

REPORT OF THE
Cabinet
PART I

229. REVENUE BUDGET AND PRECEPT 2012/13

Introduction

1. The Cabinet considered the proposed Revenue Budget and Precept for 2012/13 and the Capital Programme for 2012/13 to 2014/15 at its meeting on 3 February 2012.

2. In past years, the reports presented to Cabinet have not been replicated in full at County Council, instead a detailed 'Part 1' report has been produced that summarises the information and explains any changes that were made at the Cabinet meeting or that were required as a result of other changes since Cabinet met (for example due to late notification of Government grants).

3. This year a slightly different approach has been adopted and the full revenue and capital programme reports that were presented to Cabinet have been attached to this Part 1 report.

4. Given this alternative approach, 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 2012/13 and beyond.

Revenue Budget and Precept 2012/13

5. The revenue report that was presented to Cabinet on 3 February 2012 is attached as Annex 1 to this Part 1 report. Since the original report was released, the final Local Government finance settlement has been announced and there are no changes that need to be taken into account for Full County Council.

6. The only changes that have been made to the report approved by Cabinet are:-

- **Treasury Management Strategy Statement (Appendix 12)** – Following a recent meeting with our Treasury Advisers it was highlighted that the current unrest in the Eurozone is making it difficult to place investment deposits across the banking sector. Therefore, in order to give the Council more security and flexibility in our investment strategy, it was decided to make greater use of lending direct to other local authorities and in order to secure better rates, the upper limit for investments over 364 days has been increased to £120m and the maximum term increased to 25 years. These changes are reflected in paragraphs 8.3 to 8.5 of the Strategy Statement and the table on page 100 of the prudential indicators in Annex B.
- A new recommendation has been added in this Part 1 report (item g below) that formally determines that the County Council's council tax increase is not excessive. This is a technical issue introduced by the

new requirements of the Localism Act and is required in connection with the potential for local referendums on council tax increases. Clearly with a council tax freeze for 2012/13 this is not an issue for next year.

- Appendix 6 to the main report has been amended to reflect changes in Children's Services budgets. The overall net cash limited budget for Children's Services remains in line with the position reported to Cabinet on 3 February 2012. However, Schools Forum have subsequently approved the re-classification of the £3.5m unallocated budget provision into Individual School's Budget Shares. It was also agreed to move the termly allocations for mentoring NQT (Newly Qualified Teachers) and Children in Care into Budget Shares to secure funding equivalents with Academies.
- New appendices 15 and 16 have been added to the revenue report which set out service summaries for the 2011/12 revised budget and the 2012/13 proposed budget which include allocations for support services, capital charges and pension costs which are not calculated until after the cash limited service budgets have been approved by Cabinet. In addition, a service summary of the budget requirement is also provided at Appendix 17 which contains the figures that are used for the council tax leaflet. The addition of the new appendices is also reflected in the recommendations to County Council shown at (b) and (c) below.

7. All of these changes have been reflected in the main report set out at Annex 1 and Cabinet have recommended the following to the County Council.

RECOMMENDATIONS

That the County Council 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 2012/13 (Appendix 10 to Annex 1)
- (b) The Revised Budget set out in Appendix 1 and 15 of Annex 1.
- (c) The Revenue Budget for 2012/13 (as set out in appendices 6, 8, 16 and 17 of Annex 1)
- (d) That the total **budget requirement** for the general expenses of the County Council for the year beginning 1 April 2012, be £711,613,000.
- (e) That the **council tax requirement** for the County Council for the year beginning 1 April 2012, be £530,169,467.21
- (f) That the County Council's band D council tax for the year beginning 1 April 2012 be **£1,037.88** as in 2011/12.
- (g) That in accordance with the set of principles set by the Secretary of State for Communities and Local Government for the year, it is determined that the relevant basic amount of council tax for 2012/13 is not excessive.
- (h) The County Council's council tax for the year beginning 1 April 2012 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

- (i) Precepts be issued totalling £530,169,467.21 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	65,071.00
East Hampshire	48,600.68
Eastleigh	44,823.67
Fareham	43,465.00
Gosport	27,731.00
Hart	38,262.16
Havant	43,126.00
New Forest	73,274.30
Rushmoor	31,838.98
Test Valley	46,303.00
Winchester	48,323.83

- (j) The treasury management policy statement and the treasury management and annual investment strategies, prudential and financial health indicators for 2012/13, in accordance with the recommendations in Appendices 12 and 13 of Annex 1.

230. CAPITAL PROGRAMME 2012/13 TO 2014/15

1. The Capital Programme report presented to Cabinet on 3 February is attached at Annex 2 to this Part 1 report. There have been no changes to the report since Cabinet which recommended the following to the County Council.

RECOMMENDATIONS

That the County Council approve :

- (a) the capital programme for 2012/13 and the provisional programmes for 2013/14 and 2014/15 as set out in Appendix 3 of Annex 2 of the accompanying report and 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
- (b) the additional proposals for capital investment in the period from 2012/13 onwards as set out in Appendix 4 to Annex 2, for inclusion in the County Council's capital programme
- (c) 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
- (d) that authority be given to incur expenditure on land purchases as follows:
 - (1) up to the sum specified in respect of sites still required for the schemes included in the capital programme for the period 2012/13 to 2014/15 provided that the relevant scheme has been the subject of a feasibility or design project appraisal approved by the relevant Executive Member
 - (2) up to the amount included in the programmes for 2012/13 to 2014/15 in respect of advance and advantageous land purchases.