

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Recreation and Heritage
<b>Date:</b>	16 January 2020
<b>Title:</b>	2020/21 Revenue Budget Report for Recreation and Heritage
<b>Report From:</b>	Director of Culture, Communities and Business Services and Deputy Chief Executive and Director of Corporate Resources

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#### Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2020/21 budget for Recreation and Heritage services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2019.

#### Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2019/20 as set out in Appendix 1.
3. The summary revenue budget for 2020/21 as set out in Appendix 1, subject to approval by Cabinet of the provisional cash limits.

#### Section C: Executive Summary

4. The deliberate strategy that the County Council has followed to date for dealing with central government grant reductions and the removal of funding that was historically provided to cover inflation, coupled with continued demand pressures over the last decade, is well documented. It involves planning ahead of time, through a two-yearly cycle, releasing resources in advance of need and using those resources to help fund transformational change.
5. This strategy has served the County Council, and more particularly its services and community well, as it has delivered transformation programmes on time and on budget with maximum planning and minimum disruption. Put simply, it

is an approach that has ensured Hampshire County Council has continued to avoid the worst effects of funding reductions that have started to adversely affect other local authorities and enabled us to sustain some of the strongest public services in the country.

6. In line with this strategy there will be no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the Medium Term Financial Strategy (MTFS) in July 2018 and detailed savings proposals have been developed through the Transformation to 2021 (Tt2021) Programme which were agreed by Cabinet and County Council during October and November last year. Any early achievement of resources from proposals during 2020/21 as part of the Tt2021 Programme will be retained by departments to use for cost of change purposes.
7. Alongside this, delivery of the Transformation to 2019 (Tt2019) Programme continues. The anticipated delay to delivery of some elements of the programme has been factored into our financial planning and whilst sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period, the need to commence the successor programme does mean that there will be overlapping change programmes.
8. The report also provides an update on the financial position for the current year. Overall the outturn forecast for 2019/20 for the Culture, Communities and Business Services Department (of which the Recreation and Heritage services are a part) is to break even against the budget and this position will be included in a consolidated position for the Culture, Communities and Business Services Department in the report to the Executive Member for Policy and Resources.
9. The proposed budget for 2020/21 analysed by service is shown in Appendix 1.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2019/20 and detailed service budgets for 2020/21 for Recreation and Heritage services. The report has been prepared in consultation with the Executive Member and will be reviewed by the Culture and Communities Select Committee. It will be reported to the Leader and Cabinet on 3 February 2020 to make final recommendations to County Council on 13 February 2020.

#### **Section D: Contextual Information**

11. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.

12. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2020/21, giving itself the time and capacity to develop and implement the Transformation to 2021 (Tt2021) Programme to deliver the next phase of savings totalling £80m. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community. Consequently, there are no departmental savings targets built into the 2020/21 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
13. The Spending Round 2019 (SR2019) announcement took place on 4 September and the content of the proposed settlement and the issues it addressed were pleasing to see as they mirrored the key issues that we have been consistently raising for some time directly with the Government and through our local MPs.
14. In overall terms, there was a net resource gain to the County Council, albeit that is only for one year at this stage. However, the cost pressures we face, particularly in adults' and children's social care services are significantly outstripping the forecasts that were included in the original Tt2021 planning figures.
15. Without the additional injection of funding, the County Council would have faced a revised deficit position of nearly £106m by 2021/22, but the additional resources bring us back to a broadly neutral position. It is worth highlighting that the additional grant from the £1bn plus the 2% adult social care precept generates additional resources of around £29m for the County Council, but this must be measured against growth pressures and inflation across adults' and children's social care services which total nearly £57m for 2020/21 alone.
16. The Autumn Budget which was planned for 6 November was cancelled and it is now anticipated that there will be a Budget in Spring 2020. The provisional Local Government Finance Settlement was announced on 20 December 2019 and confirmed the grant figures and council tax thresholds for 2020/21 in line with the SR2019 and the clarification provided in the subsequent technical consultation. The final grant settlement for 2020/21 is not due out until this report has been dispatched, however it is not anticipated that there will be any major changes to the figures that were released in December 2019.
17. The Culture, Communities and Business Services Department which includes Recreation and Heritage services has been developing its service plans and budgets for 2020/21 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below

## **Section E: Departmental Challenges and Priorities**

18. Recreation and Heritage services are delivered by the Culture Communities and Business Services (CCBS) Department. The Department delivers a wide

range of services with gross expenditure in the region of £88.7m a year and income streams of around £55.1m, leaving a cash limit of £33.6m. In addition, the Department is responsible for:

- Business units with a combined turnover of £60m
- Managing the repairs and maintenance of the corporate estate (£8.6m).
- Service level agreements with 469 schools (£14m).
- HM Coroner Service in Hampshire (£2m).
- The relationship with various major Trusts including the Hampshire Cultural Trust.

19. CCBS already relies on income and recharges to fund 62% of the cost of service delivery and maintaining and developing new external sources of funding remains a high but challenging priority for the department.

#### **Section F: 2019/20 Revenue Budget**

20. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
21. Overall the outturn forecast for 2019/20 for the Culture, Communities and Business Services Department (of which the Recreation and Heritage services are a part) is to break even against the budget and this position will be included in a consolidated position for the Culture, Communities and Business Services Department in the report to the Executive Member for Policy and Resources.
22. The budget for Recreation and Heritage services has been updated throughout the year and the revised budget is shown in Appendix 1.

#### **Section G: 2020/21 Revenue Budget Pressures and Initiatives**

23. A significant contribution was made to Transformation to 2019 (Tt2019) savings from growing income to replace cash limit funding across a range of services including Countryside, Outdoor Centres and the Great Hall and the Tt2021 savings programme includes further targets for growth in this area. It therefore remains important for many of the Recreation and Heritage services that current income levels are both sustained and grown.
24. Achieving significant additional net income continues to be challenging:

- Key public sector markets are experiencing ongoing financial pressures.
  - Recreation and Heritage 'choose to use' services such as the Outdoor Centres and Country Parks are effectively competing with a wide range of alternative visitor attractions in Hampshire and need to ensure their offer continues to meet public expectations.
  - The potential economic impacts of Brexit could lead to reduced consumer confidence and reduced capacity for spending. The latter may impact on income to attractions such as the Country Parks and it is anticipated that further capital investment, building on the success of investment to date, may be required to sustain and grow income in future.
25. There is a potential risk to future European Union grant funding streams of up to £350,000 currently received by the Countryside Service and used for the management of Countryside land in a good environmental and agricultural condition.

#### **Section H: Revenue Savings Proposals**

26. In line with the current financial strategy, there are no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the MTFs by the County Council in July 2018. Savings proposals to meet these targets have been developed through the Tt2021 Programme and were approved by Executive Members, Cabinet and County Council in October and November last year.
27. Some savings will be implemented prior to April 2021 and any early achievement of savings in 2020/21 can be retained by departments to meet cost of change priorities. It is anticipated that £0.8m of savings for the CCBS Department will be achieved in 2020/21, the share of which relating to Recreation and Heritage services is £0.4m, and this has been reflected in the detailed estimates contained in Appendix 1.

#### **Section I: Budget Summary 2020/21**

28. The budget update report presented to Cabinet on 6 January included provisional cash limit guidelines for each department. The cash limit for the CCBS Department services in that report was £33.6m which was a £3m increase on the previous year. £18.6m of the Department's 2020/21 cash limit relates to Recreation and Heritage Services, an increase of £1.143m resulting from:
- £557,000 increase for inflation

- £125,000 addition following the decision to create a Community grants budget incorporating the £125,000 annual allocation previously held in the capital programme
- £70,000 increase relating to forecast business rate changes
- Changes to Recreation and Heritage service budgets resulting from line management and other internal changes (net increase of £381,000)
- Other minor increases totalling £10,000.

29. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Recreation and Heritage Services for 2020/21 and show that these are within the cash limit set out above.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	<b>Yes / No</b>
<b>People in Hampshire live safe, healthy and independent lives:</b>	<b>Yes / No</b>
<b>People in Hampshire enjoy a rich and diverse environment:</b>	<b>Yes / No</b>
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	<b>Yes / No</b>

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Transformation to 2021 – Revenue Savings Proposals (Executive Member for Recreation and Heritage) <a href="http://democracy.hants.gov.uk/documents/s38258/2019-09-09%20EMRH%20Final%20T21%20Savings%20Proposals.pdf">http://democracy.hants.gov.uk/documents/s38258/2019-09-09%20EMRH%20Final%20T21%20Savings%20Proposals.pdf</a>	19 September 2019  Cabinet – 15 October 2019 County Council – 7 November 2019
Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals <a href="http://democracy.hants.gov.uk/documents/s39439/MTFS%20T2021%20Report.pdf">http://democracy.hants.gov.uk/documents/s39439/MTFS%20T2021%20Report.pdf</a>	
Budget Setting and Provisional Cash Limits 2020/21 (Cabinet) <a href="http://democracy.hants.gov.uk/documents/s42775/Dec%20Report%20-%20Cabinet%20-%20FINAL.pdf">http://democracy.hants.gov.uk/documents/s42775/Dec%20Report%20-%20Cabinet%20-%20FINAL.pdf</a>	6 January 2020
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The budget setting process for 2020/21 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2021 Programme were considered in detail as part of the approval process carried out in October and November 2019 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 5 to 8 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/documents/s39447/Appendix%20%20EMPR%20EIAs.pdf>



## Budget Summary 2020/21 – Recreation and Heritage Services

Service Activity	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Proposed Budget 2020/21 £'000
Library Services	11,013	11,696	11,553
Energise Me Grant (Sport)	133	133	133
Community Grants	813	2,200	938
Community	49	0	0
<b>Community Services</b>	<b>12,008</b>	<b>14,029</b>	<b>12,624</b>
Countryside – Country Parks, Countryside Sites, Nature Reserves	1,470	1,750	1,717
Arts and Museums (including HCT grant)	2,619	2,533	2,434
Archives	695	705	689
Outdoors Centres	299	848	377
Great Hall	18	(1)	(5)
<b>Culture and Heritage Services</b>	<b>5,101</b>	<b>5,835</b>	<b>5,212</b>
Net Contribution to / (from) Cost of Change	371	(620)	787
<b>Net Cash Limited Expenditure</b>	<b>17,480</b>	<b>19,244</b>	<b>18,623</b>
Total Countryside & Rural Affairs	1,146	1,368	1,370
Total Policy & Resources	11,972	12,944	13,622
<b>Total CCBS Net Cash Limited Expenditure</b>	<b>30,598</b>	<b>33,556</b>	<b>33,615</b>