

Universal Services Select Committee Budget Briefing 2024/25

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Presentation Outline

- Local Government Finance Settlement and Provisional Cash Limits
- Revenue Budgets by Directorate
- Key Directorate Challenges and Priorities

Local Government Finance Settlement

	December Report £m	LGF Settlement £m	Change £m
Increase in Social Care Grant	9.4	10.5	1.1
Increase in MSIF Grant	0.7	2.4	1.7
Increase in Discharges Fund	2.9	2.9	-
Reduction in New Homes Bonus	(1.4)	(0.5)	0.9
Reduction in Services Grant	-	(4.1)	(4.1)
Total	11.6	11.2	(0.4)

- The Settlement has left the Council slightly worse off than previous forecasts
- The position on business rates grants remains uncertain due to changes in the approach to calculations for 2024/25. The position will be updated when District estimates are available.
- This still leaves the Council with a predicted gap of at least £86m for 2024/25 that will need to be drawn from the Budget Bridging Reserve
- A full update on the Finance Settlement and budget position will be provided to Cabinet and Council in February and will be covered in the all Member briefing

Provisional Cash Limits

	All Directorates		Universal Services	
	£m	% Change	£m	% Change
2023/24 Non-Schools Cash Limit	1,057		147	
+ Base changes	(1)	0%	(1)	(1%)
+ Inflation	46	4%	7	5%
+ Growth and Pressures	84	8%	3	2%
2024/25 Cash Limit	1,186	12%	156	6%

Core Spending Power (CSP) is the Government's measure of the resources available to Councils to fund service delivery.

Hampshire's CSP will increase by **6.5%** in 2024/25. However, even before pay inflation, the increase in the cost of Directorate services is **12%**.

- **Base changes:** Mainly various offsetting changes to grants.
- **Inflation:** All non-pay inflation. Inflation for the 2023/24 pay award provision held centrally.
- **Growth and Pressures:** Primarily c£40m relating to Children's Services (Home to School Transport, Children Looked After and Special Educational Needs) and c£42m relating to Adults Care packages

Provisional Cash Limit assumptions

The Provisional Cash Limit for Universal Services:

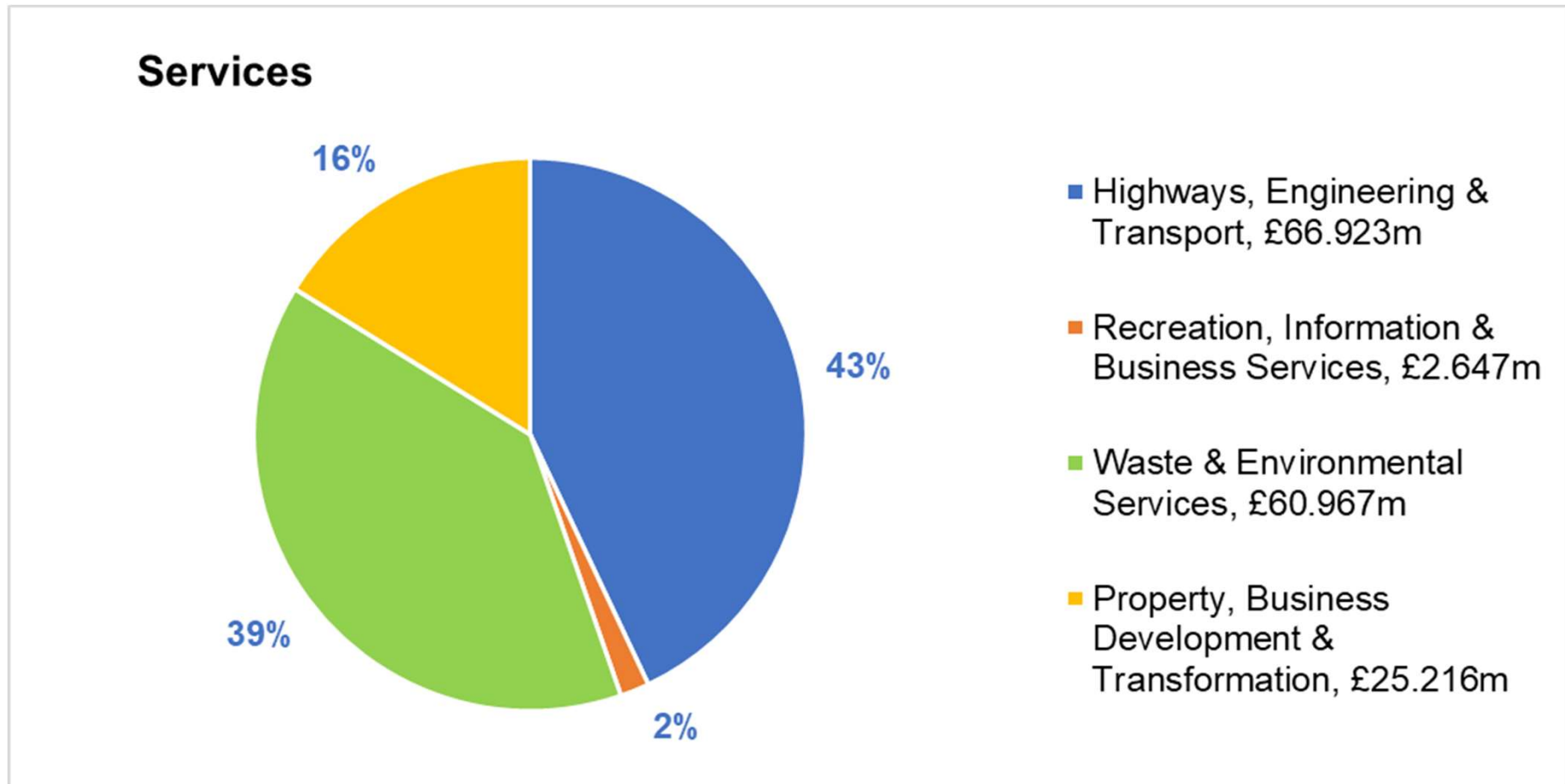
- Assumes £9.5m outstanding Tt2021 and SP2023 savings will be achieved or cash flowed from the Directorate Cost of Change Reserve
- Includes £1.5m of income inflation, which increases the Directorate's targets for income generation through increasing existing fees and charges in line with cost increases 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.
- Does not include Cost of Change Funding or any specific reserve funding for one-off investments
- Does not account for the impact of the 2023/24 Local Government Pay Award or potential impact of the 2024/25 Pay Award (both held centrally)
- Does not include the general inflation underwrite, or inflation on energy budgets, which is held in Corporate Contingencies
- Assumes that specific grants continue at their 2023/24 levels where allocations for 2024/25 have not been confirmed.

Universal Services Budget 2024/25

Universal Services Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2023/24	149,776
Proposed Budget for 2024/25	155,753
Capital Programme:	
Revised programme for 2023/24	207,075
Proposed programme for 2024/25	137,547

Universal Services Revenue Budget 2024/25

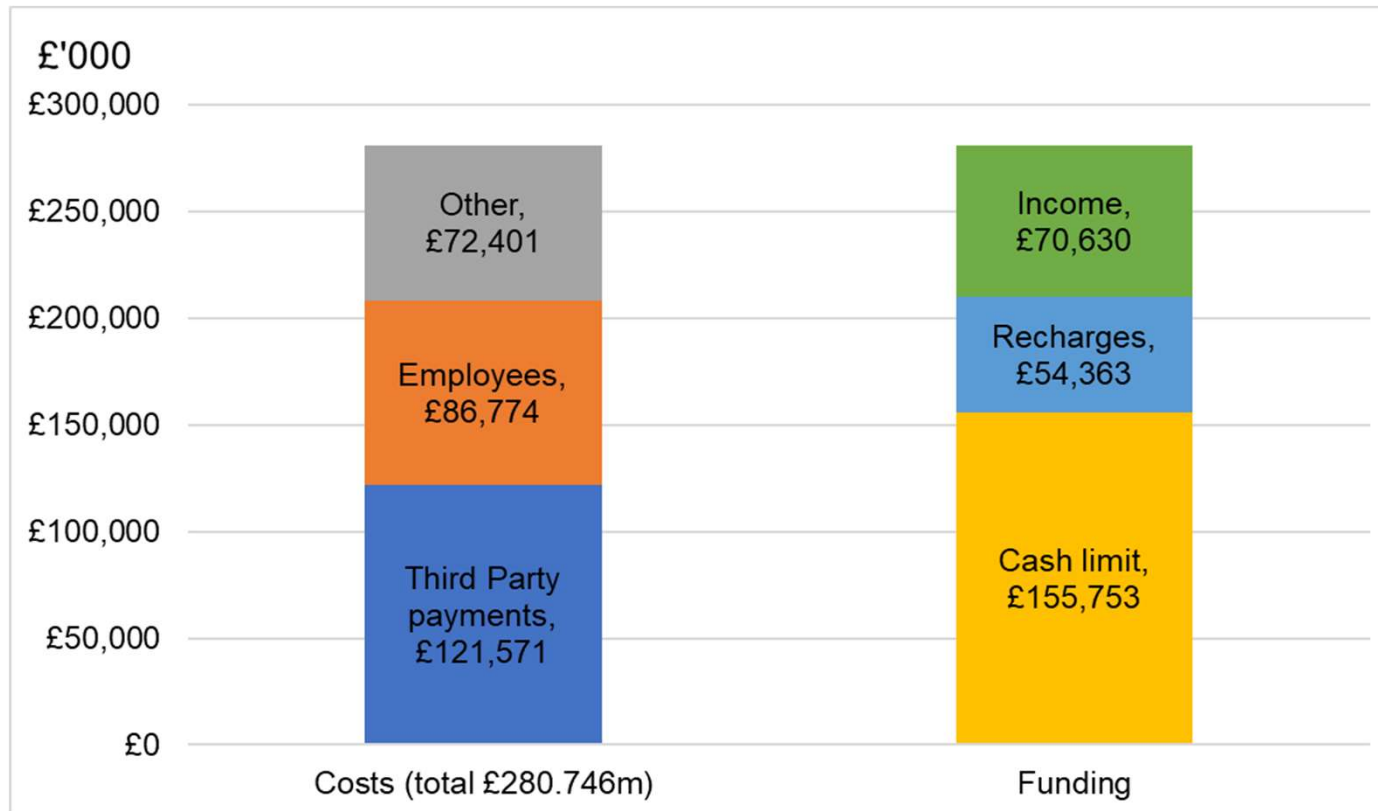


Universal Services Revenue Budget 2024/25

Activity	£'000
Highway maintenance	40,402
Winter maintenance	6,877
Passenger Transport	16,922
Road Safety	2,291
Other Highways, Engineering & Transport	431
Waste disposal	58,304
Environment and regulatory services	2,663
Countryside Services	3,119
Registration	(1,124)
Archives	728
Other Recreation, Information & Business Services	(76)
Facilities Management	4,432
Repairs and Maintenance	10,291
Property Services	4,760
Business Support, Development, Strategy & Improvement and Transformation	5,733
Total US cash limit	155,753

Universal Services Revenue Budget 2024/25

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Universal Services Capital Programme 2023/24 and 2024/25 to 2025/26

Planned Spend	Revised	2024 - 2027 Three Year Programme			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Highways and Transport	132,589	110,140	80,403	55,203	245,746
Property	61,117	22,208	27,180	29,264	78,652
Recreation	10,619	4,908			4,908
Flood & Coastal Defence	424	106			106
Programme Contingency	2,326	185			185
Total Programme	207,075	137,547	107,583	84,467	329,597

Universal Services Capital Programme 2023/24 and 2024/25 to 2025/26

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Funding	Revised 2023/24 £000	2024 – 2027 Three Year Programme			
		2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Local Resources – prudential borrowing	10,150	8,380	4,900	3,400	16,680
Local Resources – other*	54,353	25,524	7,500		33,024
Schools Condition Allocation grant	50,753	20,888	25,680	29,264	75,832
Department for Transport grants	58,667	39,918	49,953	48,953	138,824
Active Travel Fund (DfT)	11,950	12,550	2,700		15,250
Levelling Up Fund (DfT)		10,000	7,000		17,000
Developer Contributions	17,791	18,839	6,350	2,850	28,039
Other	3,411	1,448	3,500		4,948
Total Funding	207,075	137,547	107,583	84,467	329,597

*From 2025/26 local resources will be held corporately. Any potential capital spend will be considered on a case-by-case basis, with due consideration to the requirement to review and challenge all revenue-based expenditure given the exceptional financial environment.

Key Directorate Challenges and Priorities

Key Universal Services Challenges and Priorities

- Managing the deteriorating condition of the highways network (which has been exacerbated by the 2022 Winter bad weather in particular) and ensuring the most cost-effective improvements are undertaken in response to high inflation and significantly increased costs. Utilising additional resources, and innovative and proactive approaches to make best use of additional funding in this area from Central Government and additional local funding (recognising the upcoming SP25 savings).
- 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. Ensuring that new Bus Service Improvement Plan Plus funding is used to support service improvements to pump prime commercial services, stimulating and driving passenger growth on a sustainable basis, and thereby removing the need for reliance on County Council funding given the SP25 savings on this discretionary spend.

Key Universal Services Challenges and Priorities

- Securing the remaining Tt2021 Waste savings, managing the impact of radical legislative changes to waste and recycling, and the continuing challenges of delivering a new waste approach in the two-tier structure in an uncertain and fast-moving environment.
- Securing the remaining SP23 savings of income from moving traffic management enforcement to offset existing highway maintenance costs and further income from Hampshire Outdoor Centres.
- Maintaining the focus on income generation for a Directorate that relies heavily on income and recharges to fund 45% 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 Services, the Asbestos Service, Hampshire Engineering Services and Hampshire Transport Management.

Key Universal Services Challenges and Priorities

- Addressing ongoing 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 pressures faced by local government, making it difficult to compete with private sector employment.
- Despite reducing inflation levels nationally, a lag in the construction industry in particular means that inflationary pressures and shortages of labour and materials are still an issue, leading to cost increases and slippage in work programmes.
- Managing the demands placed upon, and the resilience and wellbeing of, our staff in the context of developing and, subject to decisions, implementing the SP25 savings alongside continuing to embed the new Directorate which has only been in existence for one year; responding to one-off work programmes both planned (such as the need to expand Archives storage capacity) and unplanned (such as the elevation in prominence of RAAC risks); all whilst ensuring the BAU and largely public facing service delivery is maintained and risks are appropriately managed.