



Notice is hereby given that an **EXTRAORDINARY MEETING** of the **COUNCIL OF THE BOROUGH OF GOSPORT** will be held in the **TOWN HALL, GOSPORT** on **FRIDAY the TWENTY FOURTH DAY OF FEBRUARY 2012 AT 4.00PM** AND ALL **MEMBERS OF THE COUNCIL ARE HEREBY SUMMONED TO ATTEND TO CONSIDER AND RESOLVE THE FOLLOWING BUSINESS –**

1. To receive apologies from Members for their inability to attend the Meeting.
2. To consider any Mayor's Communications.
3. To receive Deputations (*not on Council Tax Setting – Standing Order No 4.9.3 refers*) in accordance with Standing Order No 3.5 and to answer Public Questions pursuant to Standing Order No 3.6, such questions to be answered orally during a time not exceeding 15 minutes.

(NOTE: Standing Order No 3.5 requires that notice of a Deputation should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON WEDNESDAY, 22 FEBRUARY 2012** and likewise Standing Order No 3.6 requires that notice of a Public Question should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON WEDNESDAY, 22 FEBRUARY 2012**).

4. Questions (if any) pursuant to Standing Order No 3.4

(NOTE: Members are reminded that Standing Order No 3.4 requires that Notice of Question pursuant to that Standing Order must be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON THURSDAY, 23 FEBRUARY 2012**).

5. Treasury Management Dealing Parameters 2011/12 Onwards

To consider the report of the Borough Treasurer in connection with the above (copy herewith).

6. Council Tax Setting 2012-2013

To consider the report of the Borough Treasurer in connection with the above (copy to follow).

**TOWN HALL
GOSPORT**

16 February 2012

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm being activated, please leave the Council Chamber and Public Gallery immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

MEMBERS ARE REQUESTED TO NOTE THAT:

(1) IF THE COUNCIL WISHES TO CONTINUE ITS BUSINESS BEYOND 9.30PM THEN THE MAYOR MUST MOVE SUCH A PROPOSITION IN ACCORDANCE WITH STANDING ORDER 4.11.18

(2) MOBILE PHONES SHOULD BE SWITCHED OFF FOR THE DURATION OF THE MEETING

GOSPORT BOROUGH COUNCIL

REPORT TO THE:	EXTRAORDINARY COUNCIL MEETING
MEETING DATE:	24 FEBRUARY 2012
REPORT ORIGINATOR:	BOROUGH TREASURER
TITLE:	TREASURY MANAGEMENT DEALING PARAMETERS 2011/12 ONWARDS.

PURPOSE OF REPORT

The report gives further consideration to the Treasury Management activity limits and maturity structure of fixed borrowing for 2011/12 onwards resulting from the need to fund the exit of the Council's Housing Revenue Account (HRA) from the Housing Subsidy regime.

RECOMMENDATION

That the Council note the amended funding total now resulting from the need to fund the exit of the Council's Housing Revenue Account (HRA) from the Housing Subsidy regime and approve the amended activity limits and maturity structure set out in Appendix A of the report with effect from 1 March 2012.

1.0 BACKGROUND

- 1.1 At its meeting on 1 February 2012 the Council considered a report on Treasury Management & Prudential Indicators 2012/13 and approved a strategy to apply from 1 March 2012 and activity limits/fixed borrowing maturity structure that would facilitate the substantial borrowing required to enable the Council to fund the exit of the HRA from the national Housing Subsidy regime.
- 1.2 Further to that report, an amended cash settlement amount has been notified in respect of the HRA transaction and it is considered that a more specific resolution regarding 2011/12 activity limits and maturity structure of fixed borrowing should be made in order to ensure that the appropriate transactions can take place without the risk of challenge and subsequent delay. In addition, more flexibility has been built in to these parameters to facilitate the ability to better respond to market conditions on the day that the funding has to be finalised.

2.0 CURRENT SITUATION

- 2.1 Whilst the basis of the transaction required for exiting the Housing Subsidy system remains the same, the sum required has (provisionally) been reduced from £57.334M to £57.029M.

- 2.2 Following the training received regarding options for funding the £57M it is considered advisable to amend the principles slightly to allow the HRA an extra year before loan repayments start and to take up to £27M in long term funding rather than £20M.
- 2.3 The main principles involved in the planned structuring of the new borrowing for the HRA are, therefore:
- To minimise revenue costs in the first 5 years in order to allow an improvement/new build reserve to be established
 - Beyond 5 years, to broadly match the debt repayment with available resources to minimise under or over borrowing and any unnecessary resultant risk exposure
 - To take a tranche of long term funding (up to £27M) to underpin future requirements at currently attractive low rates. This will provide future stability and flexibility without significantly increasing the average interest rate payable.
 - A relatively wide spread of loan terms will reduce ongoing administrative costs and spread the overall risk.
- 2.4 The activity limits and maturity structure set out in Appendix A have been appropriately updated and 2011/12 limits included as the initial HRA transaction will take place in March 2012. The new 2011/12 limits are to apply from 1 March 2012.
- 3.0 CONCLUSION
- 3.1 In order to facilitate the funding transaction in March 2012 that will allow the HRA to exit the current Housing Subsidy system, Treasury Management activity limits and the fixed borrowing maturity structure have been reviewed and revised levels recommended.

SUPPORTING INFORMATION

Financial implications:	As contained in the report.
Legal implications:	The funding transactions referred to in the report may only take place within parameters considered and approved in advance by full Council.
Service Improvement Plan implications:	This report is required in order that to fulfil statutory requirements associated with the achievement of both service improvement plan and corporate plan targets.
Corporate Plan:	
Risk Assessment:	Risk of challenge (see para 1.2)
Background papers:	
Appendices:	A – Table showing Treasury Management Activity Limits and Maturity Structure of Fixed Borrowing.
Author:	Peter Wilson

Appendix A

Treasury Management Activity Limits and Maturity Structure of Fixed Borrowing.

	2011/12		2012/13		2013/14		2014/15	
Limits on Activity	Upper		Upper		Upper		Upper	
	Investments	Borrowing	Investments	Borrowing	Investments	Borrowing	Investments	Borrowing
	£M	£M	£M	£M	£M	£M	£M	£M
Limits on fixed interest rates	10.0	82.0	10.0	89.0	10.0	89.0	10.0	89.0
Limits on variable interest rates	10.0	58.0	10.0	58.0	10.0	58.0	10.0	58.0
Maturity Structure of fixed borrowing	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
	%	%	%	%	%	%	%	%
Under 12 months	0	80	0	80	0	80	0	80
12 months to 2 years	0	80	0	80	0	80	0	80
2 years to 5 years	0	80	0	80	0	80	0	80
5 years to 10 years	0	40	0	40	0	40	0	40
10 years and above	0	70	0	80	0	80	0	80

GOSPORT BOROUGH COUNCIL

REPORT TO THE:	EXTRAORDINARY COUNCIL MEETING
MEETING DATE:	24 FEBRUARY 2012
REPORT ORIGINATOR:	BOROUGH TREASURER
TITLE:	COUNCIL TAX SETTING 2012/13

PURPOSE OF REPORT

The report consolidates the effect of the Council's approved budget, Collection Fund balance and precepting authority requirements in order to establish the necessary Council Tax levels to apply in the Borough of Gosport for 2012/13.

RECOMMENDATIONS

As contained in section 5 of the report.

1.0 BACKGROUND

- 1.1 The Council are required to set the levels of Council Tax for the Borough for 2012/13 on behalf of the Council as billing authority. The tax level results from the precept requirements of Hampshire's County Council, Police Authority and Fire & Rescue Authority, the Council's approved budget and local tax collection balances.
- 1.2 The format of this report is slightly different to previous years, primarily to take account of legislative changes contained in the Localism Act 2011. In particular, it is necessary to determine that the proposed Council Tax is not "excessive" as defined in legislation, as this would otherwise trigger the need for a local referendum.
- 1.3 No comments relating to the budget have been received as a result of the consultation process with major business ratepayers.

2.0 COLLECTION FUND SURPLUSES & DEFICITS

2.1 Surpluses or deficits from Council Tax collection are assessed annually in order that corrective action can be taken in setting future Tax levels. The 2012/13 figure of £30,300 represents Gosport's share of the surplus on the council tax collection fund.

2.2 The table below shows how these balances affect the Council Tax requirements:

	2011/12 £	2012/13 £
Council's Gross Expenditure budget	73,612,270	75,647,930
Transfers to Reserves	268,000	1,338,300
Council Tax Collection Fund Deficit	40,000	-
a)	73,920,270	76,986,230
Less		
Council's Gross Income budget	63,148,840	66,446,540
Formula Grant	5,151,003	4,885,357
Transfers from Reserves	23,840	0
Council Tax Collection Fund Surplus	-	30,300
b)	68,323,683	71,362,197
c) GBC Council Tax requirement (a-b)	5,596,587	5,624,033
Precepts - County Council	28,640,402	28,781,450
- Police Authority	4,035,783	4,055,659
- Fire Authority	1,693,787	1,702,129
Total amount to be collected	39,966,559	40,163,271

3.0 BILLING ARRANGEMENTS 2012/13

3.1 Despatch of Council Tax bills will commence early in March 2012 and be completed shortly afterwards.

4.0 CONCLUSION

4.1 Council is asked to note the report and set the following Council Tax levels for the Borough of Gosport for 2012/13:

Band	GBC	HCC	Police	Fire	Total	(2011/12)
	£	£	£	£	£	£
A	135.21	691.92	97.50	40.92	965.55	965.55
B	157.74	807.24	113.75	47.74	1126.47	1126.47
C	180.28	922.56	130.00	54.56	1287.40	1287.40
D	202.81	1037.88	146.25	61.38	1448.32	1448.32
E	247.88	1268.52	178.75	75.02	1770.17	1770.17
F	292.95	1499.16	211.25	88.66	2092.02	2092.02
G	338.02	1729.80	243.75	102.30	2413.87	2413.87
H	405.62	2075.76	292.50	122.76	2896.64	2896.64

The 2012/13 Council Tax rates are unchanged from 2011/12.

5.0 RECOMMENDATIONS

5.1 That it be noted that the Borough Treasurer determined the Council's Tax Base on 3 November 2011 in the amount of 27,731 as its Council Tax Base for the year 2012/13 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")).

5.2 By virtue of the budget approved by Council on the 1 February 2012 the following amounts be now calculated by the Council for the year 2012/13 in accordance with Sections 31 to 36 of the Act:-

(a) £76,986,230 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)) of the Act.

(b) £71,362,197 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £5,624,033 being the amount by which the aggregate at 5.2(a) above exceeds the aggregate at 5.2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax Requirement for the year. (Item R in the formula in Section 31B of the Act).

(d) £202.81 being the amount at 5.2(c) above (Item R) divided by Item T (the amount at 5.1 above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation
Bands

£ (Local tax rates for Borough purposes)

A	135.21
B	157.74
C	180.28
D	202.81
E	247.88
F	292.95
G	338.02
H	405.62

being the amounts given by multiplying the amount at 5.2(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 5.3 That it be noted that for the year 2012/13 Hampshire County Council, Hampshire Police Authority and Hampshire Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of the dwellings shown below:-

Precepting Authority

Valuation Bands

(Local tax rates for County purposes)

£

Hampshire County Council

A	691.92
B	807.24
C	922.56
D	1037.88
E	1268.52
F	1499.16
G	1729.80
H	2075.76

(Local tax rates for Police purposes)

£

Hampshire Police Authority

A	97.50
B	113.75
C	130.00
D	146.25
E	178.75
F	211.25
G	243.75
H	292.50

(Local Taxes for Fire & Rescue Purposes)

£

Hampshire Fire &
Rescue Authority

A	40.92
B	47.74
C	54.56
D	61.38
E	75.02
F	88.66
G	102.30
H	122.76

- 5.4 That, having calculated the aggregate in each case of the amounts at 5.2(e) and 5.3 above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of council tax for the year 2012/13 for each of the categories of dwellings shown below:-

Valuation Bands

(Total local tax rates within Gosport)

£

A	965.55
B	1126.47
C	1287.40
D	1448.32
E	1770.17
F	2092.02
G	2413.87
H	2896.64

- 5.5 That it is determined that the Council's basic amount of Council Tax for 2012/13 is not excessive (in accordance with principles approved under Section 52ZB of the Act).

SUPPORTING INFORMATION

Financial Implications:	Cash flow penalties if decision delayed
Legal Implications:	The Council must set the tax by 11 March 2012 and in accordance with the regulations and the 1992 Local Government Finance Act (as amended).
Service Improvement Plan implications:	-
Corporate Plan:	-
Risk Assessment:	-
Background papers:	-
Appendices/Enclosures:	-
Report Author/Lead Officer	Peter Wilson