



Hampshire
County Council

Policy and Resources Select Committee 24 January 2013

Budget Briefing 2013/14

Rob Carr
Head of Finance

Anne Hibbert
Finance Business Partner

Presentation outline

- Background to the grant settlement
- Impact on the County Council's overall budget position
- Policy and Resources budget proposals
- Meeting the savings target in 2013/14
- Workforce implications
- Capital programme 2013/14

Key funding issues for the County Council for 2013/14

- Business Rate Retention replaces old grant system (sort of)
- Council Tax Benefit replaced by local Council Tax Support Schemes
- Two year grant settlement for last two years of CSR 2010
- Mini CSR expected spring 2013 for 2015/16 only
- Period of austerity expected to last until 2017/18 financial year

Key Issues from 2013/14

- Further year of Council Tax Freeze Grant (equivalent to 1% increase - £5.3M) payable in 2013/14 and 2014/15 only
- Public Health grant of £36.7M rising to £40.4M announced. Still studying detail but looking favourable at the moment
- Hampshire is still a 'floor' authority
- Floor Authorities get maximum grant decrease – 8.7% in 2013/14 and 9.6% (calculated) in 2014/15
- Small increases in Learning Disability and Health Reform Grant
- Large decreases in Early Intervention Grant (EIG)

Council Tax Calculation 2013/14

	2012/13	2013/14	Change	Change
	£'000	£'000	£'000	%
Budget Requirement	711,613	755,379	43,766	6.2%
Business Rates & Grant	(177,253)	(262,963)	(85,710)	48.4%
Collection Fund Surplus	(4,190)	(1,500)	2,690	-64.2%
Council Tax Requirement	530,170	490,916	(39,254)	-7.4%
Tax base	510,820	473,000	(37,820)	-7.4%
Band D Council Tax	£1,037.88	£1,037.88	(0.00)	0.0%

New Grant Model – Old Inputs

	£'000
Formula Grant Funding	131,086
Council Tax Freeze Grant (2011/12)	13,161
Council Tax Support Grant	43,430
Early Intervention Grant	31,066
Lead Local Flood Authorities Grant	208
Learning Disability and Health Reform Grant	44,012
Total	<u>262,963</u>



New Grant Model - Outputs

£'000

Retained Business Rates	41,841
Top up from Government	63,212
Revenue Support Grant	157,910
Total	<u>262,963</u>

Net Grant Reduction

	2013/14	2014/15	Total
	£'000	£'000	£'000
Settlement - Net Loss of Grant	(12,128)	(16,051)	(28,179)
Assumed in June MTFS	(14,768)	(11,946)	(26,714)
Net (Loss) / Gain	2,640	(4,105)	(1,465)

Other Budget Changes

- Loss of Council Tax Income due to further freeze
- Partly offset by Council Tax Freeze Grant
- Additional contingencies for extra care transition
- Carry forward of £16M unspent 2012/13 contingencies to provide one off funding for 2013/14 and 2014/15 budget
- EIG reduction - cash flow funding in 2013/14
- Reliance on grant equalisation reserve to smooth impact and give more time for next phase of transformation

Overall Budget Position

	2013/14	2014/15
	£'000	£'000
Revised Deficit following Settlement	5,458	*16,290

Options to close the gap :-

Extra collection fund surplus 2012/13 – One off
2012/13 pay inflation not required – Recurring
New Homes Bonus – Recurring
Grant equalisation reserve – One off

* Based on a 2% council tax referendum limit

Policy and Resources proposed budget

	£'000
Revenue budget:	
Revised budget for 2012/13	99,317
Savings in 2012/13	9,398
Proposed budget for 2013/14	95,431
Proposed savings in 2013/14	998
Capital programme for 2013/14	56,936

Revised budget 2012/13

	£'000
Total net expenditure	<u>99,317</u>
Forecast under spend at end of Quarter 2:	
Culture, Communities and Business Services	- 357
Corporate Services	-1,500
Non-departmental Policy and Resources	-800
Total forecast under spend	<u><u>-2,657</u></u>

Proposed budget 2013/14

	£'000
Cash limit set by Cabinet	94,583
Public health	36,753
Support for troubled families	1,899
Additional efficiency savings	- 200
Total cash limited expenditure	133,035
Coroners	1,331
Trading unit net surplus	- 379
Government grants	- 38,556
Total net expenditure	95,431

Efficiency savings 2013/14

	2% target	Proposals
	£'000	£'000
Culture, Communities and Business Services	724	724
Corporate Services	0 *	0 *
Policy and Resources non-departmental budgets	74	274
	<hr/> 798	<hr/> 998

* Incorporated into additional 4% savings target in 2012/13

Workforce implications

	Full time equivalent (FTE) numbers
FTE staff as at 31 March 2013 (last year's estimate)	3,659
Increase in revised estimate as at 31 March 2013	29
Transfers and other changes	10
Changes relating to savings proposals	-14
FTE staff as at 31 March 2014	3,684

Policy and Resources capital programme 2013/14

	£'000
Schools condition/capital repair	22,390
Corporate Services	16,300
Culture, Communities and Business Services	10,978
Corporate land purchase and development	7,146
Other	122
Total	<hr/> 56,936 <hr/>