

# Public Document Pack



## NOTICE OF MEETING

<b>Meeting</b>	Policy and Resources Select Committee
<b>Date and Time</b>	Thursday, 22nd June, 2017 at 10.00 am
<b>Place</b>	Wellington Room, Elizabeth II Court South, The Castle, Winchester
<b>Enquiries to</b>	members.services@hants.gov.uk

John Coughlan CBE  
Chief Executive  
The Castle, Winchester SO23 8UJ

## FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence received.

### 2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

### 3. MINUTES OF PREVIOUS MEETING (Pages 5 - 10)

To confirm the minutes of the previous meeting

### 4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**6. NEW ADMINISTRATION: INTRODUCTION TO SCRUTINY**

To receive a presentation on scrutiny, and the terms of reference of the Policy and Resources Select Committee.

**7. 2016/17 END OF YEAR FINANCIAL REPORT AND TRANSFORMATION TO 2019 (Pages 11 - 80)**

To consider a report of the Director of Corporate Resources providing a summary of the County Council's 2016/17 final accounts, and to consider a report of the Chief Executive regarding the Transformation to 2019 programme. A presentation will be provided to summarise the reports from the Head of Finance.

**8. SHAPING HAMPSHIRE 2016/17 YEAR END PERFORMANCE REPORT AND SERVING HAMPSHIRE STRATEGIC PLAN FOR 2017 TO 2021 (Pages 81 - 110)**

To receive a report of the Chief Executive regarding the County Council's performance during 2016/17 against priorities within the *Shaping Hampshire* Strategic Plan for 2013-2017, and to receive a report of the Chief Executive setting out the background to, and content of, the proposed revised Strategic Plan: *Serving Hampshire – Strategic Plan for 2017-2021*. A supporting presentation to be provided by the Head of Insight and Engagement.

**9. WORK PROGRAMME (Pages 111 - 118)**

To review the work programme of topics for future consideration by the Policy & Resources Select Committee.

**ABOUT THIS AGENDA:**

**On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.**

**ABOUT THIS MEETING:**

**The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

This page is intentionally left blank

AT A MEETING of the POLICY AND RESOURCES SELECT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on Friday, 20 January 2017.

## **PRESENT**

Chairman:  
p Councillor Elaine Still

Vice-Chairman  
p Councillor Keith Evans

Councillors:

p Ray Bolton	p Anna McNair Scott
p Adrian Collett	p Andy Moore
p Criss Connor	p Mark Staplehurst
p Keith House	p Bruce Tennent
a Roger Huxstep	a Ken Thornber
p Robin McIntosh	a Sharyn Wheale

### 153. **BROADCASTING ANNOUNCEMENT**

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

### 154. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Roger Huxstep, Cllr Ken Thornber and Cllr Sharyn Wheale. The conservative Substitute Member Cllr Edward Heron attended in their place.

### 155. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 4 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

156. **MINUTES**

The Minutes of the Policy & Resources Select Committee meeting held on 22 November 2016 were confirmed as a correct record and signed by the Chairman.

157. **DEPUTATIONS**

No deputations were received at this meeting.

158. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make on this occasion.

159. **ANALYSIS OF MEMBER DEVOLVED GRANT BUDGETS**

The Committee considered a report from the Director of Transformation and Governance regarding the Members Devolved Grants budget (see Item 6 in the Minute Book).

Members heard that:

- The Members devolved budget was currently £8,000 per Member. It had been a proposal as part of the Transformation to 2017 savings that this reduce to £5,000 per member
- When the savings proposals were considered by the Policy & Resources Select Committee, the Committee recommended that this proposal be re-considered
- Since then, an analysis of the use of Member grants had been undertaken and a revised proposed change was being recommended
- The average spend by members was £6,400 in the first two years of this administration and £6,700 in year three
- It would be possible to avoid making this saving by using Policy & Resources reserves for the 2017/18 and 2018/19 financial years. The situation would then need to be reviewed

Members commented:

- Members from the minority political groups were disappointed that the sample of Members surveyed about the scheme as part of the analysis had not covered all of the political groups
- Some Members argued that being able to carry forwards a proportion of the funds from year to year was helpful in managing grants over time

Following the debate, Members of the committee were in agreement regarding making a recommendation to retain Members grant budget at £8,000, however there were differing views regarding carry forwards.

The following was proposed by Cllr Collett and seconded by Cllr House:

That up to £2,000 of unspent grant funding be allowed to be carried forwards to the next financial year.

This was put to the vote and lost by 5 votes for, 7 against.

The following was then proposed by the Chairman, and carried by majority vote:

**RECOMMENDED:**

That the annual Member Grants budget remain at £8,000 per Member.

That in future, any unspent grant funds no longer be carried forwards to the next financial year.

Recommendations  
passed to  
Executive Member

160. **BUDGET**

The Committee considered reports and a supporting presentation from the Chief Executive, Director of Culture Communities and Business Services, Director of Transformation, Director of Public Health and Director of Corporate Resources – Corporate Services, regarding the budget. This included; reports on budget setting and provisional cash limits 2017/18, and transformation to 2017 report no. 9 that had been considered by Cabinet in December 2016; the proposed revenue budget for policy and resources for 2017/18 and the proposed capital programme for policy and resources for 2017/18 to 2019/20, due to be considered by the Executive Member for Policy and Resources at the Decision Day on 20 January 2017 (see Item 7 in the Minute Book).

Members heard that:

- The budget setting report had been provided in accordance with the remit of the Policy & Resources Select Committee to scrutinise financial management
- The grant loss anticipated in the next two years was greater than that experienced in the previous four years
- The Medium Term Financial Strategy sets out that a further £140m in savings are required by 2019/20 in order to balance the budget
- According to the reserves strategy, around £100m in reserves is available to use, however the majority of this is the grant equalisation reserve which will be fully utilised in 2018/19
- The savings required for the 2017/18 budget had been agreed in 2015; no new savings were proposed in this budget

- By October 2016 £65m of the £99m savings for 2017/18 had been secured. It had been agreed that £13m of savings for the Adults Health and Care Department could be delivered during 2017/18

- The savings target for the Policy & Resources budget for 2017/18 was £11m and it was expected to slightly over achieve. The majority of these savings had been achieved through staff reductions.

Following the debate, the Chairman proposed the following that was agreed:

**RECOMMENDED:**

That the Policy and Resources Select Committee support the recommendations being proposed to the Executive Member for Policy and Resources in section 10 (page 7) of the capital programme report.

The Following was proposed by the Chairman and carried by majority vote (with the following members abstaining; Collett, Connor, House, Tennent):

**RECOMMENDED:**

That the Policy and Resources Select Committee support the recommendations being proposed to the Executive Member for Policy and Resources in section 10 (page 10) of the revenue budget report.

Recommendations passed to Executive Member

161. **ANNUAL IT UPDATE**

The Committee considered a report from the Director of Corporate Resources providing an update on the work of the IT section over the past year (see Item 8 in the Minute Book).

Members heard that:

- The new Head of IT Operations had joined the County Council in May 2016
- The IT section had overachieved against it's savings target for the 2017/18 financial year
- East Hampshire District Council and the Hampshire Fire and Rescue Service had decided not to continue with the County Council providing their IT services
- The funding structure had been changed so that corporately prioritised IT projects would not be charged to departments
- Future priorities included; the continuation of the Digital Programme; supporting departments with IT requirements relating to Transformation to 2019 savings proposals; improving WiFi coverage of council buildings to support an increasingly mobile workforce; and



implementation of Sharepoint electronic records management system

Following questions, Members heard:

- As part of the digital programme the County Council's webpages had been updated, to make them clearer and support access from mobile devices

RESOLVED:

The Select Committee note the report.

162. **WORK PROGRAMME AND ONGOING WORK ACROSS ALL SCRUTINY COMMITTEES**

Members noted the work programme for the Committee and the overview of scrutiny activity across all Committees (see Item 9 in the Minute Book).

RESOLVED:

That the work programme is agreed, subject to any amendments arising from this meeting.

---

Chairman, 22 June 2017

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Policy & Resources Select Committee
<b>Date:</b>	22 June 2017
<b>Title:</b>	2016/17 End of Year Financial Report and Transformation to 2019
<b>Report From:</b>	Director of Corporate Resources – Corporate Services

**Contact name:** Rob Carr, Head of Finance

**Tel:** 01962 847508

**Email:** rob.carr@hants.gov.uk

#### 1. Summary

1.1. The purpose of this item is for the Policy & Resources Select Committee to fulfil its role to scrutinise 'Relevant Financial Management (e.g. budget setting and monitoring final accounts, capital programme, capital receipts)' (as per the scrutiny responsibilities outlined in Part 2, Chapter 5 of the Constitution).

#### 2. Contextual information

2.1. Attached at Appendix 1 is a report which provides a summary of the 2016/17 final accounts. This is due to be considered by Cabinet on 19 June 2017. An update can be provided at the meeting regarding whether Cabinet agreed the recommendations as set out in Section 10 of the report.

2.2. Attached at Appendix 2 is a report regarding Transformation to 2019: Report No.1. This is also due to be considered by Cabinet on 19 June 2017. An update can be provided at the meeting regarding whether Cabinet agreed the recommendations as set out in Section 8 of the report.

2.3. A presentation will also be provided at the Policy & Resources Select Committee meeting by the Head of Finance to summarise and explain the context of these two reports.

#### 3. Recommendations

3.1. That the Policy and Resources Select Committee endorses the Cabinet's recommendations to full Council set out in section 10.10 of the 2016/17 End of Year Financial Report.

3.2. That the Policy and Resources Select Committee notes the key points of the Transformation to 2019: Report No.1 Report, as summarised in section 8.1.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

1.3. This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

### **2. Impact on Crime and Disorder:**

2.1. This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

This page is intentionally left blank

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Cabinet County Council
<b>Date:</b>	19 June 2017 20 July 2017
<b>Title:</b>	2016/17 – End of Year Financial Report
<b>Report From:</b>	Director of Corporate Resources – Corporate Services

**Contact name:** Rob Carr, Head of Finance

**Tel:** 01962 847508

**Email:** Rob.Carr@hants.gov.uk

### 1. Executive Summary

- 1.1. This report provides a summary of the 2016/17 final accounts. The draft statement of accounts was submitted for audit on the 1 June 2017 and will be reported to the Audit Committee in September, in conjunction with the External Audit report on the accounts.
- 1.2. Net service cash-limited expenditure was £33.8m lower than budgeted against an overall gross budget of approaching £1.9bn, a variance of less than 2%. This position reflects the County Council's continuing successful financial strategy of early achievement of savings in advance of need, which provides funding that can then be used to meet the cost of change and provide for invest to save or transformational projects in future years.
- 1.3. The position for each of the departments is summarised in the table below:

	<b>Variance (Under) / Over Budget £'000</b>
Adults' Health and Care	(12,293)
Children's Services - Non Schools	0
Economy, Transport and Environment	(7,282)
Policy and Resources	(14,248)
<b>Total Departmental Expenditure</b>	<b>(33,823)</b>

- 1.4. The position for Adults' Health and Care reflects effective management activity during the year to control spend in the face of demand and cost pressures. Departmental contingencies were used to offset pressures due to increasing

complexity and demography and this along with the early delivery of around £15m of savings has contributed to the position at the end of the year.

- 1.5. The balanced position in Children's Services equally reflects significant management activity which has seen work to limit, as far as possible, pressures both in the Children Looked After budget, that occurred due to increasing activity levels and higher average costs due to the type of care being provided, and other emerging pressures. This alongside the early delivery of savings, use of cost of change reserves and agreed corporate support has resulted in a break even position at the end of the year.
- 1.6. The final outturn position for Economy, Transport and Environment (ETE) shows savings against the budget of £7.3m due to early delivery of savings and savings primarily in Highways Traffic and Transport an element of which is a consequence of the relatively mild and dry winter which has resulted in savings against the winter maintenance budget of £1.7m.
- 1.7. Policy and Resources achieved a saving against the budget of £14.2m mainly due to ongoing efficiency savings and the early achievement of 2017/18 savings.
- 1.8. The net savings within Adults' Health and Care, ETE and Policy & Resources have been set aside for use by the respective services to meet restructuring and investment costs associated with the Transformation to 2019 (Tt2019) Programme and beyond, in accordance with the current financial management policy and the Medium Term Financial Strategy (MTFS).
- 1.9. In addition within ETE it is specifically proposed to again reinvest the savings associated with the winter maintenance budget in highways maintenance to provide additional one-off resources to supplement existing maintenance programmes. This additional investment was approved in February by Cabinet and County Council.
- 1.10. Savings on non-cash limited budgets total £24.6m. This is mainly as a result of changes to capital financing and treasury management activity and unused contingencies. Contingencies were set aside in recognition of the increased risk in the budget due to ongoing pressures within social care, although this has been partially offset by the need to provide for an additional doubtful debt provision in 2016/17.
- 1.11. This report recommends that £22m of these corporate savings be added to the Invest to Save Reserve and set aside to begin to make provision for the investment in enabling IT required to deliver Digital 2 and the Tt2019 Programme, which it is already recognised will be the most challenging programme to date.
- 1.12. In addition, it is proposed that:
  - £1.23m is allocated to enable the County Council to continue to pursue funding through the free schools initiative and minimise calls on our capital resources.
  - The balance of approaching £1.4m is transferred to the Grant Equalisation Reserve (GER) bringing the level in the reserve up to £40.8m, in preparation for the large draw required in 2018/19 and as agreed by the County as part of the MTFS in July 2016.



- 1.13. The County Council's ability to continue to provide resources to invest in specific priorities in line with the County Council's focus on service improvement and to generate revenue benefits in future financial years, even in times of austerity, is a testament to the strong financial management and rigorous approach to planning and delivering savings that has been applied; and to the benefits that can be achieved from working at scale.
- 1.14. In this context the report also takes advantage of the opportunity to seek several approvals in respect of the new Enterprise Zone (EZ) within the Enterprise M3 LEP boundaries and funding to provide resource to maximise the utilisation of the newly introduced Apprenticeship Levy.
- 1.15. The report contains a small section on reserves and balances highlighting that in line with the MTFs, the level of reserves has risen as we prepare for planned draws in the period to 2019/20 after which it is currently anticipated that they will begin to decline as our financial plans are delivered over the medium term.
- 1.16. The report also recommends approval of:
- The annual report on the operation of the treasury management strategy, for subsequent approval by the County Council.
  - The council's end of year prudential indicators.
  - A revised capital financing plan for 2017/18.

## 2. 2016/17 Revenue Outturn

### Service cash Limits

- 2.1. The table below summarises the net outturn position for each Department compared to the final cash limit for the year. The figures exclude schools spending but include cost of change paid for during 2016/17:

	<b>Variance (Under) / Over Budget £'000</b>
Adults' Health and Care	(12,293)
Children's Services - Non Schools	0
Economy, Transport and Environment	(7,282)
Policy and Resources	(14,248)
<b>Total Departmental Expenditure</b>	<b>(33,823)</b>

- 2.2. The third quarter monitoring position indicated that most departments were expecting savings against their budgets resulting from the early delivery of savings during the year. However, the cumulative impact of numerous savings programmes, coupled with a relentless business as usual agenda and rising demand and expectations from service users means that pressures are now being felt by all departments.
- 2.3. Strong financial management has therefore remained a key focus throughout the year to ensure that all departments stay within their cash limits, that no new

revenue pressures are created and that they deliver the savings programmes that have been approved.

- 2.4. This focus has ensured that at the end of the year the final position is in line with expectations and that departments have delivered savings early, which provides funding that can then be used to meet the cost of change and provide for invest to save or transformational projects in future years.
- 2.5. Key issues across each of the departments are highlighted in the paragraphs below and whilst pressures within social care services remain the highest risk and most volatile area of the County Council's budget the impact of successive savings programmes along with other service pressures means that all departments are facing financial pressures.

### **Adults' Health and Care**

- 2.6. The most volatile area of service demand continues to be adults' social care. The Department has continued to experience growth pressures as a result of demographic increases in the number of people requiring care and rising costs due to the increased complexity of clients' needs.
- 2.7. In 2016/17 Adults' Health and Care have contained these pressures through the application of concerted management effort and this combined with the utilisation of available one-off resources and the early delivery of approaching £15m of savings means that the Department has been able to increase its cost of change reserve by £12.3m. This will help cash flow the agreed slipped delivery of savings in 2017/18 and enable some of the necessary investment in resources to deliver the next savings programme. Public Health ended the year with a balanced position, making a contribution to the ring-fenced reserve of £1.3m.
- 2.8. Although the final outturn position for Adults' Health and Care shows a net saving, underlying this there remains the substantial risk that on a long term basis we will see a rate of demand and cost that outstrips the available funding. The net saving must also be seen in the context of the exceptional decision to allow the Department to carry forward some £13m of its Transformation to t2017 (Tt2017) target into the new financial year which this will help to smooth in cash flow terms. Therefore it is imperative that the Department maintain into future years the momentum and tight financial controls that have enabled it to manage these costs within the bottom line in 2016/17.

### **Children's Services**

- 2.9. Children's Services have seen the number of Children Looked After (CLA) grow during 2016/17. In addition, there are other increasing cost pressures, particularly in relation to care leavers, home to school transport and the cost of agency staff.
- 2.10. The Department have managed these pressures and the reported position is break even, reflecting the pro-active management of the services together with early delivery of savings, the use of the departmental reserves and agreed corporate support. However these pressures continue to be areas of some concern in Children's Services and will be closely monitored throughout the

current year. . It is worth noting that Children's Services generates a modest but useful net income through support work with Government and other authorities.

- 2.11. Funding has been set aside within contingencies to provide for the projected growth in CLA numbers (and in turn the knock on impact for care leavers) in 2017/18 and beyond. Of the other service pressures, that relating to home to school transport will be the subject of specific further analysis to consider how best to respond to and plan financially for recent and anticipated future growth in demand due to increased pupil numbers, particularly relating to children with special education needs and growth in secondary school pupil numbers.
- 2.12. Similarly a review of social worker resources will be carried out to examine the potential links between case load levels, staff turnover and the knock on impacts on the number and cost of agency workers. This will also feed into the developing Transformation to 2019 (Tt2019) Programme which is looking at creating extra social work capacity to move children out of care and back into their family homes.
- 2.13. The outcome of both of these pieces of analysis will be included in the next update of the Medium Term Financial Strategy (MTFS) and these, along with funding for growth in children's social care and continued management focus on the other pressure areas, will ensure that the Department operates from a firm financial base as attention turns to the next transformation programme.

### **Economy, Transport and Environment**

- 2.14. The final outturn position for Economy, Transport and Environment (ETE) shows a saving against the budget of £7.3m due to early delivery of 2017/18 savings totalling £5.8m together with £1.5m of net savings on planned departmental activity. Included within this result was a saving of £1.7m against the winter maintenance budget following another mild, dry winter.
- 2.15. At their meeting on 3 February 2017 Cabinet agreed to transfer any one off saving on the 2016/17 winter maintenance budget to the highways maintenance budget for 2017/18. The highways maintenance budget will therefore be increased by £1.7m to reinvest in highways maintenance in 2017/18, including extending the Parish Lengthsman scheme. This is in line with financial policy and incentivises good stewardship.

### **Policy and Resources**

- 2.16. Policy and Resources achieved a saving against the budget of £14.3m mainly due to ongoing efficiency savings and the early achievement of 2017/18 savings.
- 2.17. The successful implementation of the Tt2017 Programme and the resulting early delivery of savings will be crucial as successive budget reductions mean there is less scope to generate savings across the services and high levels of investment and resources over a longer time period are required to generate further savings.
- 2.18. Detailed explanations for the outturn position for all departmental budgets are provided in Appendix 1.

- 2.19. The departmental savings will be set aside to meet the future cost of change in line with the current policy.
- 2.20. In addition within ETE the savings associated with the winter maintenance budget will be set aside to provide additional one-off resources to supplement existing maintenance programmes.

### **Schools Budget**

- 2.21. The Schools Budget is fully funded by Dedicated Schools Grant (DSG) and other ring-fenced grants, which have to be carried forward for school purposes. Unless an over spend arises, the outturn position is therefore automatically in line with the cash-limit, as the cash-limit is adjusted for the carry forward of grants.
- 2.22. There are pressures on the schools budget related to higher demand on High Needs, in particular Special Educational Needs (SEN) where there are increasing numbers of pupils with Education, Health and Care plans or Statements of SEN and other top-up funding arrangements. Pressures have also arisen for two, three and four year old free entitlement to early education as the actual number of children claiming has, along with the average number of hours per week take up, exceeded expectations. Funding for 30 hours free entitlement for working families from September 2017 has been included and incorporated into the 2017/18 budget.
- 2.23. In 2016/17 these pressures have been funded through the use of one-off reserves. However, Schools Forum has considered ways to address these pressures, which have been incorporated into the 2017/18 budget strategy, and are scheduled to review the budget at the July meeting in order to further mitigate these and future pressures.
- 2.24. In total for 2016/17 there was a net over spend of approaching £7.4m against the schools budget and this will be met through the use of DSG that was previously carried forward. As a consequence of this the overall total of DSG available as at 31 March 2017 is £6.6m, of which only £3.3m is uncommitted. Allocation of how this money will be used will be agreed by the Schools Forum later in the year.

### **Other Budgets**

- 2.25. The outturn for other items contained within in the budget is shown in the following table:

	<b>Variance (Under) / Over Budget £m</b>
Capital Financing / Interest on Balances	(12.7)
Waste Management	(2.0)
Contingencies	(14.4)
Increase in Doubtful Debt Provision	4.6
Other Net Variations	(0.1)
<b>Total</b>	<b>(24.6)</b>

2.26. The main reasons for these variances are set out in the paragraphs below.

**Capital Financing and Interest on Balances (£12.7m saving against the budget)**

2.27. These savings reflect lower capital financing costs, largely as a result of the amended Minimum Revenue Provision (MRP) policy which was approved by Cabinet in December 2015; including the subsequent pause in making MRP payments approved in February 2017. The final outturn position also reflects a continuing trend in previous years of a very prudent approach to capital financing costs and interest on balances and the continuing use of 'internal borrowing' to fund capital expenditure rather than taking out long term loans at this point.

2.28. In line with the County Council decision in February 2017, £500,000 has been transferred to the Investment Risk Reserve as further protection against the potential for an irrecoverable fall in the value of any investments.

**Waste Management (£2.0m Saving)**

2.29. Due to the number of variables associated with the provision of the Waste Management contract, separate central provisions are made within the budget each year and released in line with changes in waste volumes or contract terms. Whilst waste volumes stabilised in previous years, requiring less to be drawn from contingencies, 2014/15 saw the first real increase in volumes for several years and the provision in future years was reviewed in light of this.

2.30. The upward trend in 2016/17 has been less than forecast resulting in savings against the budget but continued close scrutiny of waste volumes will be required throughout 2017/18 to model and monitor the future costs.

**Contingencies (£14.4m Saving)**

2.31. The level of contingencies held as part of the 2016/17 budget reflected the well documented pressures and risk around demand and costs for the provision of social care services. Through strong management, applied to manage demand and suppress the additional costs, savings against these contingency amounts were realised.

2.32. Other contingencies which were not required in the year related to a central provision for carbon allowances and inflation / risk provisions (in particular for energy and business rates) which accounted for the balance of the overall saving within contingencies.

**Doubtful Debt Provision (£4.6m Increase)**

2.33. The County Council's policy is to make a provision against a proportion of debts that could prove to be irrecoverable. The provision is assessed on the basis of the age profile of outstanding debts and partly on the probability of specific larger debts being irrecoverable. There is no annual budgeted amount because the provision varies significantly from year to year.

### **Other Net Variations (£0.1m Saving)**

- 2.34. This relates to a number of smaller variances, including an over spend in the Coroner's Service, due to a higher than anticipated number of inquests which are difficult to predict. In addition, the County Council has incurred costs in 2016/17 of just over £0.1m following the crystallisation of liabilities in relation to Pension Fund exit payments due from two local organisations.
- 2.35. Whilst this is a relatively small amount in the context of the County Council's budget, it was felt important to highlight the fact that these crystallisation events are likely to increase. This position generally arises when the last remaining member of the Hampshire Local Government Pension Scheme (LGPS) leaves or retires from the community based organisation.
- 2.36. At this point all of the future pension liabilities in respect of that Admitted Body become immediately payable, usually as a single capital sum. In many cases, the community organisation does not have the funding to pay the one off capital sum and therefore the Pension Fund pursues any guarantors for the payment.
- 2.37. During 2016/17 a number of crystallisation events occurred, and for two of these the County Council itself had agreed to act as guarantor (along with the relevant District or Unitary Authority) and paid their share of the capital sum after confirming that the community body did not have the financial means to meet the liabilities themselves.
- 2.38. These items have been offset primarily by some variation in final business rate relief grant amounts received.

### **Allocation of Net Saving**

- 2.39. The net saving totals £24.6m and it is recommended that this amount is allocated as set out in paragraphs 2.40 to 2.60 below.

#### Investment in Enabling IT - Invest to Save

- 2.40. The high level medium term forecast to 2019/20 requires the County Council to develop a transformation programme that must deliver £140m. Meeting this target on top of the £340m that has been delivered by 2017/18 clearly represents the greatest financial challenge yet, following as it does an extended period of austerity in the public sector.
- 2.41. The development of the proposed Tt2019 Programme is well underway but will inevitably involve complex transformational policy and service change across all departments at the same time over the coming years.
- 2.42. It was anticipated that a key theme running through the programme would be the exploitation of digital capability. This is with the twin aim of driving further efficiencies in the internal operations of the organisation, and supporting effective ways for citizens, where possible, to help themselves through the use of assistive technology. Our systems need to modernise in order to meet the changing demands of our customers and without further investment our services will not be digitally accessible.
- 2.43. The Digital 1 Programme implemented the platforms and tools required to support departments with their future transformation, but it is important to

acknowledge that the authority's digital journey does not end there and that *Digital by Default* should be the continued strategic approach for Tt2019. Digital 2 will build upon and enhance those platforms and tools implemented as part of Digital 1.

- 2.44. It is now clear that the IT Programme to support the Tt2019 Programme and Digital 2 will inevitably be large and complex given that it seeks to exploit the platforms implemented as part of Digital 1 and the measures required to achieve the savings programme become more and more difficult and transformational in nature.
- 2.45. The scale of the programme is significant and inevitably there will be a bedding in period as the changes are implemented. Key to the success of the programme will be to ensure that we communicate effectively with customers before and during the changes and that adequate help and support is provided post go live.
- 2.46. Work is ongoing to confirm the scale and scope of the IT Programme and the costs but it is sensible at this stage to begin to make provision for what will be a sizeable investment over the next two years. Early assessment work on the scale of the programme and the resources that will be required to deliver it are outlined in the following table:

	<b>Potential Range of Costs £m</b>
Digital 2 and other enabling infrastructure	7.1
Corporate Wi-Fi upgrade	1.5
Enabling IT for the Tt2019 Programme	20 – 23
Improving productivity (including mobile working solutions)	4 – 6
<b>Total</b>	<hr/> <b>32.6 – 37.6</b> <hr/>

- 2.47. Whilst this represents a significant one-off investment it should be borne in mind that these enabling programmes underpin the delivery of £62m of recurring departmental savings and reflect the increasing difficulty and complexity of delivering successive transformation programmes.
- 2.48. Set against these high level costs, it is proposed in this report to allocate £22m of the net corporate savings outlined above to the programme, together with an uncommitted sum in the Invest to Save reserve of £6m. In addition, over a two year period it is estimated that internal IT project resource to the value of £4.5m can be committed to the programme bringing total available funding to £32.5m.
- 2.49. The programmes of work associated with Digital 2 and the Corporate Wi-Fi upgrade are already well developed and this report therefore recommends that £8.6m is approved by County Council to progress these projects.
- 2.50. Furthermore, in order to maintain the traction of the Tt2019 Programme and the work required to plan, scope, design and deliver the rest of the enabling projects an initial sum of £7.5m is requested to further progress the items

identified above, subject to business cases being approved by the Director of Corporate Resources.

- 2.51. A more detailed programme and costings together with the identification of all the required funding will be submitted as part of the update of the MTFs in the autumn. What is clear however is that there are few local authorities in the country that could deliver and fund IT enablement of this scale and complexity and it is testament to Hampshire's planning, professional capacity and good financial management that change of this pace and scale is being considered.

#### New Schools Design and Delivery Strategy

- 2.52. All new schools are required to be established as Academies. The County Council has chosen to take an active role to ensure they are set up on a firm footing and that sponsors are selected to provide a high standard of education.
- 2.53. Free Schools are Academies which are directly revenue funded by Government and are not part of the County Council's portfolio of Community Schools. The capital cost is also funded directly by the Department for Education (DfE) and the schools are commonly delivered directly by them using project management consultants and contractors from their own national and regional frameworks.
- 2.54. To date, the County Council's strategy has been to ensure that it stays closely involved in the bidding and establishment of Free Schools. It has worked actively to encourage known sponsors (with a good track record) to come forward and work in partnership with them. It is also taking an active role in the design and delivery of the buildings on behalf of the DfE to ensure the best outcome for Hampshire children as well as the best and sustainable resources for our communities.
- 2.55. The Council has been successful in working in partnership with academy sponsors to gain approval from the DfE for a number of Free Schools. This is currently expected to contribute around £21m of funding over and above Developers' Contributions to the current programme of new schools.
- 2.56. However, it is recognised that the County Council's approach to new school design and delivery needs to change in line with the national approach and to better fit the funding envelopes that are available. The County Council also needs to take a view on its level of involvement in future delivery arrangements.
- 2.57. Full details of the revised strategy and proposed delivery arrangements are set out in Appendix 2 and to support this it is recommended that £1.23m is set aside to fund the cost in 2017/18 of the professional resources within Property Services required to take this forward. Indicative amounts for future years will be taken into account as part of the development of the MTFs and will be adjusted as the programme of works and timing of delivery becomes clear.
- 2.58. This revenue funding will provide the necessary planning and feasibility resources in Property Services to shape, oversee and deliver the future major programme of new schools. The scale of the investment in Hampshire schools that can be secured from both Government Grant and Developers' Contributions is good evidence of the need to continue to maintain capacity and skills in this area.



### Balance of Savings

- 2.59. It is proposed to transfer the balance of the net savings of approaching £1.4m to the Grant Equalisation Reserve (GER) bringing the level in the reserve up to £40.8m, in preparation for the large draw required in 2018/19 and as agreed by the County Council in July 2016 as part of the MTFs.
- 2.60. The current strategy that the County Council operates works on the basis of a two-year cycle of delivering departmental savings to close the anticipated budget gap, providing the time and capacity to properly deliver major savings programmes every two years with deficits in the intervening years being met from the GER. Building the provision within the GER will support the revenue position in future years, as set out in the MTFs, in order to give the County Council the time and capacity to implement the next phase of transformation to take us to 2019/20.

### **3. New Investment**

- 3.1. The County Council's ability to continue to provide resources to invest in specific priorities in line with the County Council's focus on service improvement and to generate revenue benefits in future financial years, even in times of austerity, is a testament to the strong financial management and rigorous approach to planning and delivering savings that has been applied; and to the benefits that can be achieved from working at scale.
- 3.2. In this context there are two specific opportunities that it is timely to address as follows.

### **Enterprise Zone**

- 3.3. The Enterprise M3 LEP together with three District Council partners and support from Hampshire and Surrey County Councils successfully bid for an Enterprise Zone (EZ) during the last Government bidding round. The final sets of documentation to Government have been recently submitted and the EZ is now formally enacted.
- 3.4. Somewhat uniquely, the single EZ is split across three sites which are in the separate District Councils of Runnymede Borough Council (in Surrey) and Basingstoke and Deane and East Hants (in Hampshire).
- 3.5. There are a number of future revenue costs associated with running the EZ in terms of a Programme Director, Programme Manager, support staff and marketing activities. Previously these had been met from contributions from all eight partners (two County Councils, three District Councils, the LEP the Homes and Communities Agency and Crest Nicholson - who are a major land owner at one of the sites).
- 3.6. It is estimated that up to £250,000 per annum for the next two years will be required. To ensure the progression of this strategically important work with minimum delay and bureaucracy it is recommended that the County Council provides the revenue funding from general contingencies to cash flow fund this expenditure which will be repaid as the first call from future business rate growth on the three sites. This is another good example where the County

Council is able to support the LEPs given our size, scale and financial resilience.

### **Apprenticeship Levy**

- 3.7. The Apprenticeship Levy, which amounts to 0.5% of an organisation's pay bill in excess of £3m, came into force on 6 April 2017 and while this imposes an additional cost burden, it does provide an opportunity to review the Council's workforce requirements and its approach to people development and succession planning.
- 3.8. In order to ensure that the County Council maximises drawdown from the Levy investment of £100,000 is recommended. This funding, which will provide resources to ensure that the County Council effectively manages the introduction and administration of the Apprenticeship Levy and crucially maximises the utilisation of the available funding can be met from general contingencies in the current year.

## **4. General Balances and Earmarked Reserves**

- 4.1. The County Council's reserves strategy, which is set out in the MTFS, is now well rehearsed and continues to be one of the key factors that underpin our ability not only to provide funding for transformation of services but also to give the time for the changes to be properly planned, developed and implemented.
- 4.2. We have made no secret of the fact that this deliberate strategy was expected to see reserves continue to increase during the period of austerity, although it was always recognised that the eventual planned use of the reserves would mean that a tipping point would come and we would expect to see reserves start to decline as they are put to the use in the way that they were intended as part of the wider MTFS.
- 4.3. General Balances at the 31 March 2017 stand at £21.5m, which is broadly in line with the current policy of carrying a general balance that is approximately 2.5% of the County Council's Budget Requirement.
- 4.4. In addition to the general balance, the County Council maintains earmarked reserves for specific purposes and to a large extent the majority of these are committed either to existing revenue or capital programmes or to mitigate risks that the County Council faces through self insurance or funding changes by Government.
- 4.5. In overall terms the total value of earmarked reserves has increased in line with the MTFS as provision is built up in departmental cost of change reserves to enable support of transformation and of revenue spend whilst savings programmes are put in place, and in the GER, ahead of a planned large draw in 2018/19.
- 4.6. The net impact of the changes in the revenue account during 2016/17 mean that the GER will stand at £40.8m, which is in line with the financial strategy of supporting the revenue spend position as savings are developed and delivered on a two year cycle. Provision is being made for a draw in 2018/19 in order to give the County Council the time and capacity to implement the Tt2019

Programme as we begin the next phase of transformation to take us to 2019/20, and for future years.

- 4.7. In addition, the level of reserves also reflects the sizeable contribution to Invest to Save Reserve as set out in paragraphs 2.40 to 2.51.
- 4.8. Other earmarked reserves will increase due to the timing of receipt of funds in advance of their planned use for an intended purpose, in particular in funding the capital programme. Schools balances, over which the County Council has no direct control, are expected to decrease.
- 4.9. Each year, the Chief Financial Officer (CFO) reviews the level of reserves and the purpose for which they are held. Following this review a number of small reserves which are no longer required have been closed and the balances transferred to the GER as set out below:
  - PSA Reward Grant Reserve (£83,000).
  - Minerals and Waste Development Reserve (£33,000).
  - Second Homes Reserve (£45,000).
- 4.10. In addition, the Corporate Efficiency Reserve has been closed and remaining commitments will be met from the Invest to Save Reserve within which it has been subsumed. Both reserves were earmarked to provide funding to help transform services in order to make further revenue savings in the future and given the finite amount remaining in the Corporate Efficiency Reserve it was timely to rationalise these reserves.

## **5. Treasury Management and Prudential Indicators**

- 5.1. The County Council's treasury management policy requires an annual report to the Cabinet on the exercise of the treasury management function, details of which are set out in Appendix 3. Under the Treasury Management Code of Practice, the end of year report has to be submitted to the County Council.
- 5.2. The Prudential Code for Capital Finance in Local Authorities requires that the County Council reports its actual performance against the Prudential Indicators that were set in its Treasury Management Strategy. Appendix 3 summarises the relevant indicators for the 2016/17 outturn which are in accordance with the figures approved by the County Council.

## **6. Capital Spending and Financing 2016/17**

- 6.1. From the 2016/17 capital programme, schemes to the value of £196.5m were committed during the year, leaving £100m to be carried forward to 2017/18, subject to Cabinet's approval.
- 6.2. During 2016/17 capital expenditure of £173.2m was incurred, which can all be financed within available resources. This includes prudential borrowing of £16.3m. There will also be a further repayment of prudential borrowing from capital receipts and other funding sources of £4m. Further details of the outturn position for capital are provided in Appendix 4.

## **7. Assurance Statement**

7.1. The code of Practice on Local Authority Accounting in the UK requires the County Council to publish, together with its Statement of Accounts, an annual governance statement signed by the Leader and Chief Executive. As part of this process, the Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control operating in the County Council as a whole. The Chief Internal Auditor's Annual Report and Opinion is approved by the Audit Committee.

7.2. The Chief Internal Auditor has concluded that:

*"In my opinion, Hampshire County Council's framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."*

## **8. Pension Fund**

8.1. The separate accounts for the Hampshire Pension Fund will also be incorporated in the County Council's Statement of Accounts. The accounts for 2016/17 record that the value of the fund's assets increased to £6.3bn during the year. The Chief Internal Auditor has provided a separate assurance opinion for the Pension Fund and has concluded that:

*"In my opinion, based on internal audit work completed 'Substantial Assurance' can be placed on Hampshire County Council (Pension Services) framework of governance, risk management and management control and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."*

## **9. Statutory Statement of Accounts**

9.1. The statement of accounts must currently be submitted for external audit by 30 June each year. The purpose of this report is to outline the key issues arising from the outturn position for 2016/17.

9.1. The Accounts and Audit Regulations 2015 introduced changes to the statutory accounting and audit timescales which will have a significant impact on the organisation. The changes come into effect for the preparation of the 2017/18 accounts when the draft accounts must be certified by the CFO by 31 May 2018 (a month earlier than at present). Additionally, the audited accounts for 2017/18 must be published by 31 July 2018 (two months earlier than the current timeframe). Next year's statutory timetable will also require earlier reporting to Cabinet of the financial outturn position and performance report and will require the Audit Committee to review the audited accounts by the 31 July deadline for publication.

9.2. In preparation we are taking an incremental approach and for 2015/16, the deadline for CFO sign off of the accounts was brought forward by two weeks.

For 2016/17 this has been brought forward by a further two weeks to allow a trial run in anticipation of the changes coming into effect for the production of the 2017/18 accounts.

- 9.3. Achieving these challenging timescales has required concerted effort from across the organisation. The timetable was reviewed, following consultation with affected parties, and focused on what could be done either differently or earlier and what systems or processes could be changed to facilitate the achievement of the ultimate objective of a speedier accounting closure and production of the statement of accounts.
- 9.4. Meeting these earlier deadlines has been achieved through hard work across all departments in liaison with finance and our external auditors and the success this year in completing a trial run ensures we are well placed for 2017/18 when the changes come into effect.

## **10. Recommendations**

### **RECOMMENDATIONS TO CABINET**

- 10.1. That the outturn position set out in Section 2 be approved.
- 10.2. That the transfer of £22m to the Invest to Save Reserve be approved to make initial provision for the investment required in enabling IT to deliver the Transformation to 2019 Programme and Digital 2.
- 10.3. That £1.23m of the corporate savings is allocated to enable the County Council to continue to pursue funding through the free schools initiative and minimise calls on our capital resources.
- 10.4. That the transfer of the balance of net corporate savings of approaching £1.4m to the Grant Equalisation Reserve (GER) be approved.
- 10.5. That the following reserves are closed and the balances transferred to the GER:
  - PSA Reward Grant Reserve (£83,000).
  - Minerals and Waste Development Reserve (£33,000).
  - Second Homes Reserve (£45,000).
- 10.6. That the Corporate Efficiency Reserve be closed and that remaining commitments be met from the Invest to Save Reserve within which it should be subsumed.
- 10.7. That funding of up to £250,000 per annum for two years from general contingencies to cash flow fund expenditure associated with the Enterprise Zone be approved, to be repaid from future business rate growth.
- 10.8. That a one-off addition to revenue of up to £100,000 which will provide capacity to maximise the use of the newly introduced Apprenticeship Levy to be met from general contingencies be approved.
- 10.9. That service capital programme cash limits for 2017/18 be increased to reflect the carry forward of capital programme schemes and shares of capital receipts, as set out in Appendix 4.

**10.10. It be a Cabinet recommendation to Council that:**

- a) A sum of £8.6m is approved from the Invest to Save Reserve to progress the Digital 2 Programme, a Corporate Wi-Fi Upgrade and other enabling IT infrastructure.
- b) An initial sum of £7.5m is approved from the Invest to Save Reserve to plan, scope, design and deliver other enabling IT projects to support the Transformation to 2019 Programme subject to business cases being approved by the Director of Corporate Resources.
- c) The report on the County Council's treasury management activities and prudential indicators set out in Appendix 3 be approved.

**RECOMMENDATIONS TO COUNCIL**

**Council is recommended to approve:**

- a) A sum of £8.6m from the Invest to Save Reserve to progress the Digital 2 Programme, a Corporate Wi-Fi Upgrade and other enabling IT infrastructure.
- b) An initial sum of £7.5m, from the Invest to Save Reserve to plan, scope, design and deliver other enabling IT projects to support the Transformation to 2019 Programme subject to business cases being approved by the Director of Corporate Resources.
- c) The report on the County Council's treasury management activities and prudential indicators set out in Appendix 3.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes/No
<b>Maximising well-being:</b>	Yes/No
<b>Enhancing our quality of place:</b>	Yes/No

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
Revenue Budget and Precept 2017/18 and Capital Programme 2017/18 – 2019/20	Cabinet – 3 February 2017 County Council – 16 February 2017
Medium Term Financial Strategy to 2020	Cabinet – 20 June 2016 County Council – 21 July 2016

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

- a) Equality objectives are not considered to be adversely impacted by the proposals in this report.

### **2. Impact on Crime and Disorder:**

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The revenue budget and capital programme contain measures that will assist in reducing our carbon footprint.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council in designing its services will ensure that climate change issues are taken into account



**Adult’s Health and Care Department – Revenue Expenditure 2016/17**

**Major variations in cash limited expenditure** – Saving of £12.3m (3.2%) against the adjusted cash limit.

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Director	(3)	(0.2)	
Policy and Strategic Commissioning	(2,402)	(9.7)	Savings mainly relate to reduced spend on non care contracts, grants to voluntary organisations and staffing budgets due to difficulty in recruiting to vacant posts.
Integrated Services (East and West)	(824)	(0.6)	There were pressures on both nursing and residential budgets due to higher client numbers and above budgeted weekly costs however, these pressures have been offset by savins in direct payments and homecare budgets where client numbers are less than budgeted.
Head of Quality and Safeguarding	(421)	(12.1)	Savings relate to staffing budgets where there have been difficulties in recruiting to vacant posts. In addition there has been an increase in income, from ongoing activity, above the budgeted level in respect of the Client Affairs Team.
Integrated Delivery	(1,989)	(6.0)	The main area of pressure is within the Older Person’s in-house homes due to the use of agency staff to cover vacant posts whilst permanent recruitment is undertaken. The County Council is required by the Care Quality Commission to have adequate staffing levels in order to retain its registration. This pressure has been offset by savings on other staffing budgets and reduced volumes being referred to the REACT contracts.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Integrated Commissioning	3,116	17.9	There are significant pressures on purchased nursing and residential due to higher than budgeted client numbers.
Head of Disabilities	1,001	0.9	There are significant pressures on direct payments due to an increase in client numbers. There are also pressures in Learning and Physical Disability in-house homes due to staffing where agency and casual staff are being employed in respect of increased service user support needs. These pressures were partially offset by savings in Residential and Homecare due to increased income and a reduction in client numbers within Residential care.
Contingencies	(10,771)	(179.9)	This mainly relates to the early achievement of Transformation to 2017 (Tt2017) savings of approaching £15m offset by the one-off costs to enable these savings to be achieved.
<b>Total</b>	<b>(12,293)</b>	<b>(3.2)</b>	

**Children’s Services Department – Revenue Expenditure 2016/17**

**Major variations in cash limited expenditure** – No variance against the adjusted cash limit.

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
<b>Schools Budget</b>			
Growth Fund	(727)	(13.8)	Saving relates mainly to the Infant Class Fund (ICS) and temporary classrooms. Fewer schools have been eligible for ICS funding and there has been a reduction in the number of temporary classroom installations this year in comparison with previous years.
Two Year Old Free Entitlement	1,195	20.0	Variance primarily relates to the number of eligible two year olds take-up (82%) being higher than estimated (80%) along with an increase in the average hours taken (3.7%). There has also been a reduction in the Dedicated Schools Grant (DSG) funding due to the previous allocation being based on a fixed period in time when numbers were lower
Three and Four Year Old Free Entitlement	991	2.0	Variance relates to an increase in the take up of three and four year old early year entitlement. The estimated take up was 65%, but the actual take up was 68% of the eligible population.
Independent and Non-maintained Special Schools	693	4.8	Higher than expected pupils numbers and related costs, with an increasing number of tribunals relating to children placed in out of county provision.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
High Needs Top-up Funding	5,234	14.5	Variance is the result of an increase in the number of requests for statutory assessments. The numbers of pupils with additional needs requiring an Education Health and Care plans has increased significantly in line with national trends in mainstream and special. The number of high needs learners in post-16 provision is also rising. There is also a significant pressure on the service for discretionary payments as a result of the additional requests.
Various Other (Net)	5	0.0	
Carry Forward of Dedicated Schools Grant	(7,391)		The Department for Education (DfE) allows any unspent DSG funds to be carried forward each year and ring-fenced for schools purposes. The total 2016/17 over spend of £7.4m has been met by DSG carry forward. The remaining balance is £6.6m. Of this, approaching £3.3m has been committed as agreed with Schools Forum and the remainder is currently unallocated.
<b>Sub-Total Schools Budget</b>	<b>0</b>	<b>0</b>	
<b>Non-Schools Budget</b>			
Home to School Transport	3,459	12.4	A pressure on the Home to School Transport budget as a result of increased demand for school age and post-16 SEN transport and transport for the Education & Inclusion Service.
Central Budgets	(6,649)	(100.0)	Early achievement of savings in relation to the Tt2017 Programme used to offset the department's other pressures.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Assessment & Care Management	1,713	8.4	Pressure of £2.5m resulting from the necessary use of social work agency staff including increased responsibilities relating to Unaccompanied Asylum Seeking children (UASC) which is currently partly funded. The pressure has been offset from savings on unqualified staff.
Children Looked After (CLA)	348	0.6	Total CLA numbers have increased by 10% (130) between March 2016 (1,309) and March 2017 (1,439), of which CLA placements with a cost have risen 7% (by 78 to 1,182). UASC have risen from 32 to 75. The rise in the number of UASC has contributed to the overall rise in children becoming looked after by Hampshire. If the numbers of new UASC (43) are removed from the CLA figure, then the actual percentage rise is 6.5%. The pressure mainly relates to the market resulting in out of county and higher cost placements.
Youth Justice	185	9.1	Lower income at Swanwick Lodge Secure Unit as a result of planned temporary bed closures and delays in recruitment that result in reducing income from other local authorities. This has been offset by a reduction in number of placements relating to direct remands.
Leaving Care Service	2,091	57.8	Pressure on the leaving care service as a result of increased numbers leading to an increase in supported lodgings and support activity. The pressure is being addressed as a separate work stream as part of the Transformation to 2019 (Tt2019) Programme.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Adoption Service	281	7.3	Mainly due to interagency fees, where Hampshire is paying for more placements and has reduced income from other local authorities. However, this pressure has been partially offset by government grant. Additional pressures on this budget are in relation to adoption allowances increasing in numbers
Various Other (Net)	(1,428)	(1.8)	A range of smaller savings across the Department
<b>Sub-Total Non-Schools Budget</b>	<b>0</b>	<b>0.0</b>	
<b>Total</b>	<b>0</b>	<b>0.0</b>	

**Economy, Transport & Environment Department – Revenue Expenditure 2016/17**

**Major variations in cash limited expenditure** – Savings of £7.3m (6.1%) against the adjusted cash limit.

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Highways, Traffic & Transport	(373)	(0.6)	<p>The position reflects savings against the winter maintenance budget of £1.7m due to the relatively mild and dry weather, which Cabinet has agreed in principle to reinvest in highways maintenance in 2017/18 providing additional one-off resources to supplement existing planned maintenance programmes.</p> <p>This has been partly offset by other pressures including:</p> <ul style="list-style-type: none"> <li>• Major scheme development costs which had previously been expected to be funded from external contributions, however a late claw-back condition attached to the funding prevented this funding being applied in the 2016/17 financial year.</li> <li>• Pressures on the highways maintenance and HQ budgets including a small overspend on the operational budget including accelerating works not originally programmed for 2016/17 facilitated by the milder weather, and</li> <li>• Higher than anticipated local bus contract costs.</li> </ul>
Economic Development	40	3.0	<p>Position reflects lower than anticipated external fee income as a result of historic contractual issues meaning it was not possible to realise the expected benefits in full from these particular arrangements.</p>

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Waste, Planning and Environment	(867)	(1.8)	The savings are predominantly the result of early and higher than expected benefits from Tt2017 initiatives including higher levels of external income and fees, together with cost savings in waste disposal e.g. through diverting materials from landfill. In 2017/18 this funding will offset the anticipated 2017 savings from further changes to opening hours which were deferred for implementation to autumn 2017.
General Departmental	(280)	(10.3)	Various ongoing housekeeping savings across departmental non-pay budgets (e.g. printing and postage) as well as additional cross-cutting income.
Planned Early Delivery of Tt2017 Savings	(5,802)	(4.8)	<p>Although budget provision was retained in the cash limit in full, the Department's budget plan for 2016/17 was built on the expectation of delivering planned early achievement of Tt2017 savings. The outturn position reflects achievement of that planned early delivery during the year, including</p> <ul style="list-style-type: none"> <li>• Staffing reductions through a voluntary redundancy programme in 2015</li> <li>• Contract re-negotiation (e.g. highways maintenance, waste disposal) or re-procurement (e.g. Intelligent Transport Systems), and</li> <li>• Early implementation of service changes such as street lighting dimming.</li> </ul>
<b>Total</b>	<b>(7,282)</b>	<b>(6.1)</b>	



**Policy and Resources – Revenue Expenditure 2016/17**

**Major variations in cash limited expenditure** – Savings of £14.2m (11.9%) against the adjusted cash limit.

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Corporate Services	(6,927)	(11.8)	Corporate Services continues to implement a strategy of strong budgetary control, managing expenditure through joint working and generating income, for example for legal and other services. This has enabled the costs to support the Tt2017 Programme to be absorbed and also ensured early achievement of Tt2017 savings to contribute to the cost of change reserve to be used for future investment in further transformation work to support Tt2019.
Culture, Community and Business Services	(6,041)	(16.3)	Continued strong financial management ensured that the Department's outturn position benefited from the over achievement of 2015/16 savings, early achievement of Tt2017 savings and a planned under spend on the Printsmart contract (totalling £5.6m). In addition, reductions and delays in expenditure (mainly Libraries and Business Support) together with additional income (mainly Trading Standards, but also within Calshot and Outdoors Centres, Asbestos and Registration) contributed to the overall savings that will be added to the Department's Cost of Change reserve and used for transformation projects.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Non Departmental Policy & Resources	(1,280)	(5.4)	<p>The variance largely reflects early achievement of Tt2017 savings across a number of budgets including corporate expenses and the external audit fee. There was also one-off income received and refunded costs relating to an historic asset disposal</p> <p>During 2016/17 the former capital budget for strategic land was transferred to this part of Policy and Resources. The net position reflects a remaining balance of £303,000 from the original £8m funding, which will be ring-fenced for future revenue spend on strategic land. In addition, there is a small saving on schools repairs and maintenance works, as a result of the lead in time to commit works of a more complex nature. This will be ring-fenced for future schools repairs and maintenance works.</p> <p>The majority of Non departmental P&amp;R budgets are ring-fenced and any savings are carried forward to the following financial year for that purpose.</p>
<b>Total</b>	<b>(14,248)</b>	<b>(11.9)</b>	

## **New Schools Design and Delivery Strategy**

### **1. Introduction and Context**

- 1.1 All new schools are required to be established as Academies. The County Council has chosen to take an active role to ensure they are set up on a firm footing and that sponsors are selected to provide a high standard of education.
- 1.2 The Council's Property Services has hitherto had a significant role to design and oversee the delivery of all new school buildings in the County.
- 1.3 The Department for Education (DfE) now requires that all new schools are constructed to a benchmark cost to maximise the number of places provided for the funding available nationally. This is in the context of reduced public spending and austerity.
- 1.4 The current estimated cost of new schools in Hampshire over the period 2017 to 2021 is £89m consisting of one Secondary, one All Through, one Special and five Primary schools. This is part of a £300m plus programme of investment in school buildings over the next four years – an unprecedented scale of construction activity and is based on a tried and tested design and delivery programme that has been in place in Hampshire for a number of decades.
- 1.5 Property Services is currently funded to undertake a complete design and project management service on the basis of 16.5% of the capital cost of each project. Importantly, this covers a range of work in the very early school planning stages which ensures that:
  - Developers' Contributions continue to be maximised;
  - Suitable sites for new schools are secured at no or minimal cost;
  - Government Grant is obtained at the maximum level; and
  - The infrastructure and setting of the school buildings are appropriate in line with the Council's place shaping ambitions.
- 1.6 This report proposes a revised method of quantifying fees for all new school projects that better reflects the changing national picture and future arrangements for delivery whilst at the same time maintaining the benefits of the current approach. It is also necessary to ensure the most efficient and effective use of professional resources, focusing capacity where it can maximise positive outcomes for the Council.

### **2. A New Approach to New Schools Delivery**

- 2.1 Funding for new school buildings is available through a combination of Government Grant (Basic Need and Free Schools) and Developer Contributions. The County Council has an excellent track record of securing significant Developers' Contributions which have brought in over £178m in recent years into the Children's Services Capital Programme. It is proposed to aim to deliver all new schools within the envelope of available 'external' funding together with the potential of any 'connected' capital receipts, thereby avoiding calls on the County Council's own scarce resources.

- 2.2 In the context of ensuring that all new schools are designed to cost parameters in line with DfE benchmarks, a set of 'core' lower cost designs are being developed that will meet this requirement while still maintaining an appropriate level of quality and robust specification.
- 2.3 The arrangement for funding the Property Services design resources for new schools also needs to change to match the new delivery arrangements. It is proposed to:
- Reduce the core fee in building design and delivery from 16.5% to 12.5% in line with the DfE national benchmark.
  - Fund the strategic planning and feasibility costs separately from County Council revenue resources to ensure that the objectives outlined in paragraph 1.5 are fully met.
- 2.4 New schools which are Academies (set up using the presumption route) will be designed and delivered directly by the County Council but will now use a cost and fee envelope to match the DfE's benchmark standards. These will continue to be procured using the County Council's successful Construction framework arrangements.
- 2.5 It is proposed to maximise opportunities for efficient design and delivery to common templates and specification, aggregating procurement and buying opportunities where possible.

### **3. Free Schools**

- 3.1 Free Schools are Academies which are directly revenue funded by Government and not part of the County Council's portfolio of Community Schools. The capital cost is also funded directly by the DfE and the schools and are commonly delivered directly by them, using project management consultants and contractors from their own national and regional frameworks.
- 3.2 To date, the County Council's strategy has been to ensure that it stays closely involved in the bidding and establishment of Free Schools. It has worked actively to encourage known sponsors (with a good track record) to come forward and work in partnership with them. It is also taking an active role in the design and delivery of the buildings on behalf of the DfE to ensure the best outcome for Hampshire children as well as the best and sustainable resources for our communities.
- 3.3 The Council has been successful in working in partnership with academy sponsors to gain approval from the DfE for a number of Free Schools. This is currently expected to contribute around £21m of funding over and above Developers' Contributions to the current programme of new schools.
- 3.4 The Council's Property Services has recently established a working Partnership with the DfE to undertake "Local Delivery" of Free Schools and a number of other centrally funded school projects. This is testament to the capacity and skills, together with the track record of the County Council in the past. As a result of good performance to date, the DfE has commissioned the Council's Property Service to deliver a number of school projects on the Isle of Wight on their behalf (a programme of approximately £20m construction

value). This helps retain skills and capacity as well as bringing in additional fees to Property Services making a positive contribution to overheads.

- 3.5 For the design and delivery of Free Schools, the County Council is required to follow the DfE process and governance. This includes the option of transferring design responsibility to the selected Contractor at an early stage in the process. The Contractor takes responsibility for the design, construction and financial risk following conclusion of a two stage tender process.
- 3.6 There are three potential options for the County Council's role in the management and delivery of Free Schools:
- **Option A** - Leave the process entirely to the DfE and take no active part.
  - **Option B** - Undertake the feasibility design only and then hand over to the DfE.
  - **Option C** - Retain an active role throughout the feasibility, design and construction of the school project.
- 3.7 Option A means that the Council has no control over what is constructed. It does have the benefit that all financial risk is borne by the DfE: however, given that the majority of new schools are a key component of housing development and the establishment of new communities, it would mean surrendering all control over the design, quality and construction.
- 3.8 The Council has to date invested significant time and effort in securing appropriate sites, developers' funding contributions and shaping the setting of the schools in their context. There is a high risk that surrendering all control would have a negative impact on hard-won achievements.
- 3.9 Options B and C retain elements of control for the Council with the latter proposing oversight of the process through to completion. Option B invests in the feasibility of the school design, but no more. This would go some way to controlling the process but would still bear the risk of giving the Contractor complete freedom in the construction phase without any oversight by the Council.
- 3.10 Given our track record and skills, it is recommended that Option C is pursued for the immediate programme of new schools referred to in Section 4 below. There is some financial risk for the Council in doing so but this has successfully been managed in the past. It is considered that the benefits of overseeing the outcomes and continuing to maintain the local delivery on behalf of the DfE outweigh the financial risk. It will also maximise the opportunities to secure Grant funding into Free Schools in Hampshire.

#### **4. The Programme of New School Projects**

- 4.1 There are currently seven new schools identified to be delivered in the next four years (2017 to 2021). These are:
- East Anton Primary, Andover (Free School)
  - Boorley Green Primary (Free School)
  - Horton Heath All Through School (Free School) - To be delivered as two projects for Primary and Secondary phase

- Basingstoke SEN School
- Chestnut Avenue Primary, Eastleigh (Academy)
- Cornerstones Primary, Whiteley (Church of England Aided School)
- Whiteley Secondary (Governance TBC)

4.2 There is also early strategic planning and feasibility work required for further new schools proposed in Hampshire at Welborne, Manydown, Bordon, Basingstoke and Fleet – all relating to areas of new housing development emerging in Local Plans.

## 5. Revenue Funding Requirement

- 5.1 In line with the proposed delivery and fee funding model, it is recommended that revenue funding is identified to provide the necessary planning and feasibility resources in Property Services to shape, oversee and deliver the future major programme of new schools. The scale of the investment in Hampshire schools that can be secured from both Government Grant and Developers' Contributions of £89m is good evidence of the need to continue to maintain capacity and skills in this area.
- 5.2 An exercise has been undertaken to identify the professional resources required over the next four financial years. There is certainty about the costs for 2017/18 but future years are indicative estimates at this stage. It is recommended that these amounts are taken into account as part of the development of the Medium Term Financial Strategy and adjusted as the programme of works and timing of delivery becomes clear.
- 5.3 The revenue costs identified below do not represent extra costs to the County Council, they would normally form part of Children's Services capital programme which has a significant deficit against resources over the longer term, which will be reduced as a consequence of the new design and delivery methods highlighted in this report.
- 5.4 Additional estimated revenue funding requirements for both strategic planning and feasibility costs are as follows:

<b>Financial Year</b>	<b>£'000</b>	
2017/18	1,230	
2018/19	880	Indicative
2019/20	600	Indicative
2020/21	220	Indicative

- 5.5 Funding for the first years costs has been earmarked within the outturn report and resources for future schemes will be added on an annual basis as the programme of new schools develops. Any unused funding will be carried forward to future years to help smooth fluctuations in the timing of the programme.

- 5.6 There is the potential that additional funding for professional resources could be secured from the DFE as the result of efficiencies provided to them through local delivery by the County Council in partnership. Officers will actively pursue this with a view to reducing the costs identified in this report. The Partnership is recently established and further senior officer engagement is planned to develop the ways of working and securing continuous improvement as the major programme is rolled out over the next four years.

## **Annual Treasury Outturn Report 2016/17**

### **1. Purpose**

- 1.1. The County Council adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice, which includes an annual report on the treasury management strategy after the end of each financial year.

### **2. Summary**

- 2.1. Treasury management in the context of this report is defined as:  
*“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 2.2. This annual report sets out the performance of the treasury management function during 2016/17, to include the effects of the decisions taken and the transactions executed in the past year.
- 2.3. Overall responsibility for treasury management remains with the County Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the County Council’s treasury management objectives.
- 2.4. All treasury activity has complied with the County Council’s Treasury Management Strategy and Investment Strategy for 2016/17, and all relevant statute, guidance and accounting standards. In addition the County Council’s treasury advisers, Arlingclose, provide support in undertaking treasury management activities.
- 2.5. The County Council has complied with all of the prudential indicators set in its Treasury Management Strategy; these are detailed fully in Annex A.

### **3. External Context**

- 3.1. The following sections outline the key economic themes currently in the UK against which investment and borrowing decisions were made in 2016/17.

#### **Economic Background**

- 3.2. Politically, 2016/17 was an extraordinary 12 month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45<sup>th</sup> President of the USA.
- 3.3. UK inflation was subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year on year in April 2016 to 2.3% year on year in March 2017.



- 3.4. In addition to the political fallout, the referendum's outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases.
- 3.5. Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016, and in February the unemployment rate dropped to 4.7%, its lowest level in 11 years.

#### **Financial Markets**

- 3.6. After recovering from an initial sharp drop in Quarter 2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March. Overnight money market rates have remained low since the Bank Rate was cut in August.

#### **Credit Background**

- 3.7. Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

### **4. Local Context**

- 4.1. At 31 March 2017 the County Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £755m, while usable reserves and working capital which are the underlying resources available for investment were £522m (principal invested plus gains on investments with a variable net asset value).
- 4.2. At 31 March 2017, the County Council had £333m of borrowing and £513m of principal invested. The County Council's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing.
- 4.3. The County Council's CFR is forecast to increase in 2017/18 and its capital programme does not include any need to borrow externally over the forecast period. Investments are forecast to fall as capital receipts and internal borrowing from reserves are used to finance capital expenditure.

### **5. Borrowing Strategy**

- 5.1. At 31 March 2017 the County Council held £333m of loans, (a decrease of £13m on 31/03/2016) as part of its strategy for funding previous years' capital programmes.
- 5.2. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and

achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the County Council's long-term plans change being a secondary objective.

- 5.3. Affordability and the "cost of carry" remained important influences on the County Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the County Council determined it was more cost effective in the short-term to use internal resources instead of taking out new borrowing.
- 5.4. The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the County Council with the monitoring of internal and external borrowing.

**Table 1: Borrowing Activity in 2016/17**

	<b>Balance on 01/04/2016 £m</b>	<b>Net New Borrowing £m</b>	<b>Balance on 31/03/2017 £m</b>
CFR	755.7		755.4
Short Term Borrowing <sup>1</sup>	12.5	1.0	13.5
Long Term Borrowing	333.3	(13.6)	319.7
<b>Total Borrowing</b>	<b>345.8</b>	<b>(12.6)</b>	<b>333.2</b>
Other Long Term Liabilities	175.5	(4.5)	171.0
<b>Total External Debt</b>	<b>521.3</b>	<b>(17.1)</b>	<b>504.2</b>
Increase/ (Decrease) in Borrowing £m			(12.6)

- 5.5. During 2016/17 the County Council repaid £12.54m of maturing PWLB debt, and did not replace this borrowing. This will reduce the future cost of interest payments on the County Council's external debt.

#### **LOBOs**

- 5.6. The County Council holds £60m of LOBO loans (down from £73m due to the conversion of Barclays LOBO loans, which is further explained in paragraph

---

<sup>1</sup> Loans with maturities less than 1 year – the increase reflects more loans falling into this category in the last financial year, rather than new borrowing.

5.7) where the lender has the option to propose an increase in the interest rate at set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. None of the LOBO loan options were exercised by the lender in the year.

- 5.7. In June 2016 Barclays Bank informed the County Council of its decision to cancel all the embedded options within standard LOBO loans. This effectively converts £13m of the County Council's Barclays LOBO loans to fixed rate loans removing the uncertainty on both interest cost and maturity date. This waiver has been done by 'deed poll'; it is irreversible and transferable by Barclays to any new lender.

### **Debt Rescheduling**

- 5.8. The premium charged for early repayment of PWLB debt remained relatively expensive for the loans in the County Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence. However, consideration continues to be given to any advantageous opportunity for the County Council to reduce or restructure its debt portfolio.

## **6. Investment Activity**

- 6.1. The combined effect of the EU Bank Recovery and Resolution Directive and the UK's Deposit Guarantee Scheme Directive is to promote deposits of individuals and SMEs above those of public authorities, large corporates and financial institutions. Other EU countries, and eventually all other developed countries, are expected to adopt similar approaches in due course.
- 6.2. The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities, means that the risks of making unsecured deposits rose relative to other investment options. Since 2014/15 the County Council therefore increasingly favoured secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits.
- 6.3. The County Council has held invested funds representing income received in advance of expenditure plus balances and reserves held. During 2016/17 the Council's investment balances have ranged between £496m and £645m.

**Table 2: Investment Activity in 2016/17**

<b>Investments</b>	<b>Balance on 01/04/2016 £m</b>	<b>Balance on 31/03/2017 £m</b>	<b>Average Rate/Yield on 31/03/2017 %</b>	<b>Average Life on 31/03/2017 Years</b>
<b>Short term Investments</b>				
- Banks and Building Societies:				
- Unsecured	55.7	35.7	0.56	0.08
- Secured	27.8	20.0	0.57	0.62
- Money Market Funds	66.1	61.7	0.26	0.00
- Local Authorities	92.5	116.8	0.68	0.39
- Corporate Bonds	10.0	1.3	0.37	0.19
	<b>252.1</b>	<b>235.5</b>	<b>0.54</b>	<b>0.26</b>
<b>Long term Investments</b>				
- Banks and Building Societies:				
- Secured	65.0	70.0	0.88	1.58
- Local Authorities	113.5	97.5	2.11	1.56
	<b>178.5</b>	<b>167.5</b>	<b>1.59</b>	<b>1.57</b>
<b>Long term Investments – high yielding strategy</b>				
- Local Authorities				
- Fixed deposits	20.0	20.0	3.96	16.97
- Fixed bonds	10.0	10.0	3.78	16.77
- Pooled Funds				
- Pooled property	35.0	45.0	3.85	n/a
- Pooled equity	-	20.0	3.04	n/a
- Pooled multi-asset	-	10.0	0.89	n/a
- Registered Provider	-	5.0	3.40	2.08
	<b>65.0</b>	<b>110.0</b>	<b>3.43</b>	<b>14.79</b>
<b>Total Investments</b>	<b>495.6</b>	<b>513.0</b>	<b>1.50</b>	<b>1.92</b>
Increase/ (Decrease) in Investments		17.4		

6.4. Both the CIPFA Code and the government guidance require the County Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The County Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring

losses from defaults and the risk of receiving unsuitably low investment income.

- 6.5. Over the year the County Council reduced its exposure to unsecured bank and building society investments by increasing its exposures to other local authorities. The County Council has also invested more of the allocation to the high yield strategy through further investing in pooled property funds, and new investments in pooled equity and multi-asset funds, as well as a new investment with a Registered Provider.
- 6.6. As part of the 2017/18 Investment Strategy the total amount targeted towards high yielding investments was increased to £200m. Investments yielding higher returns will contribute additional income to the County Council, although some come with the risk that they may suffer falls in the value of the principal invested.
- 6.7. Of the £200m available £110m has been invested (an increase of £45m since 31 March 2016). However the fall in long term interest rates since the decision to target higher returns has limited the opportunities that have been available for advantageous long term investments.
- 6.8. The investments in pooled property, equity and multi-asset funds allow the County Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. All of the County Council's pooled fund investments are in the respective fund's distributing share class which pay out the income generated.
- 6.9. Although money can be redeemed from the pooled funds at short notice, the County Council's intention is to hold them for at least the medium-term. Their performance and suitability in meeting the County Council's investment objectives are monitored regularly and discussed with Arlingclose.
- 6.10. Security of capital has remained the County Council's main investment objective. This has been maintained by following the County Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.
- 6.11. Counterparty credit quality was assessed and monitored with reference to credit ratings, for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
- 6.12. The County Council will also consider the use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 6.13. The County Council maintained a sufficient level of liquidity through the use of call accounts and money market funds. The County Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate has been maintained at 0.25% since August 2016 and

short-term money market rates have remained at relatively low levels which continued to have a significant impact on cash investment income.

- 6.14. The County Council's average cash balances were £564.5m during the year and interest earned for the year was £8.6m, giving a yield of 1.52%.

## 7. Compliance with Prudential Indicators

- 7.1. The County Council confirms compliance with its Prudential Indicators for 2016/17, which were set in February 2016 as part of the County Council's Treasury Management Strategy Statement.

## 8. Treasury Management Indicators

- 8.1. The County Council measures and manages its exposures to treasury management risks using the following indicators.

### Interest Rate Exposures

- 8.2. This indicator is set to control the County Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

**Table 3 – Interest Rate Exposures**

	<b>Approved limits for 2016/17</b>	<b>Maximum during 2016/17</b>	<b>Compliance with limits:</b>
Upper limit on fixed interest rate investment exposure	£350m	£172m	Yes
Upper limit on variable interest rate investment exposure	£700m	£473m	Yes
Upper limit on fixed interest rate borrowing exposure	£780m	£442m	Yes
Upper limit on variable interest rate investment exposure	£780m	£120m	Yes

- 8.3. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

### Maturity Structure of Borrowing

- 8.4. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

**Table 4 – Maturity Structure of Borrowing**

	<b>Upper</b>	<b>Lower</b>	<b>Actual</b>
Under 12 months	50%	0%	4.0%
12 months and within 24 months	50%	0%	2.3%
24 months and within 5 years	50%	0%	9.1%
5 years and within 10 years	75%	0%	13.3%
10 years and within 20 years	75%	0%	50.9%
20 years and within 30 years	75%	0%	20.4%
30 years and above	100%	0%	0.0%

**Principal Sums Invested for Periods Longer than 364 days**

- 8.5. The purpose of this indicator is to control the County Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

**Table 5 – Principal Sums Invested for Periods Longer than 364 days**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Limit on principal invested beyond year end	£350m	£300m	£300m
Actual	£278m		

## Prudential Indicators 2016/17

The Local Government Act 2003 requires the County Council to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the County Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

## Estimates of Capital Expenditure

The County Council's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the capital programme report.

Capital Expenditure and Financing	2016/17 Approved £m	2016/17 Revised £m	2016/17 Actual £m	2017/18 Estimate £m	2018/19 Estimate £m
<b>Total Expenditure</b>	<b>237</b>	<b>209</b>	<b>173</b>	<b>283</b>	<b>250</b>
Capital receipts	6	8	4	8	6
Grants and other income	195	102	132	209	187
Revenue contributions	21	69	10	18	33
Contributions from reserves	2	10	15	9	2
<b>Total Financing</b>	<b>224</b>	<b>189</b>	<b>161</b>	<b>244</b>	<b>228</b>
Prudential borrowing	22	25	16	49	34
Less repayments from capital receipts etc	(9)	(5)	(4)	(10)	(12)
<b>Total Funding</b>	<b>13</b>	<b>20</b>	<b>12</b>	<b>39</b>	<b>22</b>
<b>Total Financing and Funding</b>	<b>237</b>	<b>209</b>	<b>173</b>	<b>283</b>	<b>250</b>

## Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the County Council's underlying need to borrow for a capital purpose.



<b>CFR</b>	<b>31/03/2017 Approved £m</b>	<b>31/03/2017 Revised £m</b>	<b>31/03/2017 Actual £m</b>	<b>31/03/2018 Estimate £m</b>	<b>31/03/2019 Estimate £m</b>
General Fund	739	763	<b>755</b>	788	795

The CFR is forecast to rise by £32m over the next two years as capital expenditure financed by debt is outweighed by resources put aside for debt repayment.

### **Gross Debt and the Capital Financing Requirement**

In order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

<b>Debt</b>	<b>31/03/2017 Forecast £m</b>	<b>31/03/2017 Revised £m</b>	<b>31/03/2017 Actual £m</b>	<b>31/03/2018 Estimate £m</b>	<b>31/03/2019 Estimate £m</b>
Borrowing	330	330	<b>333</b>	316	309
PFI liabilities	168	172	<b>171</b>	166	159
<b>Total Debt</b>	<b>498</b>	<b>502</b>	<b>504</b>	<b>482</b>	<b>468</b>

Total debt is expected to remain below the CFR during the forecast period.

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

### **Operational Boundary for External Debt**

The operational boundary is based on the County Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

<b>Operational Boundary</b>	<b>2016/17 Approved £m</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
Borrowing	610	660	<b>333</b>	690	700
Other long-term liabilities	170	180	<b>171</b>	170	160
<b>Total Debt</b>	<b>780</b>	<b>840</b>	<b>504</b>	<b>860</b>	<b>860</b>

### **Authorised Limit for External Debt**

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the County

Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

<b>Authorised Limit</b>	<b>2016/17 Approved £m</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
Borrowing	640	720	<b>333</b>	750	770
Other long-term liabilities	210	220	<b>171</b>	210	200
<b>Total Debt</b>	<b>850</b>	<b>940</b>	<b>504</b>	<b>960</b>	<b>970</b>

### Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2016/17 Approved %</b>	<b>2016/17 Revised %</b>	<b>2016/17 Actual %</b>	<b>2017/18 Estimate %</b>	<b>2018/19 Estimate %</b>
General Fund	5.73	4.22	<b>4.07</b>	3.99	4.01

### Adoption of the CIPFA Treasury Management Code

The County Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2010.

## **Capital Spending and Financing 2016/17**

### **1. Introduction**

1.1 This Appendix reports that:

- Capital schemes costing £196.5m were started during 2016/17 from the approved capital programme for the year of £318.1m.
- This left £100m for named projects not started by 31 March 2017 which will be carried forward to 2016/17, subject to Cabinet's approval.
- Capital payments of £173.2m were incurred in 2016/17 and this can be financed within available resources.
- It is proposed that, under the Prudential Code for Capital Finance, new prudential borrowing of £16.3m is used in 2016/17 to fund previously approved schemes. Government grant support will not be available to finance this borrowing.
- Repayments of prudential borrowing from capital receipts and other sources total £4.0m in 2016/17.
- £6.9m of resources will be drawn down from the capital reserve in 2016/17 for use in funding payments incurred in 2016/17.
- Capital receipts of £4.4m were achieved from the sale of assets in 2016/17.

### **2. Capital Programme for 2016/17**

2.1 Table 1 below shows that 61.8% of the capital programme for 2016/17 of £196.5m was started in the year.

**Table 1 - Capital Schemes Committed in 2016/17**

	£'000	%
Approved value of the capital programme for 2016/17	318,125	100.0
Schemes committed in 2016/17	196,491	61.8
<b>Balance of Cash Limit at 31 March 2017</b>	<b>121,634</b>	<b>38.2</b>
Schemes for which approval to carry forward to 2017/18 is now requested	99,984	31.4
Schemes previously approved for carry forward	21,650	6.8
<b>Total Cash Limit to be Carried Forward to 2017/18</b>	<b>121,634</b>	<b>38.2</b>

2.2 An analysis by service of the figures in Table 1 is included in Annex 1.

### **3. Carry Forward of Schemes not Committed by 31 March 2017**

3.1 The approval of Cabinet is required for proposals to carry forward schemes not started at 31 March 2017. The total value of such schemes is £100m. This excludes £20.6m of Children's Services and £1m of Policy and

Resources schemes for which approval to carry forward to 2017/18 has previously been given during 2016/17. These amounts are largely committed against named projects.

- 3.2 As Table 2 shows, the proportion of the 2016/17 programme committed in the year, at £196.5m, is higher than the level achieved in 2016/17 of £185.8. Good progress is being made given the significant size of the overall capital programme.

**Table 2 – Percentage of Capital Programme Committed**

	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>
Value of projects		
- committed	185.8	196.5
- carried forward	66.9	121.6
<b>Total Programme</b>	<b>252.7</b>	<b>318.1</b>
Percentage committed	73.5%	61.2%

- 3.3 Individually, most of the schemes and provisions to be carried forward are relatively small amounts. The larger schemes include:
- Adults with Disability – Accommodation Strategy (£20.4m) – A capital grants programme has been approved and is progressing.
  - Extra care housing transformation (£20.2m) – Projects are being considered.
  - Improvements at Schools (£12.5m) – Future projects planned and contracts being let.
  - Children’s Services contingency provision carried forward to cover future projects and pressures on the capital programme (£17.1m).
  - Structural maintenance of roads and bridges – Future projects planned which are linked to the outcome of funding bids (£9m).
  - Investment in Hampshire projects – Projects are planned (£3m).

#### **4. Capital Expenditure and Financing 2016/17**

- 4.1 Total expenditure actually incurred in 2016/17, arising from the capital programme for 2016/17 and earlier years, was £173.2m. This is £145.3m or 45.6% lower than the revised estimate for 2016/17. The timing of capital expenditure flows between financial years is often difficult to predict. The delays in committing a fair proportion of the capital programme for 2016/17, as shown in Table 2, will have reduced the level of payments in the year.
- 4.2 An analysis of the expenditure of £173.2m by service and type is included in Annex 2.
- 4.3 The proposed method of financing this expenditure is summarised in Table 3:

**Table 3 – Capital Financing 2016/17**

	<b>Adjusted Revised Estimate £'000</b>	<b>Actuals £'000</b>	<b>Variation £'000</b>
Prudential borrowing			
- for capital schemes	24,894	16,280	(8,614)
- repayments of specific schemes	(4,737)	(4,042)	695
Government capital grants	67,276	85,815	18,539
Contributions from developers and outside agencies	34,381	46,565	12,184
Capital receipts	7,672	4,375	(3,297)
Revenue reserves	9,865	9,865	0
Revenue contributions			
- general corporate provision	7,404	7,498	94
<b>Total Capital Resources</b>	<b>146,755</b>	<b>166,356</b>	<b>19,601</b>
Transfers from / (to) capital reserve			
- planned use of capital reserve to fund payments	58,084	6,863	(51,221)
<b>Total funding for payments in 2016/17</b>	<b>204,839</b>	<b>173,219</b>	<b>(31,620)</b>

4.4 In addition to this spend, during 2016/17, the Enterprise M3 Local Enterprise Partnership (LEP) invested £25.2m in Capital projects within the M3 corridor. This spend is included in the annual accounts, as the Council is the Accountable Body for the LEP.

## 5. Borrowing

5.1 Since 1 April 2004, local authorities have been permitted to borrow for capital purposes without specific approval from the Government, provided their actions meet the requirements of the Prudential Code for Capital Finance introduced by the Local Government Act 2003. This is known as 'prudential borrowing'. It does not attract any support from the Government towards the repayment and interest costs, which fall wholly on the County Council's own resources.

5.2 Cabinet agreed criteria for the use of prudential borrowing in November 2003, with revisions in February 2006. Since then, its use has been agreed for a number of capital schemes, primarily on an invest-to-save basis. It is

proposed that a total of £16.3m is borrowed in 2016/17 for these schemes, in accordance with the approved criteria.

- 5.3 Prudential borrowing of £4m has been repaid in 2016/17 from the use of capital receipts, developer and other contributions.
- 5.4 The Prudential Code includes a number of indicators intended to illustrate whether local authorities are acting prudently. The County Council's latest position on these prudential indicators following the 2016/17 outturn is summarised in Appendix 3. It shows that the County Council continues to be in full compliance with the requirements of the Code.

## **6. Capital receipts**

- 6.1 Capital receipts from the sale of land and property in 2016/17 were £4.4m in total. This has been used to fund capital expenditure in the year.
- 6.2 Services' proposed shares of capital receipts in 2016/17 are summarised in Annex 3. The County Council's policy allows services to retain 25% of capital receipts from the sale of their assets, with up to 100% for approved rationalisation schemes.
- 6.3 In line with this policy, services are entitled to £2.9m of the £4.4m received in 2016/17. Cabinet has previously approved the addition of majority of this amount to services' capital programmes, leaving a total of £0.2m for which approval is now required for allocation to services, as set out in Annex 3.

**Analysis of Capital programme 2016/17 and Requests by Services to Carry Forward Capital Schemes to 2017/18**

	(1) Approved Value of Programme	(2) Schemes Committed in 2015/16	(3) Schemes for Which Approval to Carry Forward is Requested	(4) Schemes Already Approved for Carry Forward	Total Cash Limit Carried Forward to 2016/17 (Columns 3+4)
	£'000	£'000	£'000	£'000	£'000
Adult Services	70,037	25,604	44,433		44,433
Children's Services	94,950	37,975	36,365	20,610	56,975
Economy, Transport & Environment	107,056	96,183	10,873		10,873
Policy & Resources	46,082	36,729	8,313	1,040	9,353
<b>Total</b>	<b>318,125</b>	<b>196,491</b>	<b>99,984</b>	<b>21,650</b>	<b>121,634</b>
	100.0%	61.8%	31.4%	6.8%	38.2%

The amounts to be carried forward are largely committed against named projects

**Summary of Capital Expenditure in 2016/17****Analysis by service**

	<b>£'000</b>	<b>%</b>
Adult Services	13,750	8.0
Children's Services	55,937	32.3
Economy, Transport & Environment	80,442	46.4
Policy and Resources	23,090	13.3
	<b>173,219</b>	<b>100.0</b>

**Analysis by type of expenditure**

	<b>£'000</b>	<b>%</b>
Land	3,744	2.2
Construction work	134,815	77.8
Fees and salaries	27,721	16.0
Furniture, equipment and vehicles	6,874	4.0
Capital Loan	65	0.0
	<b>173,219</b>	<b>100.0</b>



**Analysis of Capital Receipts 2016/17**

	<b>Net Capital Receipts</b>	<b>Costs of Sales</b>	<b>Shares from in/out and Other Schemes</b>		<b>25% Share of Qualifying Receipts Now Due to Services</b>
	<b>£'000</b>	<b>£'000</b>	<b>Previously Added to Programme</b>	<b>Now Available to be Added to Programme</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Services	600		600		
Children's Services					
Economy, Transport & Environment	750				188
Policy & Resources	3,025	3	2,055	20	32
	<b>4,375</b>	<b>3</b>	<b>2,655</b>	<b>20</b>	<b>220</b>
<b>Total now to be added to services' programmes</b>				<b>240</b>	

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	19 June 2017
<b>Title:</b>	Transformation to 2019: Report No. 1
<b>Report From:</b>	Chief Executive

**Contact name:** John Coughlan

**Tel:** 01962 846400

**Email:** [john.coughlan@hants.gov.uk](mailto:john.coughlan@hants.gov.uk)

#### 1. Executive Summary

- 1.1 This is the first dedicated Transformation to 2019 (Tt2019) report to Cabinet setting out the programme targets, the timetable, early progress and some key issues. Cabinet have previously agreed the overall £140m programme target, individual Department targets and the headline timetable as part of Medium Term Financial Strategy (MTFS) reports from the Director of Corporate resources in June and October of 2016. Additionally Tt2019 featured in the last Transformation to 2017 (Tt2017) report in December of last year.
- 1.2 Following the local government finance settlement in January 2016, the four year picture for the County Council to 2019/20 significantly deteriorated. The MTFS approved by Cabinet in June 2016 confirmed that further to the full delivery of Transformation to 2017, the County Council will still be required to achieve an additional £140m of recurring savings by April 2019, after assumed council tax rises of the equivalent of 3.99% each year for the four years from 2016/17.
- 1.3 In late 2016, the Government offered upper tier local authorities the opportunity to re-profile the adult social care precept rises to take effect over two years rather than three e.g. allowing for 3% in this year and next but then followed by a 0% increase of that precept in 2019/20 instead of 3 consecutive 2% increases. The County Council agreed to adopt this approach at its budget setting meeting this February as a means to improve cash flow and provide up to £16m of earlier receipts that will be used to support the enabling costs of delivering Tt2019. Otherwise, the overall medium term financial position for the wider Council remains largely unchanged (actually marginally worse rather than better) and thus there is still a requirement to deliver £140m of additional recurring savings through the Tt2019 programme.

- 1.4 Over the past six months, early opportunity assessment work in respect of Tt2019 has been progressed by Departments alongside the final delivery (except for Adult Services, see below) of Tt2017 changes and savings. Pleasingly, Tt2017 delivery has been exceptionally strong and to time, meaning there are no legacy implications for Tt2019. The value of this strong starting position cannot be over-stated. In Adults, Cabinet had agreed in December 2015 to allow the Department to deliver their £43.1m programme over three years and not two, recognising the risks and complexity involved with the standard timeframe. It was agreed that £30m of savings would be targeted to be achieved by the end of 2016/17, leaving £13.1m to be secured in the current financial year, 2017/18. Positively, for both Adults and for the wider programme(s) the Department marginally exceeded the £30m challenge and remains firmly on course to bring the remainder of the programme on target this year alongside being able to make a meaningful start to the successor Tt2019 programme at the same time.
- 1.5 The early opportunity assessment work is summarised later in this report and will feature in a public consultation exercise that is due to commence in July and run for six weeks over the summer of this year. The public consultation, which will be similar in nature to an exercise completed two years ago ahead of Tt2017, will seek residents' and stakeholders' views on options for managing the anticipated budget shortfall. The options will necessarily extend beyond cost reduction and income raising possibilities to areas such as Council Tax increases, possible legislative changes and the organisation (structure) of Local Government in Hampshire. These broader considerations are required by previous national legal judgements. Moreover, with the squeeze on public finances anticipated to extend into the next decade and the general uncertainties that surround BREXIT, it is almost certain that further savings, beyond those required for Tt2019, will be needed in the future. This might or might not influence the views of residents and stakeholders regarding the preferred way of closing the future budget deficit.
- 1.6 At the conclusion of this proposed consultation exercise, a final set of detailed savings proposals will be prepared and presented to Select Committees and Executive Members for consideration and agreement in September of this year. At the same time, Cabinet will be updated on the outcome of the public consultation and will be asked to approve the consolidated budget savings position for the Council ahead of Full Council considering the full set of proposals at a special budget setting meeting in November. This outline timetable mirrors that successfully adopted for Tt2017 and reflects the necessity of early planning to achieve the required changes on time and in a way that service disruption is kept to a minimum.

## 2. **Financial Context**

- 2.1 Cabinet has previously noted that each successive programme of 'transformation' over the past seven years was, in itself, harder than the previous one as the scope for early and easier removal of spending was further diminished. To this end, Tt2019 is set to test the Council like no other

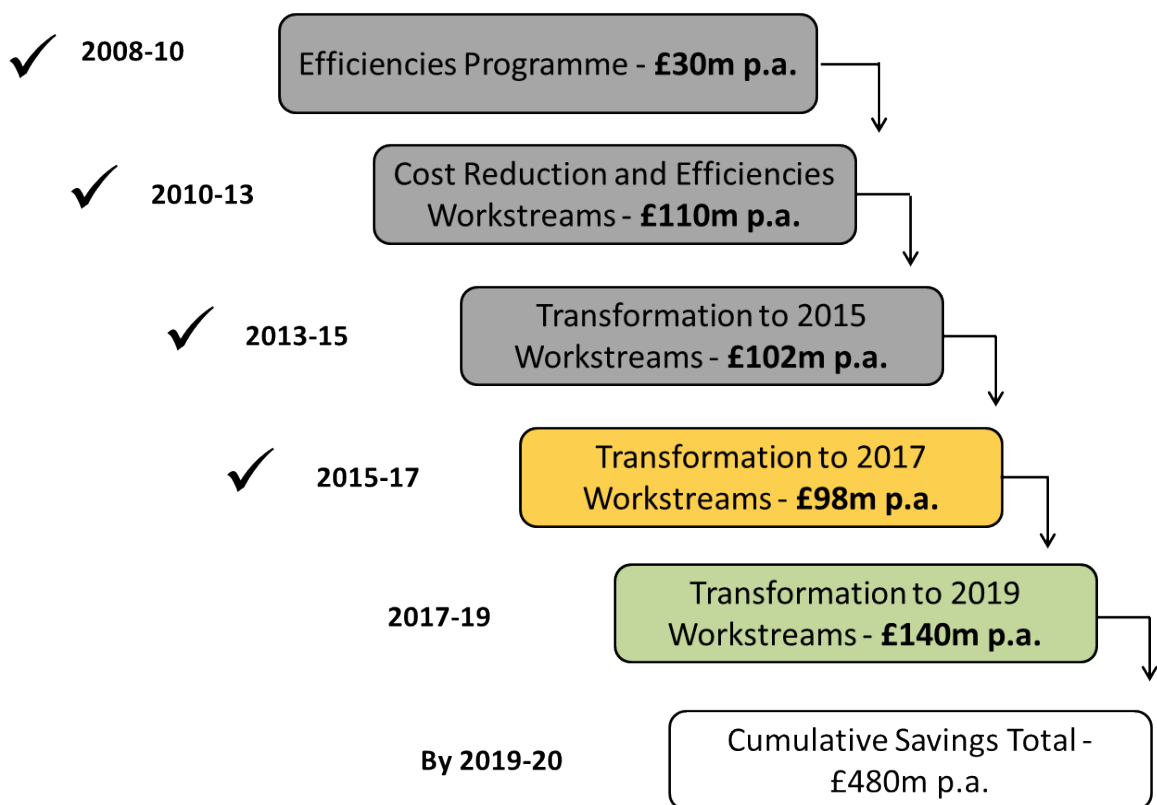
programme has to this point. It is numerically and proportionately greater than anything we have achieved before, against a reduced backdrop following the previous programmes.

- 2.2 Throughout the austerity period the County Council's financial performance has been very strong. Leaving aside the planned later delivery of £13.1m of the Adults Tt2017 programme, cumulative savings including the Tt2017 achievement, have seen some £340m being removed from revenue budgets since 2010. Year end outturn reports, including this year's one on today's agenda, have demonstrated that Departments have continued to manage their resources, create capacity for one off investment to support the on-going transformation challenge and at the same time maintain and even improve service outcomes and performance.
- 2.3 Whilst this performance has been sustained to date, the cumulative impact of numerous savings programmes together with sustained pressure on all Departments, but in particular social care, show a different picture beginning to emerge. As we look to 2017/18 and immediately beyond, both Adults' Health and Care and Children's Services are unlikely to remain within their cash limited expenditure positions in, or by the end of these years with cost of change reserves for these Departments set to be exhausted. Cabinet were apprised of this changing financial position in November 2016.
- 2.4 The MTFs presented to Cabinet in June 2016 provided more background to the overall financial position to 2019/20. Of particular importance, is the fact that not only is the County Council able to meet, on a one off basis, the forecast additional budget deficit in 2017/18, but it has also identified sufficient resources to bridge a larger estimated budget deficit of £70m in 2018/19, enabling the continuation of the County Council's successful strategy of setting two year savings programmes. The ability to include within the overall budget, higher social care precept increases over the next two years, and the positive outturn position (reported elsewhere on today's agenda) means that improved levels of one-off reserve monies will continue to accrue and will be available to support both the cost of delivering the programme and to provide cash flow support to cover off acceptable levels of later savings delivery. This model of prudently developing cost of change reserves with which to safely plan and fund transition has been key to the organisation's general stability during this difficult period and should remain the model for the future where possible.
- 2.5 One of the key features and underlying success factors of the transformation programmes within the County Council is that the planning, development and implementation of the programmes are undertaken well in advance. This has meant that where possible early savings can be safely achieved and used to bridge budget deficits in 'interim' years. This has given the time and capacity to properly implement the savings over a longer time frame with greater care and less disruption.
- 2.6 Whilst this has been a key feature of previous cost reduction programmes it must be recognised that as we begin to focus on Tt2019 there is absolutely no doubt that this fourth major cost reduction exercise for the County Council

since 2010 will be significantly more challenging than any previous transformation and efficiency programme against the backdrop of a generally more challenging financial environment and burgeoning service demands.

2.7 Inevitably, Tt2019 will involve complex transformational, policy and service change across all services at the same time over the next few years alongside the requirement to deliver the final year of the Adults Tt2017 programme, an unrelenting business as usual agenda and in the context of a range of external factors such as Brexit and devolution. Tt2019 will require the Council to look at all areas of spend and to seek every conceivable business opportunity in order to deliver against the target. The Tt2019 programme will mean a cumulative £480m of revenue cost reduction for the County Council over the past decade per Figure 1 below.

**Figure 1. Revenue Cost Reduction Exercises including the Tt2019 Programme Requirement**



### **3. Tt2019 – Targets and Timeframe**

- 3.1 Cabinet approved the overall programme target of £140m and the breakdown of the programme, including Department targets, when considering the medium term financial strategy report of the Director of Corporate Resources in June 2016.
- 3.2 It was agreed that £120m of the overall programme should be met by Departments, equating to a further cash limit reduction of some 19%. This means the cumulative Tt2019 challenge for the Departments will be one third again, the size of what was asked of them for Tt2017.
- 3.3 The remaining £20m will be secured from corporate “housekeeping”. In the main this will result from changes in accounting practice in respect of depreciation and minimum revenue provisions (MRP) but this will also cover management of debt, inflation, reserves and financial transactions. This aspect of the programme is likely to be delivered in part this year providing a sensible and solid start to the programme overall. The programme breakdown and individual Department targets are shown in Appendix 1.
- 3.4 At their June 2016 meeting, Cabinet also approved the headline programme timetable including an earlier budget setting process to take place in September and October this year aimed at allowing the maximum possible time to plan, work on and implement the range of service changes required to enable the programme to be delivered. Protecting this timetable will be essential given the scale of work required and the cost implications of any delays. The programme timetable allows for a public consultation exercise to be completed this summer ahead of the budget setting period so that proposals being considered by Select Committees, Executive Members, Cabinet and then Full Council can be appropriately informed by the views of residents and stakeholders. The public consultation exercise is due to commence in July and is described in more detail in section 6 of this report. The different elements of the programme timetable are also shown in Appendix 1.

### **4. Tt2017 Achievement**

- 4.1 Over the past two plus years, a lot of hard work and commitment has gone into ensuring that the £98m Tt2017 programme, the hardest cost reduction exercise yet by some margin, could be delivered in full. Knowing that Tt2019 was going to represent an even tougher challenge, it was essential that the Council delivered on Tt2017 and did not add any material legacy to the successor programme.
- 4.2 Pleasingly, with the exception of Adults Services (see paragraph 4.3) the Tt2017 programme has been delivered in full and to time. There remain a small number of savings areas still to materialise but these are low in value and are mainly technical timing issues. From a financial point of view, they have been covered off by cost of change contributions and from a programme point of view, save for an imminent Children’s Services service specific consultation, all of the decisions and necessary work have been

completed. This represents a noteworthy achievement and is especially welcome given the extent of the Tt2019 challenge. The strong and timely progress made also allowed Departments to give early thought to their Tt2019 planning and this has proved invaluable.

- 4.3 The position in Adults is different but is now also very positive. Cabinet agreed in December 2015 to allow the Department an additional year to deliver their full £43.1m programme recognising the special challenges that exist and wanting as far as possible to allow transformation to take place but with the least possible disruption to service users and communities. As part of the agreement for the extra year, an interim target of £30m was set for secured savings by the end of 2016/17. This in itself, was considered to be a tough proposition, but aided by strong leadership, focused contributions from staff at all levels across the Department and targeted input from the Council's private sector partner, the £30m target has been very marginally exceeded.
- 4.4 Savings performance into the current financial year remains strong and two months in, there is a high degree of confidence that the full programme target of £43.1m will be achieved by the end of 2017/18. Further, planning work for Tt2019 has been progressed in line with other Departments and without impacting on Tt2017 delivery with the likelihood that some early Tt2019 savings will be deliverable this year as well.
- 4.5 Progress through 2017/18 with the remaining elements of the Adults Tt2017 programme will therefore now be covered as part of the on-going monthly budget monitoring arrangements allowing any issues to be identified in a timely manner and appropriately responded to. Cabinet will be apprised of progress through periodic budget monitoring updates.

## **5. Tt2019 Opportunity Assessment Work**

- 5.1 Over the past six months, Departments have been looking closely at potential opportunities to achieve yet further savings equating to a required circa 19% reduction to 2017/18 cash limits. Not surprisingly the exercise has been extremely tough because a) significant savings have already been driven out over the past seven years, and b) the sheer size of the 19% target requires a complete re-look with previously discounted options having to be re-considered. This has been a significant challenge for all Departments to develop a set of proposals that, together, can enable their share of the Tt2019 target to be delivered.
- 5.2 The Tt2019 programme is set to be very broad in nature. Extensive public engagement and co-design of services will need to feature strongly. We will need to continue and build on the work started in Adults' in the past year to begin to reset public expectations of what our residents should expect from the Council in the future, including changes to expectations of the way in which people's needs are met.
- 5.3 Getting to the Tt2019 target will require the Council to work much harder and succeed with demand prevention and early intervention work programmes



and will also inevitably mean reduced levels of paid for care as family, friends, communities and technology are required to do more. Some relief is likely from the next iteration of the Better Care Fund and we must await the outcome of the National Elections which may influence further the funding of Adult Social Care.

- 5.4 In Children's Services their target of £30m requires reduced spending levels in all service areas including Social Care and children looked after. The Department is one of the best performing but lowest funded Children's Services operations in the Country. Perversely, it is compelled by legislation to spend close to £30m of its limited resources on non-means-tested Home to School Transport, just one area where legislative change could ease the general burden. For Tt2019 the Department is considering a new approach, supported partly by Government innovation funding, which they estimate will need to result in a reduction to children looked after over the next three to four years. Current levels are broadly stable following years of rising demand Senior officers believe this demand can in future be safely managed down but are keenly aware this would be a fine balance.
- 5.5 For ETE the picture is comparable. Some 80% of the Department budget is tied up in long term service arrangements with external contractors e.g. Waste and Highways. In both of these areas, recent re-negotiation work has led to reduced spending and improved performance but left little room for further opportunity. Meeting the Tt2019 target is likely to mean significant changes to public transport bus subsidies and reduced levels of winter maintenance. District Council agency arrangements and the School crossing patrol service could also be impacted.
- 5.6 For CCBS, changes in terms of Library service operations, including opening hours and overall service levels will need to be considered. Established income earning opportunities will need to be pursued further and the Department's property team will work to reduce again the number of buildings that the Council operates from in the future in order to reduce overall running costs. For Corporate Services, each of the professional areas including, but not limited to Finance, HR and I.T will see greater moves to self-service with resulting reductions in staff numbers which will affect Managers and Councillors in the way they currently work.
- 5.7 The opportunity assessment work has also confirmed the sheer complexity and challenge behind some of the proposals meaning that in a number of areas more than two years will be required to develop plans and implement the specific service changes. There will also be a significant I.T enabling requirement before many of the different opportunities can be delivered. This will provide real service redesign opportunities to be pursued and will result in different types of public interaction and greater levels of self service. These enhancements to the way business is currently conducted will mean, after an initial one-off outlay, that the Council will be able to operate at lower cost in the future and will help to optimise the Council's already substantial investment in new digital capabilities. Again the programme of work will be extensive, initially costly and not without risk.

- 5.8 The Tt2019 programme will challenge our leaders, senior managers and operational staff. Optimising productivity, partly through agile and mobile working will be a necessity, making the best use of technology will be critically important for our staff and so that we can redesign services and processes for the benefit of residents. By strategically combining these two important cost reduction enabling themes the Council will operate at lower cost with less staff, from fewer fixed points, thus requiring less office space.
- 5.9 The opportunity assessment work has also uncovered up to or even beyond some £40m of recurring benefit that could result from changes in legislation over this new parliamentary period. This could involve changes, freedoms and/or the ability for the Council to introduce service charges in Home to School Transport, Concessionary Fares, Household Waste Recycling Centres and Home Care. The next section of this report outlines how future legislative change possibilities will be considered by the public alongside other strategic choices that are available to contribute towards the future £140m budget gap.

## **6 Public Consultation**

- 6.1 As part of the approval process for the detailed savings plans that must follow, a public consultation exercise is set to begin in early July and will be open for six weeks. The consultation document will set out the options available for meeting the anticipated funding shortfall and seeks views on those options. The consultation will principally be on-line, via the County Council's website but the document will also be available in hard copy.
- 6.2 Responses to the consultation will help to inform the decision making by Cabinet and Full Council in October and November of 2017 on setting the content for the 'financial envelope' for 2018 - 2020. The relevant timescales are set out below:

<b>Public Consultation</b>	<b>July to mid August 2017</b>
<b>Savings proposals and consultation feedback considered by Select Committees and Executive Members</b>	<b>September 2017</b>
<b>Savings proposals and consultation feedback considered by Cabinet</b>	<b>October 2017</b>
<b>County Council to consider savings proposals and consultation feedback</b>	<b>November 2017</b>
<b>'Normal' budget setting process for setting the 2018/19 budget and Council Tax</b>	<b>January and February 2018</b>

- 6.3 The public consultation process provides an opportunity for residents and stakeholders to express their views on how best the County Council should go about the challenge of balancing a forecast future budget gap of some £140m.
- 6.4 A set of high level, strategic options will be set out for public comment. These will include potential strategic changes to services, ways to generate income (including from possible legislative changes), different uses of reserves, increases to Council Tax and proposals for simplifying Local Government in Hampshire.
- 6.5 A series of more detailed, service specific consultations will then be undertaken throughout the Tt2019 programme in accordance with legal best practice. Outcomes from that second round of service specific consultations will help to inform further detailed decisions by Executive Members over the next year, allowing Departments to move to implementation to achieve required savings and service transformation by 2019, wherever possible.
- 6.6 It must be understood that any failure to achieve the overall timetable will delay the savings programme and risk destabilising not just the programme but the wider organisation. It is arguable in some authorities that that process of destabilisation has already begun with its consequent impact on vulnerable service users. There is a determination that Hampshire County Council should avoid such a position for the sake of the organisation and the people who depend upon it.

## **7. Conclusion**

- 7.1 Despite impressively strong and consistent financial performance over many years, further to last year's finance settlement for Local Government, the County Council is facing a forecast budget gap of some £140m by 2019/20 that requires closing. This is after safely removing close on £340m of revenue savings over the past seven years and within that, delivering in full on the latest Tt2017 programme.
- 7.2 Cabinet approved the overall programme target of £140m for Tt2019 in June 2016 together with a breakdown and a cumulative target for Departments of £120m (33% higher than Tt2017) with the remaining £20m coming from corporate housekeeping. Cabinet also approved a headline programme timetable, including a public consultation exercise this summer followed by an early budget setting process in September and October in order to allow maximum time for the range of savings proposals to be developed and then implemented over the next few years. The public consultation exercise is scheduled to commence in July and will run for the next six weeks.
- 7.3 There is no doubt from early planning and opportunity assessment work completed by Departments over the past six months, that Tt2019 is set to test the Council like no other programme before. The savings targets are daunting, representing a further 19% reduction to Department cash limits. Delivery, in full, solely from cost reduction and transformational work will see every area of Council business affected and impacted. There will inevitably

be some tough decisions ahead and the Council's approach to risk will necessarily need to change. Alongside this will be the need to work even more closely with partners, residents and communities to appropriately change public expectations of what the Council is for and can be expected to do.

- 7.4 In some areas, services will be delivered closer to the acceptable minimum of statutory requirements. This will require careful and close monitoring to ensure we continue to meet our statutory requirements with adjustments made where necessary. This way of operating will place a greater emphasis on the Council's enabling and influencing roles and will rightly involve closer working with partners, community organisations and volunteers. All Departments and all areas of business will be impacted and inevitably the Council will operate with lower staff numbers. The organisation, its partners and its customers, will have to operate with still greater flexibility and harness digital capacity to the maximum. Our already extensive commercial and income generating activities will have to extend wherever possible, acknowledging the limitations of this capacity and the markets within which we operate (largely similarly pressed public sector partners).
- 7.5 The public consultation exercise will seek the views of residents and stakeholders not only on the potential priorities for cost reduction or income opportunity areas but also on a small but important range of strategic matters. These include but are not limited to: the extent that higher levels of Council Tax might make a contribution; the structure and organisation of Local Government in Hampshire; and the extent that there may or may not be support for legislative changes to be pursued, particularly around the Council's ability to charge for services. These strategic matters take on greater importance given the likelihood that there will be a need for the Council to make yet further savings beyond this decade. The uncertainties around BREXIT and the continuing economic challenges especially in terms of the deficit and public spending mean that it is probable that Tt2019 will be succeeded by a further financial challenge. This could well influence opinion.
- 7.6 Further to the public consultation and then the earlier budget setting process (planned for September to early November this year) a good deal of hard work remains ahead. The challenge presented by complex transformation and our recent programme experiences, mean that it is quite possible that some critical aspects of the programme may take longer than two years to complete. We must plan for this eventuality but also strive to minimise its likelihood and impact. The positive year end position reported elsewhere on today's agenda and the Council's decision in February to include the maximum permissible profile in relation to the social care precept, at least mean that one off funds are beginning to build to provide much needed support for the programme overall.
- 7.7 Whilst Tt2019 represents an immense challenge, the County Council does have significant capability and experience to tackle the task. It should also be remembered that with other parts of public services facing their own fiscal challenges, there are clear opportunities for real service transformation to

come to the fore. As tough as the forward agenda is, we also know that the County Council is as well placed as any other Local Authority to deliver on the continuing financial challenges that apply in the sector.

## **8. Recommendations**

8.1 It is recommended that Cabinet:

- a) Notes the £140m Tt2019 programme breakdown, the Department targets and the headline programme timetable – section 3;
- b) Notes the Tt2017 delivery achievement, the positive position reported in respect of Adults and acknowledges that there are no legacy implications for the Tt2019 programme and therefore the Tt2017 programme is formally closed – section 4;
- c) Notes the early opportunity assessment work completed by Departments to this point and in particular acknowledges some of the specific challenges of this programme including timing, complexity and the inevitability of a changing service delivery risk profile – section 5;
- d) Notes, per the programme timetable, the commencement in July of a public consultation exercise aimed at helping to inform the early autumn budget decision making process – section 6.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	No
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Medium Term Financial Strategy to 2020	7482	20 June 2016
Transformation to 2017 – Report No. 8	7798	19 Sept 2016
Budget Setting and Provisional Cash Limits 2017/18	7886	12 Dec 2016
Transformation to 2017 – Report No 9	8000	12 Dec 2016
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	
<b>Section 100 D - Local Government Act 1972 - background documents</b>		
<p><b>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</b></p>		
<u>Document</u>	<u>Location</u>	
None		

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

- a) The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
  - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

#### **Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

#### **b) Equalities Impact Assessment:**

It is to be expected that each theme/workstream will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties any theme/workstream will be asked to consider potential differential impacts on people and communities. Detailed Equality Impact Assessments will be carried out on the implementation plans as appropriate.

### **2. Impact on Crime and Disorder:**

- a) Not applicable

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable

**T19 – Cabinet Approved (per Medium Term Financial Strategy - MTFS)  
Departmental Financial Targets and Programme Timetable**

**Table 1 - Programme Financial Targets**

<b>Department</b>	<b>£m's</b>
Adults	55.9
Children's	30.1
ETE	19.0
CCBS	6.3
Corporate Services	7.9
P&R Other	0.8
<b>Programme Sub Total</b>	<b>120.0</b>
Housekeeping	20.0
<b>T19 Overall Programme Total</b>	<b>140.0</b>

**Table 2 – Programme Timetable**

<b>Milestone</b>	<b>Date</b>
Public Consultation Exercise (Stage One) 6 weeks	July to mid August July 2017
Select Committee and Executive Member meetings to approve Departmental savings proposals	September 2017
Cabinet consideration of Public Consultation response and savings proposals	October 2017
Full Council consideration of savings proposals and budget envelope for April 2019	November 2017
Continued delivery of projects, programmes and savings	November 2017 >



## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Policy & Resources Select Committee
<b>Date:</b>	22 June 2017
<b>Title:</b>	<i>Shaping Hampshire</i> 2016/17 Year End Performance Report and <i>Serving Hampshire</i> Strategic Plan for 2017 to 2021
<b>Report From:</b>	Chief Executive

**Contact name:** Deborah Harkin, Assistant Chief Executive / Philippa Mellish, Head of Insight and Engagement

**Tel:** 01962 846699/  
847482      **Email:** [deborah.harkin@hants.gov.uk](mailto:deborah.harkin@hants.gov.uk)  
[philippa.mellish@hants.gov.uk](mailto:philippa.mellish@hants.gov.uk)

#### 1. Summary

1.1. The purpose of this item is for the Policy and Resources Select Committee to monitor performance against the Shaping Hampshire Plan for 2013-2017, and consider the proposed Strategic Plan for the new administrative period - *Serving Hampshire* Strategic Plan for 2017 to 2021. This fulfils the Committee's role to scrutinise 'how effectively is crosscutting/corporate policy developed, implemented and performance evaluated and improved' (as per the scrutiny responsibilities outlined in Part two of Chapter five of the Constitution).

#### 2. Contextual information

2.1. Attached at Appendix one is the Shaping Hampshire - 2016/17 year end performance report. This is due to be considered by Cabinet on 19 June 2017. At the meeting an update will be provided on whether Cabinet agreed the recommendations as set out in section seven.

2.2. Attached at Appendix two is the Serving Hampshire – Strategic Plan for 2017-2021 report (and the Plan itself at Appendix 3). This is also due to be considered by Cabinet on 19 June 2017. At the meeting an update will be provided on whether Cabinet agreed the recommendations as set out in section seven.

2.3. A presentation will also be provided at the Policy and Resources Select Committee meeting by the Head of Insight and Engagement to summarise and explain the context of these two reports.

2.4. The Policy and Resources Select Committee is invited to consider whether to add any items to the Select Committee work programme as a result of considering the attached reports.

### 3. Recommendations

- 3.1. That the Policy and Resources Select Committee note the County Council’s key performance outcomes against the Shaping Hampshire plan for 2016/17.
- 3.2. That the Policy and Resources Select Committee endorses the Cabinet’s recommendations to full Council set out in section seven of the ‘Serving Hampshire – Strategic Plan for 2017-2021’ report.

#### CORPORATE OR LEGAL INFORMATION:

##### Links to the Corporate Strategy

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

#### Section 100 D - Local Government Act 1972 - background documents

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

1.3. This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

### **2. Impact on Crime and Disorder:**

2.1. This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

This is a covering report. Impact Assessments have been considered as part of the substantive reports attached.

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	19 June 2017
<b>Title:</b>	<i>Shaping Hampshire</i> – 2016/17 Year End Performance Report
<b>Report From:</b>	Chief Executive

**Contact name:** Deborah Harkin, Assistant Chief Executive / Philippa Mellish, Head of Insight and Engagement

**Tel:** 01962 846699/  
847482

**Email:** [deborah.harkin@hants.gov.uk](mailto:deborah.harkin@hants.gov.uk)  
[philippa.mellish@hants.gov.uk](mailto:philippa.mellish@hants.gov.uk)

#### 1. Report purpose

1.1. The purpose of this report is to:

- Provide strategic oversight of the County Council's performance during 2016/17 against priorities within the *Shaping Hampshire* Strategic Plan for 2013-2017
- Set out the approach taken to revising the County Council's Performance Management Framework (PMF)
- Outline activity planned to improve further the County Council's approach to performance reporting.

#### 2. Background: current performance reporting arrangements

2.1. The County Council's Performance Management Framework (PMF) provides the local governance structure for performance management and reporting to Cabinet. The PMF specifies that Cabinet receives an annual report on the County Council's performance against the strategic priorities set out in *Shaping Hampshire*. Performance information on Children's and Adults' safeguarding, major transformation programmes and the County Council's financial strategy are reported separately to Cabinet.

2.2. In order to report progress against *Shaping Hampshire*, departments are asked to rate performance against success measures on a quarterly basis. For each measure, a simple risk-based 'red, amber, green' rating is applied, informed by the most recent data and management information. Departments are also asked to provide an overview of key achievements and risks/issues against agreed priorities.

### 3. Performance against *Shaping Hampshire*

- 3.1. **Overall performance** against *Shaping Hampshire* remained *good* during 2016/17, evidencing strong performance in the delivery of core services.
- 3.2. **Performance against targets and improvement trend:** Based on the most recent data available at the start of 2016/17, 56% of all measures reported showed improvement or consistent performance. The County Council sets ambitious targets to drive continuous high performance. 52% of all improvement targets, as set by departments, were met.
- 3.3. The majority of measures were rated *green, low risk*, indicating they were either on track to achieve their performance target or, where performance was not in line with the departmental target, performance remains within tolerance levels and has not declined for more than one consecutive period.
- 3.4. **Performance highlights for 2016/17 include:**
- Over 98% of parents applying for a Year 7 place at a Hampshire secondary school from September 2017 were offered a school of their choice - with over 93% getting a place at their preferred first choice school. This is consistent with performance in previous years
  - Hampshire students continue to outperform the national average in their GCSEs. Under the new Attainment 8 system Hampshire students achieved a score of 51.1 - performing above the national average of 49.9
  - Hampshire's Children's Services' and partners' response to domestic abuse is *strong, robust and highly effective*, according to the results of a Joint Targeted Area Inspection undertaken by national agencies in December 2016
  - The rate of admissions of people aged 65 (per 100,000 population) into new permanent residential and nursing care reduced from 617 in March 2016 to 565 in 2016/17.
  - The County Council's 2016 surface dressing programme was successfully completed two weeks early, prolonging the life of over 165 miles of roads across Hampshire
  - The County Council was presented with *Gold Award* by the Ministry of Defence Employer Recognition Scheme in acknowledgement of its commitment to the Armed Forces, both as a local authority and employer
  - Hampshire's five country parks have all been recognised with Green Flag awards, reflecting their status as some of the best parks and green spaces across the country
  - CO2 emissions from local authority activity have fallen by 35.8% since 2010 - on target for a 40% reduction by 2025
  - Five athletes who won medals at Rio's Olympic and Paralympic games were supported through the Hampshire Talented Athlete Scheme (HTAS), winning a total of eight medals - six golds, one silver and one bronze
  - £420,000 was awarded to the County Council by the Cabinet Office as part of the One Public Estate programme to develop projects and initiatives that will increase efficiency through joint working with other local authority organisations
  - The County Council successfully secured £440,000 funding from the Government to promote green forms of transport in rural areas

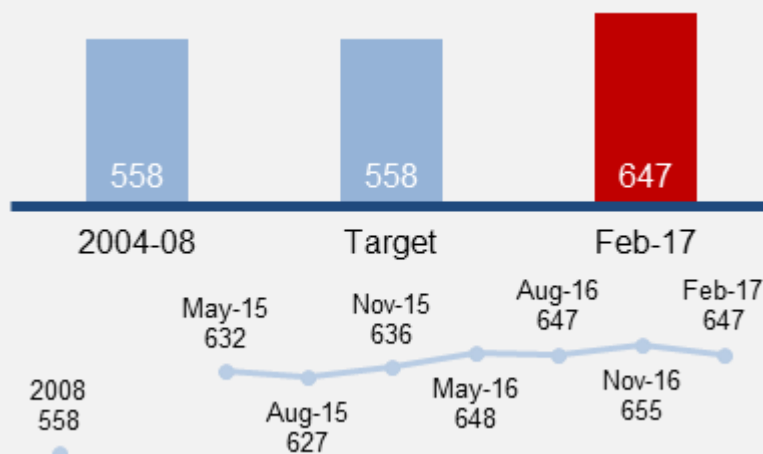
- £4.3m in savings were generated this year by County Supplies, with prices over 40% cheaper compared with six key providers (based on a sample basket of items)
- The County Council was assessed as providing *high assurance* for how it manages data protection by the Information Commissioner's Office (ICO) following an external audit – the highest level that can be achieved
- As part of its award winning web content strategy, the County Council redesigned 4,000 web pages and reduced the total number of pages by 57% - making it easier for residents to find the information they need online

A more extensive list of key performance achievements is included in appendix one.

**3.5. Key performance risks** - for all areas where performance had decreased or failed to meet targets, departmental improvement plans were in place and mitigating action was being taken. Of these, the majority were considered low risk with only one area rated high risk:

### Number of people killed or seriously injured on Hampshire roads

Current status: **Red**  
Unit of measure: Number (three year average)



The figure for people killed or seriously injured (KSI) is calculated by combining the number of fatal and the number of serious incidents, as defined by the Police Accident Reports. There is a national trend of increasing road casualties, which also affects Hampshire.

In 2014 there was a particularly high number of incidents and because the measure used is a 3 year average, therefore the 2016 update remains high. Although the number of serious incidents has steadily increased over recent years (from 623 in 2013 to 678 in 2014), the number of fatal incidents has reduced (from 42 in 2013 to 30 in 2014).

A new traffic management policy, which took effect from April 2017, focuses on progressing schemes and projects that target the identified causes of injury accidents, where these can be addressed by engineering and physical measures. This replaces the more recent approach of incorporating community request led identification of projects for inclusion in our Programmes. Requests for traffic management schemes will, therefore, in future be fully targeted on evidence of where injury accidents are occurring. This will enable the limited funding available to be channelled where it can have the greatest impact in terms of reducing the causes of injury accidents. The approach is also built into the revised traffic management agency agreements with district councils, which came into effect at the same time.

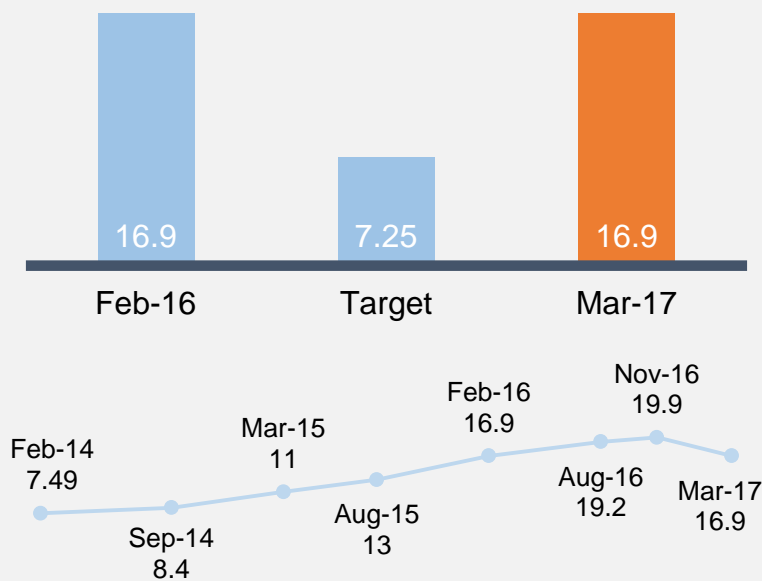
Driver and road safety education and awareness make an important contribution to reducing road casualties. During 2016/17, the County Council has continued with its road safety programmes with schools and young drivers, including the junior road safety officer initiative. The County Council also runs free driver awareness workshops for motorists aged 60 and over

to help people to keep driving safely for longer, and to maintain their independence.

As a result of identifying an increase in accidents involving cyclists on our roads, during March 2017 the County Council ran a road safety campaign to encourage cyclists and drivers to be more aware of each other to stay safe on Hampshire's roads. The campaign involved adverts on buses, on local radio stations and on social media aimed at both drivers and cyclists. The Council is also working with the Road Safety Foundation through a pathfinding exercise to formulate a bid to secure Department for Transport funding for measures on three poor performing routes in southern Hampshire, identified by the EuroRAP risk rating report.

### Number of people delayed leaving hospital

Current status: **Amber**  
Unit of measure: Rate (per 100,000 population)



The upwards trend in the number of people delayed leaving hospital is reflected nationally and is a system wide issue. The figures reported reflect all delays, attributable to both the NHS and social care. The County Council is directly responsible for less than half of delayed days and it is the capacity of the domiciliary care market for people funded by both the County Council and the NHS that continues to be the most significant cause of delayed transfers.

A comprehensive programme of work is underway to support system resilience and to tackle Delayed Transfers of Care. This includes a revised social

care 'hospital offer' within acute trusts and targeted triage work to move so called Hard to Place Patients into community settings.

Alongside this collaborative programme of work, the County Council has established 58 Discharge to Assess Beds within its nursing homes, plus seven bed spaces in the independent sector to facilitate timely discharge. Work also continues to support new Care at Home providers and the wider market, particularly on the recruitment and retention of care workers.

Since half year performance has improved, with day delays attributed to Adult Services in February reducing for the fourth consecutive month. Day delays are presently 31% lower than the number in November; a reduction of 1,200 days.

## 4. Annual equalities statement

4.1. The County Council's strategic aim for Equalities and Diversity is a *commitment to securing genuine equality of opportunity in all aspects of its activities as an employer and service provider*. Activities taken forward this year to support this aim include:

### Equality Impact Assessment

- An audit of Equality Impact Assessments (EIA) found the County Council to have a robust system in process, whilst identifying areas for further improvement. As a result, the online EIA form and its



guidance have been updated. The EIA Co-ordinators group has grown in effectiveness and continues to add value and exert influence across the organisation. For example, the group is playing an important role in quality assuring and improving EIAs submitted as part of the County Council's transformation programme.

### **Communication and engagement**

- Two staff networks continue to flourish – focused on Lesbian, Gay, Bisexual and Transgender (LGBT) and disability - and links have been made with the Police and Royal Navy to identify areas of promising practice with regard to equalities and diversity.

### **LGBT**

- The County Council moved up from 335 to 310 on the Stonewall Index. Transgender policies have been developed and made available to all staff and the County Council hosted the Hampshire Pride event in February, which was addressed by the Leader of the County Council.

### **Inclusive recruitment**

- The County Council was again awarded the Two Ticks accreditation, demonstrating that the County Council encourages job applications from disabled people. In addition, two sessions have been held for staff.

## **5. Future performance reporting**

### **Revising the Performance Management Framework (PMF) – background and activity since December 2016**

- 5.1. The current PMF has been in existence since 2011, providing a local governance structure for performance reporting to Cabinet. On 7 December 2015, Cabinet endorsed proposals to revise the PMF. As a first step towards this, in June 2016, Cabinet agreed to halt the annual self-assessment process, which had previously formed part of the PMF, in order to consider its ongoing effectiveness within the County Council's changing business environment.
- 5.2. Following service reviews, in December 2016, Cabinet further agreed that the County Council should place greater reliance on the outcomes of external assessments and customer feedback in judging the organisation's overall, annual performance and areas for improvement.
- 5.3. Since December, further work has been undertaken to support the development of the revised PMF including:
  - development of a new draft Strategic Plan – *Serving Hampshire Strategic Plan for 2017-2021*, which sets out four strategic aims, each supported by a set of priorities, and eight 'ways of working'
  - engagement with departments to agree an updated set of key performance measures for reporting against the new Strategic Plan, including a greater number of customer satisfaction measures

- implementation of the County Council's digital strategy, providing greater insight into the future potential for analytics and performance reporting.

### **The revised PMF**

5.4. As a result of this ongoing work, a revised approach will be taken to corporate performance management reporting. Although this does not mark a significant change in terms of business processes, it does contain some important shifts in emphasis as follows:

- **The revised PMF is driven from the County Council's new *Serving Hampshire Strategic Plan*.** The Plan's aims, priorities and ways of working flow throughout all aspects of the improvement cycle, service planning and delivery.
- **Greater emphasis is placed on resident feedback as a source of performance information.** Key performance measures include resident experience metrics reflecting how the County Council is perceived to be performing, which will be developed and added to over time.
- **Increased focus is given to the findings of external assessment,** providing a source of objective performance judgements. Appendix two details the sources of external validation used throughout the 2016/17 performance year, alongside the most up to date results.

5.5. A set of robust, core performance measures will continue to be used to monitor the County Council's performance, complementing the increased use of resident feedback and external sources of validation.

5.6. This revised approach is set out within the revised PMF, which provides a short, accessible document with detailed guidance for staff.

### **Planned activity to further improve corporate performance reporting**

5.7. It is intended that the PMF will be kept under review and updated on a regular basis in line with the changing needs and capabilities of the business. For example, in June 2016, Cabinet recognised that the revised PMF should seek to minimise bureaucracy and increase efficiency by drawing on new digital capabilities to provide timely, automated reporting. Due to developments to take forward the County Council's digital strategy, the organisation is in a position to build more sophisticated analytical reporting tools.

5.8. As a result, from autumn 2017, the County Council will explore the potential to develop automated corporate performance dashboards, similar to those already developed by other county councils, including Northumberland,

Surrey and West Sussex<sup>1</sup>. These developments could provide residents and Members with direct access to up to date performance information against a range of more detailed key performance measures. As part of the feasibility study for this work, it will be important to ensure that solutions are fully automated and do not lead to any unintended increase in demand for performance resource.

## **6. Conclusion**

- 6.1. This report and its supporting appendices demonstrate that Hampshire County Council performed well in the delivery of core public services during the 2016/17 performance year, with capacity to improve.
- 6.2. Work has been undertaken to develop a new Strategic Plan and to develop a revised approach to corporate performance management, providing an updated governance structure for performance reporting to Cabinet.
- 6.3. Further actions have been identified to improve the efficiency, timeliness and transparency of performance reporting, which will be taken forward over the next 12-18 months.

## **7. Recommendations**

- 7.1. It is recommended that Cabinet:
  - a) Note the County Council's key performance outcomes against the *Shaping Hampshire* plan for 2016/17;
  - b) Approve the approach taken to revising the County Council's Performance Management Framework, as set out in section 5
  - c) Note the activity planned to improve further the County Council's approach to performance reporting, as set out in section 5.

---

<sup>1</sup> <http://www.northumberland.gov.uk/About/Policy/Performance.aspx?nccredirect=1>  
<https://performance.westsussex.gov.uk/en/stat/goals/w6h8-vure/vech-36rz/j72h-nyri/view>  
<https://performance.surreycc.gov.uk/stat/goals/98tw-b5pa>

### Links to the Corporate Strategy

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Improvement plan link number (if appropriate): All	
<b>Maximising well-being:</b>	Yes
Corporate Improvement plan link number (if appropriate): All	
<b>Enhancing our quality of place:</b>	Yes
Corporate Improvement plan link number (if appropriate): All	

### Other Significant Links

<b>Links to previous Member decisions:</b>	
<u>Title</u> Shaping Hampshire: Quarter Two Performance Update	<u>Date</u> 12 December 2016
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> None.	<u>Date</u>

### **Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## IMPACT ASSESSMENTS

### 1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

1.2. **Due regard in this context involves having due regard in particular to:**

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### 2. Equalities Impact Assessment:

2.1. The *Shaping Hampshire* Strategic Plan supports improved outcomes for vulnerable and disadvantaged groups, specifically under priority one.

### 3. Impact on Crime and Disorder:

3.1. The Shaping Hampshire Plan supports reduced crime and disorder, through priority three.

### 4. Climate Change:

4.1. Planned measures and outcomes associated with priority two are aimed to directly enhance and protect Hampshire's environment, and promote sustainability.

## Appendix 1: Summary of achievements in 2016/17

Shaping Hampshire priority	Achievement
<p><b>Priority one:</b></p> <p><b>Health and wellbeing - Improve health and wellbeing for all</b></p>	<p>Children across the county are protected from abuse and neglect at home, according to a joint Targeted Area Inspection of the County Council's Children's Services and its partners. The inspection, which was carried out by Ofsted, HMI Constabulary, the Care Quality Commission and HMI Probation in December 2016, concluded:</p> <ul style="list-style-type: none"> <li>• Overall practice in response to domestic abuse is <i>strong</i>, with <i>robust and highly effective</i> strategic arrangements</li> <li>• All partners are dedicated to improving outcomes for vulnerable children, including those experiencing domestic abuse</li> <li>• The Hampshire Safeguarding Children Board is <i>dynamic and forward thinking</i>.</li> </ul>
	<p>The County Council has invested c. £24 million in the provision of additional school places. For example, Leesland Church of England Junior School in Gosport has recently completed a £1m extension of their classrooms to provide 120 additional school places, and an additional 700 school places are planned through schemes agreed in Basingstoke, Hart, Havant and Test Valley.</p>
	<p>Over 98% of parents applying for a Year 7 place at a Hampshire secondary school from September 2017 have been offered a school of their choice - with over 93% getting a place at their preferred first choice school. This high level of performance is consistent with previous years.</p>
	<p>Provisional 2016 results indicate that 92% of post-16 A-level students achieved two or more passes at A*-E grade, and 78% achieved three passes. Both results are above the 2015 national average (91% and 77% respectively). The percentage of those achieving high pass rates of three grades at AAB or better, at 13%, is again above last year's national average (12%).</p>
	<p>Hampshire students continue to outperform the national average in their GCSEs. Under the new Attainment 8 system, Hampshire students achieved a score of 51.1 - performing above the national average of 49.9. This means that the average grade attained by Hampshire students was the equivalent of a grade C, whereas the national average was a grade D.</p>
	<p>Students studying for the English Baccalaureate (EBacc) also performed above the national average, with 25.9% of students achieving the suite of qualifications against 24.6% nationally.</p>
	<p>59% of pupils have reached the national standard in reading, writing and mathematics at Key Stage 2, higher than the national average of 53%.</p>
	<p>Over 97% of Hampshire's 16 and 17 year olds secured a further education or training placement for the start of the 2016/17 academic year, maintaining consistent performance with 2015/16 and evidencing the County Council's strong performance in supporting young people to stay in education or training.</p>
	<p>The rate of admissions of people aged 65 (per 100,000 population) into new permanent residential and nursing care reduced from 617 in March 2016 to 565 in 2016/17.</p>
	<p>The County Council has invested £3 million in supporting older people to live independently for longer. The funding will allow 24 hour care to be provided at the new Chesil Lodge Extra Care Scheme in Winchester, currently under construction and due to be completed later this year.</p>

Shaping Hampshire priority	Achievement
<p><b>Priority two:</b></p> <p><b>Economy – Promoting economic prosperity and protecting the environment</b></p>	<p>Small businesses are now able to dispose of the same waste as residents at all of Hampshire’s Household Waste and Recycling Centres, with the exception of Efford, as a result of a new commercial option developed by Veolia, who manage the HWRC contract for the County Council. Businesses are charged based on the amount and type of waste material disposed.</p> <p>Since 2010 the level of CO2 emissions produced through local authority activity has reduced in Hampshire by 35.8% to 86,684 tonnes, which is on track to meet the Cabinet target of 40% reduction by 2025. The CO2 reduction between 2015 and 2016 alone was 12.4%.</p> <p>The County Council is the lead partner in delivering a new service to support young people who are not in education, employment or training. Solent Traineeships, Engagement and Participation (STEP) - includes a new offer of <i>Enhanced Traineeships</i> providing young people with work experience placements, and support with Mathematics and English, as a stepping stone into full apprenticeships.</p> <p>The County Council's 2016 surface dressing programme was successfully completed early, prolonging the life of over 165 miles of roads across Hampshire. The £7 million investment was completed two weeks ahead of schedule. Extending the life of Hampshire’s roads allows more money to be focused on sites requiring extensive treatment or full resurfacing.</p> <p>The County Council invested £209 million between 2017/18 and 2019/20 to improve roads and infrastructure across the county. Major highway schemes make up half of the proposed investment, including seven new projects expected to start in the next couple of years. These schemes include:</p> <ul style="list-style-type: none"> <li>• Stubbington Bypass, Fareham (£34 million)</li> <li>• M27 Junction 9 and R1, Fareham (£19.6 million)</li> <li>• Newgate Lane South, Fareham (£9.5 million)</li> <li>• Farnborough Corridor (£8 million)</li> <li>• A30 Thornycroft Roundabout, Basingstoke (£7.6million)</li> <li>• Whitehill / Bordon A325 Integration (£4 million)</li> <li>• Redbridge Lane Roundabout, Nursling (£2.5 million)</li> </ul> <p>All of the schemes are designed to relieve congestion, improve safety, and journey times, as well as unlock economic growth across the county. Road and bridge maintenance makes up the other half of the planned budget, which will be spent on highways maintenance, including pothole repairs and road resurfacing.</p>
<p><b>Priority three:</b></p> <p><b>Communities – Working with communities to enhance local services</b></p>	<p>Close to 12,000 Hampshire residents responded to the County Council's public consultation (March – May 2016) on how savings could be made in the running of Household Waste Recycling Centres (HWRCs). As a result of resident feedback and views, the decision was made not to close any HWRC sites and instead to deliver efficiencies through changes to opening hours.</p> <p>The County Council's Youth Offending Team was awarded the Restorative Services Quality Mark from the Restorative Justice Council following a robust external validation process.</p> <p>11 of the County Council's biggest libraries have joined a national scheme offering a set of 35 expert-endorsed books to help young people with mental health issues. <i>Reading Well</i> for young people provides 13-18 year olds with high-quality information, support and advice on a wide range of mental health issues.</p>

<b>Shaping Hampshire priority</b>	<b>Achievement</b>
	<p>The County Council's commitment to the Armed Forces as a local authority and employer was recognised with a Gold Award within the MOD Employer Recognition Scheme. The County Council was one of the first local authorities to sign the Armed Forces Covenant and establish a strategic Civilian Military Partnership to ensure those who serve, or have served, and their families are treated fairly.</p> <p>Hampshire's five country parks have been recognised with Green Flag awards. The national award, handed out by environmental charity Keep Britain Tidy, identifies and rewards the best parks and green spaces across the country. The country parks are:</p> <ul style="list-style-type: none"> <li>• Lepe Country Park, New Forest</li> <li>• Manor Farm Country Park, near Bursledon</li> <li>• Queen Elizabeth Country Park, near Petersfield</li> <li>• Royal Victoria Country Park, at Netley</li> <li>• Staunton Country Park, Havant</li> </ul> <p>There was a 500% increase in interest in countryside volunteering opportunities following the redesign of the County Council's volunteering pages, with over 5,000 visits to the countryside volunteering pages since the new content went live. Volunteers play a vital role in the County Council's services, with almost 230,000 volunteer hours recorded with the County Councils cultural and community services in 2016/17 as well as supporting services for adults and children.</p> <p>Around 770 disadvantaged people and their families are to benefit from a tablet computer lending service, intended to help tackle social isolation and improve digital literacy. The tablets are pre-loaded with relevant online library services and useful applications linked to themes such as health and wellbeing, money management, and information about local communities and services. This scheme is being run after receiving nearly £250,000 funding from Arts Council England.</p> <p>Five athletes who won medals at Rio's Olympic and Paralympic games were supported through the Hampshire Talented Athlete Scheme (HTAS), winning a total of eight medals - six golds, one silver and one bronze. The County Council-funded scheme is co-ordinated by Sport Hampshire and the Isle of Wight and includes: grants for competition and travel costs; fast track physiotherapy and sport science support; and training in public speaking. The 2017 cohort of the Hampshire Talented Athletes Scheme includes 181 sportsmen and women from across the county.</p>
<p><b>Priority four:</b></p> <p><b>Efficiency – Delivering high quality, cost effective public services</b></p>	<p>The County Council was awarded £420,000 funding from the Cabinet Office as part of the One Public Estate programme. The funding is intended to develop projects and initiatives that will increase efficiency through joint working with other local authority organisations.</p> <p>A record 11.3 million primary school lunches produced by HC3S, the County Council's school meal provider, between April 2015 and March 2016 – nearly twice the number in 2010. All HC3S school meals meet the Department for Education's rules for healthy school dinners, ingredients are approved under the 'Good Egg', 'Good Chicken' and 'Good Pig' Award standards set by Compassion in World Farming, and fish is sourced from well-managed, sustainable fisheries.</p> <p>The County Council put in place three new contractual frameworks for civil engineering, highways and transportation and infrastructure works. The Generation 3 Frameworks can be used by local authorities from Devon to Kent, and north to Oxfordshire and offer significant savings on procurement costs, offering better value for taxpayers' money. The frameworks have been in place for a year with positive feedback from users. To date authorities have procured 120 projects through the frameworks at a value of £50m.</p>



Shaping Hampshire priority	Achievement
	<p>The highways service ran a series of pilots to see how new technology can improve services. For example, one pilot run by Amey, working with Mayflower Smart Control and Wintersense, used infrared sensors to read road surface temperatures, sending data through the Wi-Fi network installed in the County Council's street lighting. This intelligence is enabling the County Council to pinpoint where roads need salting to tackle icy conditions, making better use of resources.</p>
	<p>As part of its award winning web content strategy, the County Council has redesigned 4,000 web pages and reduced the total number of pages by 57% - making it easier for residents to find the information they need online. In addition, since launching its new online service platform in February, almost 7,000 resident online accounts have been opened – a first step towards providing a single, online portal for residents to interact with County Council services.</p>
	<p>The Information Commissioner's Office (ICO) has awarded the County Council its highest assessment - that of <i>High Assurance</i> - following an external audit in 2016. The ICO concluded that the County Council provided a <i>high level of assurance</i> that processes and procedures are in place to ensure that the data it holds is protected.</p>
	<p>The County Council has won £440,000 funding from the Government to promote green forms of transport in rural areas. The funding will go towards connecting different ways of making journeys throughout Hampshire, addressing issues specific to a large and rural county, such as longer distances, higher costs and greater reliance on cars.</p>
	<p>£4.3m in savings were generated this year by County Supplies, with prices over 40% cheaper compared with six key providers (based on a sample basket of items)</p>

## Appendix two: external sources of validation

<b>Children's Services</b>			
<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
Inspection of services for children in need of help and protection, children looked after and care leavers	Full children's social care inspection	External - Ofsted	Overall <i>Good</i> 2014
Inspection of local area's effectiveness in identifying and meeting the needs of children who have special educational needs and/or disabilities	SEND reforms pilot inspection 2014	External – Ofsted/Care Quality Commission	None provided - pilot
Inspection of children's homes	Residential care homes inspection	External - Ofsted	Individual for each care home – reports are online at <a href="https://reports.ofsted.gov.uk/">https://reports.ofsted.gov.uk/</a>
Joint Targeted Local Authority Inspection	Front door and thematic inspection looking at an aspect of children's social care and agency working	External – Ofsted, Her Majesty's Inspectorate of Constabulary, Care Quality Commission, Probation	No overall judgement given but positive letter of findings published February 2017: <a href="https://www.justiceinspectors.gov.uk/hmic/publications/joint-targeted-area-inspection-of-the-multi-agency-response-to-abuse-and-neglect-in-hampshire/">https://www.justiceinspectors.gov.uk/hmic/publications/joint-targeted-area-inspection-of-the-multi-agency-response-to-abuse-and-neglect-in-hampshire/</a>
Targeted Local Authority inspection	Not a programme of inspection but for use where there is a concern about a local authority	External – Ofsted	NA
School Inspections	Inspections of schools	External - Ofsted	Ongoing - as at February 2017, 90% of schools judged to be <i>Good</i> or <i>Outstanding</i> by Ofsted
Supporting troubled Families Programme	Audit to look at claims	External – Department for Communities and Local Government	October 2016 letter from DCLG states there is confidence that the County Council is ' <i>working within the terms of the programme's financial framework</i> ' with evidence that ' <i>demonstrated the high quality work that Hampshire is carrying out with families</i> '.
Social care self-assessment		Internal – will be used by Ofsted as a starting point for inspection	2016 version in progress
File audits of social work	Survey audit of case file work alongside the social worker. Undertaken to determine quality of practice and as a learning exercise	Internal – feedback required in new Ofsted framework for 2018 Also multi-agency file audits undertaken by Hampshire Safeguarding Children Board	No judgements recorded as learning exercise
External moderation of Innovation programme	External moderation of Family Intervention Team as part of the innovation programme	External – Department for Education	Department for Education report published in March 2017 shows an increased level of family engagement through the programme, from below 30% beforehand to 70% with the introduction of the Family Intervention Team.

			DfE report can be found at <a href="https://www.gov.uk/government/publications/social-care-innovations-in-hampshire-and-the-isle-of-wight">https://www.gov.uk/government/publications/social-care-innovations-in-hampshire-and-the-isle-of-wight</a> .
Restorative Justice Council's Restorative Services Quality Mark	Youth Offending Team	External	Restorative Services Quality Mark awarded
<b>Adults' Health and Care</b>			
Residential Adult Social Care Services Inspection	Inspection of in house provided services <ul style="list-style-type: none"> <li>- All Residential &amp; nursing Homes</li> <li>- Community Response Team (at home reablement service)</li> </ul>	External – Care Quality Commission	Ranges from <i>Outstanding</i> to <i>Inadequate</i>  All CQC ratings of services provided by Hampshire County Council can be found at <a href="http://www.cqc.org.uk/provider/1-101663766">http://www.cqc.org.uk/provider/1-101663766</a> .
<b>Economy, Transport and Environment</b>			
Accreditation to ISO9001:2008		External	Maintained
<b>Culture, Communities and Business Services</b>			
UKAS Accreditation	Hampshire Scientific and Asbestos Management services following an annual assessment	External – UKAS (UK Accreditation Service)	UKAS provide accreditation that Hampshire's asbestos surveys are conducted to the standard set out through 'HSE publication HSG264 – Asbestos: The Survey Guide'  <a href="http://documents.hants.gov.uk/health-and-wellbeing-board/Asbestos.pdf">http://documents.hants.gov.uk/health-and-wellbeing-board/Asbestos.pdf</a>  <a href="https://www.ukas.com/news/hampshire-county-council/">https://www.ukas.com/news/hampshire-county-council/</a>
Adventure Activities Licensing Services Inspection -	Hampshire Outdoor centres	External – Adventure Activities Licensing Authority	Calshot Activities Centre Licence renewal
Green Flag Awards	Outdoor accreditation for a variety of areas	External	Award maintained
General Register Office – Stock and Security Audit	Registration –provides assurance under the HMG Security Policy Framework that Local Authorities, as delivery partners, have systems and processes in place to minimize risk and protect both assets and services appropriately and supports the wider Home Office Public Protection agenda.	External	December 2016 report by HM Passport Office states that 'stock and related security responsibilities are being extremely well managed and controlled'.
Hyperactive Children's Support Group (HACSG)	HC3S annual assessment to retain accreditation for removal of specific additives in primary school meals	External	Accreditation has been maintained, with the last update in November 2016
Environmental Health Officers assess the kitchens on a regular basis	HC3S	External	EII Restaurant and Coffee Shop was accredited by Allergy UK for their Allergy Aware Scheme in January 2017 ( <a href="https://www.allergyuk.org/get-help/eating-out">https://www.allergyuk.org/get-help/eating-out</a> )
Annual kitchen	HC3S internal audit covering	Internal	2016/17 summary pending

audits	various aspects of catering operation i.e. health and safety, training, finance		EII Restaurant and Coffee Shop was accredited by Allergy UK for their Allergy Aware Scheme in January 2017
European Notified body Status for Non-automatic Weighing machines	Trading Standards	External - European Notified body Status for Non-automatic Weighing machines	Status maintained (reported to Regulatory Delivery at BEIS)
<b>Corporate Services</b>			
Accreditation to ISO20000 Service Management and ISO27001 Information Security for IT services	IT services	External	Maintained
Accreditation to ISO90001	Audit services	External – Institute of Internal Auditors	Maintained
Public Sector Internal Audit Standards	Audit services	External - Institute of Internal Auditors	Fully compliant
Travelers audit	Audits of insurance claim handling by Legal Services	External – Travelers (insurance)	Excellent rating
Data protection audit report	Data Protection	External - Information Commissioner's Office	High Assurance
Lexcel inspection – law Society's standard for legal practice	Legal Services	External - Lexcel	Maintained accreditation
Matrix award	Hampshire County Council's Careers and Employability Service	External	Quality accreditation awarded in recognition of the organisation's high standards in providing education and careers advice and guidance for young people – Awarded in March 2017

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	19 June 2017
<b>Title:</b>	Serving Hampshire - Strategic Plan for 2017-2021
<b>Report From:</b>	Chief Executive

**Contact name:** Philippa Mellish

**Tel:** 01962 847482

**Email:** [Philippa.mellish@hants.gov.uk](mailto:Philippa.mellish@hants.gov.uk)

### 1. Executive Summary

1.1. This paper sets out the background to, and content of, the proposed revised Strategic Plan: ***Serving Hampshire – Strategic Plan for 2017-2021***. The Plan comprises four strategic aims, each supported by a set of key priorities, and eight ‘ways of working’. The Plan is intended to be concise and easy to access, using simple language.

1.2. It is recommended that Cabinet:

- a) Approves the *Serving Hampshire* Strategic Plan and recommends to Full Council that it be adopted as part of the County Council’s Policy Framework, as set out in the Constitution, replacing the County Council’s Corporate Strategy;
- b) Agrees for the *Serving Hampshire* Strategic Plan to replace the County Council’s Sustainable Community Strategy, and recommends to Full Council that the latter to be removed from the County Council’s Policy Framework, as set out in the Constitution;
- c) Delegate authority to the Head of Law and Governance and Monitoring officer to make any necessary consequential amendments to schemes which refer to the Corporate Strategy but which now will need to reflect the content of the new *Serving Hampshire* Strategic Plan, subject to the Plan being approved by Full Council.

### 2. Contextual information

#### ***Open for Business***

2.1. Since the County Council’s first efficiency programme (2008-2010), Cabinet has recognised the need for a strategic narrative. The first narrative, developed in 2010, was based around the theme *Open for Business*. This signalled the County Council’s intentions to develop and refocus services, whilst meeting the challenges of significant grant reductions. *Open for Business* provided an operating model for business planning and a framework for reporting performance progress to Cabinet.

### ***Shaping Hampshire: modern, public services for the future***

- 2.1. On 28 October 2013, Cabinet agreed that a similar approach should be taken to 2015 and beyond, using the narrative *Shaping Hampshire: modern, public services for the future*. Over the past four years, the *Shaping Hampshire Plan* has provided the overarching framework for the County Council's business, including both the *Transformation to 2015* and *Transformation to 2017* programmes. The Plan has continued to signpost the County Council's ambition to transform and shape services for the future, in line with the Authority's evolving financial strategy.

### ***Towards a new strategic narrative***

- 2.2. As the County Council embarks on its next transformation programme – *Transformation to 2019* – the need for a robust, strategic narrative is equally important. Central Government continues to reduce the amount of funding it gives to the County Council. At the same time, demand for County Council services is increasing. As a result, the County Council needs to deliver a further £140 million savings by 2019 – bringing the Authority's cumulative spending reductions to nearly half a billion pounds by 2019/20.
- 2.3. In this context, the County Council requires a strategic narrative that will support the Authority to make tough, but necessary, choices about future services. It is, therefore, recommended that the *Shaping Hampshire Plan* is replaced with a revised *Serving Hampshire Strategic Plan*. The revised Plan is intended to guide decision-making to ensure that Hampshire taxpayers' money is targeted where it is needed most, and where it can make the greatest difference.

## **3. Serving Hampshire – Strategic Plan 2017-2021**

- 3.1. The *Serving Hampshire Strategic Plan* provides the overarching framework for the County Council's work. The Strategic Plan is informed, and underpinned, by various, more detailed plans, including: the Children's and Young People's Plan, Adults' Health and Care Service's vision, the Public Health Strategy, the Customer Contact Strategy, the emerging workforce Wellbeing Strategy, and the County Council's planning approach for its *Transformation to 2019* programme. The Strategic Plan covers the period of 2017-2021, reflecting the term of office for the new administration.
- 3.2. The Strategic Plan is organised by four strategic aims, each supported by a set of key priorities. The four strategic aims are intended to support the County Council to prioritise its resources, whilst also reflecting the breadth of the County Council's responsibilities. The Plan also includes eight 'ways of working' which signal the approach the County Council will take to delivering the four strategic aims. The rationale for each of the four outcome areas and eight ways of working is set out in section four below.
- 3.3. In order to maximise access to the Strategic Plan by residents, partners and County Council staff, the Plan has been kept succinct and aims to use simple language. The Strategy will be available as online content via Hantsweb, which will include the option of downloading an [Executive Summary](#).

#### **4. Commentary on the Strategic Plan**

##### **Outcome 1: Hampshire maintains strong and sustainable economic growth and prosperity**

The first strategic aim relates to Hampshire's future economic growth and prosperity. This is of strategic importance because Hampshire's economic success underpins a number of other positive outcomes for Hampshire's residents and communities. For example, by competing successfully on the international stage, Hampshire is more likely to be able to attract inward investment which, in turn, will help to make Hampshire a better and more enjoyable place to live, work and visit. Similarly, job creation and supporting people into work can help to improve people's health and wellbeing. Furthermore, the success of Hampshire's economy is becoming increasingly important to the County Council's ability to fund core services.

##### **Outcome 2: People in Hampshire live safe, healthy and independent lives**

- 4.1. The second strategic aim is about supporting people to live safe, healthy and independent lives by focusing the County Council's resources where need is greatest, and where it can make the biggest difference. Firstly, this means meeting the eligible needs of those who require council services. This reflects feedback received from Hampshire residents. One of the strongest messages from the County Council's *Spending Review* consultation (2015) was residents' support for continuing to prioritise services for the most vulnerable, including children, older people and people with a disability. Similarly, the majority of respondents to the County Council's *Serving Hampshire* consultation (2016) said that they cared most about the quality of services, value for money and protecting services for the most vulnerable.

Secondly, this outcome means directing resource where it can make the biggest difference – where the return will be greatest for residents and communities. By investing in early intervention initiatives and key universal services, such as education and public health, the County Council will help to improve outcomes for people and reduce demand for more costly, council services.

##### **Outcome 3: Hampshire enjoys a rich and diverse environment**

The third strategic aim balances the first by ensuring that Hampshire's economic success does not come at the expense of the county's environment and heritage. This outcome recognises that many people choose to live, work and visit Hampshire because of its strategic location, world class environment and rich character and culture. Preserving the quality of Hampshire as a place is also an enabler of economic growth - for example, tourism generates almost £3 billion annually to Hampshire's economy. Preserving Hampshire's environment also supports a number of other positive outcomes, including enabling people to live active lifestyles and enjoy good health and wellbeing.

##### **Outcome 4: Hampshire enjoys strong, inclusive communities**

This strategic aim is about recognising the resources, skills and strengths that exist in local communities and that, when utilised, can help reduce the demand and dependency on County Council services. With the support of family, friends, volunteers and carers, the majority of people are able to live full and independent lives. In this way, residents and communities become

more resilient, doing more for themselves, and less reliant on County Council services. This enables more resources to be targeted where they are needed most.

### **Ways of working**

- 4.2. The *Serving Hampshire* Strategic Plan includes eight 'ways of working' which signal the approach the County Council will take to delivering the four strategic aims. All eight ways of working underpin an overarching ambition to **put residents at the heart of everything the County Council does**.
- 4.3. This means **engaging, involving and informing** residents in understanding issues and developing solutions. This will support the County Council to ensure its resources are targeted and **responsive to people's needs**, thereby aiding efficiency and helping to increase customer satisfaction.
- 4.4. The ways of working also signal the County Council's intention to build on the success of its Digital Project and develop additional **easy, efficient online services**. As well as delivering significant improvements to the County Council's award winning website *Hantsweb*, the Digital Project has increased the number of services that customers can access online and improved the County Council's ability to deliver a more efficient, effective customer experience – for example through the introduction of customer accounts. This provides a strong foundation for taking forward the County Council's Customer Contact and Digital Strategy over the next four years.
- 4.5. Both of these strategies support the County Council's wider work to change its relationship with staff, citizens and communities – **enabling people to do more for themselves** - and reducing dependency on more costly, council services.
- 4.6. The importance of working **with our partners** is also recognised. The County Council's place-shaping role is worked out in partnership with individuals, community and voluntary sector groups and a plethora of other public and private sector organisations – all seeking to serve the same population. In particular, the County Council's partnership with the NHS is likely to grow in strategic importance over the next four years.
- 4.7. The County Council's approach will continue to be characterised by a relentless focus on maximising efficiency and **using Hampshire taxpayers' money wisely** to provide good value for money. This recognises the County Council's role as the representative body in Hampshire, elected to steward the county well for future generations.
- 4.8. The Plan also recognises the importance of doing business in ways that **value people's differences** and treat people equally. This means empowering residents and employees to fulfil their potential, including by supporting positive emotional and mental health and wellbeing. This is particularly pertinent to County Council employees, who continue to undergo significant organisational change. For this reason, several strands of work will be developed and taken forward over the coming year around the theme of staff wellbeing, including staff surveys.
- 4.9. Finally, the ways of working highlight the County Council's intention to always **keep improving**. The County Council remains one of the top performing councils in the country – a significant achievement in view of the volume of change and spending reductions that the Authority has had to absorb. Where



other councils have declined, the County Council has continued to be recognised as an exemplar in areas such as Children's Services. Over the next four years, Officers and Members will continue to act in the interests of Hampshire, seeking to find innovative, more efficient ways of working and to maximise value for Hampshire residents.

## **5. Performance monitoring against Strategic Plan**

- 5.1. As part of the County Council's revised Corporate Performance Framework, as set of updated key performance measures have been identified for reporting progress against the four strategic aims and supporting priorities set out in the new Strategic Plan.

## **6. Implications for the County Council's constitution**

### **Adopting the Strategic Plan into the County Council's Policy Framework**

- 6.1. At present, the *Shaping Hampshire* Plan sits beneath the County Council's Corporate Strategy, which was agreed by Full Council on 13 July 2006 and established three corporate objectives (Hampshire safer and more secure for all, Maximising wellbeing, and Enhancing our quality of place)<sup>1</sup>. The three corporate objectives are currently used to inform decision-making and provide the framework for budget reporting; however, they are not used as part of the County Council's performance framework, which is currently aligned to the four strategic aims within the *Shaping Hampshire* Plan.
- 6.2. Revising the *Shaping Hampshire* Plan provides an opportunity to remove any potential confusion from having three corporate objectives, aligned to the Corporate Strategy, and four separate strategic priorities, linked to the Strategic Plan by providing a single, definitive statement of the County Council's strategic intentions. It is suggested that this is achieved by adopting the new *Serving Hampshire* Strategic plan into the County Council's Policy Framework and removing the County Council's Corporate Strategy, as set out in the Constitution.

### **Removing the Sustainable Community Strategy from the County Council's Policy Framework**

- 6.3. The County Council's Constitution states that the Sustainable Community Strategy forms part of the County Council's Policy Framework. There is, however, no longer a statutory requirement on councils to have such a strategy. The County Council's Sustainable Community Strategy was developed in 2008 and expires in 2018. As the revised Strategic Plan covers much of the same ground as the Sustainable Community Strategy, providing future strategic direction for the County Council, it is suggested that latter replaces the former and that the Constitution is updated accordingly.

## **7. Recommendations**

- 7.1. It is recommended that Cabinet:

---

<sup>1</sup> <http://www.hants.gov.uk/decisions/decisions-docs/060713-countc-R0706142407.html>

- a) Approves the *Serving Hampshire* Strategic Plan and recommends to Full Council that it be adopted as part of the County Council's Policy Framework, as set out in the Constitution, replacing the County Council's Corporate Strategy;
- b) Agrees for the *Serving Hampshire* Strategic Plan to replace the County Council's Sustainable Community Strategy, and recommends to Full Council that the latter to be removed from the County Council's Policy Framework, as set out in the Constitution
- c) Delegate authority to the Head of Law and Governance and Monitoring officer to make any necessary consequential amendments to schemes which refer to the Corporate Strategy but which now will need to reflect the content of the new *Serving Hampshire* Strategic Plan, subject to the Plan being approved by Full Council.

## CORPORATE OR LEGAL INFORMATION:

### Links to the Corporate Strategy

Hampshire safer and more secure for all:	Yes
Maximising well-being:	Yes
Enhancing our quality of place:	Yes

#### 1. Equality Impact Assessment

1.1. The *Serving Hampshire* Strategic Plan is intended to provide a framework for the County Council's business which supports positive outcomes for all Hampshire residents, including groups with protected characteristics. The Strategic Plan has a particular emphasis on prioritising the needs of Hampshire's most vulnerable residents and specifically states that the County Council will work to empower residents and County Council employees by valuing people's differences and supporting wellbeing.

#### 2. Impact on Crime and Disorder:

2.1. The second strategic aim of the Plan states that *People in Hampshire live safe, healthy and independent lives*. This will be supported by the County Council's work to reduce crime that causes greatest harm, and to support the victims of crime. The Plan also recognises the importance of working in partnership, which includes other statutory and non-statutory agencies involved in tackling crime and disorder in Hampshire.

#### 3. Climate Change:

a) The third strategic aim within the Plan states that *Hampshire's environment and heritage is protected and enjoyed by all*. This will be supported by the County Council's work to conserve and use natural resources efficiently and to protect Hampshire's environment and quality of life.

This page is intentionally left blank

# Serving Hampshire – Strategic plan for 2017–2021

- Hampshire County Council is the democratic body that serves the residents and businesses of the whole of Hampshire.
- The County Council spends around £1.9 billion a year on serving Hampshire's 1.3 million residents. We are responsible for 80% of spend on council services in Hampshire and are careful in how we use taxpayers' money.
- Residents have told us they support our financial strategy and so far, it has served the county well.
- We have kept Council Tax down and delivered value for money for Hampshire residents. This has helped us to sustain some of the strongest public services in the country.
- Demand for our services is increasing but Government is reducing the money it gives us to pay for services.
- Over the next four years, we want to work with you to meet the financial challenges we face and improve outcomes further for Hampshire's residents.



## Outcome 1:

**Hampshire maintains strong and sustainable economic growth and prosperity**

We will achieve this by:

- Increasing inward investment and promoting Hampshire's global competitiveness
- Improving Hampshire's connectivity
- Supporting businesses to start and grow
- Helping people into work and to develop and maintain skills
- Planning and delivering appropriate development and infrastructure



## Outcome 2:

**People in Hampshire live safe, healthy and independent lives**

We will achieve this by:

- Enabling children and young people to get a good start in life
- Supporting people to live independently in their own homes
- Meeting people's eligible, statutory needs – ensuring people are cared for in the right place, for the right time and at appropriate cost
- Working to reduce inequalities
- Contributing to keeping you safer



## Outcome 3:

**Hampshire enjoys a rich and diverse environment**

We will achieve this by:

- Enhancing Hampshire's heritage and culture
- Conserving and using natural resources efficiently
- Protecting Hampshire's environment and quality of life
- Enabling people to stay fit and healthy and to access and enjoy Hampshire's countryside
- Maintaining the unique character of the county



## Outcome 4:

**Hampshire enjoys strong, inclusive communities**

We will achieve this by:

- Making it easy for people to find and access support within the community
- Strengthening the role of town and parish councils, where this is wanted
- Supporting a thriving and diverse voluntary and community sector and body of volunteers
- Working with the Armed Forces community to enhance relationships with the local community and economy

## The way we work

We will put our residents at the heart of everything we do

## This means we will:

- Engage, involve and inform residents
- Develop easy, efficient online services
- Work with our partners
- Use taxpayers' money wisely
- Enable people to do more for themselves
- Respond flexibly to people's needs
- Value people's differences
- Keep improving



This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Policy & Resources Select Committee
<b>Date:</b>	22 June 2017
<b>Title:</b>	Work Programme
<b>Report From:</b>	Director of Transformation & Governance – Corporate Services

**Contact name:** Marie Mannveille, Scrutiny Officer

**Tel:** 01962 845018

**Email:** marie.mannveille@hants.gov.uk

#### 1. Summary

1.1. The purpose of this item is to provide the work programme of future topics to be considered by this Select Committee.

#### 2. Recommendation

That the Policy & Resources Select Committee approve the attached work programme.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None



## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

1.3. This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this work report. The Committee will request appropriate impact assessments to be undertaken should this be relevant for any topic that the Committee is reviewing.

### **2. Impact on Crime and Disorder:**

2.1. This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this work report. The Committee will request appropriate impact assessments to be undertaken should this be relevant for any topic that the Committee is reviewing.

### **3. Climate Change:**

a) How does what is being proposed impact on our carbon footprint / energy consumption?

This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this work report. The Committee will consider climate change when approaching topics that impact upon our carbon footprint / energy consumption.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this work report. The Committee will consider climate change when approaching topics that impact upon our carbon footprint / energy consumption.

**WORK PROGRAMME – POLICY & RESOURCES SELECT COMMITTEE**

Topic	Issue	Reason for inclusion	Status and Outcomes	22 June 2017	22 Sept 2017	23 Nov 2017	22 Jan 2018
<b>Overview/Pre-Scrutiny</b> - <i>To maintain an overview of Policy and Resources issues, and to consider proposed scrutiny topics for inclusion in the work programme.</i>							
<b>Pre-scrutiny</b>	Revenue and Capital Budget	To pre scrutinise the budget proposals for the Policy & Resources portfolio, prior to approval by the Executive Member.	Budget considered annually in January. (in recent years this committee has also received the budget setting item at the January meeting for additional context)				✓
<b>Overview</b>	Performance	To monitor how performance is managed corporately, and consider the performance information to support identification of areas to focus scrutiny.	Members requested to consider the performance report annually. Last received July 2016, next update expected summer 2017.	✓			
<b>Overview</b>	Priority setting	To comment on the strategic plan for the County Council.	‘Shaping Hampshire’ strategic plan runs to 2017. To receive an item on development of the next strategic plan.	✓			

Topic	Issue	Reason for inclusion	Status and Outcomes	22 June 2017	22 Sept 2017	23 Nov 2017	22 Jan 2018
<b>Overview</b>	IT developments and issues (including Digital Strategy)	Monitoring contribution of IT to change programmes, major projects (e.g. rural broadband) and policy issues in relation to underpinning council services (e.g. disaster recovery plans)	Update has been considered annually. Last update received Jan 2017, next update due Jan 2018.				✓
<b>Pre-scrutiny</b>	Grants to Voluntary Sector Infrastructure Organisations	The approach to grant funding voluntary sector organisations has been reviewed.	HALC presentation received April 2016, rec to Exec Member P&R regarding refresh of partnership agreement and review of grant for 17/18. Update awaited				

Topic	Issue	Reason for inclusion	Status and Outcomes	22 June 2017	22 Sept 2017	23 Nov 2017	22 Jan 2018
Overview	Budget Monitoring	<p>(a) Final Accounts considered at summer meeting, to see how the budget was managed for the year compared to plan.</p> <p>(b) Medium Term Financial Strategy – considered when appropriate to provide longer term financial context.</p> <p>(c) Planning for the 2019/20 budget gap</p>	<p>(a) Last considered July 2016</p> <p>(b) MTFS last considered July 2016.</p> <p>(c) 'transformation to 2019' update due June 2017.</p>	<p>✓ (a)</p> <p>✓ (c)</p>		<p>(b) ✓ tbc</p>	

Topic	Issue	Reason for inclusion	Status and Outcomes	22 June 2017	22 Sept 2017	23 Nov 2017	22 Jan 2018
<b>Scrutiny Review</b> - <i>to scrutinise, in-depth, priority areas agreed by the Committee</i>							
None at this time							
<b>Real-time Scrutiny</b> - <i>to scrutinise light-touch items agreed by the Committee, through working groups or items at formal meetings.</i>							
Consultation Policy	Whether improvements could be made to how the County Council engages with the public.	Members were aware of examples of consultations that had not been well received by the public, and wanted to review corporate guidance on consultations.	Working group reported to July 2014 meeting and recommended to Cabinet. Cabinet agreed new policy Feb 2015. Review of implementation April 2016. To retain for future update, timing tbc				

Topic	Issue	Reason for inclusion	Status and Outcomes	22 June 2017	22 Sept 2017	23 Nov 2017	22 Jan 2018
Crime & Disorder	Duty to review, scrutinise, and report on the decisions made, and actions taken by 'responsible authorities' under the Crime and Disorder Act.	This duty passed from the Safe & Healthy People Select Committee to this committee in May 2014	Introductory item on crime and disorder received at Oct 2014 meeting. Update on crime & disorder work (domestic abuse focus) received at Nov 2015 meeting. Update (with Prevent focus) Nov 2016 and short introduction from PCC. Next item due Nov 2017 – PCC requested for longer slot, briefing note to be circulated confirming crime & disorder remit, and report to cover fewer topics in greater detail.			✓	
<b>Monitoring Scrutiny Outcomes</b> - to examine responses to the Committee's reports or comments and check on subsequent progress.							
Collation of Annual Report of Select Committee activity	To support oversight of the scrutiny function, and the role of this committee to ensure scrutiny activity is having impact and being evaluated.	The constitution requires that this committee report to full Council annually providing a summary of the activity of the select committees	In recent years this has been prepared by financial year. Report for 2016/17 to be agreed with the Chairman prior to July 2017 full Council.				