



Hampshire  
County Council

# Culture and Communities Select Committee 12 January 2021 Budget Briefing 2021/22

Felicity Roe  
Director

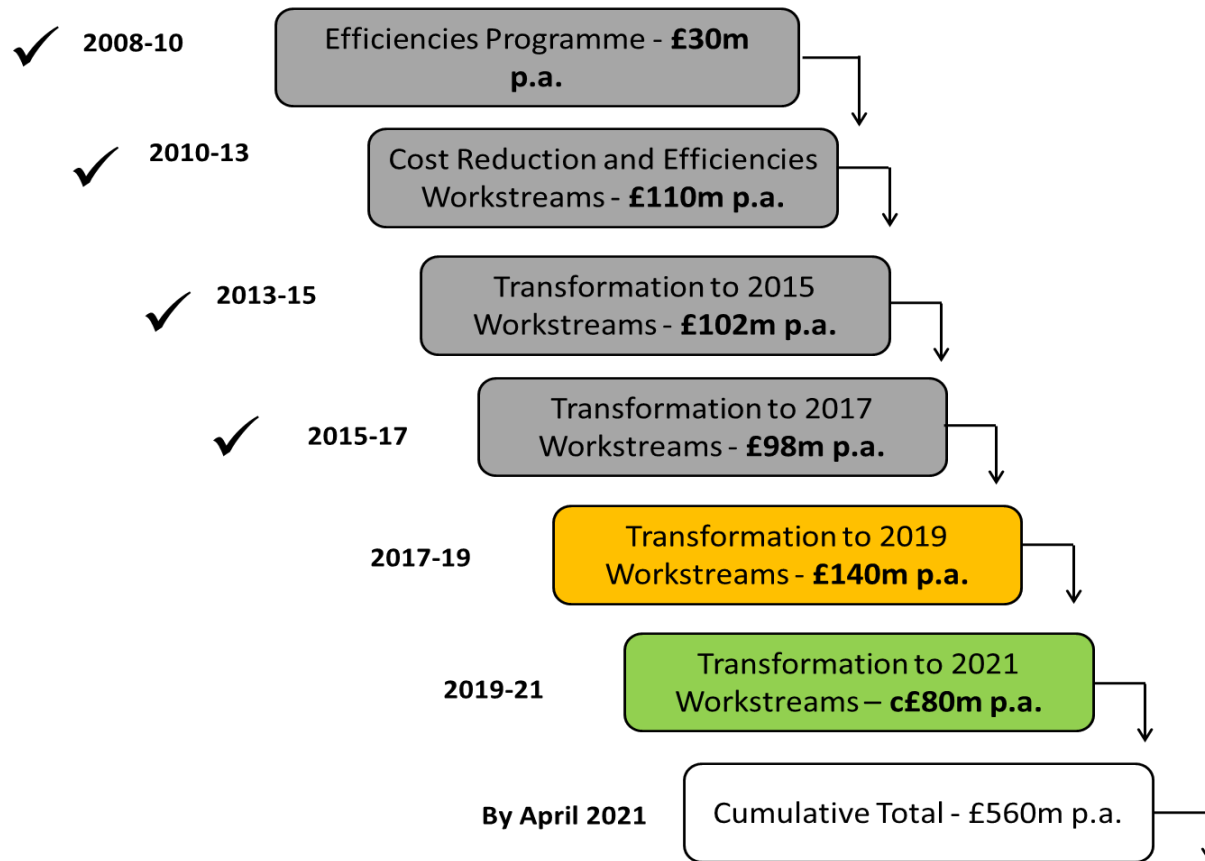
Sue Lapham  
Finance Business Partner

# 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
- CCBS Budget Proposals and Revenue Budget

# County Council Context

# Efficiency and Transformation Programmes



A further £80m Savings Programme has also been put in place to deliver full savings by 1 April 2023

# Budget Forecast 2021/22 – MTFS Position

- Savings targets for 2021/22 were approved as part of the MTFS in 2018 to deliver £80m and proposals agreed in November 2019 to give the time for implementation.
- Anticipated delay in some elements of the delivery of cash release for the Tt2021 Programme factored into the MTFS and sufficient one off funding provided to meet any potential gap over the period.
- Proposed to increase council tax by the referendum limit (originally 3.99%, 2% for social care costs on top of the referendum limit of 2% for core council tax).
- This was clearly before the impact of Covid-19!

# Covid 19 – As Reported to Cabinet in November

- Covid-19 has created a range of impacts from response costs and losses, increased demand and impacts on council tax and business rate income, some of which extend into future years
- County Council's strategy is to try to deal with this as a one off medium term impact so that it does not require additional departmental savings to be made and protects the resources available to support future savings programmes
- After allowing for Government support (prior to the Spending Review and provisional settlement) we faced unfunded costs and losses of £210m over the medium term.
- A response package of reserves and other funding was put in place totalling £160m, leaving a requirement for further Government funding of at least £50m to close the gap.

# **Local Government Finance Settlement – Key Issues**



# Provisional Local Government Finance Settlement 2021/22

- The Spending Review announcement in November whilst positive brought no longer term certainty as it was again only for one year.
- The provisional Local Government Finance Settlement for 2021/22 was announced on 17 December but final figures will not be confirmed by the Government until late January or early February.
- Key items include:
  - ✓ Council tax increase of 4.99% permitted, 3% for social care costs on top of the referendum limit of 2% for core council tax – additional 1% will generate £7m.

# Provisional Local Government Finance Settlement 2021/22

- ✓ Additional social care funding for 2021/22. However, HCC will only receive £1.2m from this (compared to estimate of £5m), as most of the funding has been given to areas with low council tax bases.
- ✓ Extra funding to help councils Covid-19 cost pressures in 2021/22 – HCC allocation £24m.
- ✓ Funding to meet increased demand for council tax support – HCC allocation £8.1m.
- ✓ New Homes Bonus continues with no new legacy payments – HCC allocation £3.9m. Consultation to be launched into the future of the scheme.

# 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 more than £643.1m as at 31 March 2020, more than half of which (£351.2m) is committed to existing revenue programmes and capital spend.
- £92.2m in departments cost of change and trading account reserves to be used for investment and future transformation / savings delivery and to cash flow delivery of Tt2019 and Tt2021.
- £45.9 set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £15.4m in schools reserves (net of DSG deficit), £5.1m for the EM3 LEP and £22.3m in GF balance (broadly in line with minimum reserves policy).
- The strength of our reserves has been critical in developing the Covid-19 financial response package.

# Reserves Strategy

Only £111.1m (17.3%) is truly 'available' to support one off spending and is made up as follows :

	<b>Balance 31/03/19 £'000</b>	<b>Balance 31/03/20 £'000</b>	<b>% of Total</b>
<b><u>'Available' Reserves</u></b>			
Budget Bridging Reserve *	65,001	78,509	12.2
Invest to Save	29,201	22,290	3.5
Corporate Policy Reserve	6,397	6,852	1.1
Organisational Change Reserve	3,626	3,442	0.5
	<b>104,225</b>	<b>111,093</b>	<b>17.3</b>

\* The use of the BBR to support the revenue budget and cash flow Tt2019 and Tt2021 is already planned in the period to 2023/24 and beyond, and the uncommitted balance of the other reserves currently forms part of the Covid-19 financial response package

# **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.
- **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 2020/21, alongside Covid-19 response and recovery activity, with periodic reports to CMT and Cabinet.
- Progress will continue to be closely monitored over the extended time period of the Tt2021 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, boosted by some early delivery in 2020/21.
- Further contingency held corporately to cover any remaining shortfall, including the impact of Covid-19.
- High degree of confidence this can be covered but we will be managing this alongside the development of the 2023 Savings Programme (SP2023).



# Summary of Approved Tt2021 Savings

## Proposals

TARGET - £3.382m

	<b>£'000</b>
Library Service	1,760
Countryside Service	300
Regulatory Services	350
Archives and Records	90
Grants (including HCT)	432
<b>Culture &amp; Communities Services</b>	<b>2,932</b>
<i>Property Services (P&amp;R Select Committee)</i>	<i>450</i>
<b>Total CCBS</b>	<b><u>3,382</u></b>



# Key Issues from Implementation

- Library proposals approved by Executive Member for Recreation & Heritage (July 2020) following
  - Extensive public consultation
  - Changes to proposals in response
  - Debate by Culture & Communities Select Committee
- All CCBS Tt2021 savings will be achieved on time
- £1.193m savings achieved early (despite Covid-19)

# Key Departmental Issues and Challenges

# Key Departmental Issues / Challenges

- Covid-19
  - Regular reports to Cabinet have covered the financial impact on HCC
  - Biggest CCBS impact on income generation
  - Services have worked hard to maintain safe service provision
- Income generation
  - Majority (61%) of cash limited service costs are funded from income and recharges with just 39% met from the cash limit
  - Budget prepared on the basis that income will return to pre-Covid-19 levels BUT considerable uncertainty remains:
    - Timing
    - Customer behaviour
    - Wider economic situation

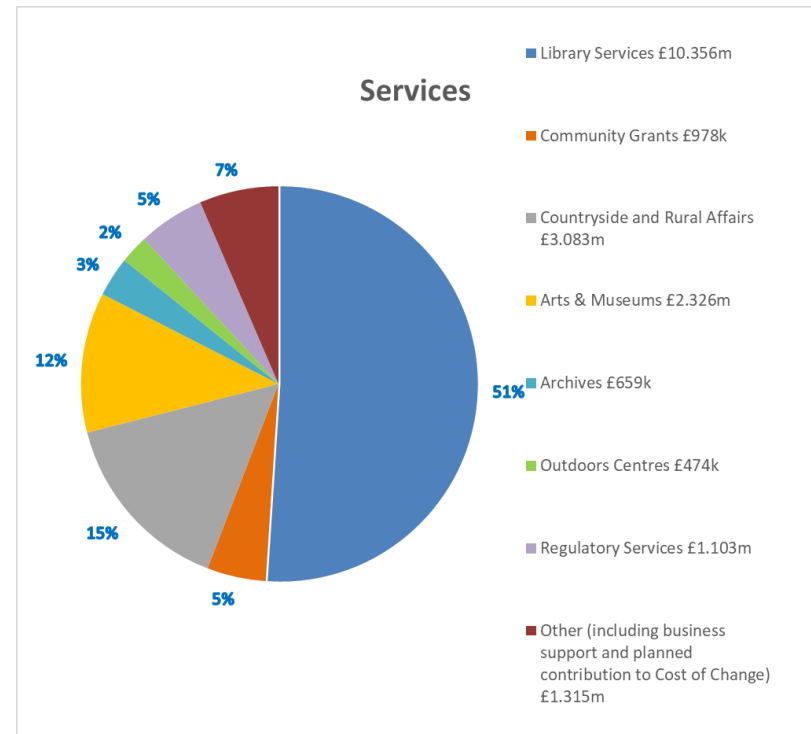
# CCBS Budget 2021/22

# CCBS Proposed Revenue Budget

	£'000
<b>Revised 2020/21 (Culture &amp; Communities)</b>	<b>25,533</b>
<i>Revised 2020/21 (Total CCBS)</i>	<i>54,244</i>
<b>Proposed 2021/22 (Culture &amp; Communities)</b>	<b>20,294</b>
<i>Proposed 2021/22 (Total CCBS)</i>	<i>42,113</i>

# 2021/22 Budget: Services

Service	£'000
Library Services	10,356
Community Grants	978
Countryside and Rural Affairs	3,083
Arts & Museums	2,326
Archives	659
Outdoors Centres	474
Regulatory Services	1,103
Other (including business support and planned contribution to Cost of Change)	1,315
<b>TOTAL Culture and Communities cash limit</b>	<b>20,294</b>



# 2021/22 Budget: Costs & How Funded

Cost type / Funding source	£'000
Employee	26,484
Supplies and Services	10,676
Premises	4,650
Support Services	1,006
Transport & Other Costs	929
Recharges	7,127
Fees and Charges	11,232
Rental Income	378
Grants and Contributions	1,445
Other Income	3,269
<b>Culture &amp; Communities Net Cash Limit</b>	<b>20,294</b>

