



Hampshire
County Council

Safe and Healthy Select
Committee
24 January 2014
Budget Briefing 2014/15

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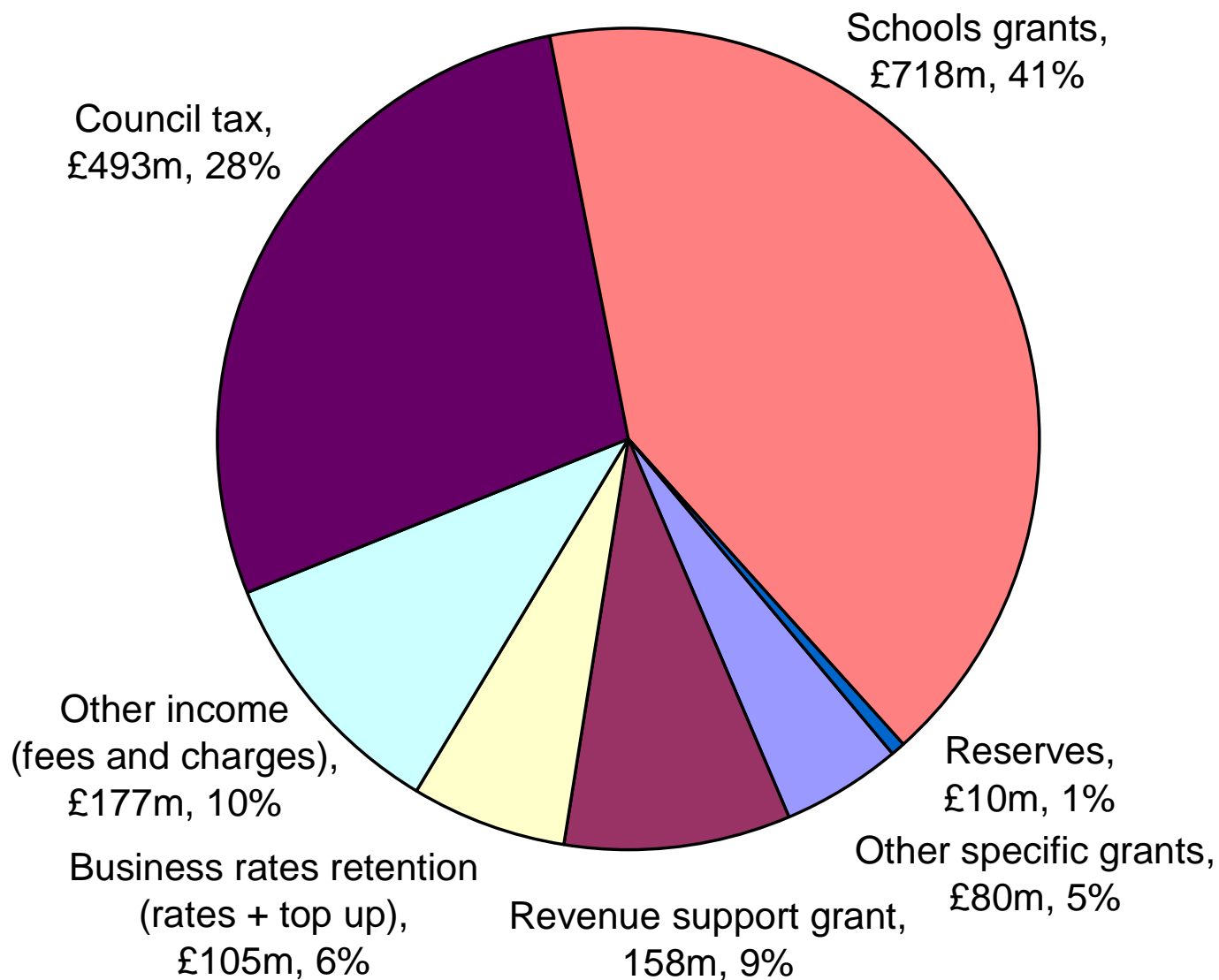
Presentation outline

- Background to the grant settlement
- Impact on the County Council's overall budget position
- Adult Services budget proposals
- Meeting the savings target to 2015
- Workforce implications
- Capital programme 2014/15

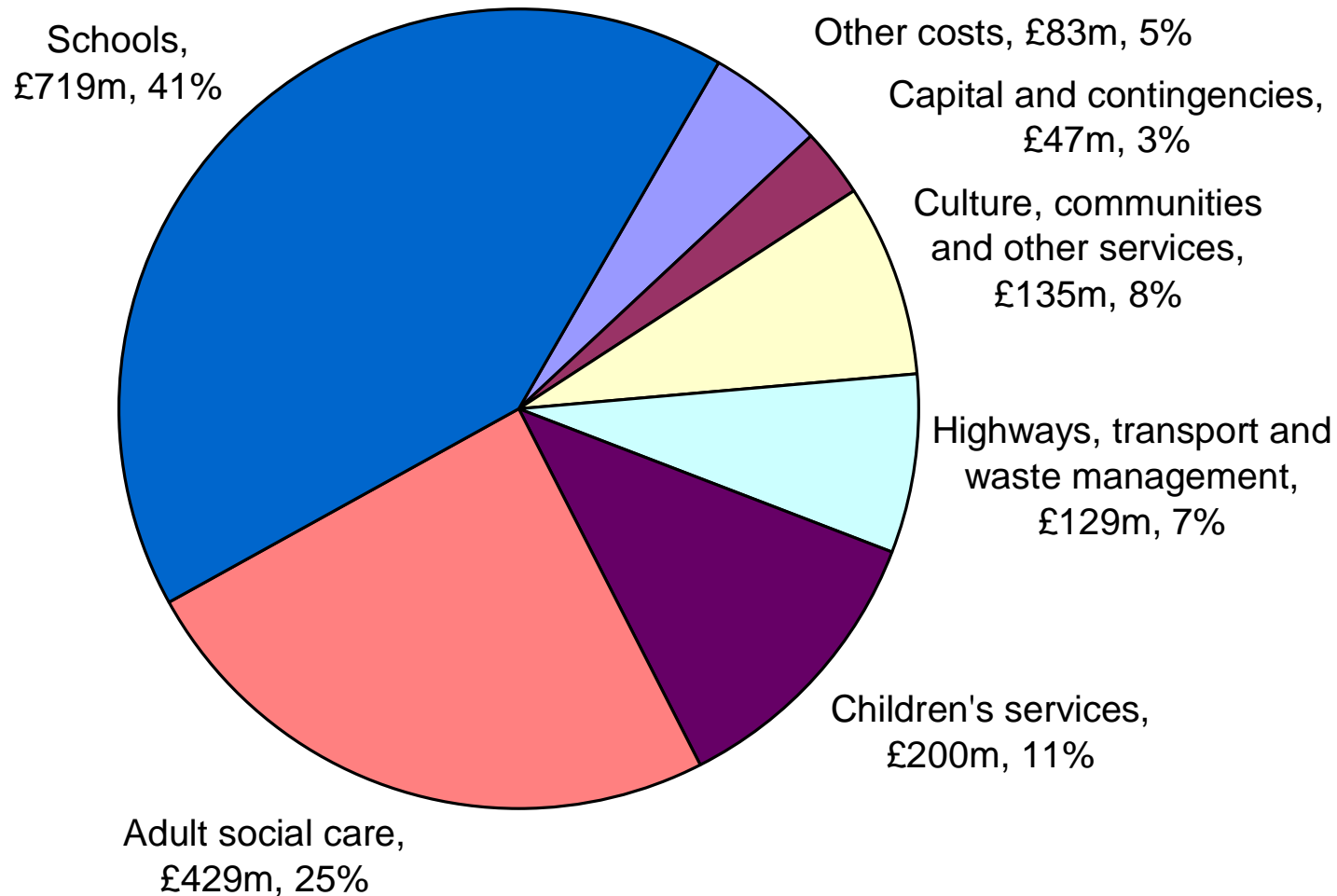
Key Issues for 2014/15

- Hampshire's Funding Position
- Impact of Council Tax Support Schemes
- Impact of Business Rates Retention
- Finance Settlement for 2014/15
- Budget position for 2014/15 and 2015/16

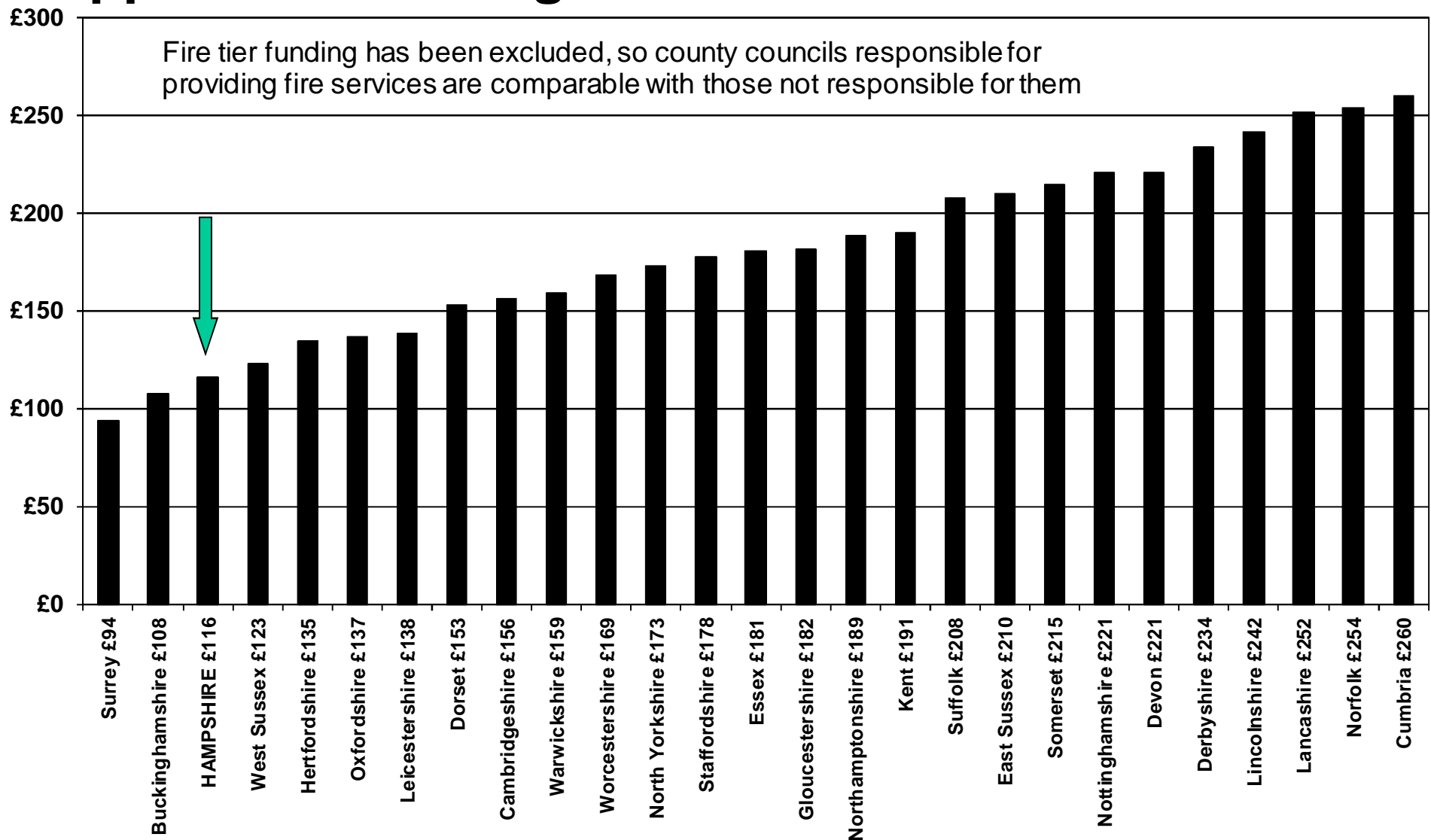
2013/14 Funding Sources – Including Schools



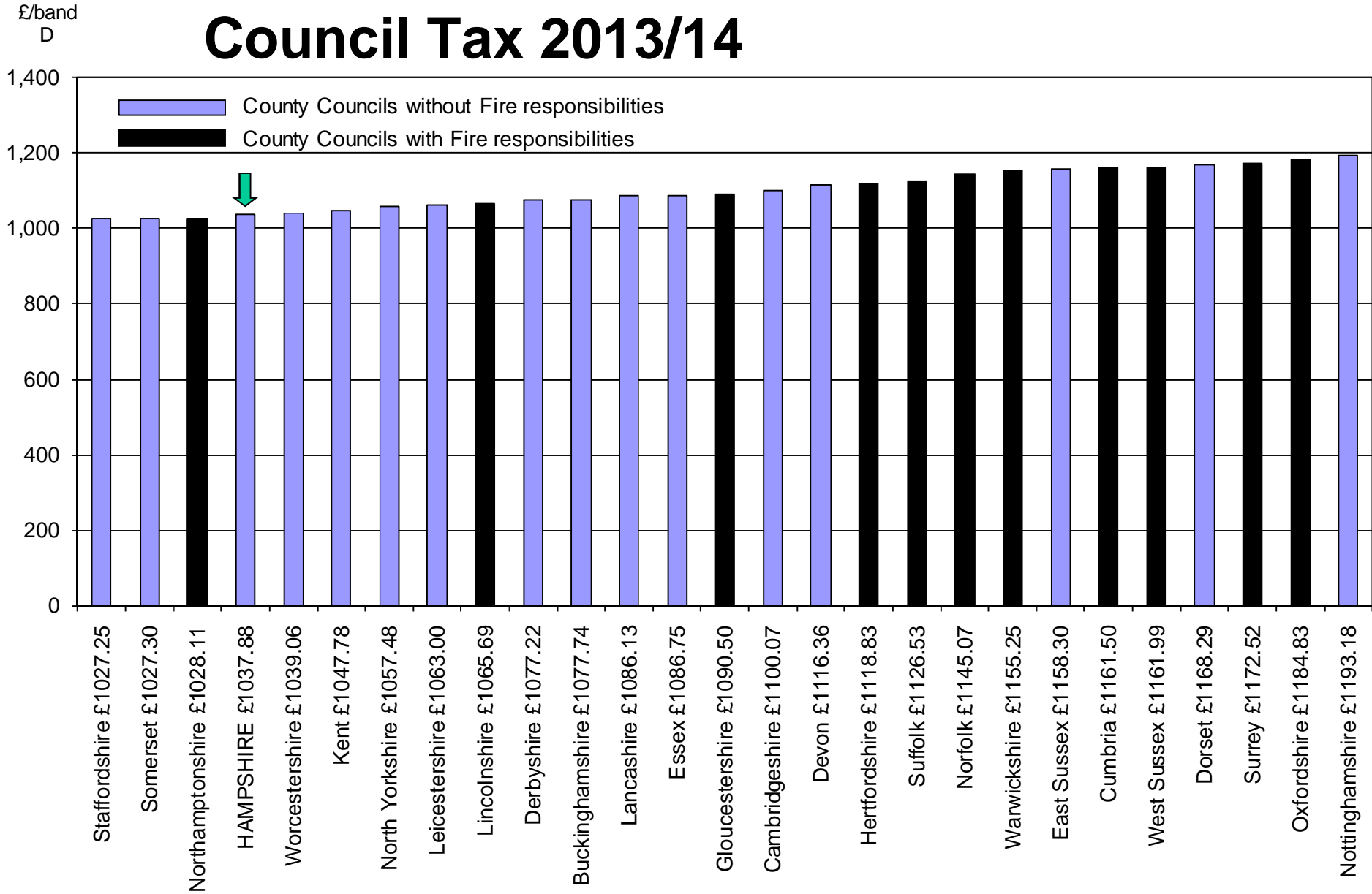
2013/14 Gross Expenditure



Upper Tier Funding Per Head 2014/15



Council Tax 2013/14



Low Grant, Low Council Tax

Grant levels per head the same as Kent (average figure) would give us £95M more

Council Tax levels the same as Nottingham (highest figure) would give us £73M more

Council Tax 2014/15

- Hampshire County Council: Council tax freeze proposed to continue for 2014/15
- A survey of county councils before the settlement indicated that:
 - 41% were planning to freeze
 - 59% were planning an increase
- However, the announcement in the settlement that freeze funding will be baselined has led to some councils reconsidering whether to proceed with their planned increase
- Lack of an announcement on the referendum limit may also further persuade some Council's!

Impact of Council Tax Support Schemes

- Council Tax Support Schemes (CTSS) replaced council tax benefit from April 2013
- Reduction in council tax base replaced by Government grant of £43M (after 10% national cut)
- Funding now in baseline grant and being cut in 2014/15 (and probably on to at least 2017/18)
- All Councils have had difficulties estimating the impact on council tax bases and collection rates
- Actual impact less than anticipated
- Council tax surplus of around £6.5M (£5.0M higher than forecast)

Impact of Business Rate Retention

- HCC to keep 9% of business rates collected in Hampshire from April 2013
- Huge problems in forecasting income for 2013/14
- Only getting worse – impact of accruing for appeals not understood across the country or in Government
- Many Hampshire Districts are beyond the ‘safety net’ threshold (i.e. they have lost more than 7.5% of their BR income)
- Significant one off impact in 2013/14 leading to Business Rates collection fund deficit of £1.9M
- Some knock on impact to estimates for 2014/15 resulting in loss of £1.4M compared to forecasts
- Loss of income as a result of business rates cap to be compensated by Government but no details yet!

Local Government Settlement

- No major changes to methodology (for once!)
- New Homes Bonus being retained in current form (funding for LEPs now through additional borrowing)
- Council Tax Freeze Funding 'in baselines' from 2016/17
- Revenue support grant lower by £1.4M following further 1% cut to Government Departmental Expenditure Limits
- Business Rates Top Up reduced by £800,000 but assume this will be compensated by Government s31 Grant

Council Tax Freeze Grant

- Council tax freeze funding for 4 years (11/12, 13/14, 14/15 and 15/16) expected to be built into future grant baselines
- For HCC we had assumed that £28.4m would drop out in 2016/17 (the 'cliff edge')
- BUT – not entirely sure what this means, could be funded by greater cuts to grant levels from 2016/17
- Details may not be available for some time, but in relative terms HCC would still expect to be better off

Budget Forecast 2014/15 - Summary

- £17.8M loss of Government grant
- £12.4M inflation and base changes
- £11.5M of social care growth
- £6.3M of savings from Children's for Early Intervention Grant loss and £3M of slipped savings from Adults
- Assumption of no increase in Council Tax
- Net Deficit of £32.2M for the year

Budget Forecast 2014/15 – Other Issues

- 2% Annual Efficiency Target ‘rolled up’ into 2015/16 target to allow longer time for delivery
- Housekeeping workstream to generate investment and inflation savings of £6.8M
- Balance of funding (£25.4M) to come from Grant Equalisation Reserve
- In line with stated direction of Medium Term Financial Strategy when budget was set in February 2013

UPDATED POSITION 2014/15

	£m
Anticipated draw from Grant Equalisation Reserve	25.4
Loss of Revenue Support Grant	1.4
Business Rates collection fund deficit 2013/14	1.9
Lower 2014/15 retained business rate estimates from Districts *	1.4
Council Tax collection fund surplus (above forecast)	(5.0)
Revised draw from Grant Equalisation Reserve	<u>25.1</u>

* Seeking clarification from Districts on the basis of their estimates following business rate changes in Autumn Statement

Transforming the Council to 2015

- Target of £93.2M to be in place by April 2015
- Programme based around corporate workstreams as in previous years
- External spend, working with Health and Integrated Business Centre a key focus, but looking again at senior management, IT spend and staff overheads
- As in previous programmes, early delivery of savings within 2014/15 budget will generate funding for the costs of change
- All savings proposals to be approved as part of 2014/15 budget

Adult Services Budget Briefing 2014/15

Adult Services proposed budget

	£'000
Revenue budget:	
Revised budget for 2013/14	323,344
Savings in 2013/14	10,943
Balanced budget by March 2014	
Proposed budget for 2014/15	324,571
Proposed savings in 2014/15*	10,581
Capital programme for 2014/15	6,081

* Equality Impact Assessments completed

Proposed budget 2014/15

	£'000
Cash limit set by Cabinet	332,134
Gross expenditure budget	419,991
Income from clients	(57,739)
Other income	(37,681)
Total net expenditure	324,571

Challenges

- Demand
- Health Landscape
- The Care Bill
- Transformation



Savings Plans 2014/2015 – Firm Proposals

	£'000
Departmental Savings	1,342
OP/PD care at home delivery model	1,000
Telecare/Telehealth	855
Supporting People	4,112
Savings from residential homes (Cabinet Decision December 2013)	1,992
HQ posts	100
Electronic domiciliary care monitoring LD	591
Other	589
Total	10,581

Savings Plans To 2015 – Other Proposals

	£'000
Extra care – OP/PD	450 - 550
Re-commission LD supported living	2,900 -3,300
Extra Care – LD	1,100-1,300
Review under utilised capacity in house residential	300-500
Better Care Fund – securing social care services	20,000
HQ workforce	150-250
Supporting People	3,600–4,200

Workforce Implications

	Full time equivalent (FTE) numbers
FTE staff as at 31 March 2014 (last year's estimate)	2,905
Decrease in revised estimate as at 31 March 2014	-4
Changes relating to savings proposals	-73
FTE staff as at 31 March 2015	2,828

Adult Services Capital Programme 2014/15

	£'000
Extra Care – original plan phasing	5,600
Operational including residential and nursing	481
Total	<hr/> 6,081 <hr/>