



Hampshire
County Council

Health and Adult Social Care
Select Committee
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Budget Briefing 2018/19

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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
- Adults' Health and Care Budget Proposals and Revenue Budget
 - Includes Adult Social Care and Public Health
- Adults' Health and Care Capital Programme

Local Government Finance Settlement – Key Issues



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Local Government Finance Settlement

- Financial position to 2019/20 was heavily impacted by the Local Government Finance Settlement announced on 8 February 2016 which changed the methodology for distributing grant and also reflected a clear shift by the Government in council tax policy.
- Settlement announced in 2016 provided figures for authorities for 2016/17 and the following three financial years to aid financial planning.
- Figures to 2019/20 subject to submission of an Efficiency Plan and the County Council approved its plan as part of the Medium Term Financial Strategy (MTFS) in July 2016.

Budget Forecast 2018/19 – MTFS Position

- In February 2016 it was reported to Cabinet and County Council that savings in the order of £140m would be required and this has been reflected in all financial updates since that date, leading into the Tt2019 Programme.
- Savings proposals agreed in November 2017 to give the time for implementation.
- Significant draw from the Grant Equalisation Reserve (GER) in 2018/19 in order to give the County Council the time and capacity to properly deliver the Tt2019 Programme.
- A 4.99% council tax increase, 3% for social care costs on top of the referendum limit of 2%.

Autumn Budget and Pay Award

- In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFS.
- Since the Budget was announced there has been a two year pay offer for local government workers
 - Includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage.
 - Overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFS.
 - Depending on the final pay award agreed this could mean additional recurring costs of circa £5m will need to be met.

Provisional Local Government Finance Settlement 2018/19

- Expectation was for minimal change to the settlement figures previously published.
- Revenue Support Grant (RSG) for 2018/19 is unchanged compared to the forecast position.
- ‘Core’ council tax referendum limit increased to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept are unchanged.
- Ten new 100% Business Rate Pilots announced, one of which was for Portsmouth, Southampton and Isle of Wight Unitary Councils.

Provisional Local Government Finance Settlement 2018/19

- Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
- Potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
- No new announcements of funding for social care above those that we are already aware of but the Green Paper for adult social care is due to be published in summer 2018.

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 £524.2m as at 31 March 2017.
- Approaching half of this (£254.7m) committed to existing revenue programmes and capital spend.
- £98.4m in Departments cost of change and trading account reserves to be used for investment and future transformation and to cash flow delivery of Tt2019.
- £22.1m set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £46.7m in schools reserves, £1.4m for the EM3 LEP and £21.5m in balances (in line with minimum reserves policy).

Reserves Strategy

- Only £79.4m (15.1%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31/03/16 £'000	Balance 31/03/17 £'000	% of Total
<u>'Available' Reserves</u>			
Grant Equalisation Reserve	75,206	40,755	7.8
Invest to Save	9,077	31,100	5.9
Corporate Efficiency Reserve	7,902	0	0.0
Corporate Policy Reserve	5,109	4,632	0.9
Organisational Change Reserve	3,593	2,905	0.5
	100,887	79,392	15.1

* £35m of the GER will be used to support the revenue budget in 2018/19 with the remainder to be utilised in the period to 2020.

Update on Transforming the Council to 2019 Programme

Transforming the Council to 2019

- Savings target of £140m (£20m of which will be from corporate “housekeeping”).
- Savings proposals to meet this were agreed in November 2017.
- 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 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 will be boosted by some early delivery in 2018/19.
- Further contingency will be 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.

Key Departmental Issues and Challenges

Adult Social Care

Key Departmental Issues / Challenges

- Challenging long term financial forecast
- Need to meet increase in demand and complexity of clients
- Supply of affordable staffing resource
- National Living Wage
- Hospital discharge

Key Departmental Issues and Challenges

Public Health



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Key Departmental Issues / Challenges

- Public Health Grant reductions
- Delivery of mandated services
- Reducing the impact and future need for services through prevention
- Priority areas include
 - Healthy lifestyles (Smoking, Healthy Weight, Physical Activity)
 - Children and young people
 - Mental health promotion and suicide prevention
 - Social isolation
 - Falls prevention
 - Domestic abuse
 - Substance misuse
 - Sexual health

Adults' Health and Care Budget 2018/19

Adults' Health and Care Proposed Budget

Revenue Budget: **£'000**

Revised Budget for 2017/18 398,202

Proposed Budget for 2018/19 395,983

Early Savings Delivery Forecast in 2018/19 8,575

Capital Programme:

Revised programme for 2017/18 55,127

Proposed programme for 2018/19 11,175

Adult Social Care Revenue Budget 2018/19

	£'000
Director	1,277
Strategic Commissioning and Business Support	18,061
Transformation	3,443
Older People and Physical Disabilities	125,609
Learning Disabilities and Mental Health	123,086
Internal Provision	48,104
Governance, Safeguarding and Quality	3,591
Centrally Held	19,936
Total Cash Limited Services	343,107
Government Grants	(26,816)
Total Net Budget	316,291



Public Health Revenue Budget 2018/19

	£'000	
*Central	2,710	
Information and Intelligence	22	* Includes mandated services
Nutrition	959	** Specific Services include:
Drugs and Alcohol	9,278	- Domestic abuse services
Tobacco	2,109	- Mental Health promotion
Dental	180	- Some Children's and Youth PH services
Children 5-19	4,036	
*Children under 5	16,566	
*Health checks	1,447	
**Misc Health Improvements and Wellbeing	5,697	
*Sexual Health	9,843	
*Health Protection	29	
Total Cash Limited Services	52,876	

Adults' Health and Care Capital Programme 2018/19

	£'000
Maintaining Operational Buildings including Residential and Nursing Care	481
Disabled Facilities Grant	10,694
Total 2018/19 Programme	<hr/> 11,175 <hr/>