

REPORT OF THE
Cabinet
PART I

**266. REVENUE BUDGET AND PRECEPT 2017/18 AND CAPITAL PROGRAMME
2017/18 – 2019/20**

Introduction

The Cabinet considered the proposed Revenue Budget and Precept for 2017/18 and the Capital Programme for 2017/18 to 2019/20 at its meeting on 3 February 2017.

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 the formal recommendations for full Council in considering the budget, council tax and capital programme for 2017/18 and beyond.

A. REVENUE BUDGET AND PRECEPT 2017/18

The revenue report that was presented to Cabinet on 3 February 2017 is attached as Annex A to this Part 1 report. The main changes that have been made to the figures presented at Cabinet are all technical and relate to notifications from Districts of final tax base, business rates and collection fund figures.

Final Local Government Finance Settlement

The Secretary of State for Communities and Local Government announced the provisional local government finance settlement to the House of Commons on 15 December 2016. At this point the parliamentary debate on the settlement has been moved from Wednesday 8 February to Monday 20 February and there are still no details on when the final settlement will be published.

Whilst no major changes to the figures that were released in December last year are anticipated, should there be any amendments it is proposed that this will be offset by an adjustment to the planned contribution to the Grant Equalisation Reserve (GER) to ensure that there is no net impact on the budget for 2017/18, the precept or the council tax. Given this, in order to enable the County Council to approve the precept and council tax for 2017/18, this Part I report seeks delegated authority for the Director of Corporate Resources in consultation with the Leader and Chief Executive to make any minor changes as appropriate when the final settlement is published.

Should the final local government finance settlement be received following publication of this report but prior to the County Council meeting any changes arising will be provided by way of an addendum.

The recommendations from Cabinet to Full Council are not changed, although final figures reflect the technical adjustments that have been made. However, in view of the fact that the final settlement has yet to be published an additional recommendation has been added to enable any required changes to be made with no impact on the setting of the precept or the council tax for 2017/18.

Cabinet have recommended the following to County Council:

RECOMMENDATIONS TO COUNCIL

Council is recommended to approve:

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 and take this into account when determining the budget and precept for 2017/18 (Appendix 7 to Annex A).
- b) The Revised Budget for 2016/17 set out in Appendix 2 to Annex A.
- c) The Revenue Budget for 2017/18 as set out in Annex 1 to this Part I report.
- d) Funding for one off priorities linked, both directly and indirectly, to additional capital investment and economic growth totalling £13.75m as set out in paragraphs 4.24 to 4.32 to Annex A.
- e) Delegated authority to the Director of Economy, Transport and Environment to explore investment options with Veolia for Material Recovery Facilities as set out in paragraphs 4.33 to 4.34 to Annex A and if favourable, to commit in principle funding to the scheme in consultation with the Executive Member for Environment and Transport, the Leader and Director of Corporate Resources.
- f) That the total **budget requirement** for the general expenses of the County Council for the year beginning 1 April 2017, be £729,371,254.
- g) That the **council tax requirement** for the County Council for the year beginning 1 April 2017, be £566,830,227.
- h) That the County Council's band D council tax for the year beginning 1 April 2017 be £1,133.10, an increase of 4.99% of which 3% is specifically for adults' social care.
- i) The County Council's council tax for the year beginning 1 April 2017 for properties in each tax band be:

	£
Band A	755.40
Band B	881.30
Band C	1,007.20
Band D	1,133.10
Band E	1,384.90
Band F	1,636.70
Band G	1,888.50
Band H	2,266.20

- j) Precepts be issued totalling £566,830,227 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	63,376.90
East Hampshire	48,900.79
Eastleigh	44,118.34
Fareham	42,371.60
Gosport	26,409.70
Hart	39,444.23
Havant	39,937.00
New Forest	70,155.20
Rushmoor	30,424.24
Test Valley	47,315.00
Winchester	47,794.31

- k) The treasury management and annual investment strategies, prudential and financial health indicators for 2017/18, in accordance with the recommendations in Appendix 8 to Annex A.
- l) Delegated authority be given to the Director of Corporate Resources, following consultation with the Leader and the Chief Executive, to make changes to the budget if required after the County Council meeting to take account of the impact of the delayed announcement of the final Local Government Finance Settlement.

B. CAPITAL PROGRAMME 2017/18 to 2019/20

The Capital Programme report that was presented to Cabinet on 3 February 2017 is attached as Annex B to this Part I report. There have been no changes to the report since Cabinet.

Cabinet have recommended the following to County Council:

RECOMMENDATIONS TO COUNCIL

Council is recommended to approve:

- a) The capital programme for 2017/18 and the provisional programmes for 2018/19 and 2019/20 as set out in Appendix 3 to Annex B.

Annex 1

Revenue Budget 2017/18

	Original Budget 2016/17 £'000	Adjustment £'000	Budget 2017/18 £'000
<u>Departmental Expenditure</u>			
Adults' Health and Care	380,117	(24,530)	355,587
Children's - Schools	759,457	27,435	786,892
Children's - Non schools	167,116	(17,049)	150,067
Economy, Transport and Environment	111,479	(3,465)	108,014
Policy and Resources	94,352	(6,788)	87,564
	1,512,521	(24,397)	1,488,124
<u>Capital Financing Costs</u>			
Committee Capital Charges	116,719	18,545	135,264
Capital Charge Reversal	(117,122)	(19,367)	(136,489)
Interest on Balances	(7,334)	(1,061)	(8,395)
Capital Financing Costs	62,896	(11,121)	51,775
	55,159	(13,004)	42,155
<u>RCCO</u>			
Main Contribution	12,510	1,524	14,034
RCCO from Reserves	1,994	6,535	8,529
	14,504	8,059	22,563
<u>Other Revenue Costs</u>			
Contingency	40,477	(4,597)	35,880
Dedicated Schools Grant	(708,099)	(24,003)	(732,102)
Specific Grants	(159,152)	(669)	(159,861)
Pensions - Non Distributed Costs	16,632	1,894	18,526
Flood Protection Levy	603	20	623
Coroners Expenditure	1,367	283	1,650
Business Units (Net Trading Position)	(570)	734	164
	(808,782)	(26,338)	(835,120)
Net Revenue Budget	773,402	(55,680)	717,722

Contributions to / (from) Earmarked Reserves

Transfer to / (from) Earmarked Reserves	(37,688)	57,208	19,520
Trading Units Transfer to / (from) Reserves	679	(921)	(242)
Business Strategy Opportunities	(1,500)	1,500	0
RCCO from Reserves	(1,994)	(6,535)	(8,529)
	(40,503)	51,252	10,749
Use of General Balances	900	0	900
BUDGET REQUIREMENT	733,799	(4,428)	729,371
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Funded by			
Business Rates and Government Grant	(192,724)	36,450	(156,274)
Business Rates Collection Fund Deficit / (Surplus)	1,226	(530)	696
Council Tax Collection Fund Deficit / (Surplus)	(9,642)	2,679	(6,963)
COUNCIL TAX REQUIREMENT	532,659		566,830

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