015/16**

	<b>Original Budget 2014/15</b>	<b>Adjustment</b>	<b>Budget 2015/16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Departmental Expenditure</u></b>			
Adults	332,134	(27,764)	304,370
Children's - Schools	725,617	23,008	748,625
Children's - Non schools	162,365	(1,004)	161,361
Economy, Transport and Environment	113,794	(10,024)	103,770
Policy and Resources	132,806	973	133,779
	<b>1,466,716</b>	<b>(14,811)</b>	<b>1,451,905</b>
<b><u>Capital Financing Costs</u></b>			
Committee Capital Charges	111,796	4,923	116,719
Capital Charge Reversal	(112,305)	(4,923)	(117,228)
Interest on Balances	(5,750)	(1,500)	(7,250)
Capital Financing Costs	69,862	(966)	68,896
	<b>63,603</b>	<b>(2,466)</b>	<b>61,137</b>
<b><u>Pension and IAS 19 Costs</u></b>			
Pensions - Int and Expected Ret on Assets	18,150	0	18,150
Contribution from Pension Reserve	(42,859)	(2,984)	(45,843)
IAS 19 Departments	16,722	2,984	19,706
Non Distributed costs	21,329	2,100	23,429
Soft Loan	(10)	0	(10)
	<b>13,332</b>	<b>2,100</b>	<b>15,432</b>
<b><u>RCCO</u></b>			
Main Contribution	22,050	509	22,559
Funded by Dedicated Schools Grant (DSG)	6,684	(428)	6,256
RCCO From Reserves	18,579	(12,991)	5,588
	<b>47,313</b>	<b>(12,910)</b>	<b>34,403</b>
<b><u>Other Revenue Costs</u></b>			
Contingency	21,381	11,828	33,209
Dedicated Schools Grant	(691,612)	(7,005)	(698,617)
Specific Grants	(120,934)	(30,458)	(151,392)
Council Tax Freeze Grant	(5,300)	(175)	(5,475)
Flood Protection Levy	606	(3)	603
Coroners Expenditure	1,331	0	1,331
Business Units (Net Trading Position)	(604)	34	(570)
	<b>(795,132)</b>	<b>(25,779)</b>	<b>(820,911)</b>

	<b>Original Budget 2014/15</b>	<b>Adjustment</b>	<b>Budget 2015/16</b>
<b>Net Revenue Budget</b>	<b>795,832</b>	<b>(53,866)</b>	<b>741,966</b>
<b>Net Revenue Budget (Repeated)</b>	<b>795,832</b>	<b>(53,866)</b>	<b>741,966</b>
<b><u>Contributions from Earmarked Reserves</u></b>			
Use of Earmarked Reserves	(22,504)	29,662	7,158
Trading Units Transfer to / (from) Reserves	713	(34)	679
Business Strategy Opportunities	0	(1,500)	(1,500)
RCCO From Reserves	(18,729)	12,991	(5,738)
	<b>(40,520)</b>	<b>41,119</b>	<b>599</b>
Use of General Balances	(7,100)	8,000	900
<b>BUDGET REQUIREMENT</b>	<b>748,212</b>	<b>(4,747)</b>	<b>743,465</b>

## **ANNEXES A AND B TO ITEM 9 PART I REPORT**

THE CABINET BUDGET REPORTS THAT FOLLOW AS ANNEXES A AND B TO THE PART I REPORT HAVE BEEN REPRINTED FOR THE COUNCIL MEETING ON 19 FEBRUARY 2015. NO AMENDMENTS HAVE BEEN MADE TO THESE REPORTS. AMENDMENTS RESULTING FROM THE CABINET MEETING ON 6 FEBRUARY 2015 HAVE BEEN INCLUDED IN THE PART I REPORT. THEREAFTER ANY FURTHER ADJUSTMENTS FOLLOWING THE DESPATCH OF THE COUNCIL PAPERS WILL BE DEALT WITH ON THE DAY OF THE COUNCIL MEETING

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