



Hampshire
County Council

Culture and Communities Select Committee 14 January 2019 Budget Briefing 2019/20

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Presentation Outline

- Local Government Finance Settlement – Key Issues
- Reserves Position
- Update on Transformation to 2019 (Tt2019) Programme
- Key Departmental Challenges and Issues
- Culture and Communities Budget Proposals and Revenue Budget
- Culture and Communities Capital Programme

Local Government Finance Settlement – Key Issues

Budget Forecast 2019/20 – MTFS Position

- Tt2019 Programme to deliver £140m of savings, bringing the total to £480m since grant reductions began.
- Savings proposals agreed in November 2017 to give the time to safely deliver service changes .
- Anticipated delay in some elements of the delivery of cash release for the Tt2019 Programme factored into the MTFS and sufficient one off funding exists to meet any potential gap over the period.
- Emphasises the value of our reserves strategy
- A 2.99% council tax increase in line with the referendum limit.

Chancellor's Budget

- Announcements in the Budget had very little impact on the revenue position reported in the MTFS.
- However, some additional one-off funding for adults' and children's social care and for highways.
- Additional funding for social care in 2019/20 welcome and will help offset pressures, but falls far short of the amount required and is only one off.
 - ✓ Adults' social care £240m – HCC share £4.8m.
 - ✓ £410m for adults' or children's social care – HCC share £8.1m to be allocated to Children's Services and held in contingencies.
- Signals some of the pressures on local government are being recognised by the Treasury. Hopefully this will feed through to further changes within next years CSR.

Provisional Local Government Finance Settlement 2019/20

- Expectation was for minimal change to the settlement figures previously published and grant figures for the fourth and final year of the current CSR broadly in line with predictions.
- Removal of negative RSG in 2019/20 – HCC benefit £1.6m
- Surplus on the business rate levy account to be distributed to local authorities – HCC allocation £1.8m
- No change to the council tax thresholds ('core' council tax referendum limit 3%) with the exception of the police precept (doubled from £12 to £24).

Provisional Local Government Finance Settlement 2018/19

- Continuation of 100% pilots in Devolution Deal Areas and fifteen 75% business rates retention pilots. Hampshire County Council's bid was unsuccessful but existing Portsmouth, Southampton and the Isle of Wight pilot extended, albeit at a lower retention level (2018/19 was 100% retention).
- NHB baseline maintained at 0.4% – HCC allocation £4.9m which is built into the MTFS
- Budget allocations of funding for social care confirmed but the Green Paper for adult social care originally due to be published in summer 2018 further delayed.

Reserves Position

Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these funds to meet costs of the next phase of transformation.
- Total reserves of £645.6m as at 31 March 2018.
- More than half of this (£338.6m) committed to existing revenue programmes and capital spend.
- £99.7m in departmental cost of change and trading account reserves to be used for investment and future transformation and to cash flow delivery of Tt2019.
- £27.6m set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £37.3m in schools reserves, £4.4m for the EM3 LEP and £22.4m in balances (in line with minimum reserves policy).

Reserves Strategy

- Only £115.7m (17.9%) is truly ‘available’ to support one off spending and is made up as follows :

	Balance 31/03/17 £'000	Balance 31/03/18 £'000	% of Total
<u>'Available' Reserves</u>			
Grant Equalisation Reserve (*)	40,755	74,870	11.6
Invest to Save	31,100	32,109	5.0
Corporate Policy Reserve	4,632	5,889	0.9
Organisational Change Reserve	2,905	2,785	0.4
	<u>79,392</u>	<u>115,653</u>	<u>17.9</u>

* A significant draw in 2018/19 as part of the County Council’s strategy of delivering changes over a two year cycle and funding required to cash flow Tt2019 will leave an unallocated balance of £29.4m in preparation for future draws beyond 2020.

Update on Transforming the Council to 2019 Programme

Transforming the Council to 2019

- Savings target of £140m (£23.2m of which will be from corporate “housekeeping”).
- Savings proposals to meet this were agreed in November 2017 and are reflected in detailed service budgets in reports.
- **There are therefore no new savings proposals to consider as part of this budget setting process.**
- Consultation (where required) and implementation has been progressing throughout 2018/19 with regular reports to CMT and Cabinet.
- Progress will continue to be closely monitored over the extended time period of the Tt2019 Programme.

Transforming the Council to 2019

- Scale of the transformation and lead in times for achieving savings will cause delay in some of the delivery of cash savings for the Tt2019 Programme.
- Cash flow support required on a one-off basis to manage the extended delivery timetable will in the most part be met from departmental cost of change reserves, which have been boosted by some early delivery in 2018/19.
- Further contingency held corporately to cover any remaining shortfall (estimated to be up to £40m).
- High degree of confidence this can be covered but this change in the savings delivery profile indicates we are now behind the curve' rather than in front of it.

Summary of Approved Savings Proposals TARGET

£6.304m ⁽¹⁾

	£'000
Library Service	2,255
Archives	154
Outdoor Centres	162
Countryside (all service areas)	640
Office Accommodation	1,300
Property Services	866
Trading Standards	407
Hillier Gardens	225
Registration Service	195
Hampshire Scientific Service/Asbestos	100
	<hr/> 6,304 <hr/>

(1) Overall CCBS target

Key Departmental Issues and Challenges

Key Departmental Issues / Challenges

- Delivering further savings
- Maintaining and growing external income
- Importance of capital investment
- Libraries Strategy to 2025

Culture and Communities Budgets 2019/20

Summary Culture & Communities Revenue Budgets

	Revised Budget 2018/19 £'000	Proposed Budget 2019/20 £'000
Community Services budgets	12,524	11,195
Culture and Heritage budgets	6,718	5,914
Countryside and Rural Affairs budget	1,041	1,112
Net early achievement of savings	889	405
Total Culture and Communities	21,172	18,626

Culture and Communities Capital Programme 2018/19 to 2020/21 ⁽¹⁾

	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Community Buildings and Village Halls	125	125	125	375
CCBS Minor Works ⁽²⁾	328	328	328	984
Country Parks Transformation phase 2 ⁽³⁾	450			450
Basingstoke Canal ⁽³⁾	250			250
Total Programme	1,153	453	453	2,059
Funding – local resources	1,153	453	453	2,059

⁽¹⁾ Excerpt from Policy and Resources programme relating to C&C services

⁽²⁾ Supports services across CCBS

⁽³⁾ One-off allocations