



Hampshire  
County Council

Culture and Communities  
Select Committee  
16 January 2017  
Budget Briefing 2017/18

Jane Lovett  
Finance Business Partner

# Presentation Outline

- Grant settlement and impact on the County Council's overall budget position
- Reserves Position
- Update on Transformation to 2017 Programme
- Key Departmental Challenges and Issues
- Culture and Communities Budget Proposals and Revenue Budget
- Workforce Information
- Culture and Communities Capital Programme

# **Local Government Finance Settlement – Key Issues**



**Hampshire**  
County Council

# Local Government Finance Settlement

- Settlement last year announced on 8 February 2016, and provided definitive figures for 2016/17 and provisional figures for authorities for the following three financial years to aid financial planning.
- Figures to 2019/20 subject to submission of an Efficiency Plan and the County Council approved its plan as part of the Medium Term Financial Strategy (MTFS) in July 2016.
- The figures for 2017/18, 2018/19 and 2019/20 set out in the settlement resulted in an increase in the County Council's revenue gap to be bridged in each of these years. In 2017/18 the bottom line impact was that a further £15m was required, to produce a balanced budget.

## Budget Forecast 2017/18 – MTFS Position

- The July 2016 MTFS updated the overall position in respect of the 2017/18 budget gap.
- The allocation of transitional funding of £9.4m in 2016/17 and £9.3m in 2017/18 enabled the gap in 2017/18 to be closed; managed through the Grant Equalisation Reserve (GER).
- Transformation to 2017 Programme to deliver £98m of savings by 2017/18.
- Detailed savings proposals agreed in October 2015 to give the time for implementation
- A 3.99% council tax increase, 2% for social care costs on top of the referendum limit of 1.99%.

# Provisional Local Government Finance Settlement 2017/18

- The expectation was for minimal change to the settlement figures published last year.
- Revenue Support Grant (RSG) for 2017/18 is unchanged compared to the forecast position.
- Changes to the New Homes Bonus (NHB):
  - ✓ reduce the number of years for which legacy payments are made
  - ✓ introduce a baseline for housing growth set at an initial level of 0.4% of the council tax base for 2017/18.
  - ✓ From 2018/19 the Government will consider withholding payments from local authorities that are not planning effectively.
- NHB is slightly less than predicted but the changes in funding announced do not impact on the previously agreed investment for Operation Resilience

## Adult Social Care Funding

- New dedicated social care grant in 2017/18 of £4.8m - no indication that this is anything other than a one off grant.
- Last year a social care precept of 2% a year for the current Comprehensive Spending Review period (2016/17 to 2019/20) was introduced.
- This year flexibility has been granted to **bring forward** some of this increase and to raise the precept by up to 3% in 2017/18 and 2018/19 within the cap of 6% over the next three years to 2019/20.
- Taking up this flexibility would yield, **on a one off basis**, additional income of £16.6m for the County Council in the next two years. It would not fundamentally change the underlying longer term council tax position.

# 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 £497.3m as at 31 March 2016.
- Approaching half of this (£223.8m) committed to existing spend programmes (mainly capital).
- £69.6m in Departments cost of change and trading account reserves to be used for investment and future transformation.
- £26.4m set aside to mitigate risks (mainly the insurance reserve as we self insure).
- Approaching £56m in schools reserves and £20.6m in general reserves (in line with minimum reserves policy)

# Reserves Strategy

- Only £100.9m (20.3%) is truly 'available' to support one off spending and is made up as follows :

	<b>Balance 31/03/15 £'000</b>	<b>Balance 31/03/16 £'000</b>	<b>% of Total</b>
<b><u>'Available' Reserves</u></b>			
Corporate Policy Reserve	3,976	5,109	1.0%
Invest to Save	9,461	9,077	1.8%
Corporate Efficiency Reserve	8,981	7,902	1.6%
Organisational Change Reserve	3,593	3,593	0.7%
Grant Equalisation Reserve *	50,881	75,206	15.2%
	<b>76,892</b>	<b>100,887</b>	<b>20.3%</b>

\* £44m of the GER will be used to support the revenue budget in 2016/17 with the remainder to be utilised in 2017/18 and 2018/19

# Update on Transforming the Council to 2017 Programme

# Transforming the Council to 2017

- Savings target of £98m (plus a further £1m in respect of Youth Support Services, rolled over from the Transformation to 2015 programme as part of the budget setting process for 2015/16).
- Savings proposals to meet this were agreed in October 2015 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 2016/17 and regularly reported to Cabinet.

# Transforming the Council to 2017

- Allowing for the deferral into 2017/18 of some £13m of Adults' savings, which are going to take longer to deliver, it is currently estimated that £70m of the £99m programme target is likely to be secured by the end of 2016, rising to circa £86m by April 2017
- Plans are in place to meet any shortfall from departmental cost of change reserves together with the potential early release of corporate funding and underwriting from other Departments cost of change reserves, as agreed in principle by Cabinet in September 2016.

# Summary of Approved Savings Proposals

**TARGET £2.086m – overachieved by £0.507m**

	<b>£'000</b>
Archives	112
Cultural Trust grant	107
Outdoors	200
Countryside	361
Libraries	947
Sport	55
Community	74
Policy Fund	127
Grants	100
2015 transformation overachievement	510
<b>TOTAL</b>	<b>2,593</b>

# Key Issues from Implementation

- Library Strategy approved by Executive Member in April 2016 and included closure of Mobile Library Service from 1 June 2016.
- Increased use of Home Library Service with nearly 150 new customers.
- Successful transition of SHIOW (Energise Me) to a Charitable Incorporated Organisation on 1 October 2016.
- Major transformation programmes for Outdoor Centres and Country Parks underway.
- Significant success of Country Parks Transformation (CPT) in exceeding external funding targets by £3.4m

# Key Departmental Issues and Challenges

# Key Departmental Issues / Challenges

- Outdoor Service and Country Parks working towards cash limit neutral position by 2020.
- Very challenging income targets to support the above.
- Automatic number plate recognition systems being introduced at Country Parks and revised parking charges.
- Cost reduction as a result of increased self-service, particularly at Libraries.
- Increasing use of volunteers.

# Key Departmental Issues / Challenges (Continued)

- Library Service investment – first projects at Fleet and Fareham due to complete in April 2017 including new Digilabs!
- Tapering grant support for Hampshire Cultural Trust and Energise Me.
- Grants – implemented recommendations of Task and Finish Group
- Planning underway for Transformation to 2019 – further £6.3m cash limit reduction (departmental total)

# Culture and Communities Budget 2017/18

# Culture and Communities proposed budget summary

<b>Revenue Budget:</b>	<b>£'000</b>
Revised Budget for 2016/17	21,756
Early Delivery of Savings in 2016/17	1,994
Proposed Budget for 2017/18	20,526
<b>Capital Programme 2017/18:</b>	<b>125</b>

# Proposed Budget 2017/18

	£'000
Community and Regulatory Services	12,225
Culture and Heritage	7,794
Planned contribution to Cost of Change reserve	507
<b>Total Cash Limit</b>	<b>20,526</b>

# Community and Regulatory Services Revenue Budget 2017/18

	£'000
Library Service	11,886
Sport	179
Community	160
<b>Total Community and Regulatory Services</b>	<b>12,225</b>

# Culture and Community Revenue Budget 2017/18

	£'000
Countryside	2,821
Cultural Trust Grant and HCC Arts related costs	2,960
Archives	802
Outdoor Centres	234
Community Grants	977
<b>Total Cash Limit</b>	<b>7,794</b>

# Workforce Implications

	FTE (*)
<b>Original Estimate as at 31 March 2017</b>	<b>567</b>
Changes Relating to Savings Targets	(3)
Transfers and Other Changes	16
<b>Revised Estimate as at 31 March 2017</b>	<b>580</b>
<b>Estimate as at 31 March 2018</b>	<b>580</b>

(\* FTE – Full Time Equivalent)

# Culture and Communities Capital Programme 2017/18

	£'000
Community Buildings and village halls	125
Plus – CCBS minor works – whole department (previously Countryside, Libraries and Scientific Service)	328