



Hampshire County Council

Economy, Transport and Environment Select Committee 14 January 2020 Budget Briefing 2020/21

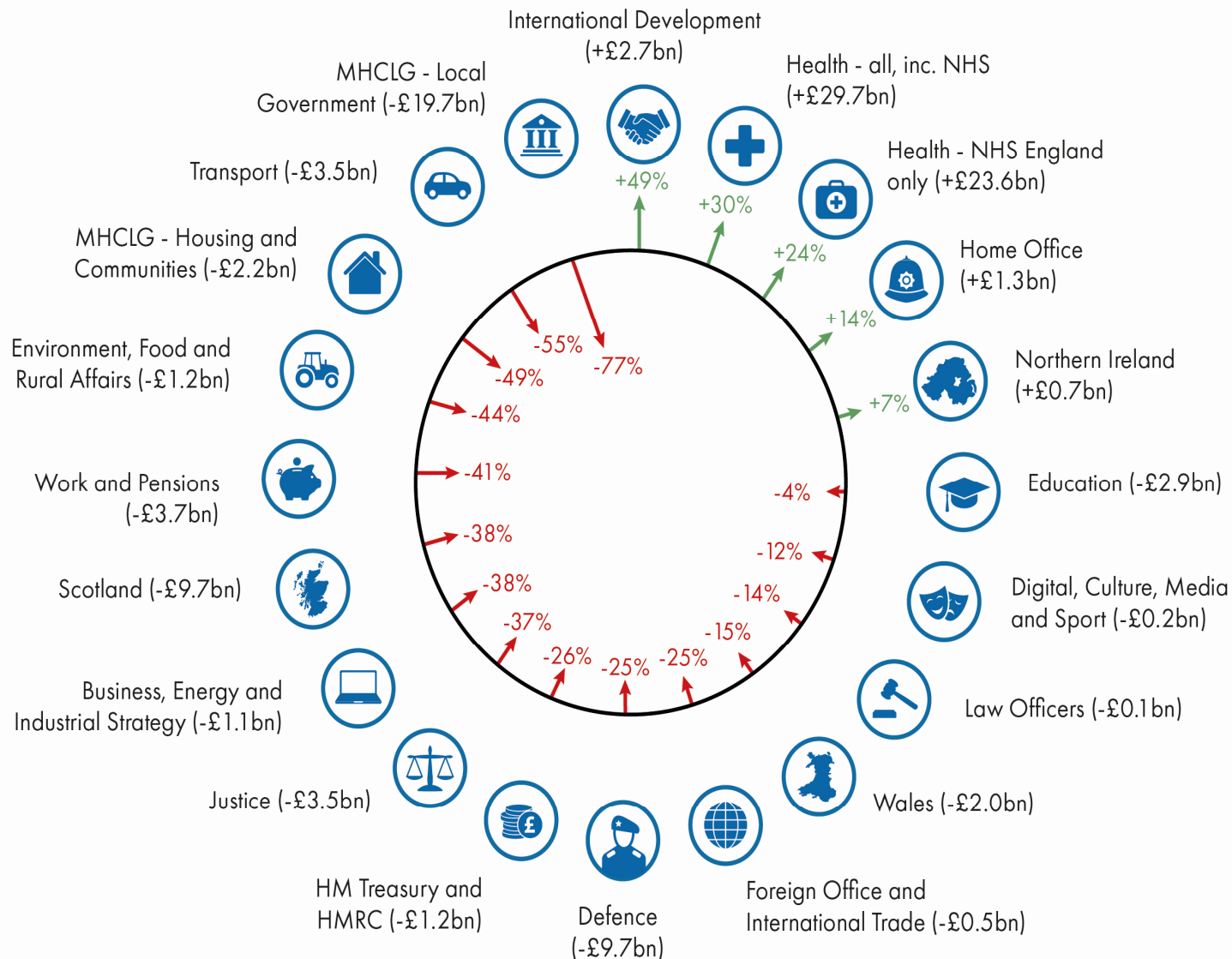
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Presentation Outline

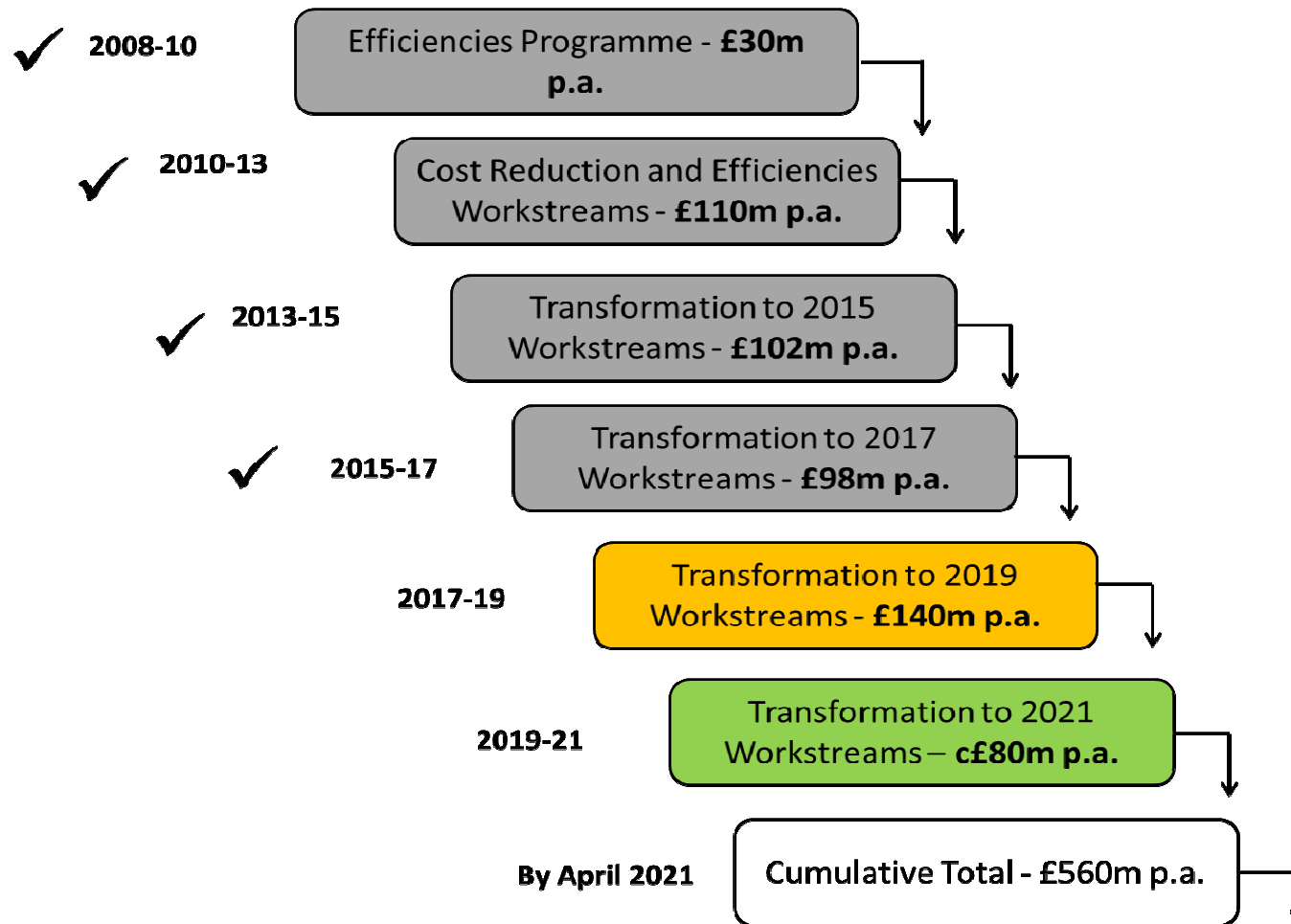
- County Council Context
- Local Government Finance Settlement – Key Issues
- Reserves Position
- Update on Transformation to 2021 (Tt2021) Programme
- Key Departmental Challenges and Issues
- ETE Budget Proposals and Revenue Budget
- ETE Capital Programme

County Council Context

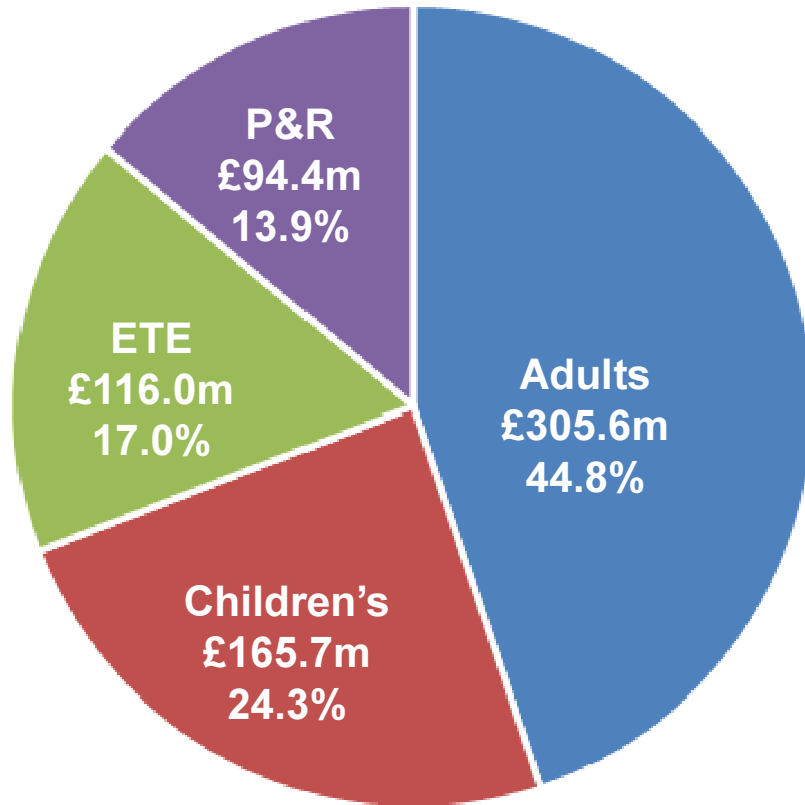
Percentage change in Government Departmental revenue budget – 2009/10 to 2019/20



Efficiency and Transformation Programmes

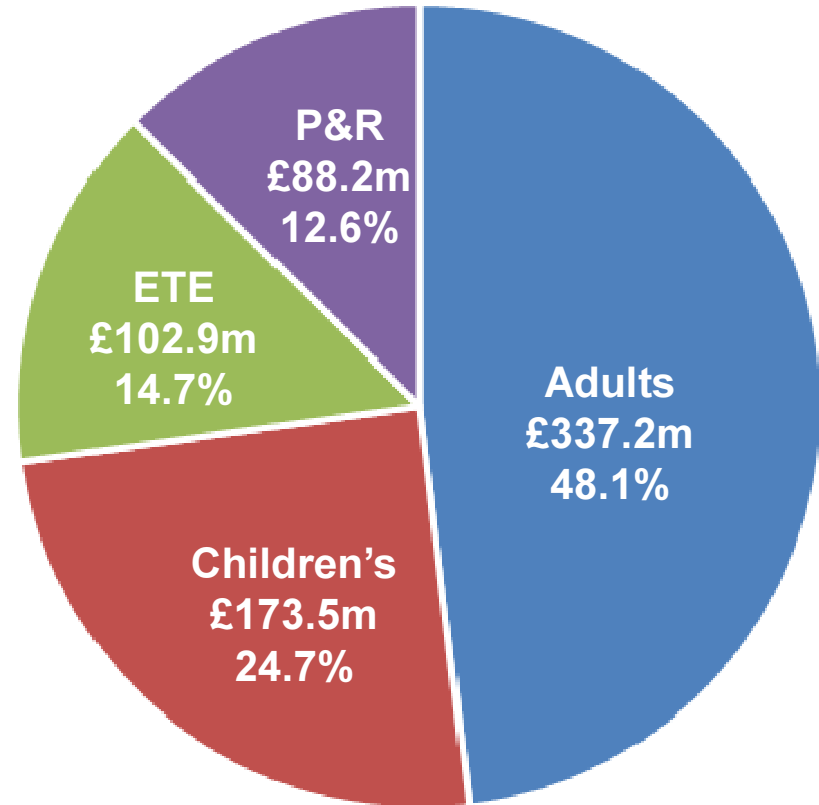


Cash Limit Comparison 2009/10 to 2019/20



2009/10

Total Cash Limits £681.7m



2019/20

Total Cash Limits £701.8m



Cash Limit Comparisons

	2009/10		2019/20 *		Change
	£'000	%	£'000	%	%
Adults' Health and Care	305,585	44.80%	337,257	48.10%	3.20%
Children's Services - Non Schools	165,730	24.30%	173,524	24.70%	0.40%
ETE	115,950	17.00%	102,856	14.70%	-2.40%
P&R	94,450	13.90%	88,163	12.60%	-1.30%
	<u>681,715</u>	<u>100.00%</u>	<u>701,800</u>	<u>100.00%</u>	
Adults' and Children's		69.10%		72.80%	3.60%
Other		30.90%		27.20%	-3.60%
<u>Nationally for all County Councils</u>					
Adults' and Children's		67.40%		74.80%	7.40%
Other		32.60%		25.20%	-7.40%

* Excludes Public Health but includes contingencies allocated to Children's and Adults' Services

Budget Forecast 2020/21 – MTFS Position

- Savings targets for 2021/22 were approved as part of the MTFS in 2018 to deliver £80m.
- Savings proposals agreed in November 2019 to give the time for implementation.
- Significant draw from the Budget Bridging Reserve (BBR) in 2020/21 in order to give the County Council the time and capacity to properly deliver the Tt2021 Programme.
- A 3.99% council tax increase, 2% for social care costs on top of the referendum limit of 2%.
- One year Spending Round (SR2019) for 2020/21

Local Government Finance Settlement – Key Issues

Provisional Local Government Finance Settlement 2020/21

- No change from the previously announced one year Spending Round (SR2019) and subsequent clarification in the technical consultation.
- In summary, net additional funding provided – but for one year only at this stage.
- However, additional cost pressures, particularly in social care costs, are outstripping original forecasts.
- Overall the long term position is broadly unchanged and the requirement to deliver Tt2021 and £80m of savings remains.

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 almost £669.5m as at 31 March 2019.
- More than half of this (£345.4m) committed to existing revenue programmes and capital spend.
- £128.1m in Departments' cost of change and trading account reserves to be used for investment and future transformation and to cash flow delivery of Tt2019 and Tt2021.
- £38.8 set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £26.9m in schools reserves, £4.7m for the EM3 LEP and £21.4m in GF balance (in line with minimum reserves policy).

Reserves Strategy

- Only £104.2m (15.6%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31/03/18 £'000	Balance 31/03/19 £'000	% of Total
<u>'Available' Reserves</u>			
Budget Bridging Reserve	74,870	65,001	9.7
Invest to Save	32,109	29,201	4.4
Corporate Policy Reserve	5,889	6,397	1.0
Organisational Change Reserve	2,785	3,626	0.5
	115,653	104,225	15.6

* The use of the majority of the BBR to support the revenue budget and cash flow Tt2019 and Tt2021 savings is already planned in the period to 2023/24.

Update on Transforming the Council to 2021 Programme

Transforming the Council to 2021

- Savings target of £80m agreed as part of the MTFs in 2018.
- Savings proposals to meet this were agreed in November 2019.
- The focus for the programme is now very much on implementation and delivery. Where appropriate, this will include further service specific public consultations where proposals and options for service change will be debated with service users and key stakeholders.
- However, any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.

Transforming the Council to 2021

- Scale of the transformation, notably in Adults' Health & Care and lead in times for achieving savings will cause delay in some of the delivery of cash savings for the Tt2021 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 will be boosted by some early delivery in 2020/21.
- Further contingency will be held corporately to cover any remaining shortfall (estimated to be up to £32m).
- High degree of confidence this can be covered but we will be managing this alongside the Tt2019 Programme.

Key Departmental Issues and Challenges

Key Departmental Issues / Challenges

Waste Disposal and Recycling

- Demographic growth / falling recycling rates
- Responding to Climate Change and Plastics Issues
- Savings targets
- Government's Emerging Strategy
 - Working with Waste Collection Authorities
 - New infrastructure
 - Materials markets

Key Departmental Issues / Challenges

Highways Maintenance

- Reducing funding available for routine maintenance & safety defects (smaller share of a reduced total)
- Highways condition accelerating deterioration
- Weather and traffic impacts on a weaker network
- Importance of capital investment for structural maintenance (Operation Resilience)
- New challenges (carbon reduction and environmental)
- Innovation in the sector may prioritise the new challenges over cost reduction or productivity
- Walking and cycling depend on well-maintained infrastructure as well as motorised transport

Key Departmental Issues / Challenges

- Income Generation and Commercialism
- Staff retention and Capacity
- Climate Emergency and Hampshire 2050
- Relations with District Councils
- Potential Impact of Government Capital Funding Changes favouring the Midlands and the North

ETE Budget 2020/21

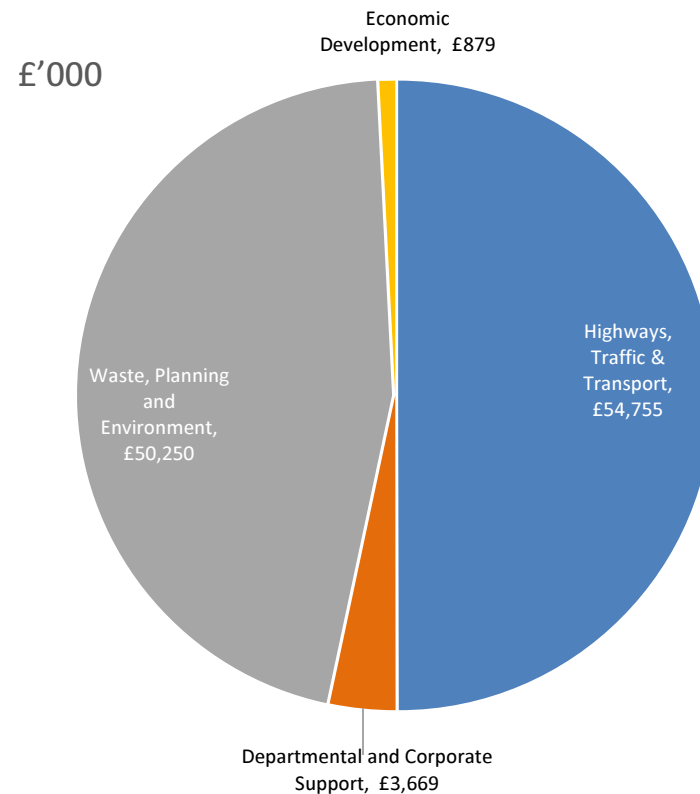


ETE Proposed Budget

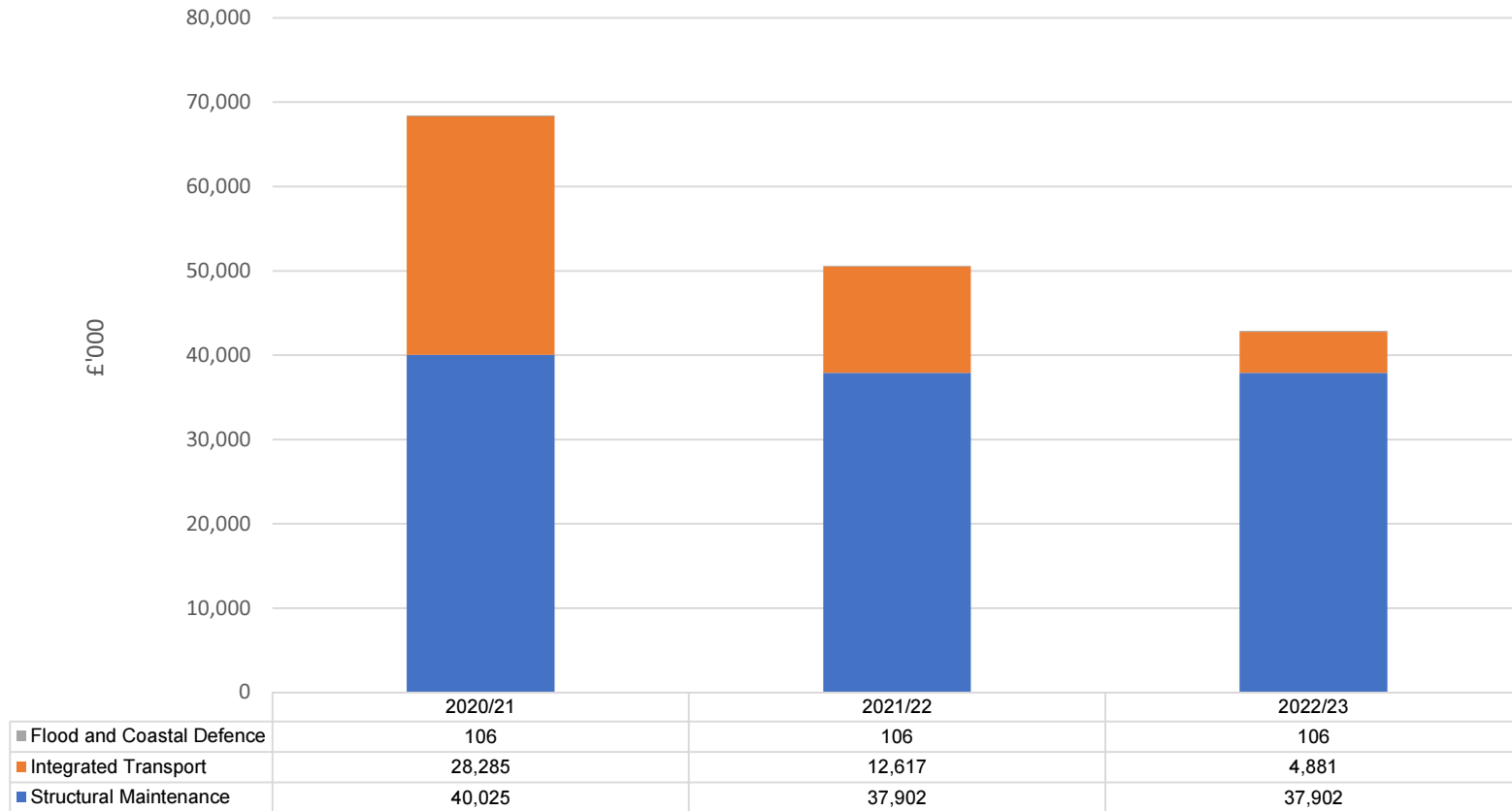
Revenue Budget:	£'000
Original 2019/20 Budget	102,856
Revised Budget for 2019/20	115,197
Proposed Budget for 2020/21	109,553
Early Savings Delivery Forecast included in 2020/21 budget	350
Capital Programme:	
Revised programme for 2019/20	148,072
Proposed programme for 2020/21	68,416

ETE Revenue Budget 2020/21 (by activity)

Activity	£'000
Highway maintenance	27,726
Winter maintenance	5,677
Public transport	17,304
Road Safety	2,268
Strategic Transport	1,780
Waste disposal	48,699
Planning & Environment	1,551
Economic Development	879
Dept. & corp. support	3,669
Total ETE net cash limit	109,553



ETE Capital Programme 2020/21-2022/23



ETE Capital Programme Funding Sources

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