



Hampshire County Council

Transport and Environment Select Committee 23 January 2023 Budget Briefing 2023/24

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Presentation Outline

- County Council context and Provisional Cash Limits
- Universal Services Revenue Budget
- Universal Services Capital Programme
- Key Directorate Challenges and Priorities

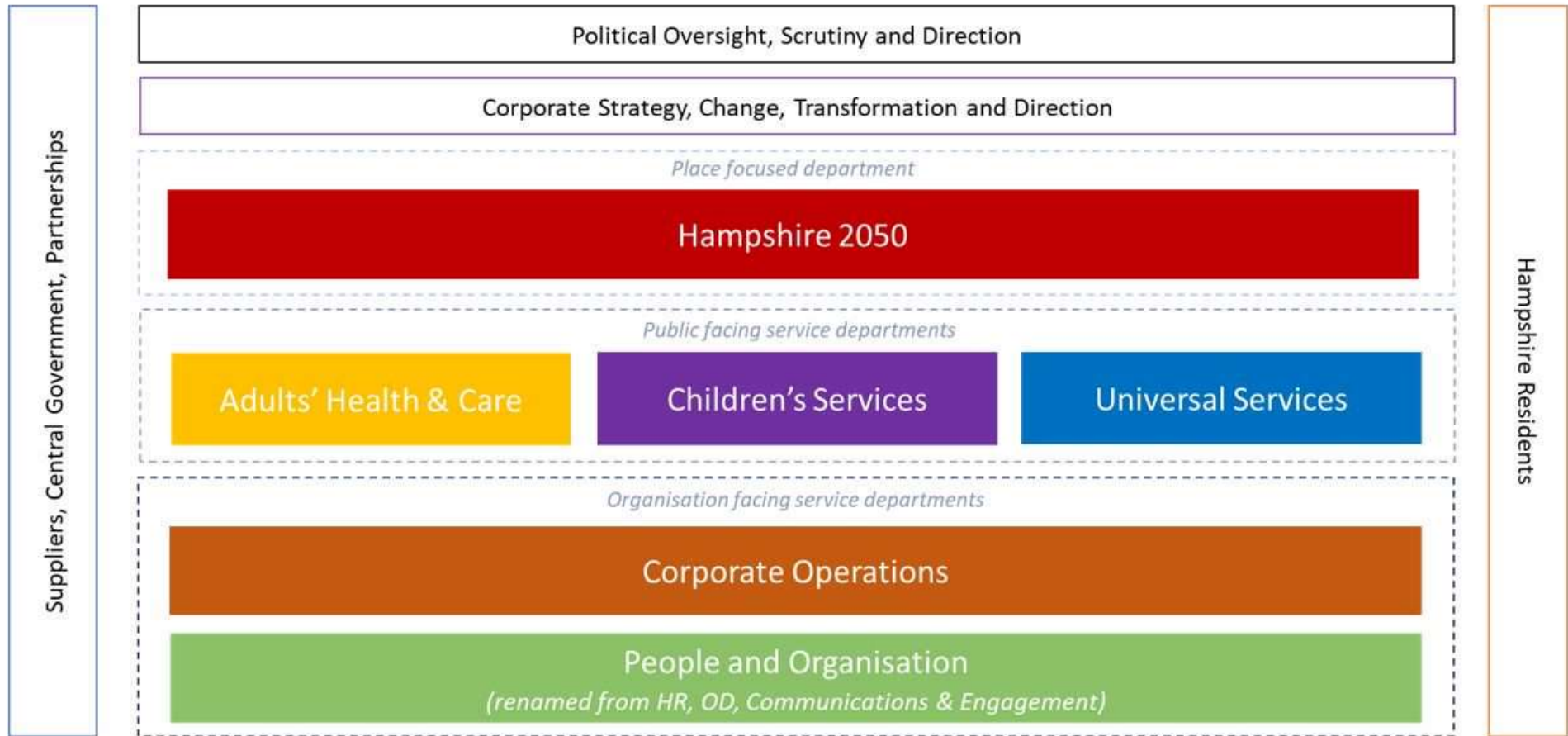
Local Government Finance Settlement

	December Report £m	LGF Settlement £m	Change £m
Increase in Social Care Grant	15.0	23.5	8.5
Decrease in Services Grant	(8.2)	(3.5)	4.7
Business Rates	16.0	13.0	(3.0)
Total change in resources	22.8	33.0	10.2

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- The Council is £10.2m less worse off than previous forecasts reported to December Cabinet
- The reduction in Business Rates income reflects the change from RPI to CPI, however this is still a best estimate of the impact at this stage
- Whilst this is welcome news, this still leaves the Council with a predicted gap of at least £41m for 2023/24
- A full update on the Finance Settlement and budget position will be provided to Cabinet and Council in February

HCC Organisation Model



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- ❑ Provisional cash limits are broadly aligned to the new Directorate structure set out above
- ❑ Budgets have initially been restructured on a 'lift and shift' basis, and further refinement will be required during the period to 2023/24 to ensure budgets accurately match the services and roles aligned to each Directorate

Provisional Cash limits

	All Directorates		Universal Services	
	£m	% Change	£m	% Change
2022/23 Non-Schools Cash Limit	910		145	
+ Base changes	55	+6%	2	+1%
+ Inflation	56	+6%	16	+11%
+ Growth and Pressures	98	+11%	1	+1%
2023/24 Cash Limit before savings	1,119	+23%	164	+13%
- SP2023 Savings	(80)	(9%)	(13)	(9%)
2023/24 Cash Limit after savings	1,039	+14%	151	+4%

- **Base changes:** Mostly additional grant income, including grant to meet SP2023 targets
- **Inflation:** Includes £20.7m for 2022/23 pay award and £35.1m non-pay inflation
- **Growth and Pressures:** £36.7m relating to Children's Services (Social Workers, Home to School Transport, Children Looked After), and £58.5m relating to Adults Care Packages

Provisional Cash Limit assumptions

The Revised Provisional Cash Limits:

- Assume £23m outstanding Tt2021 savings will be achieved or cash flowed from the Directorate Cost of Change Reserve
- Include £5.7m of income inflation, which increases Directorate targets for income generation through increasing existing fees and charges in line with cost increases where it is possible to do so. A general assumption of 3% was used for budgeting purposes, however fees and charges have been reviewed on a case by case basis.
- Include an additional saving of £4.4m due to the reduction in the employer National Insurance rate and a reduction to the employer pension contribution rate following the recent pension fund valuation
- Do not include Cost of Change Funding or any other specific reserve funding for one-off investments and do not make provision for the 2023/24 local government pay award
- Do not include the general inflation underwrite, or inflation on energy budgets, which is held in Corporate Contingencies.
- Assume that specific grants continue at their 2022/23 levels where the allocations for 2023/24 have not been confirmed

Universal Services Budget 2023/24



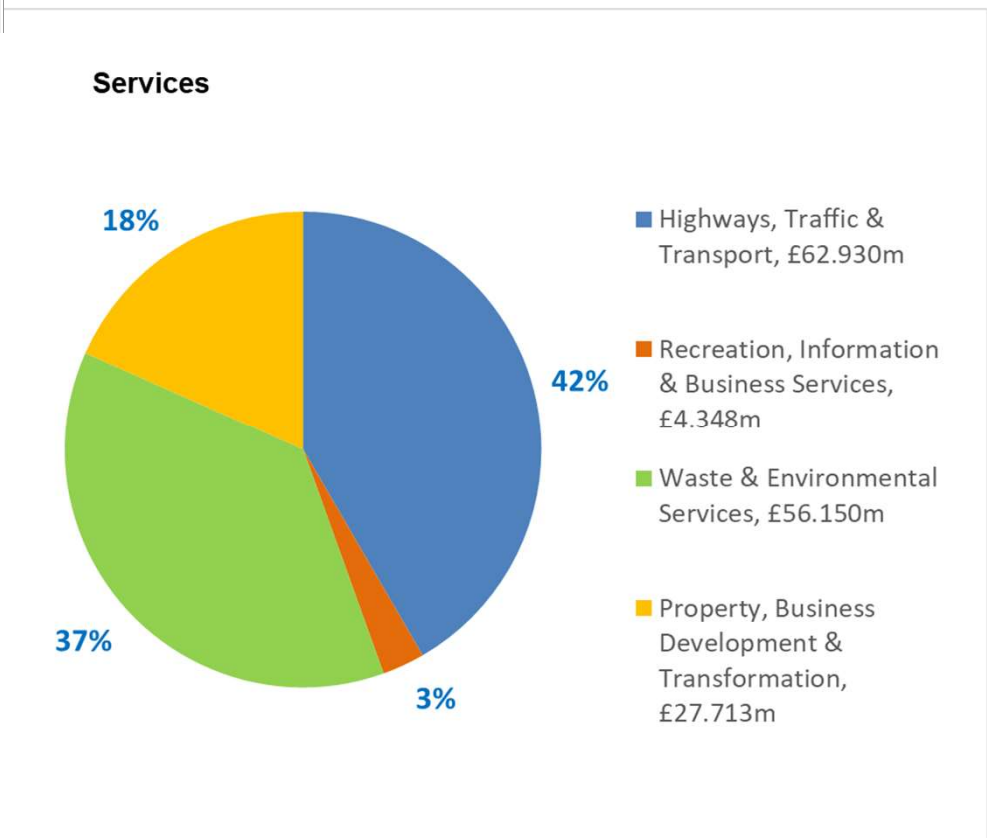
Universal Services Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2022/23	153,466
Proposed Budget for 2023/24	151,141

Capital Programme:	
Revised programme for 2022/23	199,281
Proposed programme for 2023/24	125,833

Universal Services Revenue Budget 2023/24

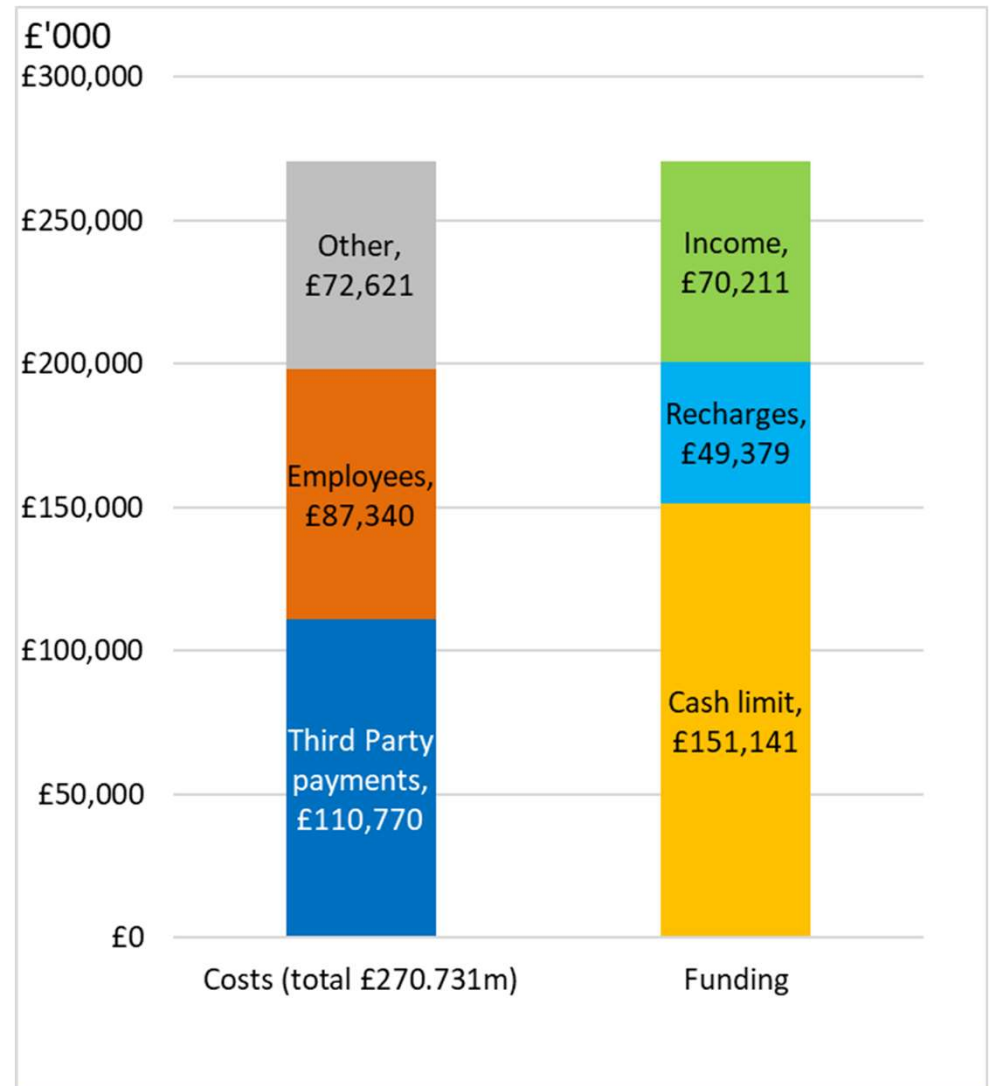
Activity	£'000
Highway maintenance	37,676
Winter maintenance	6,489
Public transport	16,144
Road Safety	2,492
Other Highways, Engineering & Transport	129
Waste disposal	53,623
Environment and regulatory services	2,527
Countryside Services	3,283
Registration	-1,071
Archives	712
Other Recreation, Information & Business Services	1,424
Facilities Management	4,047
Office Accommodation	4,073
Repairs and Maintenance	9,980
Property Services	3,435
Business Support, Development, Strategy & Improvement and transition	6,178
Total US cash limit	151,141



Universal Services Revenue Budget 2023/24

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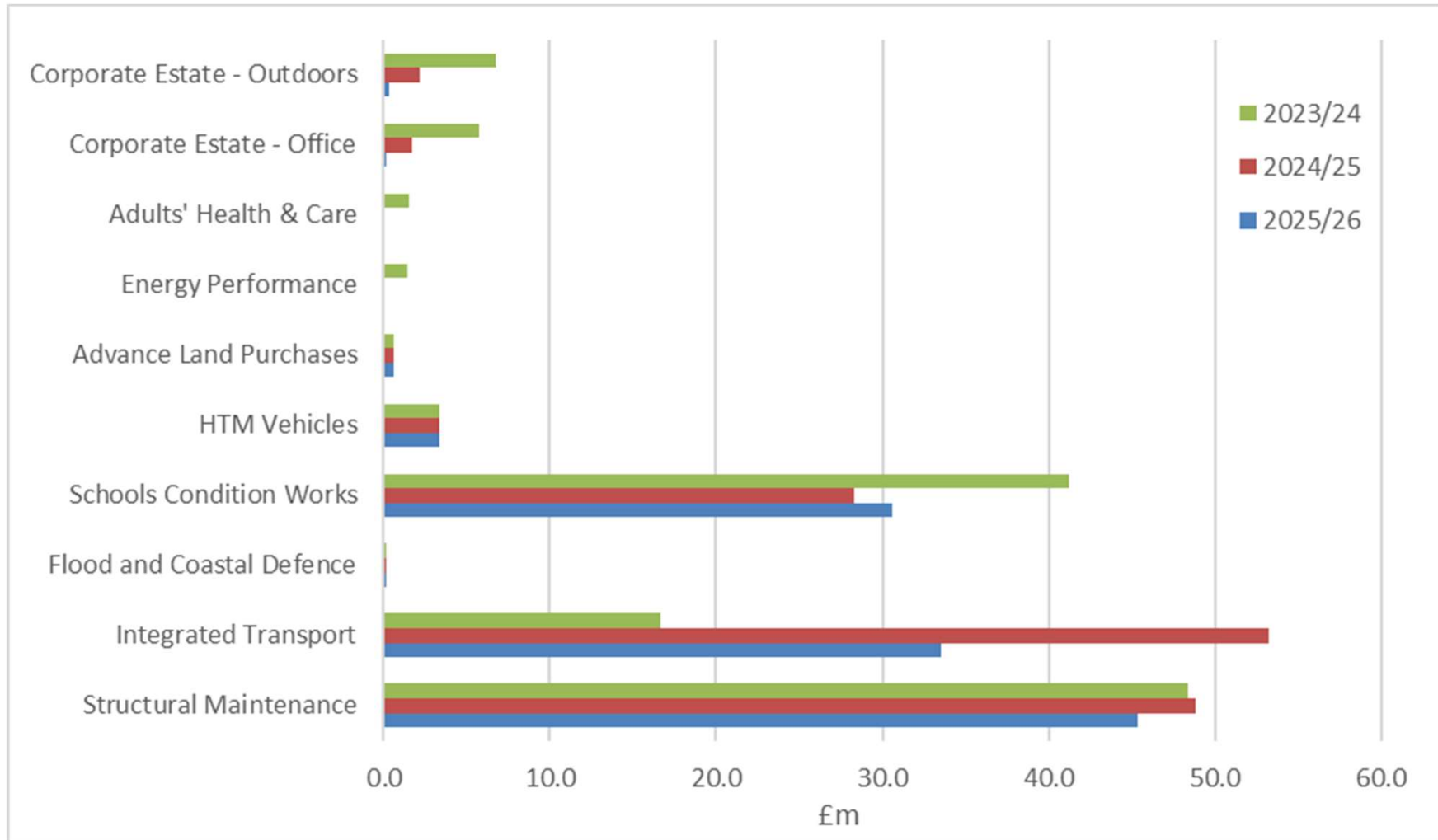
Cost type / funding source	£'000
Third party payments	110,770
Employees	87,340
Premises	41,450
Supplies & Services	20,942
Other costs	10,229
Recharges	49,379
Fees and charges	51,125
Other income	19,086
US net cash limit	151,141



Universal Services Capital Programme 2023/24 to 2025/26

	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Structural Maintenance	48,416	48,816	45,316	142,548
Integrated Transport	16,614	53,252	33,500	103,366
Flood and Coastal Defence	106	106	106	318
Schools Condition Works	41,203	28,309	30,601	100,113
HTM Vehicles	3,400	3,400	3,400	10,200
Advance Land Purchases	646	646	646	1,938
Energy Performance Programme	1,450	0	0	1,450
Adults' Health & Care Health & Safety works	1,518	0	0	1,518
Corporate Estate – Office Accommodation	5,699	1,685	185	7,569
Corporate Estate – Countryside, Outdoors Centres	6,781	2,128	328	9,237
Total	125,833	138,342	114,082	378,257

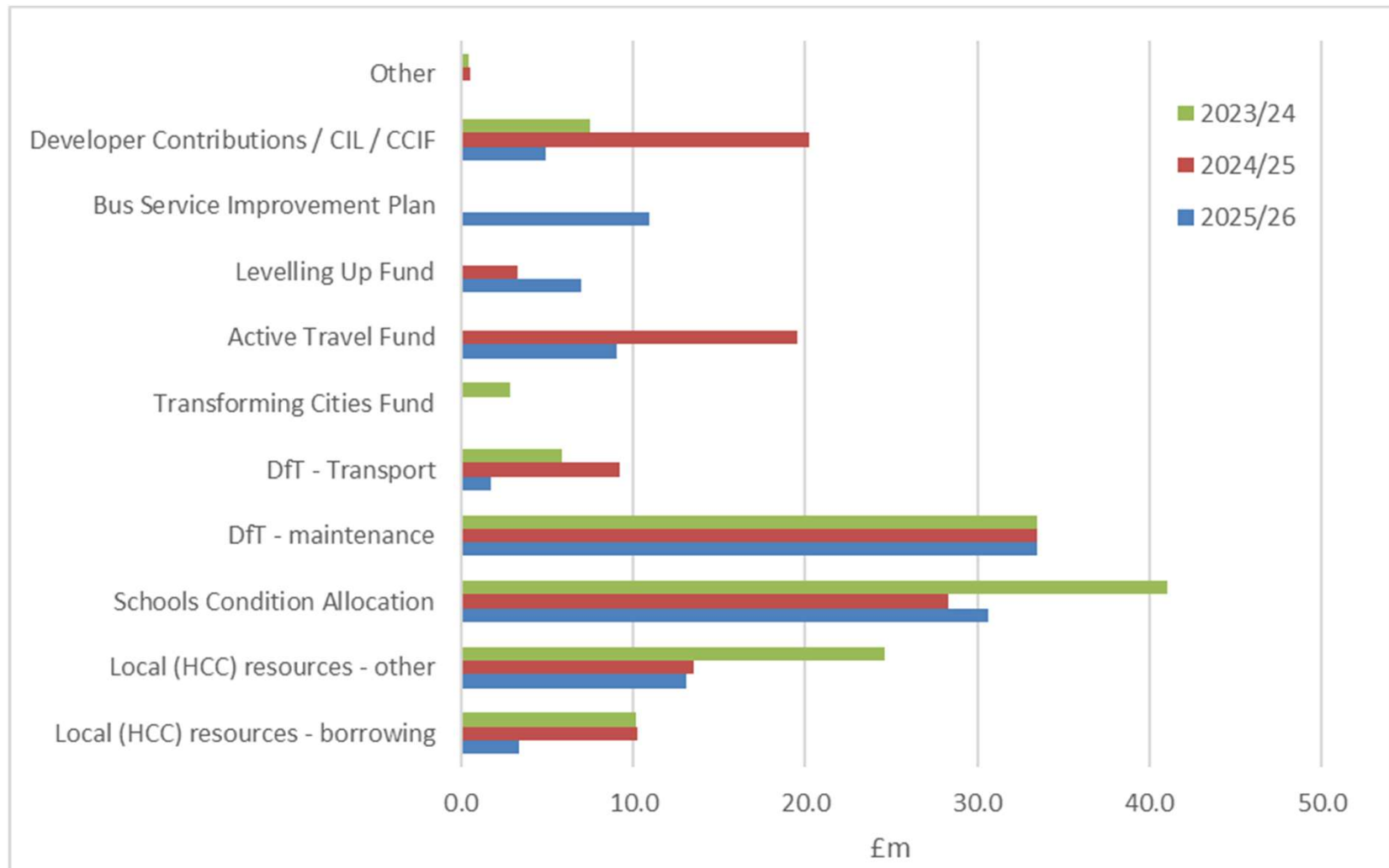
Universal Services Capital Programme 2022/23 to 2024/25



Universal Services Capital Programme Funding Sources

	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Local (HCC) Resources – prudential borrowing	10,150	10,200	3,400	23,750
Local (HCC) Resources – other	24,573	13,502	13,088	51,163
School Condition Allocation	41,003	28,309	30,601	99,913
DfT - maintenance	33,493	33,493	33,493	100,479
DfT - Transport	5,845	9,200	1,700	16,745
Transforming Cities Fund	2,846	0	0	2,846
Active Travel Fund	65	19,550	9,000	28,615
Levelling Up Fund	0	3,300	7,000	10,300
Bus Service Improvement Plan	0	0	10,890	10,890
Developer Contributions / CIL / CCIF	7,461	20,248	4,910	32,619
Other	397	540	0	937
Total	125,833	138,342	114,082	378,257

Universal Services Capital Programme Funding Sources



Key Directorate Challenges and Priorities



Key Directorate Challenges and Priorities

- Managing the deteriorating condition of the highways network and ensuring the most cost-effective improvements are undertaken in response to high inflation and significantly increased costs. Exacerbated by recent weather events.
- Inflationary pressures and shortages of labour and materials, particularly for construction-related activity, leading to cost increases and slippage in work programmes.
- Securing the remaining Tt2021 Waste savings, managing the impact of radical legislative changes to waste and recycling, and the challenges of delivering a new waste approach in the two tier structure.

Key Directorate Challenges and Priorities

- Navigating a challenging operating environment for bus companies with high costs of fuel, staff retention issues and passenger numbers still below pre-pandemic levels, creating risk that some routes will be withdrawn, heightened by no new Bus Service Improvement Plan funding to support service improvements.
- Maintaining the focus on income generation for a Directorate that relies heavily on income and recharges to fund 44% of the gross costs of service delivery. Particularly 'choose to use' services such as Country Parks and Outdoor Centres, as well as other income-generating services including Property Services, Scientific Service, Asbestos Service, Hampshire Engineering Services and Hampshire Transport Management.

Key Directorate Challenges and Priorities

- National staff recruitment and retention challenges, heightened by the private sector's ability to respond more rapidly with higher pay, and changing public perception of job security in the public sector given the greater coverage of financial pressure faced by local government, making it difficult to compete with private sector employment.
- Transitional period for the newly-formed Directorate to consolidate, and achieve efficiencies from, the new structure, whilst ensuring service delivery is maintained and risks are appropriately managed.

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