

2013/14 Budget Briefing

Environment and Transport Select Committee

22nd January 2013

Key Issues 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 2012/13

	£M
Budget Requirement	711,613
Formula Grant	(177,253)
Collection Fund Surplus	(4,190)
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Council Tax Requirement	530,170
Tax base	510,820
Band D Council Tax	£1,037.88

Council Tax Calculation 2013/14

	2012/13	2013/14	Change	Change
	£M	£M	£M	%
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>

New Grant Model – District Example

£'000

Retained Business Rates	17,790
Tariff to Government	-15,710
Revenue Support Grant	3,127
Total	<u>5,207</u>



Early Intervention Grant

	£'000
Transfer to DSG for 2 year olds	5,300
Reduction in Grant	3,000
Top slice for 'adoption'	2,700
Total Reduction	11,000

- So loss of grant is £5.7M but we currently only spend £4.6M on 2 year olds, so we lose a further net £700,000
- May get £1.8M of £2.7M top slice back, but it may come with strings attached
- Current policy is to passport grant losses – aim to cash flow fund in 2013/14 to allow time to implement any necessary changes



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

Economy, Transport and Environment

2012/13

- Quarter 2
 - Forecast saving £178,000 (0.16% of budget)
- Quarter 3
 - Position not yet finalised
 - Will be within cash limit
 - Impact of weather...

Budgeted Savings 2012/13

- Plan £6.104m
- Progress (to end November 12)
 - Already achieved £5.645m
 - High confidence £0.459m
- Will achieve savings in full
 - Majority delivered from decisions taken in 2011/12

Budgeted savings 2013/14 (2%)

	£000
• Concessionary Fares admin	300
• Street lighting	300
• Safer Roads Partnership	242
• Additional income	200
• Vacancy management	169
• Co-location	100
• Housekeeping	100
• TOTAL	1,411



Impact of 2013/14 savings

- No further reductions in FTEs required in 2013/14
- Any costs of change to be met from planned carry-forwards



Capital programme 2013/14 to 2015/16

- Key area of ETE financial resources – around 33%
- Three main sources of funding:
 - Grant (programmed or from competition)
 - Local resources
 - External funding

Capital programme

	2013/14 £000	2014/15 £000	2015/16 £000
Highways Maintenance	38,453	34,621	31,789
Integrated Transport	21,222	12,489	20,625
Flood risk	500	0	0
Economic Development	31	31	31
TOTAL	60,206	47,141	52,445



Summary

- 2013/14 revenue budget £109.8 million after savings of £1.411 million
- 2013/14 capital programme £9.3 million higher than forecast this time last year (impact of successful bids for external funding)