

Hampshire 2050, Corporate Services and Resources Select Committee 22 January 2024

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
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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 around £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
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Provisional Cash Limits

	All Directorates		Hampshire 2050		Corporate Services	
	£m	% Change	£m	% Change	£m	% Change
2023/24 Non-Schools Cash Limit	1,057		15.9		53.2	
+ Base changes	(1)	0%	0.1	1%	1.5	3%
+ Inflation	46	4%	-	-	(1)	-2%
+ Growth and Pressures	84	8%	-	-	0.4	1%
2024/25 Cash Limit	1,186	12%	16.0	1%	54.1	2%

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:** Includes the centralisation of the Adults procurement team and planned contributions from IT reserves
- **Inflation:** Includes inflation on non-pay expenditure budgets of £0.4m, principally for IT software, and inflation on income budgets of £1.5m, of which around £1m relates to contributions from Shared Services Partners
- **Growth and Pressures:** Includes funding for IT growth and price pressures as agreed by Cabinet in December 2022

Provisional Cash Limit assumptions

The Provisional Cash Limits for Hampshire 2050 and Corporate Services:

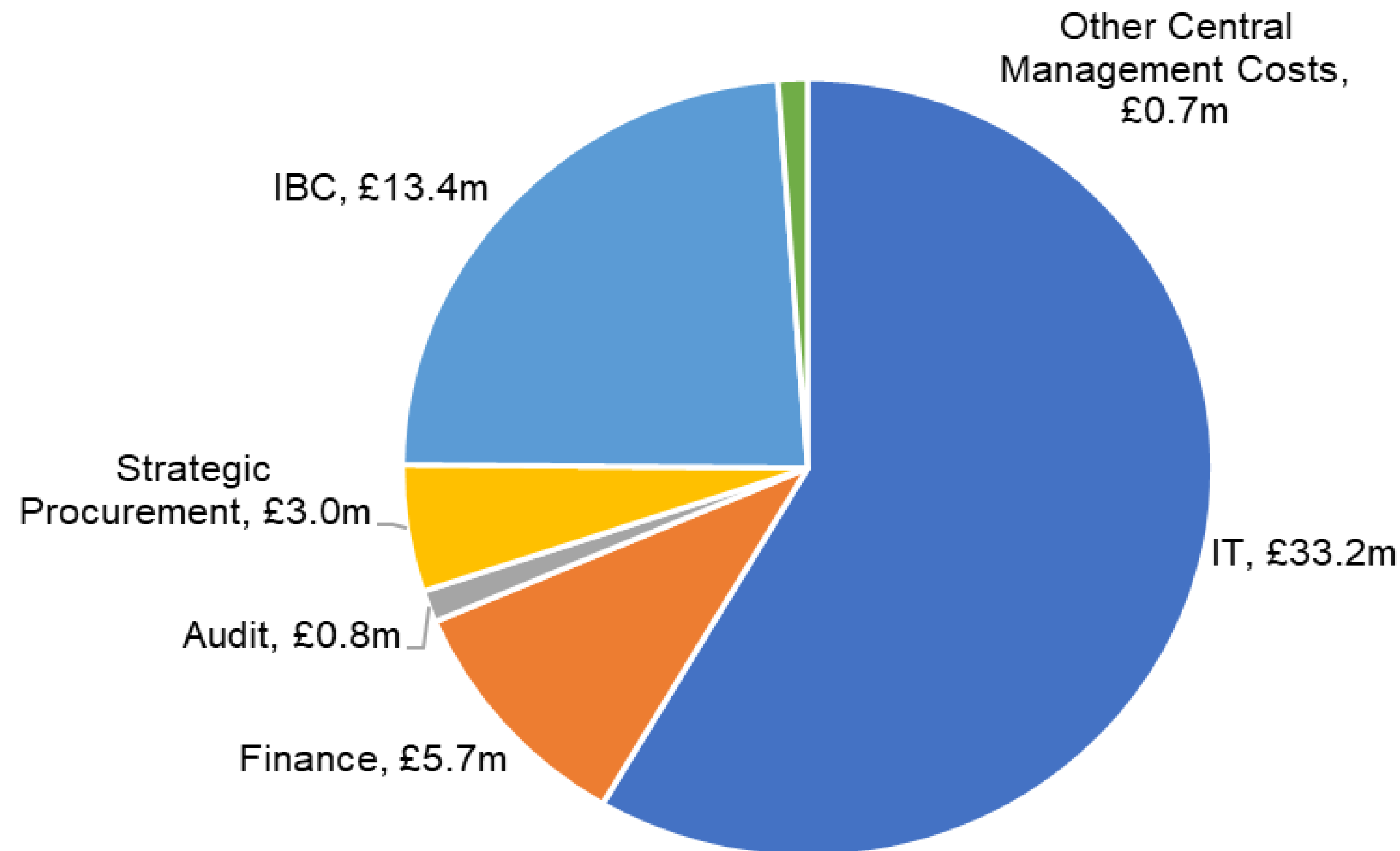
- Assume £0.3m outstanding SP2023 savings will be achieved or cash flowed from the Directorate Cost of Change Reserve
 - Include £1.5m of income inflation, which increases the Directorates' targets for income generation through increasing existing fees and charges in line with cost increases where it is possible to do so.
 - Do not include Cost of Change Funding or any specific reserve funding for one-off investments
 - Do 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)
 - 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 2023/24 levels where allocations for 2024/25 have not been confirmed.
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Corporate Operations Budget 2024/25

Corporate Operations Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2023/24	39,061
Proposed Budget for 2024/25	39,948

Corporate Operations Revenue Budget 2024/25 (in £000s)



Pensions, Investments & Borrowing (£0.2m) and Shared Services Partnership Income (£16.6m) are not included above

Key Corporate Operations Challenges and Priorities

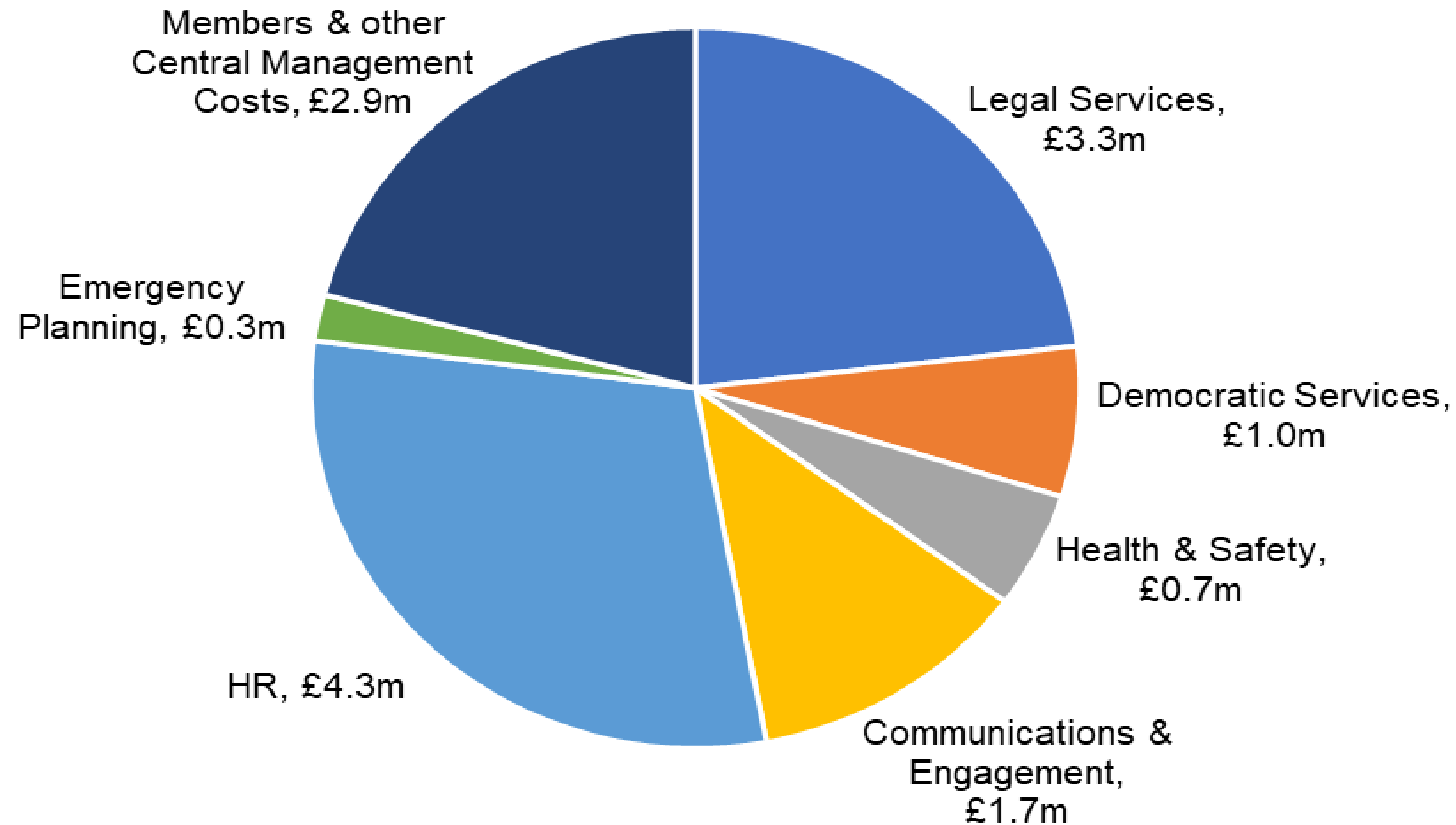
- Offboarding of Police, Fire and Royal Borough of Kensington and Chelsea is stretching resources
 - The pace of BAU never stops, pay awards implemented in December, National Insurance change due in January
 - We are also planning for a move to SAP S4/HANA in September 2025. Top priority for IT and the IBC
 - Expansion of our services provided to other organisations continues (Audit / Procurement) but these come with a management overhead and future risk
 - Financial resilience will dominate the local government arena in 2024/25 and will be an increasing area of scrutiny
 - Legal Minimum Service Level exercise is complex for enabling functions – It is more linked to how much risk you want to take
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People and Organisation Budget 2024/25

People and Organisation Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2023/24	16,050
Proposed Budget for 2024/25	14,147

People and Organisation Revenue Budget 2024/25 (in £000s)



Key People and Organisation

Challenges and Priorities

- Offboarding of Police and Fire is impacting on resource and will determine service delivery changes within HCC relating to HR+OD specifically
 - BAU activity continues to be stretching across all services within the directorate:
 - directorates are requiring more resource from HR+OD and Legal Services to support their directorate SP25 plans – on top of the scheduled workplan for 24/25
 - demand for Legal Services support has been increasing over recent months and remains under close review
 - corporate priorities such as budget setting and the live stage 2 consultation are impacting on comms and engagement capacity as well as on democratic services
 - We continue to have a lead role in supporting our 'Fit for the Future' Operating Model work for example in relation to our 'enabling services review' and 'senior manager review'
 - Our own re-design of services across the directorate to support the implementation of a new operating model for the directorate by the end of the financial year
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Hampshire 2050 Budget 2024/25

Hampshire 2050 Proposed Revenue Budget

Service Activity	Original Budget 2023/24 £000s	Revised Budget 2023/24 £000s	Proposed Budget 2024/25 £000s
Economy & Skills	3,501	3,686	3,501
Culture & Community	4,729	4,779	4,779
Strategic Assets	7,223	8,443	7,270
H2050 Directorate	438	434	434
Net Cash Limited Expenditure	15,891	17,342	15,984

- The £1.45m 2023/24 Budget increase is due to £1.2m approved funding drawn from the Strategic Land Reserve and £0.2m Local Nature Recovery Strategy grant funding
 - The 2024/25 Budget is largely in line with the Original 2023/24 Budget as the amendments required in 2023/24 Revised Budget (principally the adjustment to the Strategic Land Reserve) aren't required again in 2024/25
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Hampshire 2050 Proposed Capital Budget

	Revised 2023/24 £'000	2024/25 £'000
Resources:		
Cash limit guideline	646	646
Carry forward from previous years	3,799	12,344
Technical accounting re-classification *	0	50,000
Total resources	4,445	62,990
Planned programme:		
Botley UDI	60	0
Strategic Land	0	10,000
Advanced & Advantageous Land	0	2,990
Investing in Hampshire	2,554	0
Broadband	1,831	0
Manydown Service Loans	0	50,000
Total programme	4,445	62,990

- The technical accounting re-classification relates to potential loans to the Manydown development programme which were previously covered by the Treasury Management Strategy approved by the County Council and are now to be accounted for as part of the capital programme in accordance with best practice.
- The Broadband Budget of £1.8m represents the balance of the voucher top up scheme.

Key Hampshire 2050 Challenges and Priorities

- Continuing to work at the centre of the organisation to set the strategic direction for Hampshire as a place, enabling the County Council's operational service delivery and the development the future environment, infrastructure, skills and opportunities for residents and communities for many years to come.
 - **Land & Assets** - Key priorities include unlocking commercial development of land at Manydown, as well as strategic implementation the County Council's Strategic Asset Management Plan
 - **Culture, Communities and Strategic Programmes** - Key priority programmes include the progression of the Hampshire 2050 vision and partnership, the governance and oversight of the Climate Change Strategy and strategic framework, the on-going relationship with Hampshire Cultural Trust (HCT) as well as developing and articulating the County Council's role in the digital future for Hampshire
 - **Skills, Economy and Strategic Planning** - Key priorities include the submission of the County Councils Minerals and Waste Plan, the implementation of Local Transport Plan 4 (LTP4), the transfer of Local Enterprise Partnership (LEP) functions in April 2024 and the new responsibility to develop a Local Nature Recovery Strategy (LNRS) by December 2024.
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