



Hampshire  
County Council

# Policy and Resources Select Committee

## 22 January 2015

### Budget Briefing 2015/16

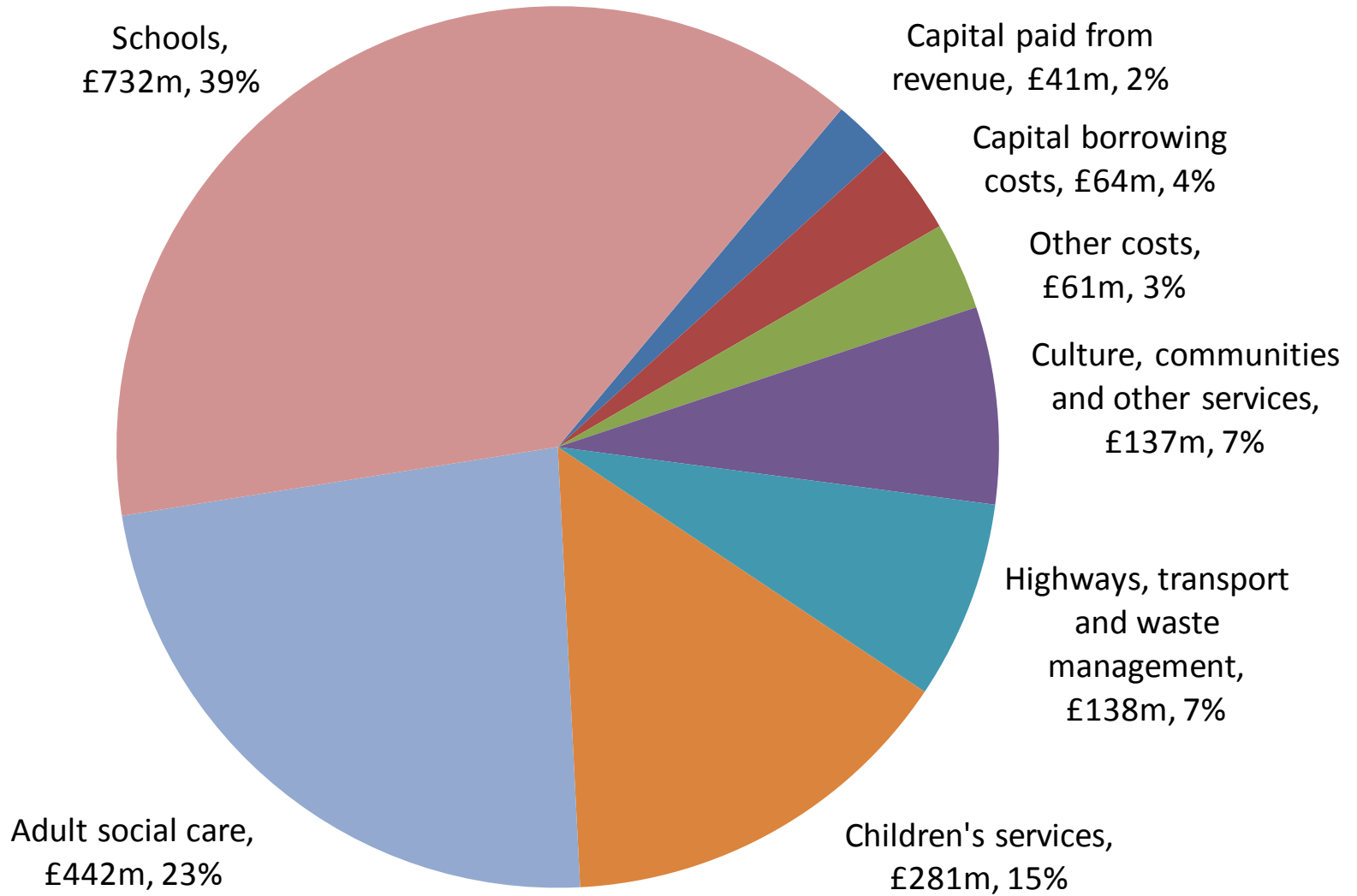
Rob Carr  
Head of Finance

# Presentation Outline

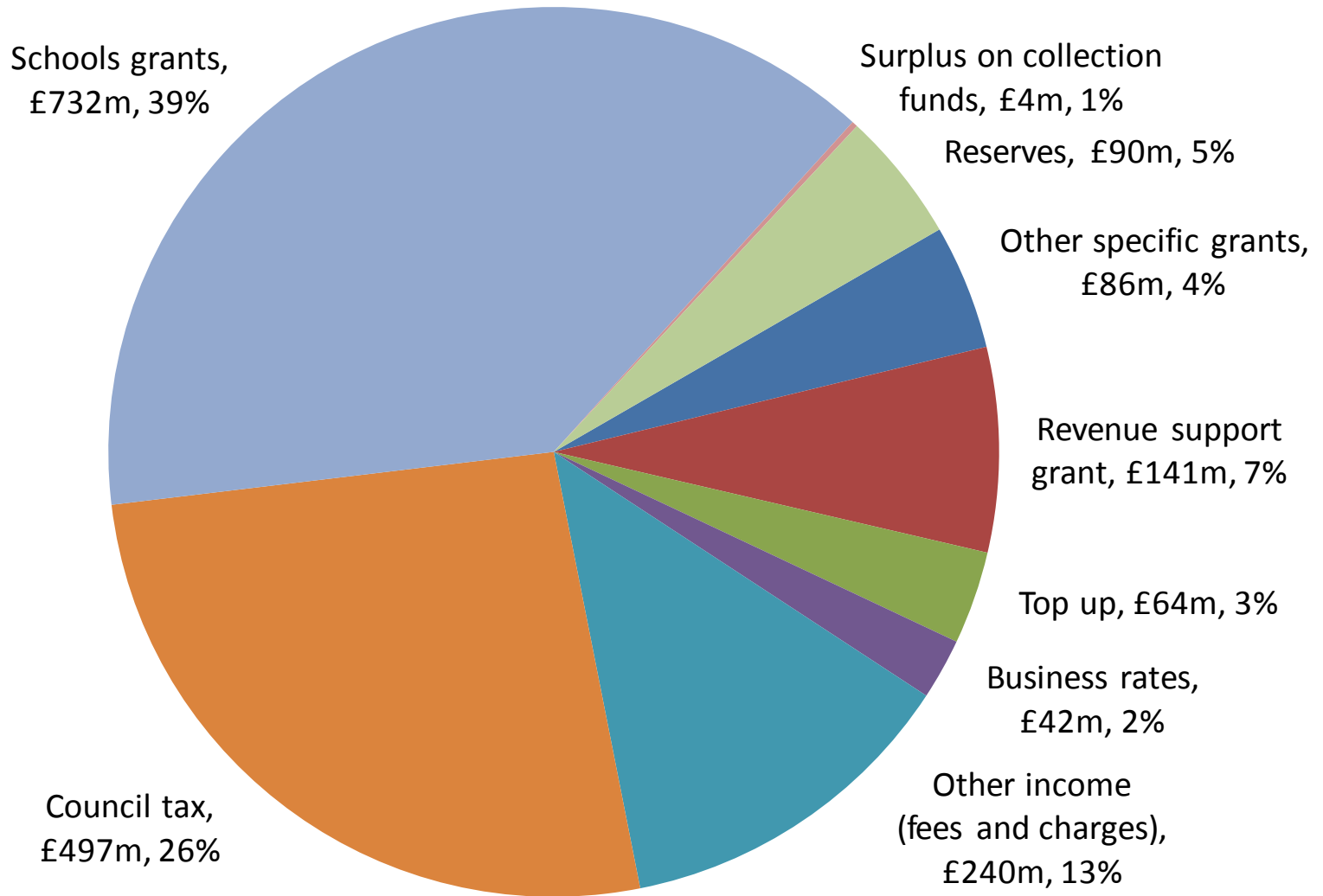
- Background to the budget
- Grant settlement and impact on the County Council's overall budget position
- Reserves Position
- Update on Transforming the Council 2015 Programme
- Policy and Resources budget proposals
- Workforce implications
- Capital programme 2015/16

# Background to the Budget

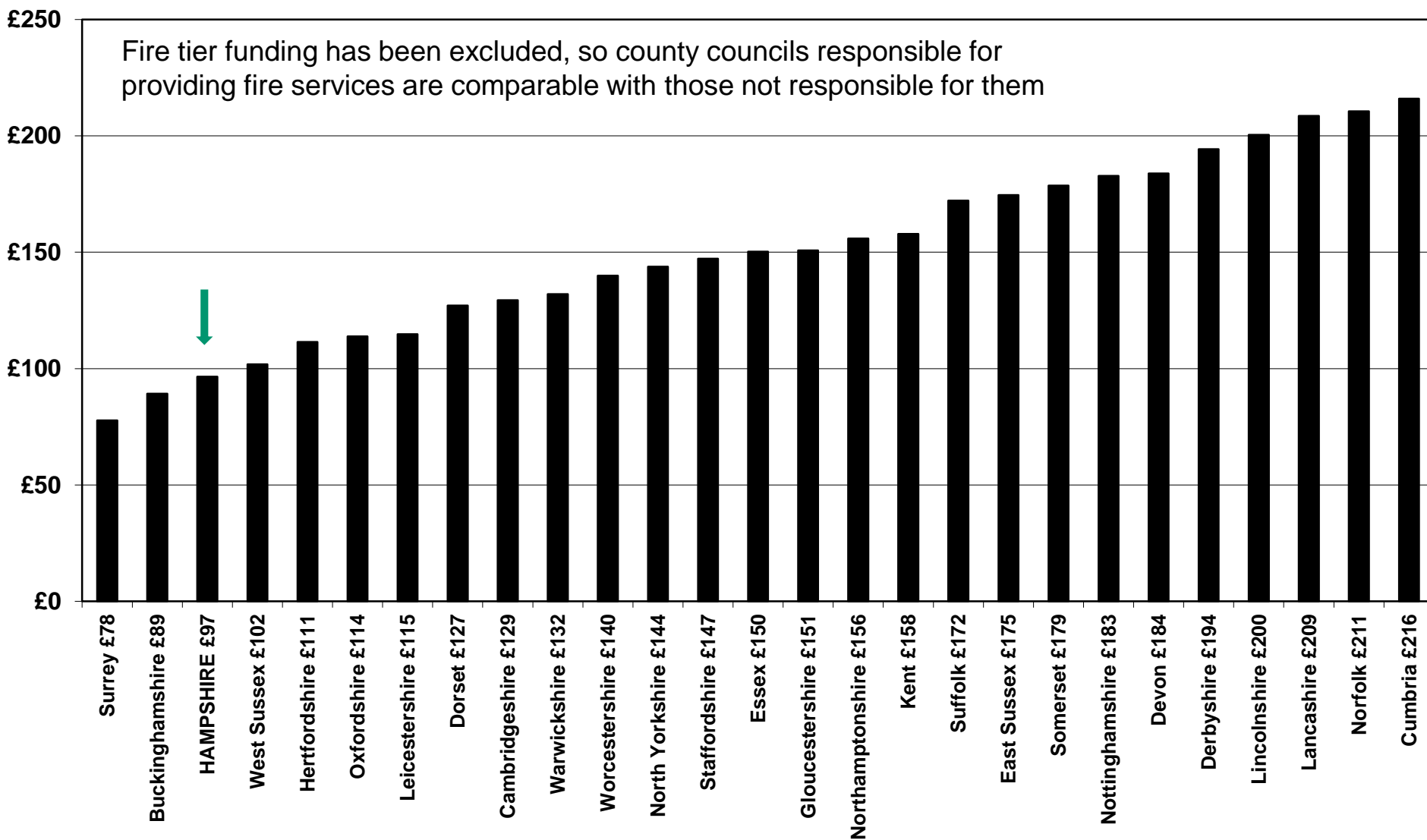
# 2014/15 Gross Expenditure (£1.9bn)



# 2014/15 Funding: Including Schools

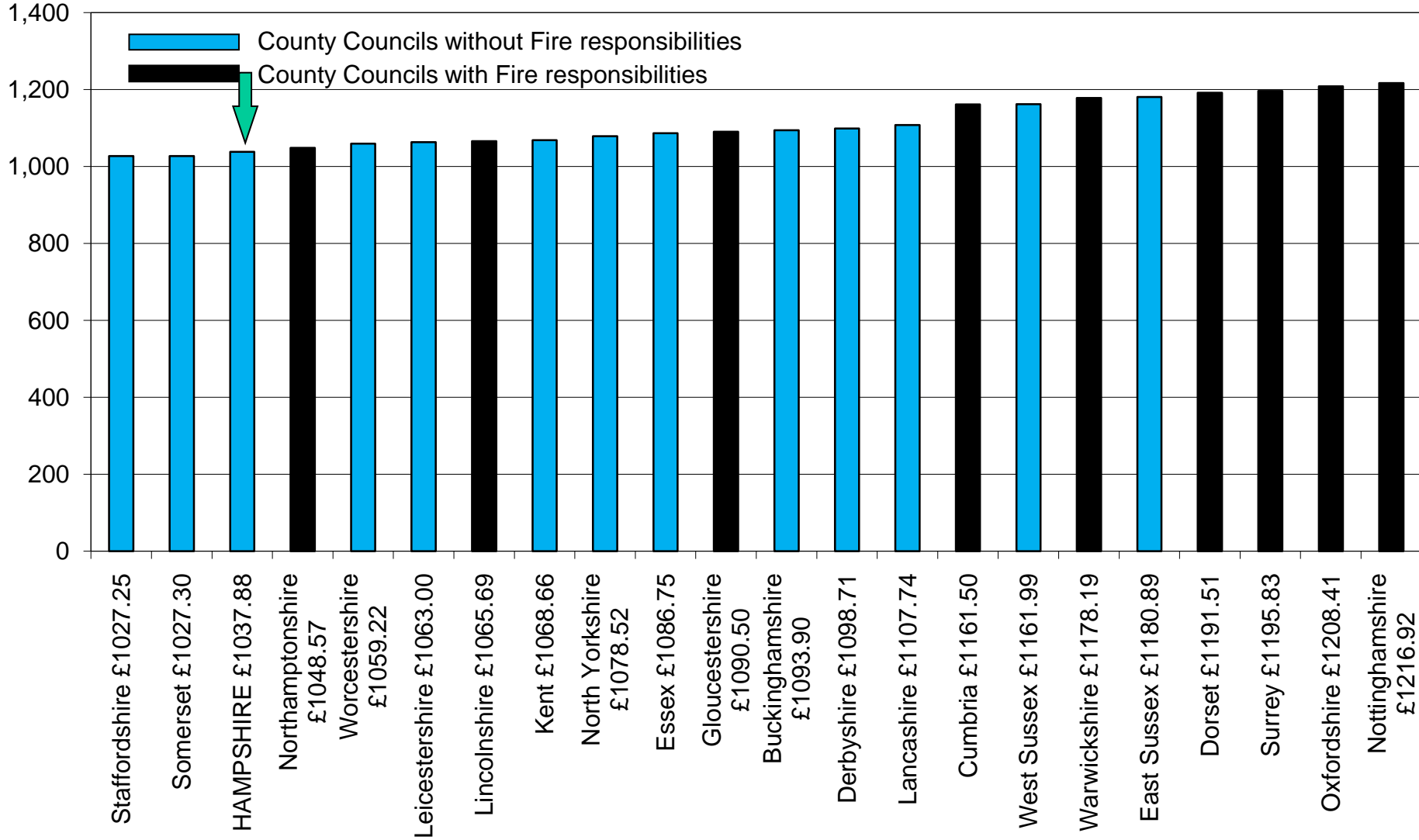


# Upper Tier Funding Per Head 2015/16



# Council Tax Levels 2014/15

£/band



# Low Grant, Low Council Tax

Receiving average upper tier funding per head (£149) would give us £70m more

Council Tax levels the same as Nottinghamshire (highest figure) would give us £86m more

# **Grant Settlement and Overall 2015/16 Budget Position**

# Local Government Settlement

- No major changes to methodology
- Council Tax Freeze Funding for 2014/15 has been added to baseline grant for 2015/16
- BUT overall grant reduction is higher than previous notifications
- Overall cut to grant levels is 11.8% meaning a further £2.9m loss (£30m overall)
- Other announcements (new homes bonus, NDR Top Up) in line with expectations
- Section 31 grant for 'lost' NDR income continues as expected

# Budget Forecast 2015/16 – MTFS Position

- Overall cumulative gap of £108.1m by 2015/16 reported as part of MTFS last summer
- Transformation to 2015 Programme to deliver £102.5m of savings by 2015/16
- Detailed savings proposals agreed as part of last years budget setting process to give the time for implementation
- Difference of £5.6m to be drawn from Grant Equalisation Reserve to balance the budget
- No growth other than a £12.5m base budget adjustment for increasing numbers and complexity of Children Looked After

# Updated Position 2015/16

	£m
Anticipated draw from Grant Equalisation Reserve MTFS	5.6
Additional loss of Revenue Support Grant	2.9
Business Rates collection fund surplus 2014/15 TBC	(0.2)
Ongoing increase in retained Business Rates TBC	(0.8)
Council Tax collection fund surplus (above forecast)	(7.5)
<b>Balanced Budget</b>	<hr/> <b>0.0</b> <hr/>

# Reserves Position

# Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these surplus funds to meet the costs of the next phase of transformation
- Total reserves of £482m as at 31 March 2014
- Over half of this (£247m) committed to existing spend programmes (mainly capital)
- £45m in Departments cost of change and trading account reserves to be used for investment and future transformation
- £31m set aside to mitigate risks (mainly the insurance reserve as we self insure)
- Over £49m in schools reserves and £28m in general reserves (in line with minimum reserves policy)

# Reserves Strategy

- Only £81m (16.8%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31.3.2013 £'000	Balance 31.3.2014 £'000	% of Total %
<b><u>'Available' Reserves</u></b>			
Corporate Policy Reserve	1,979	3,676	0.8%
Invest to Save	10,154	10,073	2.1%
Corporate Efficiency Reserve	9,235	8,931	1.9%
Organisational Change Reserve	10,018	7,854	1.6%
Grant Equalisation Reserve *	48,460	50,464	10.5%
	<b>79,846</b>	<b>80,998</b>	<b>16.8%</b>

\* £28.5m of the GER will be used to support the revenue budget in 2014/15

# Update on Transforming the Council to 2015 Programme

# Transforming the Council to 2015

- Savings target of £102.5m to be in place by April 2015
- Savings proposals to meet this were agreed as part of the 2014/15 budget setting process and are reflected in detailed service budgets in report
- **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 2014/15 and regularly reported to Cabinet
- Minimum of £96.4m expected to be achieved in 2015/16 with plans in place to meet any shortfall from Departments cost of change reserves

# Summary of Approved Savings Proposals

	Full-year impact in 2015/16 £'000
<b>CCBS:</b>	
Workstyle Implementation	2,000
Trading Standards senior management re-structure	325
Reduced grants to community organisations	154
New Library strategy	300
Closure of Accredited Community Safety Officer service	1,500
Review of Registration service pricing strategy	105
Review of term maintenance contract agreements	237
Review of countryside service	120
Property Services efficiencies and increased income	112
Other smaller CCBS savings	334
<b>Sub-total CCBS</b>	<b>5,082</b>

# Summary of Approved Savings Proposals

	Full-year impact in 2015/16 £'000
<b>Corporate Services:</b>	
Corporate Services – additional 4% saving	1,500
Integrated Business Centre and associated restructure savings within Corporate Resources	1,622
Review of IT processes / software / hardware / management (net of additional IBC licencing costs)	1,851
Efficiencies within HantsDirect	302
Removal of vacant posts in Communications and Performance team	225
Restructure and other efficiencies within Policy and Governance	500
Restructure within Internal Audit	87
Other smaller Corporate Services savings	73
<b>Sub-total Corporate Services</b>	<b>6,160</b>

# Summary of Approved Savings Proposals

	Full-year impact in 2015/16 £'000
<b>Other Policy and Resources budgets:</b>	
Review of centrally held budgets	255
Reduction in grants and contributions to other bodies	125
Other Policy & Resources non-departmental budget savings	477
<b>Sub-total Other Policy and Resources</b>	<b>857</b>
<b>Transfer of responsibilities to Public Health</b>	<b>4,410</b>
<b>Total savings proposals for Policy and Resources</b>	<b>16,509</b>

# Policy and Resources Budget Briefing 2015/16

# Policy and Resources proposed budget

	£'000
Revenue budget:	
Revised budget for 2014/15	95,430
Early delivery of savings in 2014/15	5,594
Balanced budget by March 2015	
Proposed budget for 2015/16	82,968
Proposed full-year savings in 2015/16*	16,509
Capital programme for 2015/16	38,304

\* Equality Impact Assessments previously completed

# Proposed Budget 2015/16

	£'000
CCBS	34,604
Public Health	49,206
Corporate Services	43,609
Members Support	1,706
Other P&R Services	4,939
<b>Total Cash Limited Services</b>	<b>134,064</b>
Coroners	1,331
Trading Activities	(855)
Government Grants	(51,572)
<b>Total Net Budget</b>	<b>82,968</b>

# Key Departmental Issues / Challenges

- Further development of the Integrated Business Centre, including expansion of partnership to include Oxfordshire County Council
- Embedding the Workforce Development Strategy
- Supporting departments with continuing financial challenges - 'Transformation to 2017'
- Supporting Troubled Families Programme – widening of national programme for 2015/16
- Public Health – ensuring effective use of existing resources and transfer of responsibility for 0-5 children's public health commissioning from NHS England on 1 October 2015
- Maintaining and increasing income streams for existing traded services and growing new traded service offers
- Maximising opportunities from the Corporate Estate
- Strengthening community engagement (e.g. through volunteering)

# Workforce Implications

**Full time  
equivalent (FTE)  
numbers**

FTE staff as at 31 March 2015 (last year's estimate)	3,755
Increase in revised estimate as at 31 March 2015*	+ 336
Changes relating to savings proposals	- 31
<b>FTE staff as at 31 March 2016</b>	<b>4,060</b>

Increase in revised estimate as at 31 March 2015 includes:

- 203 TUPE'd FTE staff from Hampshire Constabulary and Hampshire Fire and Rescue Service as a result of the joint working in Hampshire partnership (H3)
- 102 FTEs within the HC3S trading unit as a result of the increased take up of free school meals.

# Policy and Resources Capital Programme 2015/16

	£'000
Capital repairs (replacement of major building components)	3,483
Corporate Estate planned repairs and refurbishment	1,250
Workstyle programmes	1,700
Vehicles for Hampshire Transport Management	2,000
Investing in Hampshire	3,000
IT replacement and infrastructure	1,840
Basingstoke Canal	800
Schools condition funding	9,975
Schools capital repairs	10,894
Other programmes (includes 'Rights of Way/Byways', 'Countryside Storm Damage' and 'Coastal Conservation')	3,362
<b>Total</b>	<b>38,304</b>