



Hampshire
County Council

Policy and Resources Select Committee

19 January 2021

Budget Briefing 2021/22

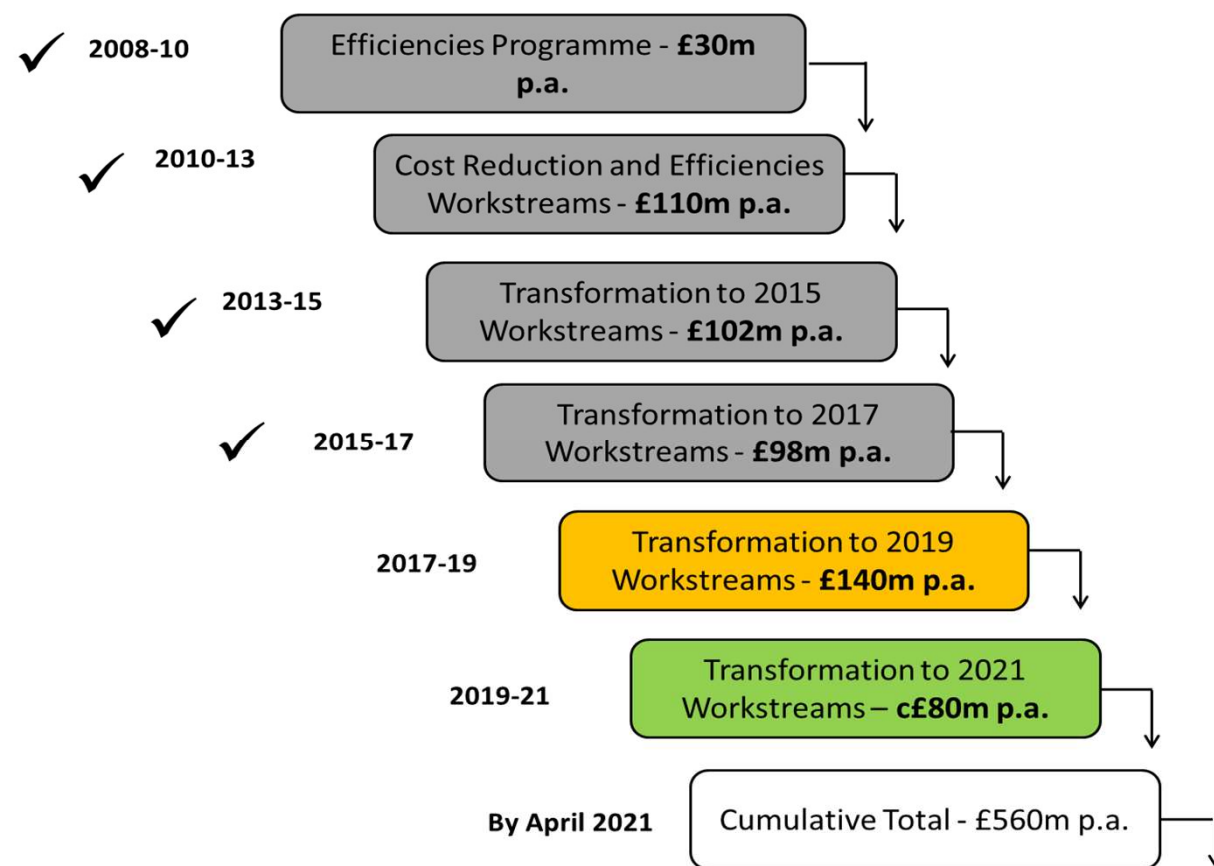
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Business Services (CCBS)

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
- Corporate Services and Culture, Communities and Business Services (CCBS) Budget Proposals and Revenue Budget
- CCBS Capital Programme

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 :

	Balance 31/03/19 £'000	Balance 31/03/20 £'000	% of Total
<u>'Available' Reserves</u>			
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
	104,225	111,093	17.3

* 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 - draw in 2020/21 to cover Tt2019 & Tt2021 cash flow and interim year is £44.4m. 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 - £7.95m

	£'000
Corporate Resources	3,817
Transformation and Governance	630
Customer Engagement Services	121
Total Corporate Services	4,568
Property Services	450
Culture & Communities Services <i>(C & C Select Committee)</i>	2,932
Total CCBS	3,382
Combined Total	7,950

Key Issues from Implementation

- In line with the County Council's two year approach to savings programmes, early approval of proposals provides more time for implementation.
- Consequently, all CCBS Tt2021 savings will be achieved on time, with £1.193m achieved early.
- For Corporate Services, £4.33m will be achieved on time, with £2.15m achieved early. This early achievement will provide interim funding required until the planned income streams for Law and Governance (£238,000) are completed by 2022/23. These have been delayed as resources in these areas had to be diverted to support the County Council's response to the pandemic.

Key Departmental Issues and Challenges



Key Departmental Issues / Challenges

- Covid-19
 - Regular reports to Cabinet have covered the financial impact for the County Council overall and each department
 - For Corporate Services and CCBS departments the main impact has been on income generation, notably HC3S and to a lesser extent Legal Services
 - Both departments have provided essential support in terms of emergency planning, procurement and supply of PPE, deployment of IT technology and hardware and Covid-secure management of the built estate to maintain safe service provision
- 2021/22
 - Both departments continue to focus on efficiency improvements and income generation to ensure economic and effective provision of a range of professional services to other departments and external partners.

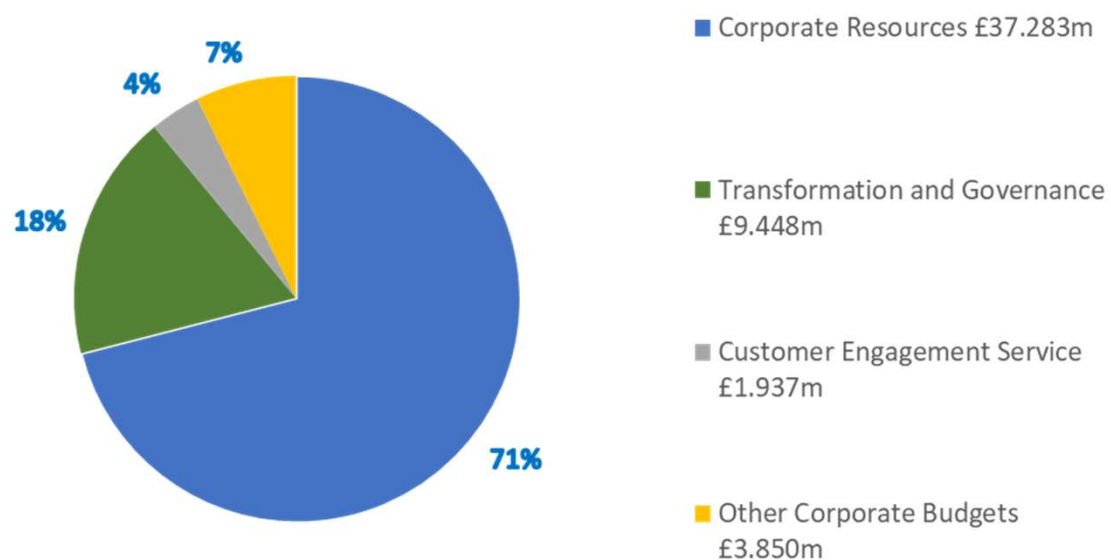
Proposed Budgets 2021/22

(relevant to the Policy and Resources Select Committee)

Proposed Revenue Budgets

	2020/21	2021/22
	Revised	Forward
	£'000	£'000
Corporate Services:		
Executive Member for Policy and Resources	58,755	52,518
CCBS:		
Executive Member for Commercial Strategy, Human Resources and Performance	28,711	21,819

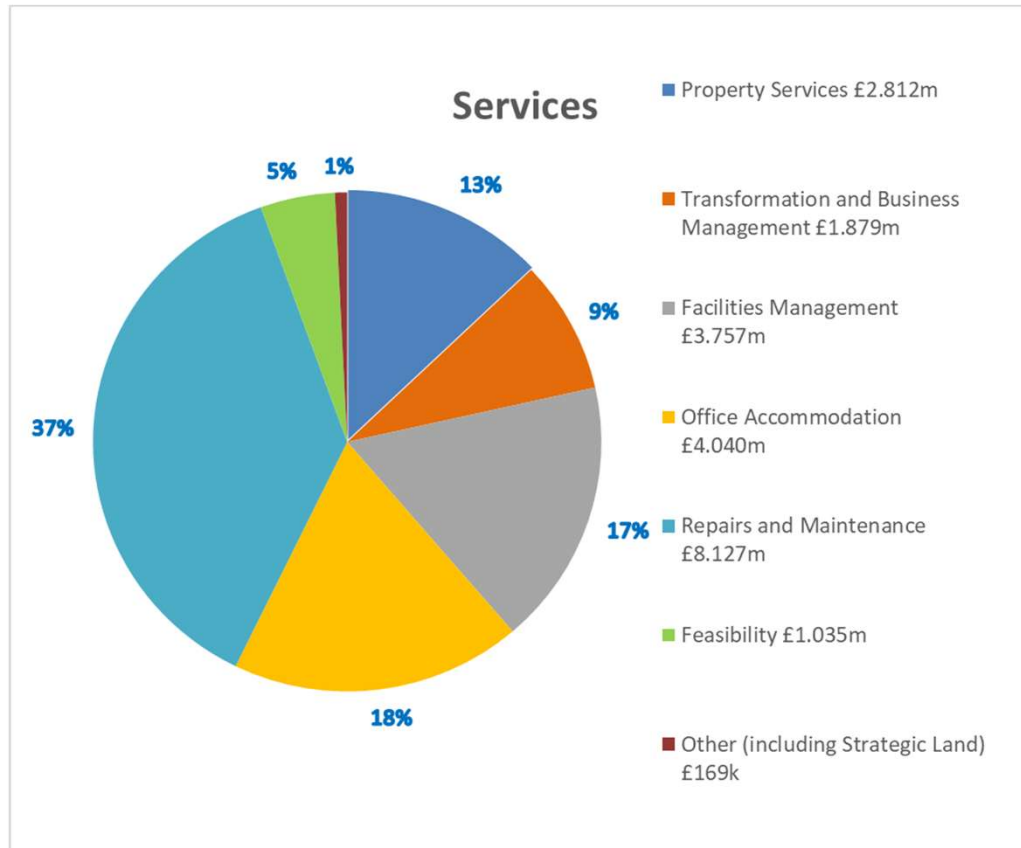
Corporate Services Revenue Budget 2021/22



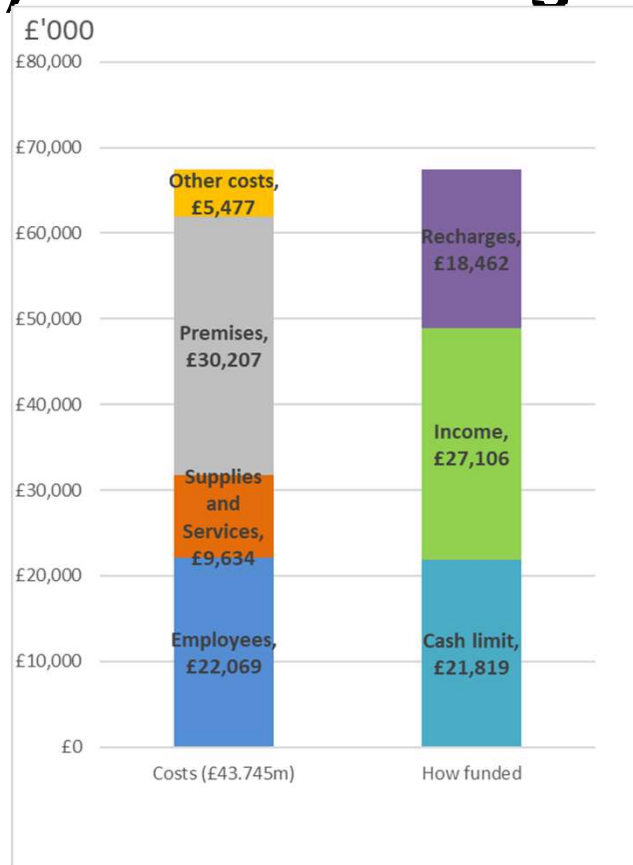
Corporate Services Revenue Budget 2021/22



CCBS (Property Services, Facilities Management, Transformation and Business Management) Revenue Budget 2021/22



CCBS (Property Services, Facilities Management, Transformation and Business Management) Revenue Budget 2021/22



CCBS Capital Programme Highlights

2020/21 Programme

- £26.95 million for Decarbonisation Schemes (Solar PV and window replacement) added from successful government grant bids

2021/22 to 23/24 3 year Programme

- Over £82 million investment

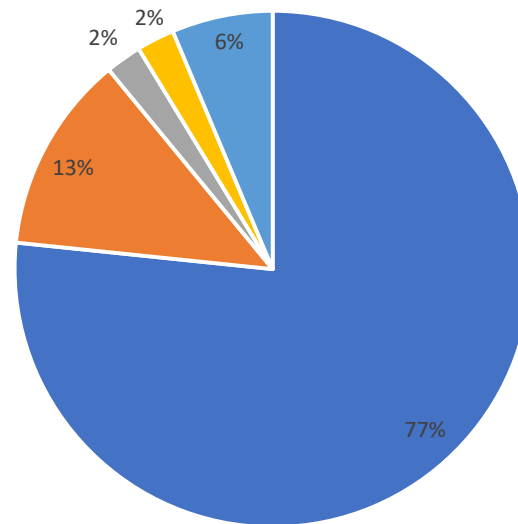
2021/22 Programme key expenditure

- £24 million on improvements to the condition of school buildings from government grant
- £3.4 million for the purchase of operational vehicles including electric models
- £2.85 million for improvements to the corporate estate buildings
- £2.3 million for investment in County Farm buildings
- £500k for refurbishment and improvements to Winchester Discovery Centre
- £330k for improvements to Hampshire's Right of Way

CCBS Capital Programme 2021/22 to 2023/24

	County Council Funded	Government Funded	Total
	£'000	£'000	£'000
2021/22	10,081	28,151	38,232
2022/23	4,559	17,412	21,971
2023/24	4,559	17,412	21,971
Total	19,199	62,975	82,174

CCBS Capital Programme 2021/22 to 2023/24



- Schools Condition Allocation (SCA)
- HTM Vehicles
- Office Accommodation
- Advance and Advantageous Land Purchases
- Corporate Estate (includes County Farms, Rights of Way & Other CCBS Services)



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