



Hampshire
County Council

Policy and Resources Select Committee 17 January 2020 Budget Briefing 2020/21

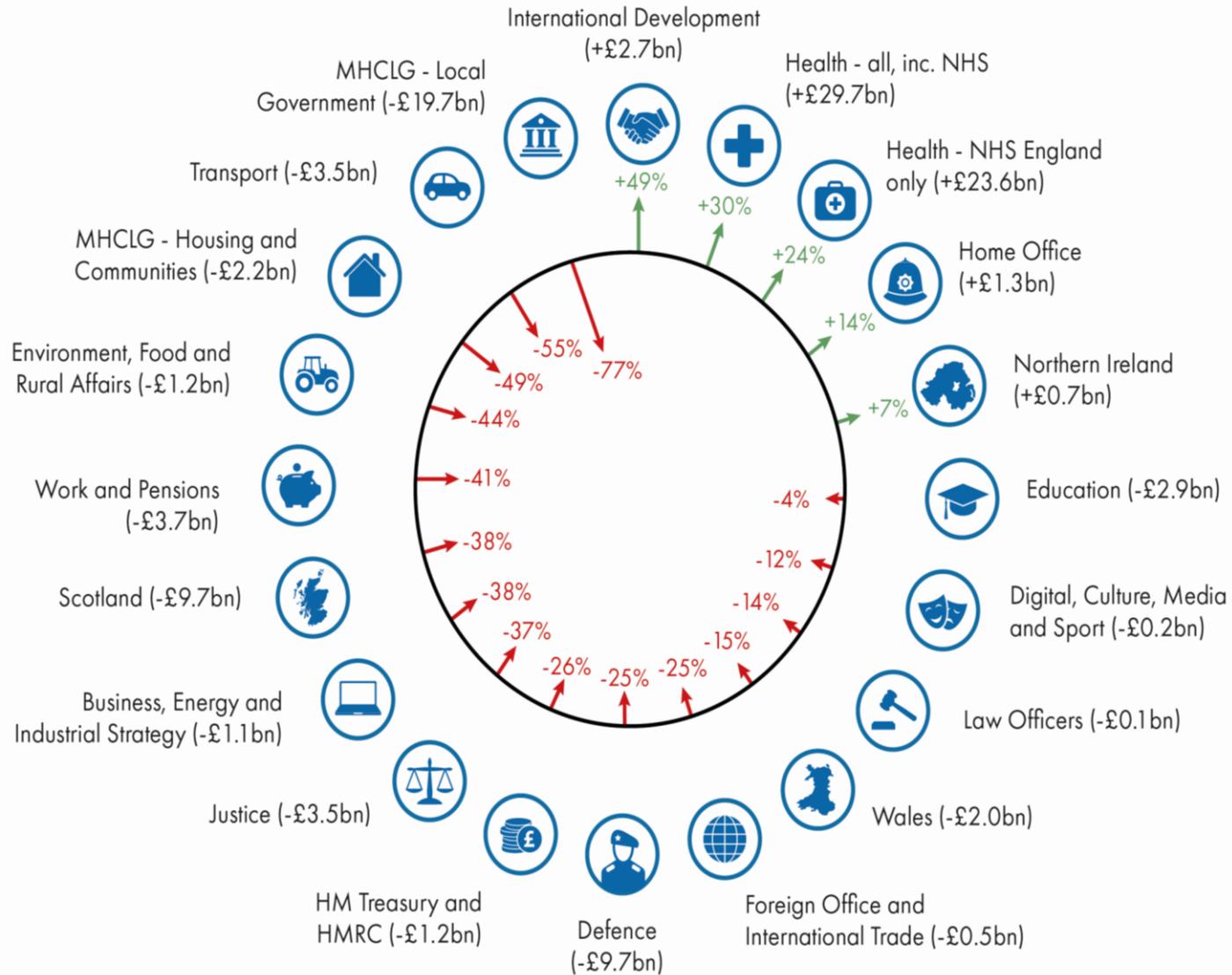
Rob Carr, Head of Finance
Felicity Roe, Director CCBS

Presentation Outline

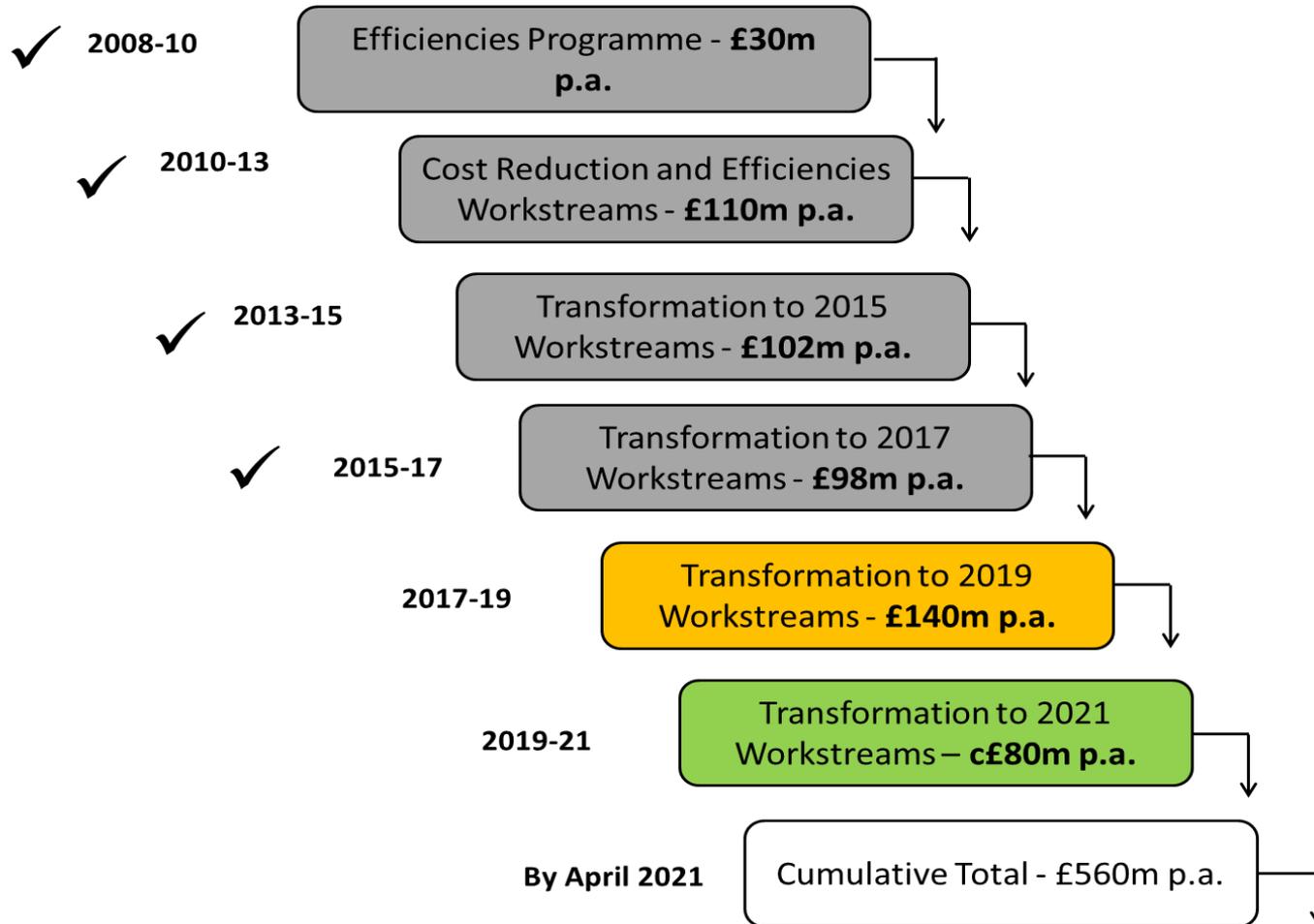
- County Council Context
- Local Government Finance Settlement – Key Issues
- Reserves Position
- Update on Transformation to 2021 (Tt2021) Programme
- Key Departmental Challenges and Issues
- Policy and Resources Budget Proposals and Revenue Budget
- Policy and Resources Capital Programme

County Council Context

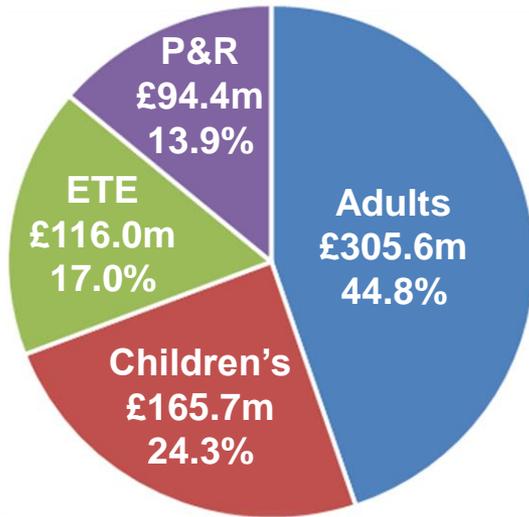
Percentage change in Government Departmental revenue budget – 2009/10 to 2019/20



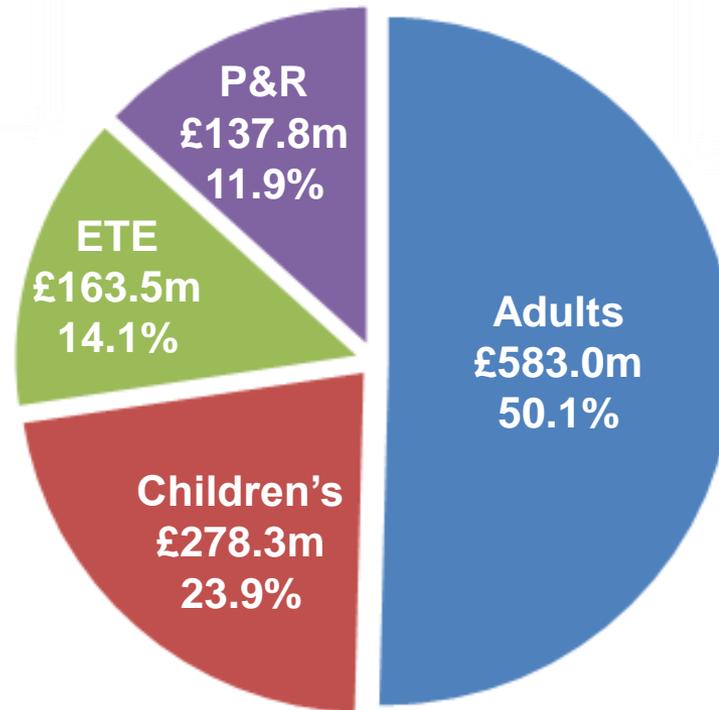
Efficiency and Transformation Programmes



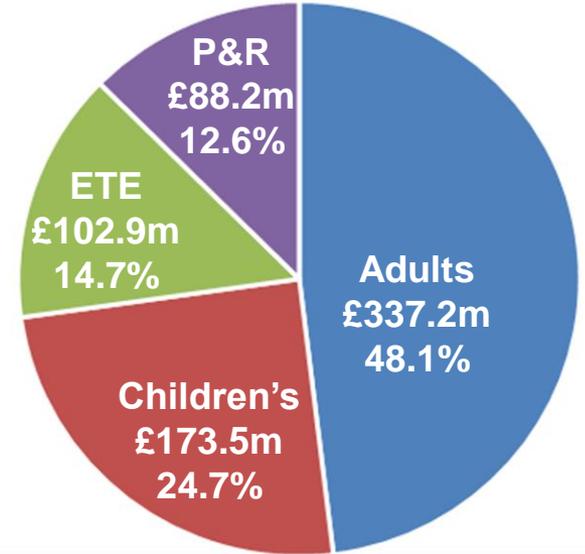
Cash Limit Comparison 2009/10 to 2019/20



**2009/10
Total Cash Limits
£681.7m**



**2019/20 (no savings)
Total Cash Limits
£1.163bn**



**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

Corporate Services

Key Departmental Issues / Challenges

- Successful delivery of £7.8m Tt2019 savings by all services within Corporate Resources, Transformation and Governance and Customer Engagement Service
- Tt2021 plans to deliver a further £4.568m through a range of proposals including changes to service operating models, expanded partnership working, additional income generation and further rationalisation and modernisation of IT
- All areas of Corporate Services continue to support other departments' transformation programmes alongside their own; managing this added pressure to normal service delivery continues to be challenging
- 2020/21 budget includes additional funding previously agreed by Cabinet to strengthen the corporate functions for procurement, transformation and health and safety.

Key Departmental Issues and Challenges

Culture, Communities and
Business Services (CCBS)

Key Departmental Issues / Challenges

- CCBS delivers a wide range of services with gross expenditure in the region of £88.7m and income streams of around £55.1m
- Growing income made a significant contribution to Tt2019 savings and the Tt2021 savings programme includes further targets for income growth
- Achieving additional net income continues to be challenging with key public sector markets experiencing ongoing financial pressures
- CCBS business units also rely on income to cover costs. HC3S is experiencing reduced demand for school meals and rising costs; a forecast deficit of circa £1m for 2019/20 will be offset by business unit reserves and extensive planning is underway to ensure a return to a break even position.

Policy and Resources Budget 2020/21

Policy and Resources Proposed Budget

Revenue Budget: **£'000**

Revised Budget for 2019/20 101,555

Proposed Budget for 2020/21 98,658

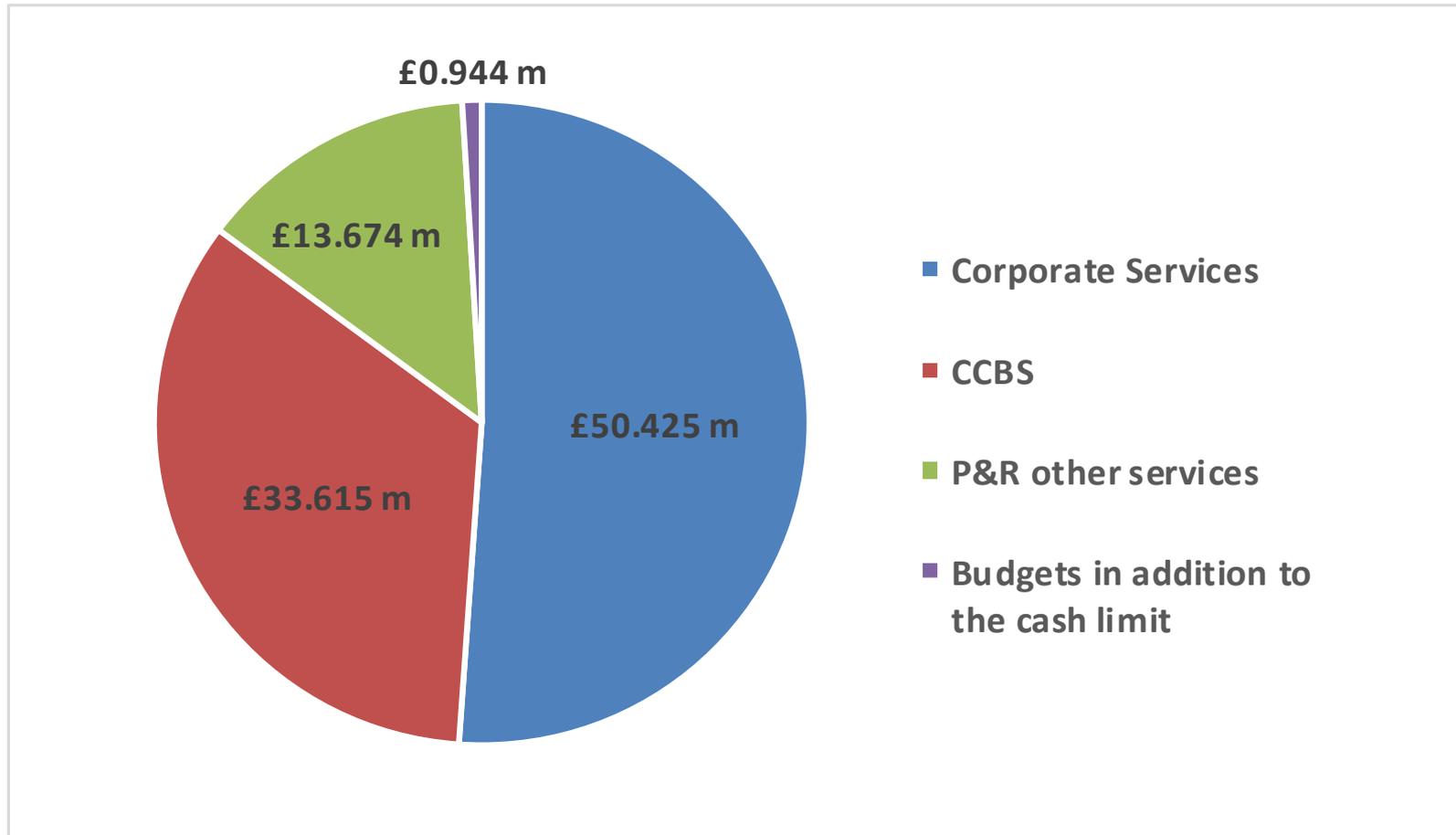
Early Savings Delivery Forecast in 2020/21 3,200

Capital Programme:

Revised programme for 2019/20 74,002

Proposed programme for 2020/21 24,917

Policy and Resources Revenue Budget 2020/21



Policy and Resources Capital Programme 2020/21 to 2022/23

