

# Public Document Pack



## NOTICE OF MEETING

<b>Meeting</b>	Cabinet
<b>Date and Time</b>	Monday, 16th October, 2017 at 10.30 am
<b>Place</b>	Wellington Room, EII Court, 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 3 - 14)

To confirm the minutes of the previous meeting held on 15 September 2017

### 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. MEDIUM TERM FINANCIAL STRATEGY UPDATE AND TRANSFORMATION TO 2019 SAVINGS PROPOSALS (Pages 15 - 262)**

To consider a report of the Director of Corporate Resources – Corporate Services presenting the high level outcomes from the public consultation exercise on balancing the budget and to consider the overall financial strategy for dealing with the budget gap to 2019/20 in light of the various options available to the County Council.

**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.

# Public Document Pack Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Friday, 15th September, 2017

Chairman:  
p Councillor Roy Perry

p Councillor Keith Mans  
p Councillor Peter Edgar  
Councillor Liz Fairhurst  
p Councillor Andrew Gibson  
p Councillor Rob Humby

p Councillor Andrew Joy  
p Councillor Mel Kendal  
p Councillor Stephen Reid  
p Councillor Patricia Stallard

Also present with the agreement of the Chairman: Councillors Bennison, Burgess, Heron, Huxstep, Mitchell, Philpott and Porter.

## **Broadcast Statement**

The Chairman announced that the meeting was being recorded for broadcast on the County Council's website and would be available for repeated viewing. The press and members of the public were also permitted to film and broadcast this 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.

## **12. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Fairhurst. Apologies from Councillor Bolton and Glen, who observe Cabinet in their capacity as Chairmen of Select Committees, were also received.

## **13. 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 Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 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.

## **14. MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting were reviewed and agreed.

15. **DEPUTATIONS**

No requests to make a deputation had been received.

It was noted that with the agreement of the Chairman: Councillor Graham Burgess would speak on item 6 (Strategic Transport Infrastructure and Capital Funding Opportunities) and Councillor Jackie Porter would speak on item 8 (Annual Safeguarding Report – Children’s Services).

16. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman highlighted that a further terror attack had occurred in London during the morning commuter period, serving as a reminder of the situation facing the country and the pressure on the emergency services.

It was confirmed that the next meeting of Cabinet in October would receive a report on the proposed Transformation to 2019 efficiency programme, elements of which was due for consideration by individual executive members first. The Chairman noted that indications from the Government were that ideas and innovations to help achieve cost reduction would be welcomed.

17. **STRATEGIC TRANSPORT INFRASTRUCTURE AND CAPITAL FUNDING OPPORTUNITIES**

[Councillor Reid declared a non pecuniary interest in this item by virtue of representing a division in the Basingstoke area]

[Councillor Mans declared a non pecuniary interest in this item by virtue of being a Director of the Solent LEP and the Enterprise M3 LEP]

Cabinet received a report of the Director of Economy Transport and Environment regarding Strategic Transport Infrastructure and Capital Funding Opportunities.

The key points of the report were introduced and the County Council’s success in attracting external funding and working in partnership was noted.

With the agreement of the Chairman, Councillor Burgess addressed the meeting. He introduced himself as one of the elected County Councillors for Gosport and expressed his concern that the Welborne development appeared to be disregarded in section seven of the report. He noted that this would incorporate new housing and an improvement to the motorway junction to the benefit of the wider area. In contrast, the Manydown development was not formally announced as a Garden Town. Councillor Burgess proposed therefore that Cabinet award Welborne priority one status for the Housing Infrastructure Fund (HIF) application.

The Director of Economy, Transport and Environment provided additional context to the application that was being proposed. Recognising the points made by Councillor Burgess and the significance of the Welborne development, he confirmed that for a number of reasons relating to the scale of the development opportunity and its deliverability, Manydown better met the strict HIF application

requirements. The Director highlighted further developments in Botley and Hedge End, which could present future opportunities to secure infrastructure funding.

Cabinet were in agreement that infrastructure should be in place to underpin any housing development. It was noted that the South East of England, excluding London, receives a disproportionately low level of government funding compared with other parts of the country. The guidelines in place for the application for HIF funding were acknowledged and on this basis and given the position of each development, it was agreed that Manydown should be ranked first. With reference to disappointment that an inflexible requirement to give priority ranking to the bids wasn't suited to a large authority area such as Hampshire, where there was more than one large housing proposal contributing to the Government's housing ambitions, it was also proposed and agreed that Cabinet should write to the Secretary of State requesting that both bids receive consideration.

With an addition to reflect the agreement to write to the Secretary of State, the recommendations in the report were proposed and agreed. The Decision Record is attached.

#### **18. ADULT SAFEGUARDING**

Cabinet received a report of the Director of Adults' Health and Care regarding Adult Safeguarding.

The key areas in the report were introduced and outlined, with particular reference to the Hampshire Safeguarding Adults Board, PREVENT and activity within the department. The success in reducing the volume of inquiries was highlighted as was the high cost of managing and mitigating the risk associated with deprivation of liberty referrals.

Cabinet welcomed the report and discussed a number of points including the impact of a potential reduction in labour supply caused by BREXIT on safeguarding issues such as modern slavery. It was confirmed that the County Council worked with the police and the UK Border Agency to combat modern slavery and would continue to do so.

Members paid tribute to the work of the department, in particular in the complex and sensitive area of PREVENT.

The recommendations in the report were proposed and agreed. The decision record is attached.

#### **19. ANNUAL SAFEGUARDING REPORT - CHILDREN'S SERVICES**

Cabinet received a report of the Director of Children's Services providing an annual update on safeguarding.

In introduction to the report, the positive outcomes of the joint area inspection which had followed an Ofsted inspection were highlighted. The increase in the

volume of safeguarding activity was noted and the factors behind this were set out.

With the agreement of the Chairman, Councillor Jackie Porter addressed the meeting. Councillor Porter drew Cabinet's attention to the sections of the report relating to unaccompanied asylum seekers. She felt that there was detail relating to this that it would be beneficial to bring to the attention of all Members.

Councillor Porter's comments were welcomed by the Director of Children's Services and it was confirmed that a briefing for Members would be arranged on this fast moving area.

It was highlighted that all of Hampshire's children's homes were rated as good or outstanding and that the capacity of provision for children with complex needs had increased through the completion of a substantial investment in new homes. It was proposed and agreed that this success be formally acknowledged.

Cabinet welcomed the report, noting the importance of co-operation with partners such as schools and GPs for successful safeguarding outcomes. It was questioned why numbers of children missing from home had increased and confirmed that this arose from better levels of identification, working with the police. It was clarified that reducing the number of children in care was the result of positive work to lower demand and not resulting from a cut to service provision; every child who needed support would receive it.

With an amendment to acknowledge the success of and investment in care home provision by the County Council, the recommendations in the report were proposed and agreed. The decision record is attached.

20. **SUPPORTING (TROUBLED) FAMILIES PROGRAMME (STFP) ANNUAL UPDATE**

Cabinet received a report of the Director of Children's Services regarding the Supporting (troubled) Families Programme (STFP).

The report was introduced and the positive impact of the STFP on the lives of individuals and on the community was set out. It was highlighted that the programme had so far exceeded targets and analysis revealed not only a financial saving through a reduction in other services, but also a wider quality of life improvement to those involved.

Cabinet welcomed the report, noting that the benefits of the STFP were felt by a much larger number of people in the community than the 271 families which had been directly supported.

The recommendations in the report were proposed and agreed. The decision record is attached.

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Chairman,

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 September 2017
<b>Title:</b>	Supporting (troubled) Families Programme (STFP) Annual Update
<b>Report From:</b>	Director of Children's Services

**Contact name:** Ian Langley, STFP Strategic Lead

**Tel:** 01962 845722

**Email:** [ian.langley@hants.gov.uk](mailto:ian.langley@hants.gov.uk)

**1. The decision:**

- a) That Cabinet note the progress made and endorse the future direction of the programme as outlined in the report.

**2. Reason(s) for the decision:**

- 2.1. The report provides Cabinet with an annual update of Phase 2 (2015-20) of Hampshire's Supporting (troubled) Families Programme.

**3. Other options considered and rejected:**

- 3.1. None

**4. Conflicts of interest:**

- 4.1. Conflicts of interest declared by the decision-maker: None

- 4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

**5. Dispensation granted by the Conduct Advisory Panel: none.**

**6. Reason(s) for the matter being dealt with if urgent: not applicable.**

**7. Statement from the Decision Maker:**

**Approved by:**

**Date:**

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15 September 2017

**Chairman of Cabinet  
Councillor Roy Perry**

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 September 2017
<b>Title:</b>	Adult Safeguarding
<b>Report From:</b>	Director of Adults' Health and Care

**Contact name:** Jo Lappin, Head of Safeguarding, Quality & Governance

**Tel:** 01962 847971

**Email:** Jo.lappin@hants.gov.uk

#### 1. The decision:

- a) That Cabinet endorses the direction of travel regarding the future focus of work, as outlined in Section 10 of the report.
- b) That Cabinet note the activity and progress within the Adult Safeguarding, Quality and Governance arena.
- c) That Cabinet note the continued pressure and increasing demands being made upon our statutory duty to safeguard and keep vulnerable adults safe.
- d) That Cabinet note the role of the Hampshire Safeguarding Adults Board in leading the development of policy across the 3 Pan Hampshire Adult Safeguarding Boards and to note the lead role being taken to chair the Inter-Authority Working Group.
- e) That Cabinet receive a further update on adult safeguarding in 12 months time.

#### 2. Reason(s) for the decision:

- 2.1. The report provides Cabinet with a detailed insight into the activities undertaken to keep vulnerable adults across Hampshire safe and to identify priorities over the coming year.

#### 3. Other options considered and rejected:

- 3.1. None

#### 4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None

4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

**Approved by:**

**Date:**

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15 September 2017

**Chairman of Cabinet  
Councillor Roy Perry**

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 September 2017
<b>Title:</b>	Annual Safeguarding Report – Children’s Services
<b>Report From:</b>	Director of Children’s Services

**Contact name:** Stuart Ashley

**Tel:** 01962 846370

**Email:** stuart.ashley@hants.gov.uk

#### 1. The decision:

- a) That Cabinet notes the positive progress and continued consistently high performance with regards to safeguarding children in Hampshire. Cabinet particularly welcomes the completion of a programme of investment in six Children’s Homes at a cost of £7 million to provide a modern and safe environment for Hampshire Children in care.
- b) That Cabinet note the commitment of a wide range of Children’s Services officers in achieving this level of performance.
- c) That cabinet endorses the future direction of travel identified in this report
- d) That Cabinet receives further updates on safeguarding on an annual basis.

#### 2. Reason(s) for the decision:

- 2.1. The report provides Cabinet with a detailed insight into the activities undertaken to keep vulnerable children across Hampshire safe and to identify priorities over the coming year.

#### 3. Other options considered and rejected:

- 3.1. None

#### 4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None

- 4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

5. Dispensation granted by the Conduct Advisory Panel: none.
6. Reason(s) for the matter being dealt with if urgent: not applicable.
7. Statement from the Decision Maker:

**Approved by:**

**Date:**

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15 September 2017

**Chairman of Cabinet  
Councillor Roy Perry**

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 September 2017
<b>Title:</b>	Supporting (troubled) Families Programme (STFP) Annual Update
<b>Report From:</b>	Director of Children's Services

**Contact name:** Ian Langley, STFP Strategic Lead

**Tel:** 01962 845722

**Email:** [ian.langley@hants.gov.uk](mailto:ian.langley@hants.gov.uk)

**1. The decision:**

- a) That Cabinet note the progress made and endorse the future direction of the programme as outlined in the report.

**2. Reason(s) for the decision:**

- 2.1. The report provides Cabinet with an annual update of Phase 2 (2015-20) of Hampshire's Supporting (troubled) Families Programme.

**3. Other options considered and rejected:**

- 3.1. None

**4. Conflicts of interest:**

- 4.1. Conflicts of interest declared by the decision-maker: None

- 4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

**5. Dispensation granted by the Conduct Advisory Panel: none.**

**6. Reason(s) for the matter being dealt with if urgent: not applicable.**

**7. Statement from the Decision Maker:**

**Approved by:**

**Date:**

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15 September 2017

**Chairman of Cabinet  
Councillor Roy Perry**

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 October 2017
<b>Decision Maker</b>	County Council
<b>Date:</b>	2 November 2017
<b>Title:</b>	Medium Term Financial Strategy and Transformation to 2019 Savings Proposals
<b>Report From:</b>	Director of Corporate Resources – Corporate Services

**Contact name:** Carolyn Williamson

**Tel:** 01962 847400

**Email:** Carolyn.Williamson@hants.gov.uk

#### 1. Executive Summary

- 1.1. The purpose of this report is to present the high level outcomes from the public consultation exercise on balancing the budget and to consider the overall financial strategy for dealing with the budget gap to 2019/20 in light of the various options available to the County Council.
- 1.2. As part of that overall consideration, this report details savings proposals that have been submitted by Executive Members in meeting their initial savings targets as part of the Transformation to 2019 (Tt2019) Programme.
- 1.3. The report also examines the medium term financial prospects for the County Council to 2020/21 and takes the opportunity to update Cabinet on the financial monitoring position for 2017/18.
- 1.4. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity is well documented. It involves planning ahead of time, making savings in advance of need and using those savings to help fund transformational change to generate the next round of savings.
- 1.5. In line with this strategy, the proposals in this report are being presented at this stage (together with a summary of the results of the *Serving Hampshire – Balancing the Budget* public consultation carried out over the summer) in order to allow more time for delivery of the savings; including the requirement to undertake a second stage of service specific consultations where necessary.
- 1.6. The County Council's approach to making savings has always been to minimise the impact on services, by making efficiencies wherever possible, maximising opportunities for investment and the generation of income or

expanding its traded services with other organisations. This remains the case for the new savings programme which will benefit from the previous approach.

- 1.7. A key element of the discipline that has been applied to this and previous savings programmes is the need to identify alternative savings within the Department should any of the current proposals be rejected. In most cases this would require the consideration of options that are potentially more difficult than those presented in these papers.
- 1.8. The financial position to 2019/20 was heavily impacted by the Local Government Finance Settlement for 2016/17 which changed the methodology for distributing grant and reversed the Government's previous policy on council tax increases. In February 2016 it was reported to Cabinet and County Council that savings in the order of £140m would be required and this has been reflected in all financial updates since that date, leading into the Tt2019 Programme.
- 1.9. The Tt2019 Programme is progressing well, but it is clear that a further £140m of savings will be extremely difficult to achieve, will take significantly longer to deliver to avoid service disruption and must be underpinned by one-off investment in Digital and IT solutions, which are outlined in this report, and which total £38.6m.
- 1.10. 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.
- 1.11. In this context the report also considers a number of items that are linked, both directly and indirectly, to additional capital investment and economic growth and also to managing risk, particularly in response to growing demand pressures across children's social services. Overall there remains limited scope to add new schemes to the overall Capital Programme and to fund new revenue pressures. This has required a re-think of the current financial strategy in order to free up the necessary resources.
- 1.12. The report extends the financial planning period to 2020/21, recognising the uncertainty that exists beyond the period covered by the current spending review which runs to 2019/20. No further settlement figures are available after 2019/20 and there remains uncertainty nationally around the Fair Funding Review and the future of 100% Business Rate Retention.
- 1.13. The County Council's gross expenditure continues to be in the region of £1.9 billion (including schools) and the authority remains in a very strong financial position. However, this report outlines that in an environment of continuing austerity, ongoing social care and inflationary pressures, and given the current referendum limits for council tax increases, the financial outlook remains very challenging.
- 1.14. The MTFs update this year contains a number of complex and linked issues and a table of contents has been provided below to aid navigation through the report:

- Section 1 – Executive Summary
- Section 2 – Contextual Information
- Section 3 – Commercialisation in Local Government
- Section 4 – 2017/18 Financial Monitoring
- Section 5 – ‘*Serving Hampshire – Balancing the Budget*’ Consultation – Feedback
- Section 6 – Equality Impact Assessments
- Section 7 – Savings Proposals
- Section 8 – Transformation to 2019 Programme
- Section 9 – 2018/19 Budget Setting
- Section 10 – Capital Investment and Economic Growth Priorities
- Section 11 – Capital Strategy
- Section 12 – Reserves Strategy
- Section 13 – Medium Term Forecasts – Beyond 2019/20
- Section 14 – Recommendations to Cabinet and County Council

- Appendix 1 – Children’s Services Financial Resilience to 2020/21
- Appendix 2 – Treasury Management Mid-Year Monitoring Report 2017/18
- Appendix 3 – Proposed Savings Options
- Appendix 4 – Equality Impact Assessments – Adults’ Health and Care
- Appendix 5 – Equality Impact Assessments – Children’s Services
- Appendix 6a – Equality Impact Assessments – Economy, Transport and Environment
- Appendix 6b – Equality Impact Assessment – Economic Development
- Appendix 7 – Equality Impact Assessments – Policy and Resources (P&R)
- Appendix 8 – Reserves Strategy

1.15. The report also considers a number of formal financial approvals and these have been summarised below for clarity:

### **Capital Approvals**

- Additional one-off funding of £6.1m mainly for IT enabling works and the purchase of new devices which will underpin the Enabling Productivity Programme (EPP), and which will help to realise around £62m of recurring departmental savings. (Paragraphs 8.17 to 8.30).
- Approval of £22.5m of one-off spend to complete the IT enabling and EPP programmes, which will underpin the delivery of departmental savings as highlighted above. (Paragraph 8.28).

- High level approval for £35m of capital investment as part of the development of the Manydown site in Basingstoke to provide up to 3,400 new homes and generate long term capital and revenue returns for the County Council. (Paragraphs 10.4 to 10.9).
- A £3m transfer from capital to revenue resources on behalf of the Enterprise M3 LEP, which has no financial impact on the County Council but will enable them to operate more flexibly and effectively in delivering economic growth and prosperity across North Hampshire and Surrey. (Paragraphs 10.10 to 10.14).
- Capital spend of £1.23m to implement specialist equipment for monitoring and data collection associated with managing water bacteria risk across the County Council's large built estate. (Paragraphs 10.20 to 10.25).
- An increase of £1m per annum in the capital provision or vehicle purchases for Hampshire Transport Management which will allow them to provide a greater range of vehicles to more organisations as part of widening their traded services activity. (Paragraph 10.30).
- Approval of £41.695m of capital investment in a secondary school, bypass and other infrastructure in Botley as part of the wider development of that site for housing, in line with the agreement with Eastleigh Borough Council and that district council's local plan. (Paragraphs 11.10 to 11.11).

### **Revenue Approvals**

- Recurring funding from 2018/19 onwards of £6.6m to increase the number of social workers to help deliver a reduction in Children Looked After as part of the Tt2019 Programme, as well as improving the capacity for safeguarding activity, improving the recruitment and retention of social workers and reducing reliance on agency staff. (Paragraphs 4.8 to 4.21).
- Recurring funding from 2018/19 onwards of £2.4m to cover the increased costs of Home to School Transport as a result of increasing costs and demography and the number of children with Special Educational Needs. (Paragraphs 4.28 to 4.21).
- Recurring funding from 2018/19 onwards of £1.25m to increase payments for those families who care for children under a Special Guardianship Order (SGO), which will have longer term benefits both in terms of care received and diversion from higher cost placements. (Paragraphs 4.23 to 4.26).
- One-off funding in the current year of £1.7m and £315,000 to cover the part year costs of increased social worker numbers and increased payments for SGOs outlined above. (Paragraphs 4.8 to 4.26).
- A one-off sum of £100,000 in the current year and a recurring increase of £320,000 to continue to proactively manage and mitigate any risks associated with water bacteria. (Paragraphs 10.20 to 10.25).

- A one-off sum of £250,000 to support further work with Town and Parish Councils and to provide pump priming funding for targeted joint initiatives aimed at improving local services. (Paragraphs 10.15 to 10.19).
- A one-off sum of £1.4m to fund additional resources within the Transformation Team until the end of 2019/20 in order to support the delivery of the Tt2019 Programme. (Paragraphs 8.9 to 8.12).

## **2. Contextual information**

- 2.1 It is normal practice to provide Cabinet with an update on the Medium Term Financial Strategy (MTFS) in July each year in order to inform and direct work on detailed budget setting that will take place over the summer.
- 2.2 The position is somewhat different this year since the main focus is to approve the strategic plan to deliver the savings required up to 2019/20 and to approve detailed savings proposals that will be pursued as part of the Transformation to 2019 (Tt2019) Programme. Further information in respect of the budget setting process for 2018/19 will be provided in December, which will support the setting of the precept in February 2018.
- 2.3 Members will be fully aware that the County Council has been responding to reductions in public spending, designed to close the structural deficit within the economy, since the first reductions to government grants were applied in 2010/11 and then as part of subsequent Comprehensive Spending Reviews (CSRs).
- 2.4 Whilst the County Council understands the wider economic imperative for closing the structural deficit, the prolonged period of austerity has led to significant reductions in government grant for the County Council at a time when it has also had to respond to inflationary and growth driven increases in costs across all services, but in particular adults' and children's social care.
- 2.5 Reductions in government grant together with inflationary and service pressures highlighted above have created an average budget gap of around £50m per annum, meaning that around £100m has needed to be saved every two year cycle since 2011.
- 2.6 This position has been exacerbated following the changes announced in the Local Government Settlement in February 2016 which provided definitive figures for 2016/17 and provisional figures for the following three years to 2019/20. The settlement included a major revision to the methodology for distributing Revenue Support Grant (RSG) which had a major impact on Shire Counties and Shire Districts and also reflected a clear shift by the Government in council tax policy.
- 2.7 The impact on Shire Counties of a significant unexpected reduction in grant at a time of growing demand and cost pressures in the services they provide has affected the short term financial viability of some County Councils, with Surrey previously considering a 15% council tax increase and Northamptonshire writing to the Government about the difficulties of balancing its budget.
- 2.8 Whilst Hampshire's forward planning and successful delivery to date have placed it in a strong position, the impact of the 2016/17 settlement has

significantly increased the challenge for the two years to 2019/20. In response to representations from Shire Counties and Districts, the Government has provided some transitional grant over two financial years to those who lost the most (£18m for the County Council) and there are calls for this to be extended to 2019/20 to give those authorities a longer period to deliver their savings programmes.

- 2.9 In overall terms, even after allowing for council tax increases over the settlement period, an anticipated budget gap of £140m was predicted by 2019/20 and savings targets of £120m, based on a reduction of approaching 19% in cash limited spend, were allocated to departments as part of the Tt2019 Programme. The remaining £20m was to be secured from corporate “housekeeping” resulting from changes in accounting practice in respect of depreciation and minimum revenue provisions (MRP) and also the management of debt, inflation allowances and reserves.
- 2.10 Over the past nine months, early opportunity assessment work in respect of Tt2019 has been progressed by departments alongside the delivery of remaining Transformation to 2017 (Tt2017) changes and savings.
- 2.11 The early opportunity assessment work was summarised in the first Tt2019 report to Cabinet in June 2017 and featured in the *Balancing the Budget* public consultation exercise that was carried out over the summer of this year. The consultation, on high level options for balancing the County Council’s budget, was held to inform and shape the final savings proposals that would be presented to Executive Members, Cabinet and County Council over the autumn. The consultation was scheduled in order to provide sufficient time and capacity to implement the proposals as far as possible before April 2019 following further consultation where necessary.
- 2.12 The anticipated delay in some elements of the delivery of cash savings for the Tt2019 Programme has also had to be factored into the medium term forecasts to ensure that sufficient one off funding exists both corporately and within departments to meet any potential gap over the period. At this stage, there is a high degree of confidence that this can be covered but this change in the profile of the delivery of savings does indicate that we are now beginning to be ‘behind the curve’ rather than in front of it and this will inevitably impact on our ability to respond to further financial pressures after 2019/20.

### **3. Commercialisation in Local Government**

- 3.1 The County Council’s approach to the delivery of successive savings programmes has in the main focussed on maximising efficiencies in service delivery and implementing changes to operating models and technology that mean that services can be provided in a cheaper but more effective way.
- 3.2 Alongside this, the County Council has also examined areas where it can generate more income in order to reduce the direct impact on services, either through charging for services or through the expansion of traded services to other organisations.

- 3.3 In addition, as part of the strategy for making ‘housekeeping’ savings a revised approach was adopted for the investment of surplus cash, that has generated significant returns as part of a balanced portfolio.
- 3.4 This approach has continued into the Tt2019 Programme and as part of the *Serving Hampshire – Balancing the Budget* consultation feedback, generating additional income was the most preferred option for helping to close the budget deficit.
- 3.5 The purpose of this section is to outline, as part of the wider MTFs, the County Council’s approach to commercialisation and explain some of the risks and issues associated with certain options, some of which have received recent national press coverage.
- 3.6 There are four main areas where the County Council can seek to generate additional income to help close the budget deficit:
- Charging users for the direct provision of services.
  - Investing money or using assets to generate a return.
  - Expanding traded services to other organisations.
  - Developing joint ventures that yield additional income or generate a return.
- 3.7 The following paragraphs explore what the County Council has been doing in each of these areas as part of its longer term financial strategy.

### **Charging users for the direct provision of services**

- 3.8 Many of the potential areas for charging for services at a county level are governed by statute and by far the biggest area is charging for the provision of adult social care services which generates around £60m of income that is vital in maintaining services in the face of growing demand.
- 3.9 Income generation through fees and charges in other departments (excluding schools) accounts for a further £38m, much of which sits within Culture, Communities and Business Services, for goods and services that people use more of a matter of choice than out of necessity.
- 3.10 This £98m of fees and charges income is already built into the base budget and it is only any marginal net increases that can be achieved on this figure that would help the County Council close the predicted budget gap. In terms of scale therefore, whilst income generation is of a significant value, against a savings target of £140m it does not represent a significant proportion of the County Council’s budget.
- 3.11 The range of income generating activities that the County Council can enter into is also very different to that of district councils who are able to introduce smaller scale but localised services that may generate a net return. Some examples of areas that have been introduced include:
- Car washing services in council owned car parks.
  - Garden waste collection.
  - Cleaning services.

- Gardening services.
- 3.12 In these instances, it is important to remember that the net marginal return against the costs of providing the services tends to be fairly small. Therefore a significant volume of activity needs to be undertaken to generate anything that will have a material impact in budgetary terms, given the size and scale of the County Council and the scope for the sorts of areas highlighted above is limited. On top of this of course, there is also the potential for the venture to be loss making, given that some ventures are not necessarily in areas where the councils have the right expertise.
- 3.13 The County Council has quite rightly concentrated on areas where it already has experience in providing the services and has built commercial models around these that also improve and enhance the user experience at the same time.
- 3.14 An excellent example of this is the programme around our country parks, where capital investment is being used to improve facilities and options for users and new income generation strategies are being put in place around catering, activities and car parking with the aim of making the country parks financially self sufficient over the longer term.
- 3.15 This approach builds upon our existing service base, is more aligned to the types of services the County Council provides and better reflects the scale at which we work, rather than choosing new or more speculative ventures to launch into.

### **Investing money or using assets to generate a return**

- 3.16 The County Council holds reserves for a number of purposes which are explained in more detail in the Reserves Strategy in Appendix 8. The level of the reserves, together with the normal cash flow patterns throughout the year mean that there are significant opportunities for investing surplus cash to make a financial return.
- 3.17 However, it is important to note that the nature of these investments is very different to those that are undertaken on behalf of the Pension Fund which are very long term investments that focus on return as one of the primary objectives, with a value in excess of £6 billion. For shorter term cash balances, the County Council follows Chartered Institute for Public Finance (CIPFA) and Department for Communities and Local Government (DCLG) guidance, which emphasises prudence and specifies the priorities for investment decisions (in order of importance) as security, liquidity and finally yield.
- 3.18 The County Council is faced with a historically low interest rate environment. Following the UK's referendum decision in June 2016 to leave the EU the Bank of England cut interest rates to 0.25%. Recent news suggests a rise is imminent, albeit it is likely to be a small one and the pace of change of any future increases is likely to be slow and steady, thereby continuing the low interest rate environment for some time to come. Since a large proportion of the surplus cash balances are invested in short term deposits, low interest rates reduce the income the County Council earns on its investments and may worsen the County Council's overall budget position.

- 3.19 As part of the 2014/15 strategy the County Council decided to earmark £90m of its cash balances for investments appropriately targeting a higher yield. This was in addition to the £15m of long term investments that had been made for the Street Lighting PFI scheme. The County Council has now agreed to increase this amount to £200m.
- 3.20 Higher yields can be accessed through investments in assets other than cash, such as equities, bonds and property. The County Council has made investments in property, equities and government bonds, as well as long term investments with other Local Authorities as shown in the following table which also provides an analysis of the remaining portfolio to highlight the differences in return:

	2016/17 Value £m	2016/17 Return %	2017/18 Value £m	2017/18 Return %
Local Authorities	20.0	3.96	20.0	3.96
Government Bonds	10.0	3.78	10.0	3.78
Registered Providers	5.0	3.40	5.0	3.40
Pooled Property Funds	45.0	3.85	55.0	4.10
Pooled Equity Funds	20.0	3.04	20.0	6.45
Pooled Multi-Asset Funds	10.0	0.89	10.0	4.52
<b>Higher Yielding Investments</b>	<b>110.0</b>	<b>3.43</b>	<b>120.0</b>	<b>4.45</b>
Banks and Building Societies	55.7	0.56	110.2	0.57
Money Market Funds	61.7	0.26	23.5	0.22
Local Authorities	116.8	0.68	160.8	1.07
Corporate Bonds	1.3	0.37		
Registered Providers			20.0	1.79
<b>Short Term Investments</b>	<b>235.5</b>	<b>0.54</b>	<b>314.5</b>	<b>0.87</b>
Banks and Building Societies	70.0	0.88	100.8	0.59
Local Authorities	97.5	2.11	51.5	2.15
<b>Long Term Investments</b>	<b>167.5</b>	<b>1.59</b>	<b>152.3</b>	<b>1.12</b>
<b>Total Investments</b>	<b>513.0</b>	<b>1.50</b>	<b>586.8</b>	<b>1.67</b>

- 3.21 The returns shown are those reported for the Treasury Management activity undertaken in 2016/17 and the first five months of the year for 2017/18, more detail about which is set out in Appendix 2. The average yield listed for pooled equity and multi-asset funds in 2016/17 is the total net income return for the partial year that the County Council had been investing in these funds after allowing for initial joining fees. The returns shown in 2017/18 are more typical of those expected for the performance of these funds.
- 3.22 The County Council is targeting a return of around 4% from higher yielding investments, which is significantly above any short or long term cash

investments as highlighted in the above table. It is important to note that the £120m of higher yielding investments is helping to increase the County Council's overall average investment return, which is adding £3.9m to its income based on current average balances and yields for 2017/18. By increasing higher yielding investments to £200m and investing in, for example, pooled property funds, this could yield potentially another £3.6m per annum going forward, taking the total to circa £7.5m on a £200m investment (3.75%).

3.23 However this type of investment would not be appropriate for the County Council's total balances as there are a number of different risks which must be carefully managed:

- Loss of capital – Unlike cash investments other asset classes have a variable value determined by market conditions, therefore there is a risk that the capital value of the investment may be less than the amount originally invested.
- Illiquidity – Most investment vehicles for non-cash assets offer more limited liquidity, from between one and six months. In addition to mitigate the risk of a loss of capital these investments must not be seen as source of liquidity to avoid crystalizing a loss.
- Entry and exit fees – There may be a bid / offer spread for buying and selling non-cash investments which is a means for the investment vehicles to pass on their transaction costs (in particular stamp duty which is significant for property) to new or exiting investors.
- Volatility in returns – But returns can be expected to be much higher than cash investments over at least the medium term.

3.24 The principle mitigation for all of these risks is ensuring that investments in non-cash assets are held as long-term investments. This will enable the initial costs of any investment and any periods of falling capital values to be overcome. In order to be managed as long-term investments the amounts invested need to be taken from the County Council's most stable cash balances. Therefore the allocation of £200m has been proposed as half of the Council's forecast future minimum balance.

3.25 The selection of investments to target higher yields is carefully managed with the assistance of Arlingclose, the County Council's treasury management advisor, who recommend that the County Council diversifies its investments targeting a higher return between asset classes. This is in order to mitigate the loss of capital value, so that there is no over exposure to an event that impacts the value of investments in a particular asset class, such as a fall in property prices.

#### Direct or pooled investments

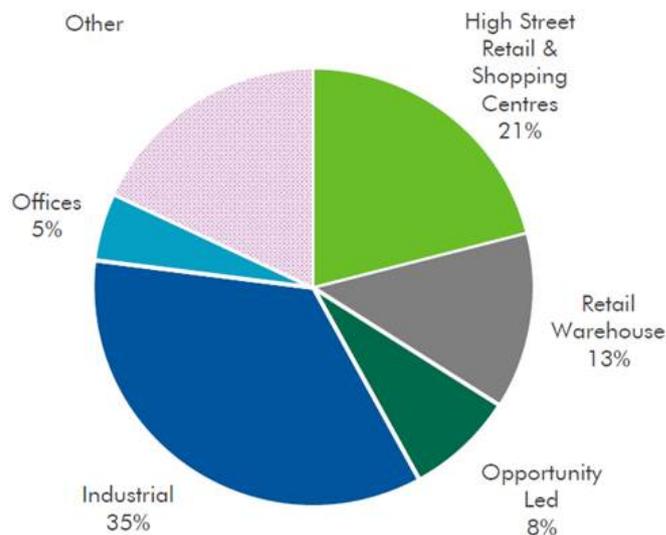
3.26 The County Council utilises pooled investment vehicles as the most appropriate means to access asset classes such as property or equities. Pooled funds are managed by external specialist investment managers who are best placed to select the particular investments and then manage them, for example for property investments managing the relationship with tenants and maintenance of the building.

3.27 The County Council could build its own direct portfolios of these investments, such as property, as the Pension Fund has, however its total allocation of £200m for a diversified portfolio would not enable this to be done efficiently and effectively with the appropriate risk mitigation. The Pension Fund's property investment manager, CBRE, advises that the appropriate size of a direct property portfolio would be at least £400m to £500m and the current pension fund allocation for property investment is £658m. This is to ensure that there a sufficient number of properties to minimise the relative size of any one in the portfolio and achieve a spread across both geographical regions and industry sectors. As an example the following charts compares the Pension Fund's property portfolio with one of the pooled funds that the County Council has invested in.

**Comparison of property funds**

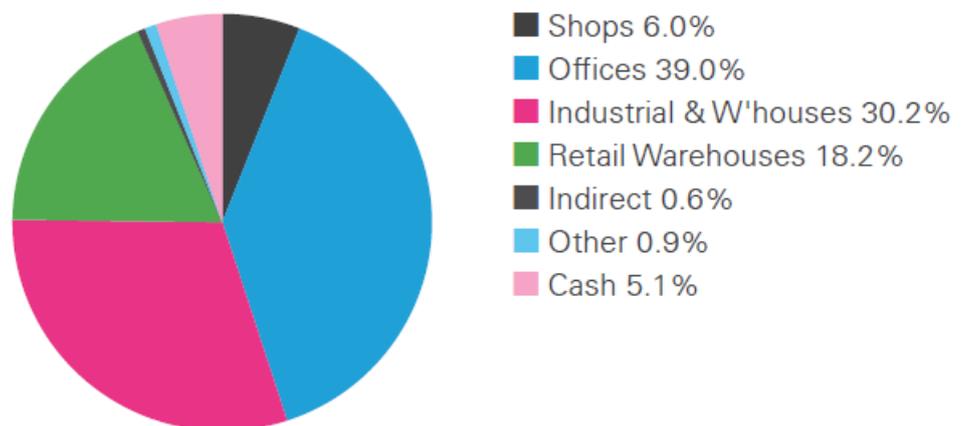
**Pension Fund direct portfolio – Investment manager: CBRE**

Portfolio size: £413m (31 August 2017) - Number of properties: 50



**Pooled Property Fund**

Portfolio size: £765m (30 June 2017) - Number of properties: 57



- 3.28 The County Council could attempt to build a sub-scale direct portfolio, but this would add significant risk to the Council which would not align with its investment objectives. Without sufficient diversification the County Council would be exposed to too great an impact from a single property it had invested in. Through its experience with the Pension Fund the County Council has seen a property fall vacant at an inopportune time and remain vacant for a significant period of time. This risk can be mitigated in a large diversified portfolio, such as the Pension Fund's, but this is beyond the reach of the County Council, the majority of whose balances are not available for this sort of investment.
- 3.29 Recent local examples would also suggest that as a pure investment opportunity the returns are limited. Southampton City Council have recently invested £65m to earn a £1m or 1.54% net return. Whilst this might be part of a wider programme either for economic development or future major development opportunities, the reality is that had they invested £65m into a pooled property fund, they could have earned over £2.5m per annum based on the 3.85% earned last year.
- 3.30 Similarly Eastleigh Borough Council has just released details of its property investment strategy, which now has a portfolio of £250m underpinned by prudential borrowing of £120m that yields a net return of £5.5m per annum. This is a net return of 2.2% overall, which does not compare favourably with the near 4% rates that the County Council is achieving through its pooled property funds. A return which is generated without the same level of risk exposure and without having to service any long term debt, which could be a significant burden if investment returns were to reduce during an economic downturn.
- 3.31 At a national level there is much press coverage about the property investment 'bubble' being created by local government on the back of cheap borrowing from the Government and the financial risks that this poses and there is speculation that the Government may move to limit this type of activity in the future. The County Council's approach of investing in pooled property funds is already providing significantly higher returns (4.10% this year) without the need to prudentially borrow, without the risk of owning individual properties itself and with the security of a much larger and diverse portfolio than could be achieved on its own, even with our scale of investments.

#### Utilising Property Assets

- 3.32 The County Council is utilising its own property to make a return. In areas where we already own buildings we are working with partners to utilise this space more effectively from a joint service provision point of view and at the same time making a return on the space we have provided.
- 3.33 A recent example of this is shared space between Adult's Health and Care and CCG partners within EII Court West that will improve joint working at the same time as providing a contribution to our direct costs and overheads.
- 3.34 Further work is being undertaken to maximise the usage of space in existing buildings with a view to potentially offering whole buildings, such as Athelstan House on the commercial market for lease. Once again this is the County Council using its existing assets to generate income with minimal risk,

compared to buying up property using prudential borrowing purely to try to make a financial return.

### **Expanding traded services to other organisations**

- 3.35 The County Council has an established record of traded services, predominantly with schools and other public sector partners. These include local partners such as Hampshire Constabulary and the Fire and Rescue Service, and out of county organisations such as Oxfordshire County Council. External trading is conducted through a range of different arrangements, from direct trading with business units to subscription models, Service Level Agreements and joint working partnerships.
- 3.36 Trading already makes a significant contribution to the County Council's finances. Income from external trading supports service budgets as well as enabling them to make departmental contributions. Analysis of traded services for last year assessed that the 42 trading areas with the highest income were generating combined revenue of £133.9m.
- 3.37 In net terms, this level of trading activity made a contribution of £13.7m or 11.4% to the cost of direct and indirect overheads, many of which would still be incurred even if the trading activity did not take place. At the end of 2016/17 total departmental trading reserves stood at £12.7m, representing 3.4% of the Council's total earmarked revenue reserves.
- 3.38 It is important, however, that we distinguish between the income generated through trading activity, which is noteworthy, and the surplus that activity generates, which is considerably smaller. Indeed, the benefits the County Council obtains from external trading are largely non financial. Trading enables us to maintain capacity and capability within the workforce; helping us to attract and retain high calibre staff. This shores up the quality of our service provision to Hampshire residents and at the same time, enables us to make a contribution towards our organisational overheads.
- 3.39 Trading also delivers a number of wider benefits within Hampshire. Providing local employment through trading is an economic benefit to the County. The role our services play in moderating the external market and in ensuring that public value is a core principle in service delivery (as opposed to purely profit driven private sector provision) brings quality to the areas in which we trade, providing positive reputational benefits through the value we add.
- 3.40 The County Council's scale and its ability to maintain capacity across a wide range of services during this period of austerity has also opened up new opportunities as other organisations have divested themselves of their technical, professional or back office expertise. Over the last ten years the County Council has:
- Expanded its Property Services function, entering into a partnership with Reading Borough Council and undertaking work on behalf of the Isle of Wight Council and the Education Skills and Funding Agency.
  - Created a shared services partnership with Hampshire Constabulary and Hampshire Fire and Rescue Authority which now provides services to Oxfordshire County Council and will soon 'on-board' the London

Borough of Hammersmith and Fulham, with two other London Boroughs showing interest in the model.

- Provided high quality support and interventions to the Isle of Wight and Torbay Councils in the area of children's safeguarding.
- Successfully run 'pure' trading ventures in the areas of County Supplies, Catering Services and Transport Management that have a combined turnover in excess of £57m.
- Increased income and services offered in specialist areas such as scientific services and trading standards.
- Maintained significant levels of services to our schools across a wide range of functions such as HR, Finance, IT, school improvement, governor and music services.
- Utilised its capacity, expertise and skills in professional and technical areas to offer services such engineering consultancy, strategic transport and travel planning.

3.41 The Tt2019 Programme builds on the trading activities that we already undertake and with which we are familiar, with a view to reducing the net cost of these services, albeit that there is a loss of capacity available to support the activities of the County Council. However, what is clear is that trading does not in itself represent a solution to the budget gap that we face. Even at the current return rate of 13% (which by any commercial standard would be an exceptionally ambitious and therefore unreliable projected profit margin) it would require additional turnover of nearly £1.1 billion to meet the £140m target required to balance the budget by 2019/20, which is over eight times the level of trading activity that we currently undertake.

**Developing joint ventures that yield additional income or generate a return.**

3.42 There are a number of opportunities that the County Council can pursue either through its land holdings or through the relationship it has with partners or contractors for looking at new and innovative ways of generating a financial return.

3.43 To date the County Council has been helpful in responding to Borough Council Local Planning Authority requests for the potential use of its public land holdings for potential residential development. In the current round of Hampshire Local Plans through to around 2029, approximately 6,000 new homes have been or are expected to be allocated and delivered on County Council land. Currently, this equates to around 7% of all new Hampshire private and affordable housing for this period. In addition, this will continue the stream of substantial capital receipts the County Council has benefitted from over recent decades to enable it to reinvest in existing services and ongoing transformation initiatives.

3.44 However, in addition, an alternative avenue that the County Council is currently actively pursuing in two cases is to become even more active and influential in the market of delivering homes across the county on some of its

key sites. This will have the benefit of not only giving greater influence and certainty in the types and rates of homes, neighbourhoods and infrastructure and facilities being developed on its land but also the potential for greater certainty in the programming of development and receipts through economic cycles. Furthermore, it will also offer the County Council the advantage of considering whether it wishes to benefit from capital or revenue receipts from development and residential assets or combinations of the two depending on individual sites and its own circumstances.

Case 1 – Manydown, Western Basingstoke.

- 3.45 In the case of Manydown, in May 2016 the County Council, along with joint landowner Basingstoke and Deane, secured the allocation of the initial Manydown Phase 1 development for 3,200 homes to be provided in the period up to 2029. Following public consultation that has enabled the finalisation of a development masterplan, this will now form the basis of an outline planning application due to be submitted in 2017 with a view to commencing on-site development in 2018/19.
- 3.46 In addition, following the consideration of alternative methods of delivery, control, risk and finance via the Manydown Business Plan, the Executive Member for Policy and Resources (EMPR) has approved a Private Sector Master Developer Joint Venture approach. This enables the procurement of a major Private Sector Partner (PSP) who will work with both landowners as co-developers of Manydown. This procurement process will be completed later this year and enable the final Detailed Manydown Business Plan to be brought to EMPR for approval.
- 3.47 The Plan proposes the creation of a 50/50% Limited Liability Partnership between the two landowning authorities in the form of 'Top Co.' In turn, 'Top Co.' will enter into a 50/50% Limited Liability Partnership Development Company ('Dev Co.') with the procured PSP. 'Dev Co.' will bring together the land, staff expertise and capital investment of the two authorities with the Master Developer expertise and finance of the PSP to enable the commencement of homes and infrastructure on site in 2018/19. In addition, this arrangement will also look to attract appropriate government and Enterprise M3 (EM3) LEP infrastructure grant funding and planning obligation funding into the development.
- 3.48 As part of the above, the County Council will actively participate in the provision of private housing for sale or rent and also affordable house building for sale and rent within its 'Dev Co.' role. As a result of this, it will be in a position to decide if it wishes to receive either capital or revenue benefits from its involvement. In addition, this model, without the involvement of Basingstoke and Deane, might be further considered for its wider Strategic Land Programme across the county.
- 3.49 In addition to 'Dev Co.', a further arrangement would be put in place by the two landowning authorities to hold any retained private or affordable homes for rent which at this stage is termed 'Invest Co.'. This could also be used to retain and hold potential commercial assets that also were being held for the purposes of revenue income. In turn, 'Invest Co.' would be supported by another creation of the two authorities, 'Manage Co.' This would provide the

day to day running, management and maintenance etc of any retained assets. Both 'Invest Co.' and 'Manage Co.' would be able to utilise the existing officer and consultant partner skills and expertise that the two authorities already make use of in their day to day business as usual.

Case 2 – Swing Swang Lane, Basingstoke.

- 3.50 In this second case, as of May 2016 the County Council has again secured an allocation of this site for 100 new homes in the Basingstoke and Deane Local Plan to 2029. On this basis the site was in a position to secure an outline planning approval and bring it to the house building market for disposal for capital receipts in the usual manner.
- 3.51 However, whilst this remains an option, the opportunity has recently been taken to consider and compare an alternative approach. This proposes that instead of the County Council receiving a capital receipt for the site, it keeps an interest in a number of the completed homes that are provided by the development partner that is eventually secured for the site. These would be private homes for rent and be managed by the development partner in order to generate a revenue income, from which the County Council will benefit.
- 3.52 The model being explored is that the homes would be retained for an initial ten year period to coincide with the benefits of any house builder guarantees and then probably disposed of to a housing association or other interested party. Thus, a financial comparison can be made between the taking of a capital receipt and its investment over a ten year period or the retaining of residential assets, their net revenue income over this period and their eventual capital realisation at the end of the ten year period.
- 3.53 This model has recently been taken to the development and house building market via an "Expression of Interest" exercise and the outcomes are currently being analysed for a report to EMPR in the new year. This has generated a high amount of interest and responses. However, an interesting issue that has emerged is that by not being required to raise finance to undertake an initial up-front purchase of land from the County Council, the eventual asset value of housing that could be transferred to the County Council appears to be greater than a potential straight forward capital receipt. In addition, this approach has generated a strong response from housing associations who are looking to build more private homes for sale and rent. Such partners could also offer the management role that the County Council would be looking for. Again, this approach could be considered in whole or part or in combinations across the Strategic Land Programme.

Relationships with Contractors and Partners

- 3.54 Another area that the County Council can look to exploit is the relationships it has with its partners and contractors. There is already a long standing relationship with our waste disposal contractors Veolia that includes innovative ways of generating income for both parties. The long term contract allows the use of surplus capacity at our waste facilities for commercial purposes for which the County Council receives an income share.

- 3.55 Similarly, provisions are in place for working with our new highways maintenance contractor Skanska to develop joint ventures linked to the existing contract that will yield additional income for both parties.

### **Commercialisation in Local Government – Conclusions**

- 3.56 This section has demonstrated that by building on its existing strengths, at the same time as looking for innovative (but low risk and sustainable) options for investment and utilisation of assets, the County Council has radically shifted its approach to income generation and the pursuit of commercial opportunities during the period of austerity.
- 3.57 The success of the County Council's approach now means that we:
- Will be generating fees and charges income of around £100m by 2019/20.
  - Will increase gross trading services as part of Tt2019 to £150m, generating a potential net contribution in the order of £19.5m.
  - Have increased investment returns on cash balances from £3.5m per annum in 2011/12 to over £9m in the current year.
  - Will start to generate longer term savings through property development and joint ventures with partners that will contribute to future savings programmes.
- 3.58 Total commercial based activity will contribute around £130m net to supporting the County Council's bottom line and to helping maintain high quality services, staff capacity and the retention of skills and technical expertise.
- 3.59 This has all been achieved through the pursuit of a range of initiatives targeting increased income generation but without over exposing the Council to excessive risk or considering radical changes that take the County Council into areas that are not its core business or indeed pursuing more niche opportunities that simply do not offer with any confidence anything like the scale of income to merit the effort and upfront investment.
- 3.60 While the organisation should and will continue to explore all further opportunities to extend these net incomes and identify new ones, it would be a grave error to reduce our planned savings for Tt2019 on the back of over ambitious or unsustainable income targets that would build significant risk into future financial plans.

## **4. 2017/18 Financial Monitoring**

- 4.1 The County Council's success in delivering its savings plans to date has been consistently demonstrated by the fact that it has been able to contain expenditure within budget and has achieved under spends in each of the years since 2010/11, despite taking significant sums of money out of the budget. These under spends have been proportionate given the scale of the Council's finances, and have not been to the detriment of services, but they have provided invaluable investment to fund our successful change programmes.

- 4.2 2017/18 represents a further milestone in this journey, given that a further £98m has been removed from budgets, taking the total to £340m since the grant reductions began.
- 4.3 This further level of reduction obviously increases the risk within the budget, and strong financial management is critical to ensure that all departments stay within their cash limits, that no new revenue pressures are created and that approved savings programmes are delivered.
- 4.4 In recognition of this risk 'financial resilience' reporting presented to the Corporate Management Team (CMT) has evolved to look not only at the regular financial reporting carried out in previous years but also to focus on potential pressures in the system and the continued monitoring of the implementation and delivery of the Tt2017 Programme; primarily within Adults' Health and Care where slipped delivery was agreed by Cabinet.
- 4.5 The table below summarises the latest forecast position for each department as at the end of August (Month 5), and shows that overall there is good delivery of savings and management within the budget and that where there are issues, these have mostly been anticipated and can be accommodated on a one-off basis from departmental cost of change (and other) reserves alongside approved corporate support:

	<b>Adults' Health and Care</b>	<b>Children's Services</b>	<b>ETE, CCBS &amp; Corporate Services</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment / Cost of Change Used	6,176	5,954	18,231
Pressures	4,112	19,870	301
Tt2017 Late Delivery	9,392	989	2,170
<b>Subtotal</b>	<b>19,680</b>	<b>26,813</b>	<b>20,702</b>
<b>To Be Met From:</b>			
Tt2019 Early Delivery	(716)	(405)	(3,551)
Other Savings	(1,785)	(1,214)	(4,930)
Other Departmental Reserves	(2,350)		(1,378)
Planned Corporate Support	(2,327)	(13,865)	(1,150)
Departmental Cost of Change	(12,502)	(5,356)	(9,693)
<b>Total (Under) / Over Spend</b>	<b>0</b>	<b>5,973</b>	<b>0</b>

- 4.6 It is worth reiterating that at this point in the year the forecasts themselves tend to concentrate on the more significant negative items without considering in depth other areas of potential under spend that could be used to offset them. Monitoring in the first half of the year therefore tends to the side of prudence.
- 4.7 As we move towards the end of the year it is anticipated that this position may improve through a combination of continued positive management action in the pressure areas, under spends elsewhere in Children's Services and the use of corporate contingencies as appropriate.

- 4.8 The pressures within Children's Services and the exhaustion of the Department's cost of change reserves was anticipated in the medium term through the monitoring completed in 2016/17.
- 4.9 Nationally there is growing attention being focused on the pressures facing children's services and analysis by the Local Government Association (LGA) published in the summer highlighted that growing demand for support is leading to over spends in an increasing number of authorities.
- 4.10 The LGA is warning that the pressures facing children's services are rapidly becoming unsustainable, with a £2 billion funding gap expected by 2020. Unless urgent action is taken to reduce the number of families relying on the children's social care system for support, the LGA have warned that this gap will continue to grow.
- 4.11 The huge financial pressures councils are under, coupled with the spike in demand for child protection support, mean that the limited money councils have available is increasingly being taken up with the provision of urgent help for children and families already at crisis point, leaving very little to invest in early intervention.
- 4.12 Last year work was undertaken within the County Council by Finance staff and Children's Services colleagues to critically review the forward projections for Children's, in particular the relationship between Children Looked After (CLA) numbers (and in turn the knock on impact for care leavers) and the financial impact of any increase, or decrease, which is a complex picture.
- 4.13 These projections indicated that there was growing financial pressure which in 2017/18 was anticipated to reach £9.5m then increasing by circa £3m per annum. Funding has been set aside within contingencies to meet these forecast pressures but it was recognised that the forecast was based on a wide range of assumptions and predictions and given the volatile nature of these areas, a requirement to continue to monitor activity and spend closely was recognised.
- 4.14 The additional £9.5m was based on forecasts that were produced in December 2016. It is very difficult to accurately predict the future change and cost of CLA and care leavers due to the complex mix and number of variables. Recent trends indicate that the total additional cost in 2017/18 may be higher than anticipated but recent months have also seen a reduction in base line numbers after adjusting for Unaccompanied Asylum Seeking Children (UASC), who attract some Government funding and children placed at home (which register as a CLA but have no direct cost attached). At this stage of the year therefore it is not felt necessary to alter the previous medium term forecasts.
- 4.15 It was recognised that the pressures within Children's Services also extended to other service areas, in particular Home to School Transport (HtST) and the costs of agency social workers, and further work has been completed as planned to understand some of the reasons for the underlying pressures.
- 4.16 HtST has been 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 educational needs and growth in secondary school pupil numbers.

- 4.17 Similarly, a review of social worker resources has been 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 Tt2019 Programme which is looking at creating extra social work capacity to move children out of care and back into their family homes.
- 4.18 More detail of the work undertaken and the findings of these pieces of analysis is set out in Appendix 1.
- 4.19 The current position for HtST indicates that over the last three years, there has been demographic growth and increases in the cost base which gives a cumulative financial pressure in 2017/18 of £2.4m. Projecting this forward, the demographic impact is expected to increase costs by around £0.9m per annum from 2018/19 onwards.
- 4.20 In terms of the investment in social workers, it is considered essential at this stage to inject significant resources into this area in order to reduce overall caseloads, with the service and staff retention benefits this will have and importantly to provide the capacity to achieve the significant reduction in CLA numbers required as part of the Tt2019 Programme.
- 4.21 It is proposed that a sum of £6.6m per annum (with a part year impact of circa £1.7m in 2017/18) is provided to grow social worker numbers during the Partners in Practice period and the position will be reviewed after three years in light of the circumstances at this time. It is anticipated that this investment will help to reduce the cost of agency spend that is currently showing as a pressure within the Children's Services budget.
- 4.22 In addition to these pressure areas, the financial resilience meetings held between the Director of Children's Services and the Director of Corporate Resources have been reviewing other areas that impact on costs and social worker activity.
- 4.23 These meetings highlighted that our current financial policy around Special Guardianship Orders (SGOs) should be reviewed. SGOs are granted where a family member agrees to look after a child who has been taken into care. SGOs tend to be very effective, since the child is placed in a family setting with which they are already familiar. Payments for SGOs are currently made to the family below the rate that is received by foster carers, making this a less attractive option.
- 4.24 Children who are covered by an SGO do not have the same level of social worker intervention as those who are with non-family member foster carers, however some families choose not to apply for an SGO as they then receive the higher value of foster care payments. In these cases the families still receive the same social worker interventions as with other foster carers.
- 4.25 The policy review in this area has highlighted a number of potential items that it is felt will be beneficial in the longer term if the County Council were to decide to increase the payments to families with SGOs to the full foster carer rates, namely :
- Existing families with SGOs will be better recompensed for the care that they provide.

- Existing foster carers are likely to convert to SGOs, since they will receive the same level of payments without having the social worker interventions. This will help to release further social worker capacity to reduce caseloads and to concentrate on getting other children out of care and back with their families in line with the proposals for Tt2019.
  - Other children who are already in a care setting or may come into care in the future could be placed with existing family members under an SGO rather than going into a much more expensive care setting.
- 4.26 The long term service and financial benefits of this change in policy could be significant, but initially, there will be an additional cost of increasing the payments to those families with existing SGOs. The full year impact for 2018/19 has been forecast at £1.25m and, on the assumption that the increase in allowances starts on 1 January 2018, there will be a cost of around £315,000 in the current financial year.
- 4.27 These amounts, together with funding for growth in CLA numbers (and in turn the knock on impact for care leavers) already provided for alongside 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.
- 4.28 The ongoing provision for HtST can be accommodated within the current allowances for growth and inflation in future years. However, the base adjustment of £2.4m in this area together with a further £6.6m for social workers and £1.25m for SGOs gives a pressure of £10.25m that was not factored into the previous MTFS.
- 4.29 It has therefore been necessary to re-look at the strategy to 2019/20 to examine ways in which this additional funding can be accommodated. As part of the strategy, a recurring provision of £15m was factored in to meet the costs of prudential borrowing for the balance of funding for additional secondary school places totalling £155m.
- 4.30 At the time, it was recognised that this funding was front loaded, given that the capital spend was spread over ten years and that it represented the maximum that the County Council would contribute. To minimise the contribution, it was agreed that the County Council would:
- Pursue free schools where appropriate as an alternative to more traditional routes.
  - Seek to maximise developers' contributions wherever possible.
  - Lobby the government for additional funding to meet the growth in places.
  - Adopt a different approach to the design and build of new schools.
- 4.31 Over the last two years the County Council has been pursuing this strategy and furthermore, recent projections have also indicated that the speed and cost of growth in required school places is not as great as anticipated.
- 4.32 A major review of the Children's Services capital programme was undertaken over the summer and it is currently projected that by 2021/22 there will be an overall shortage of funding in the total programme (mainly related to the

provision of school places) of £55m, albeit that further steps will be taken to minimise this wherever possible.

- 4.33 It is therefore proposed that of the original £15m a sum of £5m is set aside to meet the potential borrowing costs of the £55m shortfall and that the balance of £10m is used to meet the additional recurring costs highlighted in paragraph 4.28 above. The shortfall of recurring funding of £250,000 can be accommodated from existing contingencies
- 4.34 This change in strategy reflects the need to respond to revenue pressures and policy changes over the medium term and takes advantage of a longer delivery time of secondary school places. However, this will mean that the financial strategy from 2021/22 onwards will need to provide for the slipped delivery of the school places although the impact of continuing to pursue the measures outlined in paragraph 4.30 will mean that the total required will be less than originally anticipated.

### **Non-Departmental Spending**

- 4.35 As part of the budget monitoring process, a review has been carried out of the non-departmental areas within the revenue budget, in particular, the provisions for contingencies and the estimates for treasury management activity.
- 4.36 It has been concluded that at this stage of the year it is too early to release any significant level of contingencies associated with adults' and children's social care (other than that mentioned for SGOs in paragraph 4.33) or centrally held provisions for items such as waste disposal, price inflation and other sums set aside for income risk and general risk.
- 4.37 However, within Treasury Management, the change in policy on MRP (see paragraphs 7.14 to 7.17) means that it is possible to release resources totalling £10.5m in 2017/18.
- 4.38 This therefore gives a one off sum that can be used to fund transformation activity, revenue pressures and investment requirements outlined in this report, including the requirement for funding the part year impact of investment in social workers and payments for SGOs in 2017/18 of £2.015m (as set out in paragraphs 4.21 and 4.26).

### **Treasury Management Mid-Year Report**

- 4.39 The CIPFA Code of Practice on Treasury Management recommends that treasury management activity should be reported on at least twice a year against the strategy that has been approved.
- 4.40 Attached at Appendix 2 is the mid-year monitoring report for 2017/18 that sets out the borrowing and investment activity that has been undertaken to date and how this compares to the prudential indicators that were set for the year.
- 4.41 Cabinet is asked to approve the report and recommend approval to full County Council, in line with the requirements of the Code of Practice.
- 4.42 The European Union, through its Market in Financial Instruments Directive (MiFID II), is aiming to improve the functioning of financial markets in light of

the financial crisis and to strengthen investor protection. This changing of rules will impact how local authorities can access regulated financial services and although the UK has voted to leave the EU, MiFID II will still be implemented in the UK on 3 January 2018.

- 4.43 Local authorities are currently treated by financial services firms as “professional clients”, the middle of three categories, and the same as similar-sized companies. However, from January 2018, the default position will be that local authorities are to be treated as “retail clients”, the same as individuals and small and medium-sized enterprises, which will entail some increased protection, but at the expense of higher fees, increased paperwork and reduced market access.
- 4.44 The County Council should be able to opt up to professional client status to maintain the most favourable investment position possible and to enable the opt-up process a number of recommendations have been included. More detail about MiFID II is set out in Section 6 of Appendix 2

## 5. **‘Serving Hampshire – Balancing the Budget’ Consultation – Feedback**

- 5.1 The public consultation, which was similar in nature to an exercise completed two years ago ahead of Tt2017, sought residents’ and stakeholders’ views on options for managing the anticipated budget shortfall. The options necessarily extended 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.
- 5.2 These additional options could help to inform the approach the County Council takes to delivering savings beyond 2019/20. 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.
- 5.3 The headline findings of the consultation were provided to Executive Members and Directors during September, to inform departmental savings proposals which are shown at Appendix 3. Equality Impact Assessments (EIAs), in the attached appendices, set out where Stage 2 consultations are required on specific proposals.
- 5.4 Headline findings from the consultation are set out below and the full findings [report](#) is also available:

### **Headline Findings**

- The majority of respondents (**65%**) **agreed** that the County Council should continue with its **financial strategy**.
- Responses were relatively evenly split between those who tended to support **changes to local services** and those who did not (50% agreed, 45% disagreed and 5% had no view either way). Of all the options, this was respondents’ **least preferred**.

- Two thirds of respondents (**67%**) **agreed** that the County Council should raise existing **charges** or introduce new charges to help cover the costs of running some local services.
- Over half of respondents (**57%**) **agreed** that the County Council should **lobby the Government** to vary the way some services are provided, and enable charging where the County Council cannot levy a fee due to statutory restrictions.
- Of all the options presented, **generating additional income** was the **most preferred option**.
- On balance, the majority of respondents (**56%**) **agreed** that the County Council should retain its current position **not to use reserves** to plug the budget gap. Of all the options, this was respondents' **second least preferred**.
- Respondents would prefer the County Council to continue with its plans to **raise council tax** in line with Government policy (**50%** ranked this as their preferred approach to increasing council tax). Of all the options, increasing Council Tax was respondents' **second most preferred**.
- More than half of those who responded (**64%**) **agreed** that the County Council should explore further the possibility of **changing local government structures** in Hampshire.

5.5 An important element of the consultation was seeking residents and stakeholders views on the strategy for closing the County Council's budget deficit to 2019/20. The consultation outlined seven options for making anticipated savings and asked respondents to rank these in order of preference. Based on how many times each option was chosen by a respondent as one of their **top three** preferred options, the options were ranked as follows:

1. Generating additional income (73%)
2. Increasing council tax (47%)
3. Introducing and increasing charges for some services (45%)
4. Lobbying central government for legislative change (44%)
5. Changing local government arrangements in Hampshire (43%)
6. Using the County Council's reserves (28%)
7. Reducing and changing services (22%)

5.6 It is important that the Cabinet and County Council take the results of the consultation into account in determining the overall approach to balancing the budget by 2019/20. Consideration also needs to be given to the wider implications of pursuing any of the savings options.

5.7 The following sections discuss the County Council's approach to the options consulted upon and set out how departments have taken headline findings into account when putting proposals forward for savings.

5.8 **Generating additional income** – The departmental savings proposals set out in Appendix 3 include options for generating additional income. In some

areas such as country parks, the long term aim is to make these self sustaining by increasing charges to service users. For professional and back office services (such as property services, scientific services and corporate services) new business is actively being pursued to increase income to meet the savings targets that have been set.

- 5.9 One of the largest current income areas is the charges for adult social care services. This area is heavily regulated in terms of who and what can be charged and whilst some changes to the contributions policy are proposed the total amount generated is not significant in overall terms.
- 5.10 Opportunities for generating additional income already form part of the savings proposals being put forward by departments to meet the £140m gap and are not therefore an alternative to the savings proposals but rather an integral part of them.
- 5.11 **Increasing council tax** – Around half of respondents supported the County Council's planned strategy to continue with council tax increases in line with current government policy. Using council tax to bridge the overall budget deficit was respondents' second most preferred option overall.
- 5.12 In 2016/17 the Government implemented a clear shift in council tax policy and assumed that local authorities would put up their council tax by the maximum allowed each year in the period to 2019/20. For Hampshire County Council this was 3.99% per annum, which included an extra 2% flexibility to pay for the increasing costs of adults' social care. Further flexibilities were announced subsequently to give authorities the flexibility to bring forward some of this increase and to raise the precept by 3% in 2017/18 and 2018/19 within the cap of 6% over the next three years to 2020.
- 5.13 The County Council increased council tax by 3.99% in 2017/18, and took up the further flexibility granted by the Government of an additional 1% increase in recognition of the pressures facing local authorities due to the growing cost of adult social care.
- 5.14 Although consultation responses indicated some support for increasing council tax further to help balance the budget, any council tax rise above the limit set by central government would require a public referendum. For every 1% increase in council tax, the County Council would receive approximately £5.7m per annum and to close the predicted budget gap of £140m through council tax alone would require an increase of approaching 30% in total; including the planned 4.99% increase for 2018/19.
- 5.15 The County Council, has along with other councils, lobbied the Government to provide more flexibility for increasing council tax in the future, either by increasing or removing the referendum limit. This would require regulatory change and in light of the BREXIT negotiations, is unlikely to gain much traction in the very near future. In the absence of this change, the County Council would need to undertake a public referendum, which could cost up to £1.5m. Only one referendum has been held to date, by the Police and Crime Commissioner for Bedfordshire and only 30.5% of voters supported the 15.8% increase proposed. Given this position, and taking into account the result of the Consultation it is considered that a referendum seeking a council tax increase above the maximum currently allowed is unlikely to be successful.

- 5.16 In any event, the County Council must also take into account the wider financial and non-financial issues and the impact on council tax payers of any increase. Other factors which would argue against a referendum at this stage are:
- Committing to a high council tax increase through a referendum at this stage for all intents and purposes reduces the ability to consider this at a later date should the financial position worsen; for example due to adverse impacts from future funding arrangements.
  - The economy is still recovering and there is heightened uncertainty as a consequence of BREXIT. An increase in council tax tends to disproportionately hit the low paid at a time when the Government continues to reduce spending on welfare services, impacting on those same people.
  - Billing authorities continue to change their Council Tax Support Schemes (which replaced council tax benefit) in a way that impacts on the lower paid / those on welfare benefits.
- 5.17 Decisions on council tax increases are made by full County Council in February each year but at this stage, given the points set out above, it is recommended that the County Council works on the assumption that the planned approach for council tax increases (broadly supported by the consultation results) will continue in 2018/19 (4.99%) and 2019/20 (1.99%) with the County Council increasing council tax by the maximum permissible without a referendum in line with government policy.
- 5.18 This position will be reviewed following the Budget in the autumn and in light of any other national or regulatory changes, before the formal council tax setting process in the new year. However, the current position and associated timescales, mean that predicating delivering a balanced budget for 2019/20 on further council tax increases above those currently planned is not considered to be a viable option.
- 5.19 **Introducing and increasing charges for some services** – The range of services that County Councils are able to charge for are in the main governed by legislation. However, in most cases there is local discretion as to how those charges are applied and the level of charge set.
- 5.20 Whilst the County Council could look to introduce and increase charges for some services it has to take into account the potential impact on service users and the fact that the majority of users already pay for many council services through their council tax. The savings proposals already include some recommendations for increasing charges, but in order to extend charging to some of the new areas identified by departments, legislative change would be needed.
- 5.21 The County Council is currently lobbying the Government to allow greater freedoms and flexibilities to levy charges in the areas of:
- Home to School Transport – The legislation and criteria for local authorities, which dates back to the 1940's, does not take account of modern living and is not means tested in any way.

- Household Waste Recycling Centres (HWRCs) – The Government legislated to stop councils from charging for the general use of HWRCs, albeit that some charges can be levied for certain waste such as building materials. However, previous consultation with residents suggested that they would be prepared to pay a nominal charge if this helped to maintain the number of centres across the county.
  - Concessionary Travel – The ability to charge a nominal sum to service users would enable the County Council to increase access to public transport at the same time as making financial savings.
- 5.22 The potential additional income that could be generated from being able to charge in these areas is significant, but this is not currently possible without changes in legislation which may be difficult to achieve during BREXIT even if the Government supported the proposals.
- 5.23 While the County Council will continue to pursue these options, at this stage, other than those proposals already contained in Appendix 3, this option does not provide an alternative solution for closing the budget gap.
- 5.24 **Lobbying central government for legislative change** – The County Council is already actively pursuing this option and some of the key items are outlined in paragraph 5.21 above.
- 5.25 In addition to these proposed areas for new charges, the County Council is also lobbying for changes to the regulatory framework around the way certain services must be provided. This includes:
- A more flexible, risk based approach to children’s social work activity.
  - Changing some of the mandatory elements of the Public Health service which could also include charging for some services previously provided by the NHS.
- 5.26 As outlined above, these only offer a viable alternative option to the current plans for meeting the budget deficit if and when the changes in regulation take place, at which point the financial strategy can be reviewed.
- 5.27 **Changing local government arrangements in Hampshire** – In 2016, following devolution discussions across the county, the County Council commissioned an independent piece of work to look at the potential options for unitary local government across the whole of Hampshire and the Isle of Wight. This would in effect remove the district and county tiers of local government and replace them with a single unitary authority, or multiple unitary authorities, (like Southampton and Portsmouth) responsible for all local government services across Hampshire.
- 5.28 A number of options were considered ranging from having five separate unitary authorities to a single county unitary that would cover the whole of Hampshire and the Isle of Wight including the existing unitary councils.
- 5.29 The report outlined the benefits and dis-benefits of the different options but concluded based on a range of criteria that a county unitary covering the existing administrative boundary of Hampshire County Council and the 11 Districts was the best option in governance, service and financial terms. Clearly the implications of such a change would be significant both for the

County Council and District Councils, since both would be replaced by a County Unitary Authority.

- 5.30 In summer 2016, the County Council asked residents for their views on options for possible local government reorganisation in Hampshire. Responses to the consultation, detailed in the final report, indicated that views were divided on the principle of replacing the current council structure in Hampshire with a model of unitary government. Marginally, a greater number of respondents wanted to retain the status quo (51%) than move to one of the unitary options presented (42%), slightly more stated a preference for a single unitary (25%) than a multiple unitary option (17%).
- 5.31 In view of this feedback the County Council decided not to actively pursue local government reorganisation at the time. Moreover, devolution and reorganisation proposals across the country were either stalling or failing and there did not seem to be a clear policy direction from the Government in this area. More recently other areas have submitted formal proposals for County Unitaries (such as Buckinghamshire and Oxfordshire) and the Government has also promised additional guidance in this area (which is yet to be released).
- 5.32 As part of the *Balancing the Budget* consultation, the County Council stated that its preferred position was to continue to avoid re-organisation, if possible. However, recognising that the County Council could be subject to external factors, and that restructuring local government remains a means of saving money in the longer term, residents were asked their views on this option as part of the *Balancing the Budget* consultation. More than half of those who responded (64%) agreed that the County Council should explore this option further – although it was ranked the fifth most preferred option overall.
- 5.33 In view of this feedback the County Council could still pursue this option. However, it has become increasingly clear in recent times that the Government is not prepared to support any reorganisation proposals that do not have significant local support. As there is currently no consensus in Hampshire on the best way forward for local government reorganisation it is considered that a bid to the Government at this stage proposing structural change in Hampshire would be unlikely to be successful.
- 5.34 In addition, the scale of the changes required to implement such a reorganisation means that it would be very unlikely that any significant savings would be generated by 2019/20. In fact, the costs of reorganisation would place an additional burden on resources in the interim period.
- 5.35 The County Council would also need to prepare and submit an application to the Government, which it could only do after further consultation with the public on the detailed proposals for reorganisation. The current legislation that allows for expedited local government reorganisation proposals across a locality is time limited to 31 March 2019. Given the lack of consensus in Hampshire the County Council is unlikely to be able to submit a formal application within a timescale that would enable it to be acted upon by government in advance of the 31 March 2019 deadline.
- 5.36 At this stage therefore, given the limitations outlined above, local government re-organisation in Hampshire is not considered to be a viable option for

closing the budget gap to 2019/20, but does remain as an option for longer term savings and the County Council will continue to engage with other local authorities in Hampshire to seek the best outcome for Hampshire residents.

- 5.37 **Using the County Council's reserves** – The majority of respondents (56%) agreed that the County Council should not use reserves to plug the budget gap. Respondents ranked this as their second least favoured option. This feedback reflects the County Council's current financial strategy which is not to use reserves as a means of closing the budget gap.
- 5.38 Such an approach would not be sustainable as recurring savings are required to bridge the budget gap over the long term. Instead, the County Council is using its reserves prudently to invest in transformation and service change and to give sufficient time to implement savings in a planned and sensible way as outlined in Section 12 of this report and the reserves strategy contained at Appendix 8.
- 5.39 **Reducing and changing services** – Respondents were relatively evenly split between those who tended to support changes to local services and those who did not. Overall, however, this was respondents' least preferred option, which reflects the fact that most residents value the services they receive from the County Council and do not wish to see them reduced or changed.
- 5.40 As the other options for saving money at this level, outlined above, do not provide viable options that would enable the County Council to plan with certainty to meet the projected deficit, further funding reductions on the scale required within the Tt2019 Programme inevitably have to lead to reductions and changes to services. This is because local services represent the totality of spend within the County Council.
- 5.41 Reductions in services are a last resort and, wherever possible, the County Council seeks to limit the impact of any reductions on service users, although in some areas this can be difficult to achieve. Changes to services, even where they save money, can often be beneficial to service users through, for example, improvements in technology, new ways of accessing services and more efficient processes or systems which mean that more can be done but for less money.

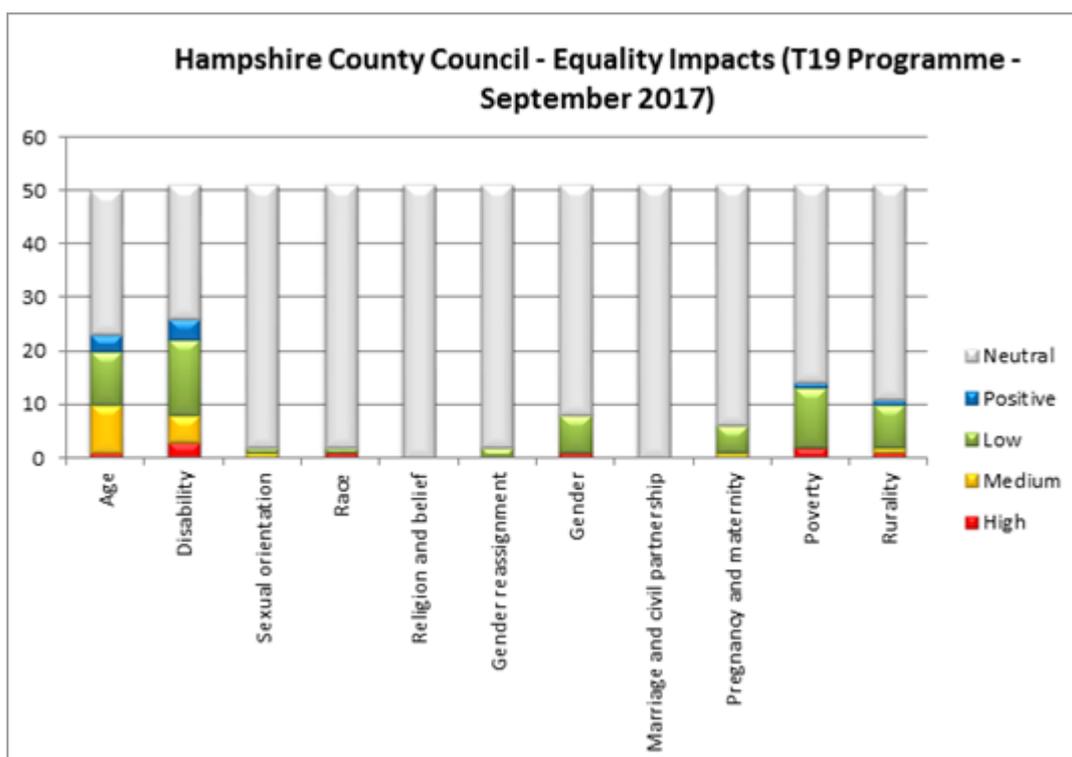
### **Summary**

- 5.42 As discussed above it is therefore recommended that the County Council's strategy for dealing with the £140m deficit should be to:
- Continue to develop income generating opportunities to mitigate against service change and reductions.
  - Maintain planned council tax increases to the maximum allowed by government (reviewing as necessary).
  - Introduce sensible and proportionate charges for County Council services where possible.
  - Lobby the Government for legislative change in the areas identified.

- Continue to engage with other local authorities in Hampshire on the issue of local government reorganisation in the context of the lack of consensus that currently exists.
  - Reduce and change services in the ways set out in Appendix 3.
- 5.43 The savings proposals put forward by departments are therefore submitted for consideration by Cabinet who are asked to make final recommendations to full County Council on these and the overall MTFs outlined in this report.
- 5.44 Authority is also requested to undertake any Stage 2 consultations where necessary prior to final decisions being made by Executive Members on these proposals.

## **6. Equality Impact Assessments**

- 6.1 In addition to the public consultation process outlined above, a separate key part of the Tt2019 Programme is ensuring that the County Council understands and gives due regard to the impact of the Tt2019 savings proposals on people with protected characteristics.
- 6.2 The County Council has produced EIAs on all proposals for change that it is considering implementing, which are taken into account as part of the decision making process. This year, to aid transparency, the EIAs for all of the savings proposals were again published as part of the Executive Member reports and are also repeated in this report for completeness. Due to the number of pages involved these have been added in separate appendices as follows:
- Appendix 4 – Adults’ Health and Care
  - Appendix 5 – Children’s Services
  - Appendix 6 – Economy, Transport and Environment (ETE)
  - Appendix 7 – Policy and Resources (P&R)
- 6.3 By the very nature of the services that the County Council provides, there are inevitably things that impact on those people with protected characteristics. Whilst this does not mean that a proposal cannot be implemented, it does mean that the County Council needs to have an understanding, both individually and collectively, of the impact on those groups of people and look at ways of mitigating that impact.
- 6.4 For proposals where a Stage 2 consultation is required the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood. Due regard will be given to the equality impacts identified as part of the Executive decision making process to decide whether or not to implement the detailed proposals.
- 6.5 An analysis of the current impacts contained within the individual EIAs is shown in the following chart:



6.6 Across the different areas, it has been assessed that there are 9 high, 17 medium and 54 low impacts. The chart shows that the protected characteristic for which the greatest number of high impacts were identified was disability. Further work will be undertaken to understand the nature of these impacts and the possible mitigations, following specific Stage 2 consultations in these areas.

## 7. Savings Proposals

### Departmental Savings

- 7.1 The savings proposals that have been put forward by departments as part of the Tt2019 Programme and have been recommended for submission to Cabinet and County Council by Executive Members are contained in Appendix 3 and reflect the feedback from the consultation and content of the EIAs where applicable.
- 7.2 Cabinet will be aware that the target for the departmental savings is £120m with the balance of £20m coming from 'housekeeping' savings, outlined in the next section. The total savings targets for each department, compared to the proposals that are expected to be delivered (in cash terms) in 2018/19, 2019/20 and the full year impact, are as follows:

	<b>Tt2019 Target £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Full Year £'000</b>
Adults' Health & Care	55,934	16,959	48,927	55,934
Children's – Non-Schools	30,132	2,991	13,506	30,132
ETE	19,005	5,180	16,130	19,005
P&R	14,929	4,271	14,304	14,929
<b>Departmental Total</b>	<b>120,000</b>	<b>29,401</b>	<b>92,867</b>	<b>120,000</b>
Housekeeping	20,000	20,000	20,000	20,000
<b>Total</b>	<b>140,000</b>	<b>49,401</b>	<b>112,867</b>	<b>140,000</b>

- 7.3 Where there is a shortfall in savings proposals against the target in 2019/20 this has been explained in more detail in each of the individual Executive Member reports, and represents for the most part a time delay in achieving the full amount of the saving. Where this is the case any shortfall will be met from departmental cost of change reserves, which have been built up in part to cover this eventuality, apart from Children's Services, the position for which is discussed in more detail in the next section.
- 7.4 Members will note that all departments are predicting full year savings equivalent to their savings targets, but the timing of delivery varies from department to department, with savings for some proposals not expected to be fully delivered in Children's Services until 2022/23 for example due to the longer term nature of the changes being implemented.
- 7.5 The estimated cash flow position of savings in each of the years is outlined in the table below. It shows that the shortfall against the £120m target in 2019/20 and 2020/21 is already significant and experience would indicate that this programme may slip further as difficulties arise during implementation. This emerging position will need close monitoring by CMT to ensure that the delivery of savings remains on track as far as possible.

	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Adults' Health & Care	16,959	48,927	55,634	55,934
Children's – Non-Schools	2,991	13,506	19,428	27,704
ETE	5,180	16,130	19,005	19,005
P&R	4,271	14,304	14,929	14,929
<b>Departmental Total</b>	<b>29,401</b>	<b>92,867</b>	<b>108,996</b>	<b>117,572</b>
<b>Early Achievement / (Shortfall)</b>	<b>29,401</b>	<b>(27,133)</b>	<b>(11,004)</b>	<b>(2,428)</b>

- 7.6 In most cases, it is currently anticipated that the early achievement of savings by departments will provide sufficient funding to cash flow the slipped delivery of savings in future years, with the exception of Children's Services where

corporate support to meet the later delivery of savings has been factored into this MTFS.

- 7.7 Delivery of the savings will also impact the County Council's workforce, and where applicable the proposals in Appendix 3 indicate the estimated number of staff that may be affected by the change in service. In Children's Services the impact is less clear, so individual figures have not been provided, however, the overall impact on the Department is forecast to be between 80 and 140.
- 7.8 In total, this would mean that the Tt2019 Programme could impact on between 445 and 684 full time equivalent roles across the County Council. Whilst this is a significant number it needs to be considered against the total savings programme of £140m, which even at an average salary plus on-costs of £45,000 would require the loss of over 3,100 jobs to meet the full target.
- 7.9 The County Council has an excellent track record for handling reductions in staffing numbers in a sensitive and planned way, through voluntary redundancy schemes, which have helped maintain staff morale and natural turnover (which for Hampshire averages between 12% to 15% per annum) and this will continue as part of the Tt2019 Programme. The County Council has also been successful in looking at options for re-deployment of staff as it grows its businesses in other areas and increases in the workforce are required.
- 7.10 In the past, any voluntary redundancy costs have been met by departments, up to the value of compulsory redundancy costs, with any enhancement being met from the Organisational Change Reserve (OCR). The OCR currently stands at £2.9m and at this stage it is not possible to determine whether this will be sufficient to cover any additional costs arising from the revised voluntary redundancy scheme. This will be reviewed at the end of the financial year when more information is known and can be topped up at this stage if required.
- 7.11 Cabinet is requested to consider and approve the savings proposals detailed in Appendix 3 for submission to the County Council, having given due regard to the consultation feedback and the EIAs.

### **Housekeeping Savings**

- 7.12 Members will be aware that as part of the overall Tt2019 Programme a target of £20m was set for corporate 'housekeeping' savings targeted mainly at inflation and treasury management savings. This reflected the fact that it is possible to make savings in these areas, given the scale of the numbers involved and importantly any contribution reduces the impact on services provided by departments.
- 7.13 In the main this will result from changes in accounting practice in respect of depreciation and MRP but this will also cover management of debt, inflation allowances and reserves.
- 7.14 In December 2015 Cabinet approved a change in MRP policy and as a result of this the amount which must be set aside for repaying external loans and meeting other credit liabilities has reduced.

- 7.15 Prior to 2015/16 the County Council calculated MRP for supported borrowing on a 4% reducing balance basis (which technically means it is never paid off). It was agreed by Cabinet in December 2015 that the calculation of MRP from 2015/16 onwards would change to a 50 year straight line basis. To be more prudent the 50 years has been started from 2008 and the actual calculation is 1/43's. Had the County Council been applying the new policy of a 50 year straight line calculation starting in 2008 it would have made £68m less in MRP payments by 31 March 2016.
- 7.16 This 'overpayment' means that technically, the County Council can take a 'holiday' from MRP payments, and therefore, starting in 2016/17, the County Council paused making MRP payments on supported borrowing until it has realigned the total amount of MRP payments with the new policy, which will be during 2021/22. This policy continues the County Council's prudent approach of repaying expenditure financed by borrowing sooner, on a straight line basis.
- 7.17 The introduction of these changes will generate net savings of £10.5m per annum in advance of April 2019 which can be utilised to provide vital investment for a range of key initiatives that will support Children's Services and underpin the Tt2019 Programme and also to contribute to the Grant Equalisation Reserve (GER) to begin to make provision for the future.

## **8. Transformation to 2019 Programme**

- 8.1 One of the key features of the County Council's well documented financial strategy and previous savings programmes has been the ability to plan well in advance, take decisions early and provide the time and capacity to properly implement savings so that a full year impact is derived in the financial year that they are needed.
- 8.2 This approach has also meant that savings have often been implemented in advance of need and this has provided resources both corporately and to individual departments to fund investment in capital assets and to fund further change and transformation programmes to deliver the next wave of savings.
- 8.3 Whilst this has been a key feature of previous cost reduction programmes it was recognised without doubt that the Tt2019 Programme, the fourth major cost reduction exercise for the County Council since 2010, would 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.
- 8.4 Departments have looked closely at potential opportunities to achieve the required savings and unsurprisingly the exercise has been extremely challenging because savings of £340m have already been driven out over the past seven years. The sheer size of the 19% target requires a complete "re-look"; with previously discounted options and more radical changes having to be considered. It has been a significant challenge for all departments to develop a set of proposals that, together, can enable their share of the Tt2019 Programme target to be delivered.
- 8.5 The opportunity assessment and planning work has confirmed the sheer complexity and challenge behind some of the proposals as a consequence of

which, in a number of areas, significantly more than two years will be required to develop plans and implement the specific service changes.

- 8.6 The cashflow support required to manage the extended delivery timetable will in the most part be met from departmental cost of change reserves, which will be boosted by some early delivery in 2018/19. Further contingency will be held corporately to cover any remaining shortfall, which is currently forecast to be required only by Children's Services, but given the unprecedented challenge presented by Tt2019 it would be prudent to allow a contingency sum of 20% in 2019/20 and 10% in 2020/21 to manage this potential risk (£24m and £12m).
- 8.7 The scale of the challenge for Tt2019, increases the risk to the timely delivery of the savings and given this position, CMT will carry out a peer review and challenge process on the higher risk elements of the programme, the results of which will be reported to Cabinet in December 2017 at which point the contingency amounts mentioned above can be reviewed as appropriate.
- 8.8 Whilst Tt2019 represents an immense challenge, the County Council does have significant capacity, capability and experience to tackle the task, highlighted by its track record to date. As tough as the forward agenda is, we 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 and crucially to make the necessary investment required, some of which is discussed further below.

### **Transformation Team**

- 8.9 The County Council has previously made use of external technical and professional expertise to help deliver its transformation and IT programmes and will continue to do so where the appropriate internal skills are not available. Part of the long term aim was also to ensure that internal resources learned from the private sector in supporting the achievement of savings. Building on this learning, the County Council's in-house Transformation Team is now well established, and the team are fully deployed mostly against Adults' and Children's priority transformational projects.
- 8.10 The T2019 Programme planning phase has identified additional requirements for specialist support from the Team through the delivery phase, especially earlier on where there is more certainty and clarity needed regarding the work ahead. These additional requirements mean that demand on the Team is now much greater than the ability to supply the required levels of support and there is a risk that without action, early traction in the savings programme will be compromised.
- 8.11 The one-off investment required to fund this expansion up to the end of 2019/20 over and above that already agreed is £1.4m and it is requested that this amount, to be met from the Invest to Save Reserve, is approved by Cabinet. Whilst this is a significant sum it compares very favourably to the costs of bringing in external expertise to support the programme.
- 8.12 It is currently anticipated that by the end of 2019/20 the Team will be able to reduce in size to match the ongoing funding available, as the majority of the Tt2019 Programme will be delivered. It is recognised that much will depend

upon progress and any unforeseen demands, but this will be closely monitored and reported to CMT on a monthly basis.

### **IT Investment**

- 8.13 There will be a significant IT 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. The programme of work will be extensive, initially costly and not without risk.
- 8.14 It was anticipated that a key theme running through the programme would be the exploitation of digital capability and the investment required was highlighted and funding identified in the 2016/17 End of Year Financial Report presented to Cabinet in June 2017.
- 8.15 At that stage it was estimated that up to £23m of investment in resourcing would be required for enabling IT for the Tt2019 Programme and an initial sum of £7.5m was approved by County Council in July 2017 to plan, scope, design and deliver projects; subject to business cases being approved by the Director of Corporate Resources. Funding was also approved for the Digital 2 Programme and a Corporate Wi-Fi Refresh. The programmes of work associated with Tt2019 are now more developed and an updated position is provided later in this report.
- 8.16 Over the summer, initial work was also being undertaken to scope the potential costs associated with the Enabling Productivity Programme (EPP) with a view to giving an update on the overall IT programme supporting the delivery of Tt2019.

### **Enabling Productivity Programme**

- 8.17 The Tt2019 Programme will challenge our leaders, senior managers and operational staff. Optimising productivity, partly through agile and mobile working will be a necessity and making the best use of technology will be critically important for our staff 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.
- 8.18 Changes to accommodation and devices and applications used by staff are in some respects the easier parts of the programme to achieve, what is more fundamental is the business and process change that must be implemented at the same time in order to maximise productivity. For field workers, this may include mobile access to line of business systems, logistics planning to minimise wasted time travelling between visits, new software to capture information or evidence and writing up notes on the device; including the ability to record signatures electronically.

- 8.19 New mobile devices have just been rolled out to social workers and other staff as part of an early pilot within Children's Services which will help the teams work smarter, leaving more time for client contact and working with families to ultimately reduce the number of children in care.
- 8.20 Many of these change programmes already form part of existing departmental Tt2019 savings proposals and the purpose of the EPP is to enable the changes to be underpinned by supporting technological or other enablers. The main cost therefore is the cost of devices and the resources required to ensure the relevant systems and software are fit for purpose for the new working arrangements and technology.
- 8.21 A detailed exercise was undertaken across the County Council to determine the extent to which staff under future operating models would be:
- **Fixed – high degree of time and location dependence:** Staff tend to work at a single location with little or no requirement to work away from their base.
  - **Flexible – varying mobility requirements:** Staff work at a single base (desk) for less than 50% of their working time, perhaps working at multiple (council) locations or flexing between meetings. These staff might not have a requirement for a fixed base and could work from home, or remotely.
  - **Field – staff with high degree of time and location mobility:** Staff spend more than 50% of their time away from the office (home-based; client-facing) and will not have a fixed location.
- 8.22 The results of this analysis have been shared with our current equipment provider for them to provide an indication of the likely cost of moving to this type of IT estate compared to the current desktop estate which is Citrix client based and is therefore relatively cheap to maintain and refresh, but is fixed and immobile and not flexible enough for today's modern working practices. Mobile equipment by its very nature does not last as long as fixed terminals and is more expensive, therefore it is expected that the one off and future costs of refresh will be much greater than the current £0.7m per annum that is built into the IT Services budget. However the service and efficiency benefits they underpin are so significant and fundamental to the future operating models across the County Council it is felt that this investment is critical.
- 8.23 Initial figures back from the provider are still being analysed and further negotiation will continue to take place, but based on those figures it is estimated that a one off up-front cost in the order of £7.0m will be required, which is £1m higher than the initial provision allowed for in the estimates in June, albeit that no details of the programme existed at that point.
- 8.24 In addition, given the change in the type of equipment being purchased, the annual refresh budget will need to increase from 2018/19 from its current level of £0.7m per annum. Further work is currently being undertaken to assess the annual amount that will be required, but this will be subject to further negotiations with the equipment provider and the model of deployment that the County Council chooses (for example we could consider a managed

service option which will have a different cost profile). More detail on this will be provided as part of the budget setting process for 2018/19.

- 8.25 At this stage the resource implications for implementing the new systems and software associated with the EPP is less clear, but initial indications are that this may be able to be contained within the upper end of the existing resourcing estimates provided for the Tt2019 Programme.
- 8.26 As the programme develops and we gain a better idea of the scale and complexity of the individual departmental requirements, this position will be reviewed and it may be necessary to consider providing additional resources, although this may depend to a large extent on the timing of the roll out of the entire IT programme.
- 8.27 The table below sets out the total IT programme and funding position that was presented in June and compares it to the current estimates:

	<b>June Estimated Cost £m</b>	<b>Current Estimated Cost £m</b>
Digital 2 and other enabling infrastructure	7.1	7.1
Corporate Wi-Fi Upgrade	1.5	1.5
Enabling IT for the Tt2019 Programme	20 – 23	23.0
Enabling Productivity Programme	4 – 6	7.0
<b>Total</b>	<b>32.6 – 37.6</b>	<b>38.6</b>
Less existing funding	10.5	10.5
Less approved in June	22.0	22.0
<b>Balance of Funding Required</b>	<b>0.1 – 5.1</b>	<b>6.1</b>

- 8.28 Cabinet is requested to approve the balance of funding of £6.1m, to be met from the savings in non-departmental budgets in the current year as identified in Section 4. Cabinet is also requested to recommend that County Council approve the remainder of the spending required (totalling £22.5m) to complete the IT enabling and EPP programmes, following the £16.1m that was approved in July this year.
- 8.29 Although this expenditure does represent a significant one-off investment, it should be borne in mind that this underpins the delivery of around £62m of the Tt2019 Programme and reflects the increasing difficulty and complexity of delivering successive transformation programmes.
- 8.30 It is clear 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.

## **9. 2018/19 Budget Setting**

- 9.1 The CSR for the period to 2019/20 was announced in November 2015 and, as part of the Local Government Finance Settlement that followed, the

Government set out that they would offer a four-year settlement to authorities who could 'demonstrate efficiency savings' over the CSR period. To apply for this offer local authorities were required to confirm acceptance by 5pm on Friday 14 October 2016 and provide a link to their published efficiency plan.

- 9.2 Following acceptance by the DCLG of the County Council's Efficiency Plan for the period to 2019/20, the expectation is for minimal change for 2018/19.
- 9.3 This along with the fact that the financial strategy that the County Council operates is on the basis of a two year cycle of delivering departmental savings means that there is limited activity at this stage associated with the development of the 2018/19 budget.
- 9.4 The process will follow the normal budget setting pattern as in previous years, in that a further technical report on the 2018/19 budget will be presented in December this year that will provide departments with provisional cash limits against which they can prepare their detailed budgets that will be reported through to Executive Members, Cabinet and County Council.
- 9.5 Members will recall that the financial strategy assumes a significant draw from the GER in 2018/19 in order to give the County Council the time and capacity to properly deliver the Tt2019 Programme.
- 9.6 It is anticipated that the current cycle of decision making concludes the savings planning aspect of the MTFS including the working assumption within this report that council tax will increase by the maximum permissible in line with government policy. This therefore moves the Tt2019 Programme from planning into implementation.

## **10. Capital Investment and Economic Growth Priorities**

- 10.1 In past years it has been possible to add significant additional schemes to the Capital Programme using surplus revenue funding generated by the early achievement of savings. As the financial strategy has evolved and savings have been required to meet successive budget deficits, there is less ability to do this above and beyond the use of specific capital resources that come from government or developers.
- 10.2 However, 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.
- 10.3 In this context there are a number of specific opportunities that it is timely to address as follows.

### **Manydown**

- 10.4 As outlined in Section 3, Hampshire County Council, together with Basingstoke & Deane Borough Council, jointly owns a long lease with the option to purchase a site west of Basingstoke - Manydown. The site is included in the Local Plan for a development allocation of around 3,200

dwellings, three primary schools, a secondary school site, local and district centres and open space as well as a new country park.

- 10.5 Earlier in the year additional funding was approved to support the achievement of ongoing capital receipts and this funding was in part to support the submission of an Outline Planning Application at Manydown. At that time it was flagged that a further separate case for Manydown revenue resource funding would be brought forward later in 2017 on the back of a detailed business case which could lead to capital and revenue financial returns from the intended joint venture delivery 'vehicle' (as opposed to traditional capital receipts) of up to £50m over an extended period.
- 10.6 A joint venture with a private sector partner to develop and deliver the site, has been agreed as the best option on the basis that this provided the opportunity to make the best long-term returns whilst maintaining strategic control of the site. It is recommended that the Council earmarks up to £35m of capital funding to invest in the development of the Manydown site.
- 10.7 The joint venture structure is complex as are the proposals from the potential development partners. The dialogue stage of the procurement process is due to close imminently prior to the submission of the best and final offers from the prospective development partners. A more detailed report will be submitted to EMPR when the outcome of the procurement process is known, but for now high level approval must be given for the capital spend contained within the overall deal which commits the County Council for up to £35m of spend in order to acquire the land for development.
- 10.8 Should the land cost less than this then the County Council could choose to invest the balance of funding in other infrastructure works on the site, which will attract a financial return in line with the finally agreed proposal. Options for further investment can also be considered but all of this will be subject to later decisions.
- 10.9 Given the long term nature of the project, it is recommended that the £35m is funded through prudential borrowing to avoid tying up other capital resources in the meantime.

### **Enterprise M3 Local Enterprise Partnership (LEP) Funding**

- 10.10 The County Council works closely with both its LEP partners to ensure that the use of resources are maximised in pursuing LEP and County Council priorities. For the EM3 LEP, the County Council also acts as the "Accountable Body", providing strategic advice and assurance both to the LEP and back to government on the use of public funding.
- 10.11 LEPs for the most part only receive capital funding, together with a small revenue allowance for running costs and other specific revenue projects (for example Growth Hubs). Since LEPs are governed by the same accounting rules as local authorities, capital spend is very tightly defined and Hampshire as the Accountable Body must verify that capital spend meets this definition.
- 10.12 In the normal course of LEP business however, there are many costs that cannot be treated as capital, such as due diligence work carried out to assess bids from third parties and other specialist advice. Feasibility studies

depending on their nature cannot always be charged to capital and the availability of revenue funding is now a major issue in supporting the smooth and effective running of LEP business.

- 10.13 Other LEPs across the country have agreed with their accountable bodies to do a capital to revenue transfer. This involves the accountable body using LEP capital grant to meet its own capital expenditure (for example for a highway scheme) and giving back revenue resources to the LEP which have previously been allocated to funding the capital programme.
- 10.14 This report recommends that an initial sum of £3m is transferred in this way and also recommends that delegated authority be given to the Director of Corporate Resources to agree further transfers if required. There are no financial implications for the County Council in pursuing this course of action.

### **Town and Parish Council Fund**

- 10.15 The county of Hampshire is served by 263 parish and town councils (PTCs) which operate across much of Hampshire and fulfil an important function in addition to those of the county and district / borough councils.
- 10.16 The County Council has supported PTCs over many years through an annual grant to Hampshire Association of Local Councils (HALC); currently £63,000 for the year 2017/18, to support its running costs. This core funding is complemented by a series of wider project and activity specific grant opportunities, linked to the delivery of County Council services or priorities, and which are made available to local communities and organisations across the county.
- 10.17 A report to Cabinet in June entitled 'Working Better Together'- Next Steps In Developing Hampshire County Council's Relationships with Parish and Town Councils set out:
- An overview of the engagement Hampshire County Council had undertaken with parish and town councils (PTCs); building upon the key themes that emerged from workshops held.
  - Proposed joint initiatives, working with HALC and PTCs, to address some of the key feedback from the workshops and further discussions.
  - Opportunities to provide support for the development and capacity building of PTCs who wish to contribute actively to a locality focused approach
- 10.18 It was acknowledged at that time that following further scoping work the level of potential support and investment required from the County Council would be considered. At this stage, discussions are still being held across the sector, but it is proposed to provide one off funding of £250,000 as part of this report to allow any policy development and initiatives to progress once they are finalised. This approval will also provide pump priming funding for targeted, joint initiatives aimed at improving local services.
- 10.19 Approval of specific initiatives will be taken through the EMPR with the funding being met from the Corporate Policy Reserve. If necessary this can be topped up with further funding if the programme requires it in the future.

### **Water Quality Monitoring**

- 10.20 Given the size of the County Council's built estate, particularly within schools, water bacteria represents a small risk in terms of likelihood, but with significant implications should a water bacteria related incident occur. It should be pointed out that there has not been an issue relating to water bacteria levels within a County Council property in at least the last 20 years.
- 10.21 Property Services in liaison with the Corporate Health and Safety Officer carried out a review of our arrangements for managing water bacteria risk and remedial works associated with the initial findings have already been completed.
- 10.22 However, it is proposed to enhance the current arrangements for collecting data for the management of water bacteria risk. At the moment, responsibility for collecting and returning data rests with staff based at the locality (for example caretakers). This is often not a straightforward task and the accuracy of information can vary depending on the understanding and methodology applied by the individual (even though training is provided to them).
- 10.23 It is therefore proposed to implement improvements whereby specialist equipment will be installed at each site, which simply require the staff to take a reading and return the information to Property Services. The readings will be more accurate and the process much simpler to complete, meaning that the quantity and quality of data will be much improved.
- 10.24 In addition, it is proposed to create a small ongoing revenue budget that will be used to pay for staff to analyse the data collected effectively and for any remedial actions to be undertaken. At the present time remedial works are paid for by the general repairs and maintenance budget and it is felt that dedicated resources would be more appropriate for managing this risk.
- 10.25 In total therefore a one off capital sum of £1.23m is requested together with a £100,000 revenue budget for 2017/18 and a recurring increase in the revenue budget of £320,000 from 2018/19 onwards. It is considered that this capital and revenue spend is commensurate with any potential risk that the County Council faces in the ongoing management of water quality.

### **Skanska Contract and Fleet Management**

- 10.26 Where an urgent financial decision is required that falls outside of the defined process or limits within Financial Regulations or Financial Procedure Rules, but is felt to be in the wider interests of the County Council, the Chief Financial Officer in consultation with the Chief Executive and the Leader can make the decision subject to it being reported back to the appropriate decision making body.
- 10.27 The new Hampshire Highways Services Contract (HHSC) for the supply and maintenance of fleet, plant and equipment has recently been awarded by the County Council to Skanska UK - the contract started on 1 August 2017. It was not appropriate to include this in the capital programme before this point as the HHSC was still in tender stage, no decision had been made on the preferred contractor, none of the bidders were in a position to make a firm

commitment to Hampshire Transport Management (HTM) and it was considered to be commercially confidential information relating to all bidders due to the tender process.

- 10.28 It was also not possible to include the £9.5m capital allocation in the Capital Programme report to the meeting of the County Council on 16 February 2017 because the 'standstill period' for the award of the HHSC did not end until 9 February 2017 and no assumptions could be made in advance of this date on who the successful contractor would be. Furthermore, no further discussions on the types of services required from HTM could be held with the successful contractor until after the end of the 'standstill period' at the earliest. In fact, in order to mitigate the risks to the County Council, HTM would not enter into any firm supply commitments with the successful contractor until the HHSC was formally signed by both parties and this took place on 28 February 2017.
- 10.29 After this point it was necessary to progress and so an urgent officer decision was made by the Director of Corporate Resources (as Chief Financial Officer), in consultation with the Chief Executive and the Leader of the County Council to add £9.5m to the 2017/18 Capital Programme to enable the supply of approximately 160 vehicles and 61 items of plant and equipment to be purchased and in accordance with Financial Regulations this is now being reported to the County Council.
- 10.30 In addition, within the Capital Programme there is ongoing provision for up to £2m per annum to allow for the general replacement of and additions to the fleet managed by HTM and approval to increase this to £3m from 2017/18 is requested. This is to enable HTM to respond to growing business especially with schools and colleges looking for an environmentally friendly fleet alongside an upsurge in customers reviewing their fleets again considering environmental credentials alongside potential efficiencies. All of this capital expenditure is funded through prudential borrowing the cost of which is included in the regular charges to customers for the use of the vehicles.

## **11. Capital Strategy**

- 11.1 The County Council's capital programme has been maintained and expanded over recent years, continuing the trend of ensuring that we invest wisely in maintaining and enhancing our existing assets and delivering a programme of new ones.
- 11.2 The Capital Programme is reviewed and agreed annually. This sets out the levels of capital expenditure for each service and the main expectations of where the money will be spent, a large proportion of which is in relation to schools, including the provision of school places.
- 11.3 The County Council's capital aspirations are dependent upon finance being available and the sources of finance to support the capital programme are as follows:
- Government capital grants – The Government has issued all of its support for local authorities' capital expenditure from 2011/12 onwards in the form of capital grants and not as borrowing allocations.

- Prudential borrowing – Loans that the County Council may decide to raise in the knowledge that it will have to meet the principal repayment and interest charges from its own resources without any additional support from the Government. The County Council has to consider the impact of such loans on the revenue budget and prudential indicators.
  - Contributions from other bodies, which can include developers, the health service, other local authorities and the national lottery.
  - Capital receipts from the sale of land, buildings and other assets.
  - Contributions from the revenue budget including those held in the capital reserve.
- 11.4 There is an interrelationship between capital and revenue both directly and indirectly. Capital expenditure may be funded directly from revenue however the general pressures on the Council's revenue budget and council tax levels limit the extent to which this may be exercised as a source of capital funding.
- 11.5 Prudential borrowing does provide an option for funding additional capital development but one which then results in costs that have to be funded each year from within the revenue budget or from generating additional ongoing income streams.
- 11.6 Given the pressure on the Council's revenue budget in future years, prudent use has been made of this discretion to progress schemes in cases where there was a clear financial benefit. Such schemes focus on clear priorities, and those that generate revenue benefits in future financial years, in the form of clear and measurable revenue savings or longer term income generation either directly or through council tax or business rate yield.
- 11.7 Service improvement is at the heart of everything the County Council does and it is also important in the current financial climate that key services are able to continue and prosper. Therefore, whilst it is recognised that prudential borrowing and the resultant impact on revenue must be a key consideration, where there are specific priorities in line with the County Council's focus on service improvement then the programme will continue to be expanded where it is affordable to do so and delivers measurable revenue savings.
- 11.8 Given the link with revenue, as part of the Tt2019 Programme a review of the capital programme (and associated funding) will explore any avenues that would result in a positive impact on the revenue position and any net benefit could be applied as a justified and logical way to reduce the remaining savings required from departments. The review will also include consideration of the wider capital requirements facing the County Council.
- 11.9 The review is being conducted by an existing cross departmental officer group called the Corporate Infrastructure Group (CIG) chaired by the Director of Economy, Transport and Environment. A summary of the review together with a revised capital strategy will be reported as part of the budget setting process for 2018/19.
- 11.10 In the meantime however, the CIG have been co-ordinating the necessary infrastructure associated with the development of land to the West of Woodhouse Lane in Botley, which was outlined in a separate report to

Cabinet in September 2017 and is being progressed in line with support and the agreement of Eastleigh Borough Council. This report seeks formal approval to add the following schemes to the Capital Programme:

- A new secondary school costing £20m which will be funded in full by the Education Skills and Funding Agency.
- Phase 1 of the Botley By-pass costing £6m which will be funded from capital receipts on the sale of County Council owned land within the overall development area.
- Other infrastructure and utility works (including provision for a foul sewer) to provide servicing to the new school and the wider housing sites totalling £15.695m which will also be funded from the capital receipt.

11.11 These works are required to enable the initial developments on the site to proceed, but longer term a further phase of the Botley by-pass will be required which is expected to cost up to £20m. At this stage the funding is not in place for this and the County Council will look to Developers Contributions and other potential sources of funding to enable this scheme to proceed.

## **12. Reserves Strategy**

12.1 The County Council's reserves strategy, which is set out in Appendix 8, 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 time for the changes to be properly planned, developed and implemented.

12.2 Reserves are available to support:

- Funding of the Capital Programme.
- Investment in transformation.
- Supporting departmental budgets in the face of timing delays in the delivery of savings.
- Supporting the overall revenue budget through the GER.

12.3 The County Council has 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.

12.4 Given the protracted period of austerity that is to continue until at least the end of the decade this tipping point has not yet arrived but in view of the large scale investment required to deliver the Tt2019 Programme and the level of cash flow support that will be required in 2018/19 and 2019/20 we currently expect to see reserves begin to dip at as we move towards the end of the decade.

### **13. Medium Term Forecasts - Beyond 2019/20**

- 13.1 The current financial 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. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the GER and early achievement of savings proposals retained by departments to use for cost of change purposes or to offset service pressures.
- 13.2 The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2018/19, giving itself the time and capacity to develop and implement the Tt2019 Programme to deliver the next phase of savings totalling £140m.
- 13.3 Following acceptance by the DCLG of the County Council's Efficiency Plan for the period to 2019/20 the expectation is for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date.
- 13.4 Whilst, following the Queen's speech to Parliament in June this year, the planned changes to implement 100% Business Rate Retention by 2019/20 are effectively suspended with no indication of when this might be resumed, work to carry out a Fair Funding Review, is set to continue as it does not require legislation but it increasingly unlikely that this will be in place for 2019/20.
- 13.5 Although the wider 100% Business Rate Retention work has stalled, the Government have just sought applications for 100% business rate pilots for 2019/20 that must be submitted by 27 October this year. Further information through seminar sessions was provided during September and initial discussions about the potential for a pilot within Hampshire were held at the September HIOWLGA meeting and will be taken forward by the Chief Executives.
- 13.6 The Budget in November may contain some additional information that could impact our planning assumptions, for example around public sector pay and council tax referendum limits, and the County Council will have to wait until that point to revisit the assumptions built into the MTFs.
- 13.7 The financial pressures facing the County Council, to date, notably in relation to adults' social care have been clearly described and the current strategy allows for ongoing growth in adult social care funding of £10m per annum, and also for price inflation. However, whilst there is still some uncertainty over the next couple of years, the period beyond 2019/20 is significantly more uncertain. Some of the major issues that may impact on the County Council are outlined below.

#### **Adults' Social Care**

- 13.8 The pressures facing the County Council are not unique to Hampshire. They are representative of the position nationally. To help address this, the

Government have recently announced changes to the funding that local authorities receive for adults' social care. The changes include:

- Additional flexibility with the adult social care precept.
  - An additional one off grant in 2017/18.
  - An additional non-recurrent Improved Better Care Fund (IBCF) allocation to be received over three years commencing in 2017/18 as announced in the Chancellor's Spring Budget.
- 13.9 Taking up the council tax flexibility will yield, on a one off basis, additional income of £16.6m for the County Council in the current and next financial year to put towards meeting the pressures facing adults' social care whilst not fundamentally changing the underlying longer term council tax position. There is no stated position at this point about the Government's intention beyond the current parliament in respect of council tax increases.
- 13.10 Additional funding in the form of the increased IBCF together with previously announced BCF allocations makes provision in the period to 2019/20 for adults' social care.
- 13.11 These measures represent the Government's response to growing calls for additional resources to meet the increasing cost pressure facing local authorities who provide adults' social care, in advance of the previously planned funding which was weighted towards the end of the decade.
- 13.12 Whilst welcome, the measures described above do not address the long term increase in demand as they are all only one off increases in funding. Combined, they do provide the opportunity to invest in transformational programmes to reduce costs in the long term to provide some mitigation. This is still unlikely to be sufficient, on its own, to off-set both the increase in demand and support the achievement of the Department's savings necessary as part of the Tt2019 Programme. For this reason the adults' social care budget, in the medium term, remains reliant on corporate support which has been provided for within the MTFS.
- 13.13 The Adults' Health and Care Department face, in addition to the Tt2019 budget reduction of £55.9m, a further £4m recurring of Public Health savings which need to be achieved by 2019/20. By 2019/20 the County Councils' Public Health grant will be £49.5m after total cash reductions of £8.3m since 2015/16. These budget reductions are being taken forward on a different timescale from Tt2019 and will report to the Executive Member for Public Health.
- 13.14 Beyond 2019/20, in the absence of any government grant figures or a long term solution to the funding of adults' social care, there is the potential for a funding 'cliff edge' in this area that could have a very significant impact on the County Council's finances.

### **Children's Services**

- 13.15 Within Children's Services, the pressure of increasing CLA is well documented and additional resources have been provided in this year's budget and future years to tackle these and the increasing costs of care

leavers, although the volatility in this service area makes accurate predictions difficult.

- 13.16 More recently we have also seen other pressures in the areas of HtST and agency spend and the measures in this report seek to address the majority of these issues, albeit that Children's Services nationally are facing major pressures across many of these areas and the ability to predict what may happen beyond 2019/20 and what government support may be available will be a key factor in future financial forecasts.

### **National Living Wage and Pay**

- 13.17 Whilst the major impact of the implementation of the National Living Wage (NLW) is contained within the additional cost of purchasing external social care provision (which has been factored into the current MTFs) there is also an impact on pay for County Council staff.
- 13.18 An original provision of £5m was included in the MTFs for this, but recent national modelling work on the assimilation of the NLW into existing pay scales and the development of a new pay framework indicates a potential 4% to 6% cost increase over two years, based on the current public sector pay restraint assumptions. For the County Council this could mean that an additional cost of up to £5m will be incurred. More detailed work on the potential impact for the County Council is currently being modelled however, the outcome of any national decision remains at this stage unclear and uncertain.
- 13.19 Another major factor that could affect forecasts to 2019/20 and beyond is the recent announcement from the Government that a more flexible approach to public sector pay will be adopted from 2018/19. This follows growing speculation that the public sector pay cap would be lifted given increasing pressure to remove (or at least relax) the current public sector pay restraint.
- 13.20 During the period of austerity, pay has been frozen or limited to increases of 1% within local government and it had previously been announced that this would continue at least until 2019/20. On 12 September 2017 the Government confirmed police and prison officers pay awards for 2017/18 that exceed 1% and that these will need to be funded within existing budgets and signalled that the approach to other sectors of the workforce will be considered in the coming months.
- 13.21 Whilst a proper pay and reward strategy is key to attracting and retaining the right calibre of staff, any public sector pay awards above the 1% allowed for would put further pressure on our forecasts (each 1% adds about £2.5m to the pay bill based on 2017/18 figures).

### **The Planning Horizon**

- 13.22 Good forward financial planning is a key factor in ensuring that the County Council retains its strong grip of financial management and can respond to the future pressures that it faces. However, in the absence of any government grant figures beyond 2019/20 and the need to keep a relentless focus on the

delivery of the Tt2019 Programme, it is not proposed to provide any definitive future forecasts at this stage.

- 13.23 In general terms, reductions in government grant together with inflationary and service pressures, notably within social care areas, have created an average budget gap of around £50m per annum during the period of austerity, meaning that circa £100m has needed to be saved every two year cycle. Council tax at 1.99% reduces this to £39m per annum.
- 13.24 It is likely therefore that any position beyond 2019/20 will not see a return to stability and we will therefore continue to review our assumptions on an ongoing basis in light of information that is made available.
- 13.25 It is critical that during the next two years the County Council is not distracted from delivering the Tt2019 Programme, irrespective of the financial outlook in the years beyond 2017/18. Any failure to deliver recurring sustainable savings for 2019/20 will only serve to worsen the position. The intention is therefore to continue the well tested strategy of meeting any anticipated gap in 2020/21 from one-off resources which will be built up in the GER in the intervening period.
- 13.26 The time to consider the wider strategy for tackling the next phase of savings beyond 2019/20 will be when we consider there is sufficient traction and delivery on the Tt2019 Programme, since achievement of that programme is crucial to the financial position of the County Council.
- 13.27 Financial resilience describes the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.
- 13.28 In the current environment in which local authorities are operating, achieving financial resilience is a challenge for all and CIPFA have called on councils to watch out for signs of financial stress. In its report entitled “Building Financial Resilience” CIPFA identified five key ‘symptoms’ of financial stress as follows:
- Running down reserves / a rapid decline in reserves. By definition, using up reserves to avoid cuts can only provide temporary relief.
  - A failure to plan and deliver savings in service provision to ensure the council lives within its resources.
  - Shortening medium term financial planning horizons, perhaps from three or four years to two or even one. A failure to plan ahead could indicate a lack of strategic thinking and an unwillingness to confront tough decisions.
  - A lack of firm objectives for savings - greater ‘still to be found’ gaps in saving plans. Now, not only are planning horizons shortening, but some authorities have only specified how savings will be achieved for the next financial year and even then there may be some with targets rather than firm plans.
  - A growing tendency for departments to have unplanned over spends and / or carry forward undelivered saving into the following year. As well as creating a need for greater cuts in subsequent years, unplanned

over spends are a sign that an authority is struggling to translate its policy decisions into actions.

- 13.29 CIPFA have highlighted key areas of focus to support financial resilience and these echo the approach taken to date by the County Council and continued in the plans to take us to 2020/21. These include getting routine financial management right, having clear and realistic plans for the delivery of savings which are monitored and underpinned by adequate investment and managing reserves sensibly to 'cushion' the delivery of a transformation programme over the medium term.
- 13.30 In addition, the report highlights the danger, in the relentless search for savings, of focusing on the "gap" still to be found while failing to take the actions necessary to ensure all the agreed savings have been delivered. The County Council is alert to this potential danger and for Tt2017, and to an even greater extent Tt2019, has taken a very measured approach to the timing of moving focus from one transformation programme to the next.
- 13.31 Despite the relentless financial pressure and need to deliver savings, the County Council has shown year after year its ability to not only follow through on its agreed strategy but also to respond to unforeseen pressures and invest in service improvements and capital spending where it is felt necessary (this report being a prime example of all of these things).
- 13.32 At the same time the County Council must not become complacent and must maintain its financial discipline both within the current year and in developing and delivering savings for the future.

#### **14. Recommendation(s)**

##### **It is recommended that Cabinet:**

- 14.1 Notes and endorses the County Council's current approach to commercialisation as outlined in Section 3.
- 14.2 Notes the current position in respect of the financial resilience monitoring for the current financial year.
- 14.3 Confirms that in the absence of further information, which may be contained in the Budget in the autumn, the current planning assumption that council tax will increase by the maximum permissible without a referendum, in line with Government policy, will continue.
- 14.4 Approves the recommended approach to dealing with the anticipated £140m budget deficit.
- 14.5 Approves, subject to further consultation and executive decision making where necessary, the savings proposals in Appendix 3 after taking due regard of the consultation feedback and Equality Impact Assessments.
- 14.6 Approves further service specific consultations, where necessary, on the savings proposals set out in Appendix 3 prior to final decisions being made by Executive Members.

- 14.7 Endorses the principle that should any savings proposal be rejected that alternative options to the same value will need to be developed by the appropriate department.
- 14.8 Approves an additional £6.1m of one-off funding to meet the balance of funding for the overall IT Programme supporting the delivery of Tt2019, to be met from the savings in non-departmental budgets in the current year as identified in Section 4.
- 14.9 Approves one-off amounts of £1.7m and £315,000 in 2017/18 to fund the part year costs of increased social workers and payments for Special Guardianship Orders, respectively, to be met from the savings in MRP.
- 14.10 Approves an initial sum of £100,000 in 2017/18 and a recurring increase of £320,000 from 2018/19 onwards to provide dedicated resources to analyse data and undertake remedial actions associated with water bacteria risk management.
- 14.11 Approves an initial one off sum of £250,000 to support joint initiatives with Town and Parish Councils, the details of which will be subject to approval by the Executive Member for Policy and Resources.
- 14.12 **Recommends to County Council that:**
- a) The mid-year report on treasury management activity at Appendix 2 be approved.
  - b) The potential impact on the investment strategy of defaulting to a retail client with effect from 3 January 2018 be noted.
  - c) The immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure the County Council can continue to implement an effective investment strategy be agreed.
  - d) In electing for professional client status the County Council acknowledges and agrees to forgo the protections available to retail clients attached at Annex 1 of Appendix 2.
  - e) Responsibility be delegated to the Section 151 Officer (the Director of Corporate Resources) for the purposes of completing the applications.
  - f) The savings proposals in Appendix 3 be approved, subject to further consultation and executive decision making where necessary.
  - g) The remainder of the spending required, totalling £22.5m, be approved to complete the IT enabling and EPP programmes, following the £16.1m that was approved in July this year.
  - h) Recurring funding from 2018/19 onwards of £10.25m is approved to cover the increased costs of social workers, Home to School Transport and payments for Special Guardianship Orders.
  - i) A one-off sum of £1.4m is approved from the Invest to Save Reserve to fund additional resource within the in-house Transformation Team until the end of 2019/20.

- j) High level approval be given for up to £35m of capital spend (funded through prudential borrowing) to invest in the purchase of land and development of the Manydown site.
- k) An initial sum of £3m is transferred from capital to revenue between the County Council and Enterprise M3 LEP as outlined in this report and that delegated authority be given to the Director of Corporate Resources to agree further transfers if required.
- l) Capital spend of £1.23m be approved to implement improvements whereby specialist equipment will be installed to improve the quantity and quality of data collection and monitoring in relation to water bacteria risk management. To be funded from the savings in non-departmental budgets in the current year as identified in Section 4.
- m) An increase in the capital programme of £1m per annum from 2017/18 onwards to raise the provision for the general replacement of and additions to the fleet managed by HTM to £3m per annum, to be funded through prudential borrowing be approved.
- n) Schemes associated with the development of land at Woodhouse Lane to the value of £41.695m are added to the capital programme as outlined in paragraph 11.10.

## **RECOMMENDATIONS TO COUNCIL**

### **Council is recommended to approve:**

- a) The mid-year report on treasury management activity at Appendix 2 and note potential impact on the investment strategy of defaulting to a retail client with effect from 3 January 2018.
- b) The immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure the County Council can continue to implement an effective investment and acknowledge that in electing for professional client status the County Council are agreeing to forgo the protections available to retail clients attached at Annex 1 of Appendix 2.
- c) That responsibility be delegated to the Section 151 Officer (the Director of Corporate Resources) for the purposes of completing the applications.
- d) The savings proposals in Appendix 3, subject to further consultation and executive decision making where necessary.
- e) The remainder of the spending required, totalling £22.5m, to complete the IT enabling and EPP programmes, following the £16.1m that was approved in July this year
- f) Recurring funding from 2018/19 onwards of £10.25m to cover the increased costs of social workers, Home to School Transport and payments for Special Guardianship Orders.
- g) A one-off sum of £1.4m from the Invest to Save Reserve to fund additional resource within the in-house Transformation Team until the end of 2019/20.

- h) Up to £35m of capital spend (funded through prudential borrowing) to invest in the purchase of land and development of the Manydown site.
- i) An initial sum of £3m is transferred from capital to revenue between the County Council and Enterprise M3 LEP as outlined in this report and that delegated authority be given to the Director of Corporate Resources to agree further transfers if required.
- j) Capital spend of £1.23m to implement improvements whereby specialist equipment will be installed to improve the quantity and quality of data collection and monitoring in relation to water bacteria risk management. To be funded from the savings in non-departmental budgets in the current year as identified in Section 4.
- k) An increase in the capital programme of £1m per annum from 2017/18 to raise the provision for the general replacement of and additions to the fleet managed by HTM to £3m per annum, to be funded through prudential borrowing.
- l) The addition of schemes associated with the development of land at Woodhouse Lane to the value of £41.695m to the capital programme as outlined in paragraph 11.10.

**CORPORATE OR LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes/No
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes/No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes/No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes/No

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Culture, Recreation and Countryside) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=169&amp;MId=287">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=169&amp;MId=287</a>	18 September 2017
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Economic Development) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=172&amp;MId=312">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=172&amp;MId=312</a>	19 September 2017
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Environment and Transport) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=170&amp;MId=438">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=170&amp;MId=438</a>	19 September 2017
Transformation to 2019 – Revenue Savings Proposals (Executive Lead Member for Children’s Services) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=162&amp;MId=696">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=162&amp;MId=696</a>	20 September 2017
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Adult Social Care and Health) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=595&amp;MId=3138">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=595&amp;MId=3138</a>	21 September 2017
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Policy and Resources) <a href="http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=173&amp;MId=339">http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=173&amp;MId=339</a>	22 September 2017
Transformation to 2019: Report No. 1 (Cabinet) <a href="http://democracy.hants.gov.uk/documents/s3424/2017-06-19%20Transformation%20to%202019.pdf">http://democracy.hants.gov.uk/documents/s3424/2017-06-19%20Transformation%20to%202019.pdf</a>	19 June 2017

<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**

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:**

Given that this report deals with a large number of options and proposals for savings as part of the Transformation to 2019 Programme, the individual EIAs have been appended to this report to aid the decision making process.

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

2.1 Some of the proposals may have an indirect impact on crime and disorder and where this is the case it will be taken into account as part of the implementation of the proposal.

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

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

Not applicable

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

## **Children's Services Financial Resilience to 2020/21**

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

- 1.1 The cost pressures within Children Looked After are well documented and part of the increasing trend in numbers is simply down to demographic factors as the number of children in Hampshire increase either through the birth rate or through inward migration.
- 1.2 These increases are putting ever more pressure on social worker resources, increasing case loads and affecting long term recruitment and retention, which means that more agency workers are being used to increase capacity.
- 1.3 These demographic increases are also having an impact on other service areas, in particular Home to School Transport (HtST) where forecast spend is well above budget in the current year.
- 1.4 This briefing note outlines a number of measures that are aimed at tackling some of the pressures that are threatening the service and financial resilience of the Children's Services Department.

### **2. Social Worker Investment**

#### **Context**

- 2.1 Children's social workers, particularly those on the front line, deal with some of the most disadvantaged, at risk and vulnerable children and families in our society. Social workers intervene with families to help them create the change needed to reduce risks to children and ensure that they receive the support and intervention they require, thus building resilience within individuals and families, thereby not requiring high cost specialist social work services. As such, there is a need to ensure that caseloads are manageable so that social workers have the time to deliver quality interventions.
- 2.2 We have seen a continued steady rise in demand across social work services in line with the national picture, which is increasing the caseloads of our social workers and they are now at the point where they are higher than Ofsted would consider manageable.
- 2.3 Ofsted describe what they consider to be manageable caseloads as between 15 and 20 and consider there is a direct correlation between the average caseload of a social worker and the quality of social work practice offered. The new framework for the inspection of social care being introduced in early 2018, will focus almost entirely on the quality of social work practice with the leadership, management and governance aspect looking at whether senior leaders 'create the conditions' so that social workers are enabled to perform to their optimum.
- 2.4 The annual workforce statistics produced by the Department for Education (DfE) in September 2016 included details, for the first time, of average children's social worker caseloads in each of the 152 local authorities. Based on these statistics, the average caseload for England has been calculated as 16.1 cases per social worker. The average 'front line' social worker caseload is said to be slightly higher at 16.8. Only eleven authorities (Hampshire being

one of them), reported average caseloads of 25 or higher, but unlike Hampshire the majority of this last cohort of authorities were graded as 'requires improvement.'

- 2.5 The numbers of Children in Care (CiC) within Hampshire Children's Services has also steadily increased over the last two years. As of 30 June 2017, the number of CiC rose to 1,475; a net increase of 147 since September 2015 (although this does include a net 45 Unaccompanied Asylum Seeking Children (UASC)). This total translates to 45 CiC per 10,000 children in Hampshire compared to the average rate of 43 for Hampshire's statistical neighbours.

### **Rationale**

- 2.6 The rationale for an investment in social workers is based on the following imperatives.
- 2.7 **The practice imperative** – In order to continue to deliver a high quality service to our most vulnerable children, social workers need the capacity to do this. Lower and more manageable caseloads will support staff to develop better relationships with the children and families with whom they work, they will have more time to complete robust, timely assessments and deliver an enhanced quality of social work support and intervention.
- 2.8 **The financial imperative** – The cost of agency social workers is a significant burden to the Council, with forecast agency spend of £4.4m in 2017/18. These agency social workers only cover existing vacancies. High cost in this context does not always equate to high quality and there are regularly concerns raised about the ability of agency social workers to reach the high standard Hampshire expect.
- 2.9 Hampshire Children's Services will support any child or young person who needs to be looked after, but it is essential that we only bring into care those children who really need such an intervention and that they stay as looked after children only for as long as is absolutely necessary. When caseloads are higher, social workers often do not have enough time to fully explore alternative options for children. Furthermore, social workers sometimes do not have the capacity to undertake meaningful work that can lead to a child leaving the care system at an earlier stage. Therefore to achieve a large proportion of our Tt2019 savings, it is essential that social workers have the capacity to effect long lasting and meaningful change in order to keep children at home or to assist them in exiting the care system more quickly. This requires more social work time and capacity.
- 2.10 **The staffing imperative** – Community Care's national research (July 2016) noted the following five reasons that would make a social worker to change jobs were;
- Work life balance
  - Lower caseloads and dissatisfaction with their current post.
  - Less stress
  - An organisation with a good reputation

- Increased salary and remuneration
- 2.11 The Guardian published its 'Social Lives Survey' (2017) where a good work life balance was seen by social workers to be more important (74%) than any other issue. If Hampshire Children's Services is to recruit and retain a good cohort of permanent social work employees, we need to ensure that they have the capacity to undertake high quality and meaningful social work.
- 2.12 **The reputational imperative** - Hampshire Children's Services has been judged 'good' since 2009 and has an excellent national reputation as a result. It is one of only seven Children's Services chosen by the DfE to be a 'Partner in Practice' (PiP). If caseloads are not addressed at this stage, Hampshire's Ofsted rating could be adversely impacted during the next inspection due in 2018, and our PiP status would be compromised. This would cause reputational damage to Hampshire County Council and would further impact upon our ability to recruit staff into our organisation. In addition, as a PiP and a good authority, we are offered opportunities such as the Isle of Wight and Torbay which generates small, but not inconsequential, income for the Council.

### **Investment**

- 2.13 Additional investment in frontline social workers to bring caseloads down to an average of 20, with the current level of admin support, equate to £6.6m per year. It is assumed that current accommodation will be sufficient to locate the additional staff in light of the increased flexible working digital is allowing. One-off costs for recruitment and training have not been included, because it is considered that these will come from current resource.
- 2.14 The model assumes that the additional resource will be managed within the current structure, without the need for more management capacity.
- 2.15 It is considered this investment will be required over a three year period to allow for enough social work capacity to introduce the new children's social care operating model being developed through our PiP programme and deliver the Tt2019 savings that come from this new model.
- 2.16 As the Tt2019 savings are achieved as a result of the new operating model, the size and make up of the children's social care workforce will be kept under review and scaled back accordingly.

### **3. Home to School Transport**

- 3.1 The legislation around HtST dates back to the 1940's and where a child meets the criteria for travel to school, the County Council must provide it free of charge (in most cases).
- 3.2 The increasing demographics for children generally and in particular the increased number of children with Special Educational Needs (SEN) has meant that the HtST budget has been over spent over the last few years and current predictions forecast that spend will exceed the budget this year by £3.5m.
- 3.3 Analysis has been undertaken of the increased numbers and costs over the last three years and this shows that there is not a straight line relationship

between numbers of children and costs. For example, children who need HtST in a similar area can share transport and significantly reduce costs, but if a new child requires transport and they live in an area not covered by an existing route the marginal cost of that extra child is much more expensive.

- 3.4 Similarly, children with SEN tend to be more expensive per head than the average cost and this area has seen an increase of over 10% in traveller numbers and a 15% increase in unit costs over the last three years alone. Clearly the priority for these children is to allocate them a school place that meets their educational needs, often this could be some distance from their home, requiring both transport and often escort costs to get them to school.
- 3.5 Taking into account the demographic increases and the specific rise in the number of children with SEN requiring HtST, it is estimated that a base adjustment of £2.4m is required in 2017/18 and that increases of around 0.9m per annum will be needed thereafter. These amounts are being reflected in the current update of the Medium Term Financial Strategy.
- 3.6 These adjustments to budgets are consistent with other growth allowances that are made in the budget for areas such increasing numbers of older people, increased road lengths and higher volumes of waste.

## **Treasury Management Mid-Year Monitoring Report 2017/18**

### **1. Purpose**

- 1.1. The Treasury Management Strategy for 2017/18 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
- 1.2. The Code also recommends that members are informed of Treasury Management activities at least twice a year (a mid year and a year end report). This report therefore ensures that the County Council is embracing best practice in accordance with CIPFA's recommendations.
- 1.3. Treasury Management is defined as: "the management of investments and cash flows, 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. Recommendations**

- 2.1. This report recommends the following:
  - That the mid-year review of treasury management activities be noted.
  - That the potential impact on the investment strategy of defaulting to a retail client with effect from 3 January 2018 be noted.
  - That the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy be agreed.
  - In electing for professional client status the County Council acknowledges and agrees to forgo the protections available to retail clients attached at Annex 1.
  - That the County Council approves delegated responsibility to the Section 151 Officer for the purposes of completing the applications.

### **3. Economic Background**

- 3.1. The following section outlines the key economic themes currently in the UK against which investment and borrowing decisions have been made in the year to date.

#### **External Context**

- 3.2. UK Consumer Price Inflation (CPIH) for the year to August 2017 was 2.7%, up from 2.6% in July 2017; the largest upward contributions came from housing and household services (mainly from owner occupiers' housing costs and, to a lesser extent, from electricity prices and council tax), and clothing and footwear (the rise in inflation in this category may reflect changes in the

exchange rate impacting on the cost of imported clothing). The most recent labour market data for July 2017 showed that the unemployment rate dropped to 4.3% (its lowest since the three months to May in 1975) but the squeeze on real wages (i.e. after inflation) is intensifying and resulting in negative real wage growth. Quarter 1 GDP data released in April and revised in May and June showed economic activity growing at a much slower pace of 0.2%, and the estimates of Quarter 2 GDP data released in July and August showed the economy growing at a rate of 0.3% over the quarter. The Bank of England made no change to Bank Rate or its Quantitative Easing policy (QE) at its meeting on 14 September 2017.

- 3.3. Prime Minister Theresa May called an unscheduled General Election in June, to resolve uncertainty and in the hope of gaining an enhanced mandate to enter the forthcoming Brexit negotiations. The surprise result has led to a minority Conservative government in a confidence and supply arrangement with the Democratic Unionist Party. This political impasse clearly results in an enhanced level of political uncertainty, however the potential for a so-called hard Brexit is now diminished, reducing the associated economic headwinds for the UK economy from a 'no deal' or otherwise unfavourable trade agreement.
- 3.4. The reaction from the markets on the election's outcome has been fairly muted; business confidence now hinges on the progress of Brexit negotiations, whether new trade treaties and arrangements are successfully concluded and whether or not the UK continues to remain part of the EU customs union post the country's exit from the EU.
- 3.5. In the face of this uncertainty, the County Council's treasury management advisor, Arlingclose, expects the Bank of England will look through periods of high inflation and maintain its low-for-longer stance on policy interest rates for an extended period.

### **Financial markets**

- 3.6. Gilt yields displayed some volatility with a marked uptick in late June. This was largely due to the expectation of tapering of QE in the US and Europe, which also had an impact on gilts. The FTSE 100 reached a record high of 7548 in May but dropped off slightly towards the end of Quarter 1, and down to 7438 on 31 August. However this level is still considered high in comparison to recent trends.

### **Credit background**

- 3.7. UK bank credit default swaps have continued their downward trend, reaching three year lows by the end of June. Bank share prices have not moved in any particular pattern.
- 3.8. Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. The County Council will work with Arlingclose to manage this situation as greater clarity is provided over the following months.

**4. Investment Activity**

- 4.1. The County Council holds invested funds representing income received in advance of expenditure plus balances and reserves. The County Council is currently investing according to a low risk, high quality lending list as outlined in its Treasury Management Strategy.
- 4.2. The transposition of European Union directives into UK legislation places the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors through potential bail-in of unsecured bank deposits. (The outcome of the EU referendum does not alter the UK's legislated bail-in resolution regime.)
- 4.3. Given the increasing risk and continued low returns from short-term unsecured bank investments, it is the County Council's aim to further diversify into more secure and / or higher yielding asset classes. The majority of the County Council's surplus cash was previously invested in short-term unsecured bank deposits, certificates of deposit and money market funds.
- 4.4. The County Council's investment holding was £587m at 31 August 2017, which was £16m (2.8%) greater than the same time last year. The table below shows investment activity for the County Council as at 31 August 2017 in comparison to the reported investment activity as at 31 March 2017:

Table 1: Investment Activity in 2017/18

Investments	Asset Value on 31/03/2017 £m	Asset Value on 31/08/2017 £m	Average Rate/Yield on 31/08/2017 %	Average Life on 31/08/2017 years
<b>Short term Investments</b>				
- Banks and Building Societies:				
- Unsecured	35.7	60.2	0.41	0.18
- Secured	20.0	50.0	0.77	0.50
- Money Market Funds	61.7	23.5	0.22	0.00
- Local Authorities	116.8	160.8	1.07	0.59
- Corporate Bonds	1.3			
- Registered Providers		20.0	1.79	0.41
	<b>235.5</b>	<b>314.5</b>	<b>0.87</b>	<b>0.44</b>
<b>Long term Investments</b>				
- Banks and Building Societies:				
- Secured	70.0	100.8	0.59	2.34
- Local Authorities	97.5	51.5	2.15	1.62
	<b>167.5</b>	<b>152.3</b>	<b>1.12</b>	<b>2.10</b>
<b>Long term Investments – high yielding strategy</b>				
- Local Authorities				
- Fixed deposits	20.0	20.0	3.96	16.55
- Fixed bonds	10.0	10.0	3.78	16.36
- Pooled Funds				
- Pooled property*	45.0	55.0	4.10	n/a
- Pooled equity*	20.0	20.0	6.45	n/a
- Pooled multi-asset*	10.0	10.0	4.52	n/a
- Registered Providers	5.0	5.0	3.40	1.66
	<b>110.0</b>	<b>120.0</b>	<b>4.45</b>	<b>1437</b>
<b>Total Investments</b>	<b>513.0</b>	<b>586.8</b>	<b>1.67</b>	<b>1.92</b>
Increase/ (Decrease) in Investments		73.8		

\* Yield represents the average of each investment class' most recent dividend payments as a percentage of the asset value.

4.5. Cash balances in August are always greater than in March due to many government grants being front-loaded, and so March is generally the cash low point of the year. During the five-month period, the value of County Council cash liable to bank bail-in risk (unsecured bank investments and funds invested in money market funds) has been reduced, whilst the proportion of funds in high-yielding investments has increased. These movements have

increased the diversification of the investment portfolio, reduced bail-in risk, and increased the average yield at 31 August 2017.

- 4.6. 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.
- 4.7. Of the £200m available £120m has been invested (an increase of £10m since 31 March 2017), and a further £40m is committed to pooled property, equity and multi-asset funds. The investments in these pooled 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.
- 4.8. 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.

**Table 2: Pooled Fund Investments Capital Value at 31 August 2017**

<b>Pooled fund investments</b>	<b>Principal invested £m</b>	<b>Market value 31/08/17 £m</b>	<b>Capital yield (per annum) %</b>
Pooled property	55.0	55.0	0.17
Pooled equity	20.0	21.6	7.95
Pooled multi-asset	10.0	10.0	-0.02
<b>Total</b>	<b>85.0</b>	<b>86.6</b>	<b>6.57</b>

- 4.9. Counterparty credit quality was assessed and monitored with reference to credit ratings (the County Council's minimum long-term counterparty rating for institutions defined as having "high credit quality" is BBB+ across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
- 4.10. The average cash balances were £610m during the year to 31 August 2017. The average interest rate earned on the County Council's investments at 31 August 2017 was 1.67%, which should be considered within the context of a low UK Base Rate of 0.25%, and very low short-term money market rates.
- 4.11. The Guidance on Local Government Investments in England gives priority to security and liquidity and the County Council's aim is to achieve a yield commensurate with these principles. This has been maintained by following

the County Council's counterparty policy as set out in its Treasury Management Strategy for 2017/18.

## **5. Borrowing**

- 5.1. The County Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31 March 2017 was £755m. 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.
- 5.2. For the County Council the use of internal resources in lieu of borrowing has, therefore, continued to be the most cost effective means of funding capital expenditure. No new long-term borrowing has taken place to date in 2017/18, or is planned for the remainder of the year. This has lowered overall treasury risk by reducing both external debt and temporary investments.
- 5.3. As at 31 August 2017 the County Council held £296m of loans, (a decrease of £37m on 31/03/2017), made up of Public Works Loans Board (PWLB) loans and market loans (including Lender's Option Borrower's Option (LOBO) loans), as part of its strategy for funding previous years' capital programmes.
- 5.4. The premia that applies to the premature repayment of the County Council's PWLB loans is still relatively expensive for the loans in the portfolio, and therefore unattractive for debt rescheduling. As a consequence, no PWLB debt rescheduling has taken place. However, consideration will continue to be given to an advantageous opportunity for the County Council to reduce or restructure its debt portfolio.
- 5.5. The County Council holds £20m of LOBO loans (down from the £73m historical balance, as explained in paragraphs 5.6 - 5.8) 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 to date.
- 5.6. In June 2016 Barclays Bank informed the County Council of its decision to cancel all the embedded options within standard LOBO loans. This effectively converted £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 was been done by 'deed poll'; it is irreversible and transferable by Barclays to any new lender.
- 5.7. In July 2017, the County Council negotiated the repayment of £32m of LOBO loans, and repaid these at a saving in comparison to the total cost expected over the loans' lifetime.
- 5.8. In August 2017 the Royal Bank of Scotland also informed the County Council of its decision to cancel all the embedded options within standard LOBO loans, which effectively converted £8m of the County Council's loans to fixed rate loans. RBS then sold these two loans totalling £8m to Phoenix Life Assurance Limited (part of Phoenix Group Holdings).

## 6. MiFID II

- 6.1. The European Union, through its Market in Financial Instruments Directive (MiFID II), is aiming to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. This changing of rules will impact how local authorities can access regulated financial services. Although the UK has voted to leave the EU, MiFID II will still be implemented in the UK on 3 January 2018 for three reasons. Firstly, the UK's residents remain members of the EU and subject to its laws until the UK leaves; secondly, the UK government is in favour of strengthening investor protection; and thirdly, UK firms will wish to continue providing financial services across the EU after the UK has left the EU, so will need to comply with equivalent regulations.
- 6.2. The Financial Conduct Authority (FCA) has some discretion over how to implement this directive in the UK, and it released its final policy statement on the subject in July 2017.
- 6.3. Local authorities are currently treated by financial services firms as "professional clients", the middle of three categories, and the same as similar-sized companies. But from January 2018, the default position will be that local authorities are to be treated as "retail clients", the same as individuals and small and medium-sized enterprises, which will entail some increased protection, but at the expense of higher fees, increased paperwork and reduced market access.
- 6.4. It is expected that "opting-up" will be the most favourable position for the County Council as it will allow all investment opportunities detailed within the investment strategy to be accessed, whilst being a retail investor will limit investment opportunities, for example no access to money market funds or brokers. Opting up to professional status will also allow continued access to the current asset classes the County Council is invested in, without the increased fees that retail asset classes demand. Opting up will mean the County Council will not be able to take advantage of the increased protections available to retail clients (retail protections are available at Annex 1 – this list was provided by the Local Government Association and represents protections for all different types of investment, including investments not applicable under the current treasury management strategy). However, this will not be a change from the current status, as these protections are not currently afforded to professional clients.
- 6.5. Local authorities will be permitted to "opt-up" to professional client status, providing they meet the following criteria:
  - The firm has assessed that the person authorised to carry out transactions on the local authority's behalf has the expertise, experience and knowledge to give reasonable assurance in light of the nature of the transactions or services envisaged, that they are capable of making their own investment decisions and understanding the risks involved;
  - the size of the local authority's investment portfolio (including cash deposits) exceeds £10m, and

- at least one of the following is true:
  - the local authority has carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters;
  - the person authorised to carry out transactions on behalf of the local authority works or has worked in the financial sector (including as a treasury manager) for at least one year in a professional position, which requires knowledge of the services envisaged; or
  - the local authority is a Local Government Pension Scheme administering authority and is acting in that capacity (this was not included in the consultation).

6.6. Considering these criteria, the County Council should be able to opt up to professional client status to maintain the most favourable investment position possible, but this will be decided on a per investment basis in conjunction with the County Council's Finance team. Significant work will be undertaken over the months to January 2018 to achieve this aim. So as to enable the opt-up process a number of recommendations have been included on the first page of this appendix.

6.7. Applications can be made in respect of either all of the services offered by the institution (even if not already being accessed) or a particular service only. A local authority may wish to do the latter where the institution offers a wide range of complex instruments which the authority does not currently use and there is no intention to use the institution again once the current relationship has come to an end. It is recommended that officers determine the most appropriate basis of the application, either via full or single service.

6.8. Authorities are not required to renew elections on a regular basis but will be required to review the information provided in the opt-up process and notify all institutions of any changes in circumstances which could affect their status.

## **7. Compliance with Prudential Indicators**

7.1. Within 2017/18 to date, the County Council operated within the Prudential Indicators for 2017/18, which were set in February 2017 as part of the County Council's Treasury Management Strategy Statement.

### **Authorised Limit and Operational Boundary for External Debt**

7.2. CIPFA's Code of Practice requires authorities to set an authorised limit for external debt, defined as the sum of external borrowing and other long-term liabilities. The annual strategy report agreed by the County Council in February 2017 set an authorised limit for external debt of £960m.

7.3. This limit is based on the estimated CFR in order to enable it to be financed entirely from external borrowing should the County Council's internal reserves become depleted. The limit also includes an allowance for temporary borrowing to cover normal revenue cash flow requirements and unexpected outflows or delays in receiving cash.

- 7.4. The County Council has set an operational boundary for external debt reflecting the more likely scenario and consistent with the County Council's capital plans and Treasury Management Strategy. Temporary breaches of 2017/18 operational boundary can take place for cash flow reasons, but any sustained breach will lead to further investigation. The County Council approved an operational boundary for 2017/18 of £860m.

**Table 3: Authorised Limit and Operational Boundary for External Debt**

	<b>Authorised Limit £m</b>	<b>Operational Boundary £m</b>	<b>2017/18 Actual £m</b>
Borrowing*	750	690	445
Other long-term liabilities	210	170	57
<b>Total Debt</b>	<b>960</b>	<b>860</b>	<b>502</b>

- 7.5. During the period to 31 August 2017, borrowing remained well within the authorised limit and operational boundary, and no new long-term borrowing has been taken out.

## **8. Treasury Management Indicators**

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

### **Interest Rate Exposures**

- 8.2. The County Council has to set an upper limit on its fixed and variable interest rate exposures for both total investments and total external debt. This indicator is set to control the County Council's exposure to interest rate risk. The County Council approved the following upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed or invested. None of the limits have been exceeded.

**Table 4: Interest Rate Exposures**

	<b>2017/18 Limit</b>	<b>Maximum to 31 August 2017</b>
Upper limit on fixed interest rate investment exposure	£375m	£132.5m
Upper limit on variable interest rate investment exposure	£700m	£556.2m
Upper limit on fixed interest rate borrowing exposure*	£960m	£445.1m
Upper limit of variable interest rate borrowing exposure	£960m	£56.9m

\* Includes Waste Management and Street Lighting contracts

- 8.3. The limit for borrowing rate exposures has been set to enable maximum policy flexibility for the potential for refinancing e.g. from variable to fixed rate borrowing. The County Council's entire long-term debt portfolio is currently made up of fixed interest loans.
- 8.4. The upper limit for exposures for investments rates is based on an extreme case of the total investment balances, and to allow for all of this to be held at variable rates (investments with a maturity of less than one year) if necessary.

#### **Maturity Structure of Borrowing**

- 8.5. The Code also requires the County Council to set upper and lower percentage limits on the maturity structure of its long-term fixed rate borrowing during 2017/18. The following table shows the limits approved by the County Council. These have been set to allow maximum flexibility in managing the debt portfolio and are consistent with the existing portfolio.

**Table 5: Maturity Structure of Borrowing**

	<b>Upper</b>	<b>Lower</b>	<b>Actual</b>
Under 12 months	50%	0%	4.9%
12 months and within 24 months	50%	0%	0.0%
24 months and within 5 years	50%	0%	11.6%
5 years and within 10 years	75%	0%	17.3%
10 years and within 20 years	75%	0%	51.7%
20 years and within 30 years	75%	0%	14.5%
30 years and above	100%	0%	0.0%

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

- 8.6. 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. For 2017/18 the County Council restricted investments for periods of over a year to maximum of £375m. Although at 31 August 2017 the County Council had £272m of investments with over 364 days to their maturity, this indicator reached its peak in May 2017 at £302m.

## **Warnings - Loss of Protections as a Professional Client**

Professional Clients are entitled to fewer protections under the UK and EU regulatory regimes than is otherwise the case for Retail Clients. This document contains, for information purposes only, a summary of the protections that you will lose if you request and agree to be treated as a Professional Client.

### **1. Communicating with clients, including financial promotions**

As a Professional Client the simplicity and frequency in which the firm communicates with you may be different to the way in which they would communicate with a Retail Client. They will ensure however that our communication remains fair, clear and not misleading.

### **2. Information about the firm, its services and remuneration**

The type of information that the firm provides to Retail Clients about itself, its services and its products and how it is remunerated differs to what the firm provides to Professional Clients. In particular:

- (A) The firm is obliged to provide information on these areas to all clients but the granularity, medium and timing of such provision may be less specific for clients that are not Retail Clients.
- (B) There are particular restrictions on the remuneration structure for staff providing services to Retail Clients which may not be applicable in respect of staff providing services to Professional Clients.
- (C) The information which the firm provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients, for example, they are required when offering packaged products and services to provide additional information to Retail Clients on the risks and components making up that package.
- (D) When handling orders on behalf of Retail Clients, the firm has an obligation to inform them about any material difficulties in carrying out the orders; this obligation may not apply in respect of Professional Clients.

### **3. Suitability**

In the course of providing advice or in the course of providing discretionary management services, when assessing suitability for Professional Clients, the firm is entitled to assume that in relation to the products, transactions and services for which you have been so classified, that you have the necessary level of experience and knowledge to understand the risks involved in the management of your investments. The firm will assess this information separately for Retail Clients and would be required to provide Retail Clients with a suitability report.

### **4. Appropriateness**

For transactions where the firm does not provide you with investment advice or discretionary management services (such as an execution-only trade), it may be required to assess whether the transaction is appropriate. In respect of a Retail Client, there is a specified test for ascertaining whether the client has the requisite investment knowledge and experience to understand the risks associated with the

relevant transaction. However, in respect of a Professional Client, the firm is entitled to assume that they have the necessary level of experience, knowledge and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client.

## **5. Dealing**

A range of factors may be considered for Professional Clients in order to achieve best execution (price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). In contrast, when undertaking transactions for Retail Clients, the total consideration, representing the price of the financial instrument and the costs relating to execution, must be the overriding factor in any execution.

## **6. Reporting information to clients**

For transactions where the firm does not provide discretionary management services (such as an execution-only transactions), the timeframe for our providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.

## **7. Client reporting**

Investment firms that hold a retail client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Retail Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.

## **8. Financial Ombudsman Service**

The services of the Financial Ombudsman Service may not be available to you as a Professional Client.

## **9. Investor compensation**

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Hence, depending on how you are constituted you may not have access to the Financial Services Compensation Scheme.

## **10. Exclusion of liability**

The FCA rules restrict the firm's ability to exclude or restrict any duty of liability which the firm owes to Retail Clients more strictly than in respect of Professional Clients.

## **11. Trading obligation**

In respect of shares admitted to trading on a regulated market or traded on a trading venue, the firm may, in relation to the investments of Retail Clients, only arrange for such trades to be carried out on a regulated market, a multilateral trading facility, a systematic internaliser or a third-country trading venue. This is a restriction which may not apply in respect of trading carried out for Professional Clients.

## **12. Transfer of financial collateral arrangements**

As a Professional Client, the firm may conclude title transfer financial collateral arrangements with you for the purpose of securing or covering your present or future, actual or contingent or prospective obligations, which would not be possible for Retail Clients.

## **13. Client money**

The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients.

It should be noted that at all times you will have the right to request a different client categorisation and that you will be responsible for keeping the firm informed of any change that could affect your categorisation as a Professional Client.

## Adults' Health &amp; Care – Proposed Savings Options (Subject to consultation where appropriate)

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
B2	<p><b>Health and Social Care Integration</b></p> <p>Maintaining and integrating health and social care services for predominantly older people and clients in need of physical support.</p>	<p>The integration agenda will have a positive impact on service users who will receive a more joined up service; it will also reduce duplication within the health and care system. Business areas associated with the following will be impacted; health related quality of life for long term conditions, older people after illness or injury and older persons' independence. Much of the change required is covered in other T19 projects. This funding is protecting social care services that otherwise would have to be reduced by 2019.</p>	0	18,900	18,900	N/A

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
Page 20	<p><b>Living Independently (Older People &amp; Physical Disabilities)</b></p> <p>To generate care models that increase service user independence which will reduce the number and financial value of care packages. The contribution received from service users for their care and support will also be reviewed.</p>	<p>Potential service users will be diverted to non adult social care services to reduce the projected number of new clients by approximately 300 service users (links to demand management &amp; prevention). Existing clients will be targeted with interventions at appropriate times to avoid escalation of their level of need. The strengths based approach from T17 will continue and exploit new opportunities. This should provide a better outcome for clients and change the profile of commissioned care with providers, including fewer service users requiring residential care. Self-funding clients receiving care at home will see an increase in their charge by changes to the way provider costs are dealt with to take into account wider costs (i.e. bringing the payment by results element into the core price paid). Consideration would be given to consult on the future of five day centres in favour of potential alternative and more suitable provision. Consideration would be given to consult on proposals to increase the contribution from service users who are eligible to pay towards the cost of their care (mostly related to in-house homes) – those financially assessed as unable to contribute or who are at their personal cap will not need to pay anymore.</p>	7,628	14,276	18,366	N/A

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
B5  Page 91	<p><b>Working Differently</b></p> <p>This is a department wide project to reduce staff time spent on non-statutory activity and increase staff productivity to create more efficient ways of working.</p>	<p>There will be a significant impact on staff due to reduced staff numbers over time, potential changes to the skill and capabilities mix and a move towards a more flexible workforce. Increased productivity, more efficient processes, smarter working and exploitation of modern technology would all play their part in this. Specific operational teams and headquarters functions may become less flexible to respond to non-standard requests. There would also be a greater reliance on service users and their families to be active participants in care assessment process.</p>	0	2,935	4,052	Circa 150 (TBC)
B6	<p><b>Learning Disabilities &amp; Mental Health</b></p> <p>To generate care models that increase service user independence to reduce the financial value of care packages. There will also be some contract renegotiations and cost recovery through client contributions.</p>	<p>All current care packages will be reviewed to ensure they are appropriate and maximise new opportunities for independence. Many of the approaches to deliver cashable savings are extensions of tried and tested Tt2017 initiatives. The profile of commissioned care with providers would change as a result and provider rates would also be renegotiated, this would include fewer service users who require residential care. There may be some impact on client contributions. Consideration would be given on the way in which respite provision is provided.</p>	8,531	9,216	10,216	N/A

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
B7	<p><b>Children's to Adults</b></p> <p>To engage earlier with young people who will transition from Children's Services to adult social care to encourage independence and enable lower cost care packages.</p>	There will be engagement with young people and their parents from the age of 14 to encourage them to retain and gain further independence through strengths based conversations. This should provide a better outcome for clients and change the profile of commissioned care with providers. Children's Services providers will adopt the South East region cost model that is already rolled out in adult social care Learning Disabilities; this may have an impact on these providers.	800	1,600	2,400	N/A
B8	<p><b>Social Inclusion</b></p> <p>To work with district council partners to redesign Social Inclusion services for people who are homeless or at risk of homelessness to release savings when the current service comes to an end.</p>	There will be engagement with district council partners to review the future provision and investment in services for those socially excluded. The impact depends on the options selected after engagement and the level of joint investment. However, it is likely to impact on how districts, boroughs, non-statutory and statutory agencies provide the service in future. The level of service available may reduce resulting in fewer individuals being able to access the service.	0	2,000	2,000	N/A
<b>Adults' Health &amp; Care Total</b>			<b>16,959</b>	<b>48,927</b>	<b>55,934</b>	<b>150</b>

## Children's Services – Proposed Savings Options (Subject to consultation where appropriate)

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CS01	<p><b>Transforming Children's Social Care (Partners in Practice)</b></p> <p>1. A reduction of 410 children in care by 2021 through a complete overhaul of the children's social work task under the auspices of the Partner's in Practice (PiP) programme.</p> <p>2. Infrastructure and Organisation redesign to remodel social work teams.</p>	<p>The proposed reduction in the numbers of Children Looked After would take Hampshire down to a rate of 31 children looked after per 10,000 children in the local population, ranking as the 7th lowest nationally on this scale.</p> <p>The social care transformation is premised upon a complete shift in the children's social care operating model which would enable social workers to be more effective in enabling families to stay together and in helping families be more resilient whilst also promoting rehabilitation – particularly of the troubled and troublesome teenager group.</p> <p>The savings proposals of £3m would be staff reductions which would include a restructure of 'front door' services; a reduction in senior management structure; a reduction in the number of team managers by increasing spans of control; a reduction in administrative support based in the introduction of the new social care IT system; a restructure of the family placement staffing mix; a reduction in the number of area social work teams and a reduction in the Youth Offending Team remand budget.</p>	982	6,112	17,901	N/A
			200	986	3,019	TBC

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
Page 94	3. Review of current charges for Swanwick Lodge to maximise income alongside reducing management.	The service itself won't change from user perspective, but would be offered at revised price.	400	470	470	TBC
	4. A reduction in the 0-19 grant.	The department currently provides around £750,000 of grant funding to voluntary and charitable providers to provide youth and support services targeted to children and young people at Levels 2 and 3 on the Children's Partnership Threshold Chart. These grants are allocated against priorities identified by the Local Children's Partnership (or equivalent) groups. The services provided by this grant funding are non-statutory. This strand is proposing that the Department would reduce all youth related grant funding awarded to organisations to deliver community services for children and families across Hampshire to around £250,000. The Council will continue to deliver high quality statutory services but would be unable to fund non-statutory services.	250	500	500	N/A
CS02	<b>Children with Disabilities</b> This workstream covers £17.5m of services with two main strands of work: continuing the 2017 projects and redesigning the operating model.	The aim of this workstream is to reshape and develop a service for children and young people with disabilities and their families that builds resilience, independence and self reliance in families and communities in order to reduce the demand for crisis intervention and move away from long term arrangements (where appropriate).	600	2,700	3,000	N/A

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CS03	<b>School Improvement</b> The service receives a small amount of core funding consisting of a £59,000 contribution to the Hampshire Music Service. This would be removed.	The impact on service and staff will be minimal.	59	59	59	N/A
CS04	<b>Education High Needs</b>  This workstream covers £6.7m of services. Savings include reduction in the Early Years support to providers; reduction in Hampshire Futures staffing; reform of the SEN and Inclusion services.	<p>Working practices in the early years team would change and providers would receive less support around funding, quality improvement and performance planning.</p> <p>The Youth Investment Programme will cease in 2019 and the proposal is to therefore cease this budget from 2019 with a saving of £125,000. The department would aim to continue investment in youth employment opportunities, which will be created through the application of the apprenticeship levy.</p> <p>There would be a further £150,000 reduction in funding to Hampshire Futures on staffing to manage the County Council's apprenticeship scheme and the support for those not in employment, education and training (NEET).</p> <p>The SEN and Inclusion teams will merged to create a unified High Needs service. There would be a reduction in senior management posts (I grade and above). Staff teams will be reshaped following the introduction of a new digital EHCP process system.</p> <p>This is a very significant reduction in staffing and would place our ability to meet statutory timelines under pressure.</p>	0	375	979	TBC

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
Page 96		<p>The proposals include a further £100,000 reduction in staffing in the Inclusion service – which supports pupils who are excluded, who are at risk of exclusion or who are for other (mostly medical) reasons unable to attend mainstream school. These reductions would result in a reduction in the levels of support that can be offered to schools and these vulnerable pupils.</p> <p>The proposals include a commitment to cease to undertake any quality assurance work of expensive out of County placements and other quality assurance work. The savings include a sum of £64,000 that is currently used to undertake home visits to electively home educating families. EHE families currently request home visits to secure advice on educational matters and these would cease if this proposal was taken forward.</p> <p>The staffing in the Virtual School for Children Looked After would be reduced to the statutory minimum of the post of 'Virtual School Headteacher'. This will continue to meet our statutory minimum duties but would reduce the added value that can be achieved through proactive working with schools, social care and children looked after and their foster families and the collection of service specific data.</p>				

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CS05	<p><b>Home to School Transport (HtST)</b></p> <p>The HtST workstream covers £28.2m of services. Savings proposals contributing to the Tt2019 plan amount to £2.8m. The proposals include a plan to consult on policy changes that bring the policy to statutory minimum across all aspects of transport; reductions in transport to alternative education provision; retendering routes to sole providers; expanding the spend to save minibus scheme; infrastructure improvements to make selected unsafe walking routes safe.</p>	<p>The HtST policy is currently close to, but not at, the statutory minimum. The proposal is to reduce the policy to the statutory minimum and apply that with few exceptions. Changes to the HtST policy require statutory consultation. A recommendation of this report is that the Executive Member approves the commencement of a consultation on revisions to the HtST Policy.</p> <p>The County Council currently provides transport to the following groups under discretionary powers and subject to consultation these could be removed or amended under the proposed policy revisions:</p> <ul style="list-style-type: none"> <li>• Post 16 pupils with learning difficulties and / or disabilities. We currently offer transport and the parents pay an annual contribution. Under a revised policy this offer of transport could be withdrawn. The authority would still provide support, by way of exception to policy, when students could not attend the placement named in their plan without transport support. This would bring the policy for post-16 SEN pupils in line with mainstream and is the statutory minimum.</li> <li>• Rising 5s in Reception classes. We currently transport pupils from their start in Reception when still aged 4 (the statutory duty for HtST begins when the child is of statutory school age – in the term following their 5<sup>th</sup> birthday). The proposed policy changes would begin the offer of free transport from the term following their 5<sup>th</sup></li> </ul>	0	1,400	2,800	N/A

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
Page 98		<p>birthday.</p> <ul style="list-style-type: none"> <li>• Free transport provided as an exception to policy. There will always need to be some exceptions to policy to offer limited support in certain family circumstances. When an exception to policy is agreed this is currently provided free of charge. (The approach for agreeing exceptions would be reviewed alongside the policy review). The proposal is to charge where transport is provided as an exception.</li> <li>• Nursery children with SEN. As they are under 5 this is not a statutory duty. The proposal is to withdraw that offer of free transport.</li> <li>• We currently transport 8 year olds who live over 2 miles but under 3 miles from their school until the end of the academic year in which they turn 8. (The law is for statutory HtST provision if the pupil lives over 2 miles from school until they are 8 and then for over - 8s over 3 miles from school). The policy review would consider bringing entitlement in line with statute and remove provision if appropriate on a pupil's 8<sup>th</sup> birthday.</li> </ul> <p>We propose to review the provision of transport for pupils attending education centres and other alternative provision. Most pupils placed in alternative provision, in agreements with their schools, go there because they are at risk of exclusion. The proposal is to transport to alternative provision only those who are permanently excluded if they meet the other normal transport criteria. This is the statutory requirement. The risk of this approach is that, if the provision of transport to alternative education provision becomes the</p>				

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
Page 99		<p>financial responsibility of the school (which it would do), then schools will move to permanently exclude much more quickly.</p> <p>We will investigate the benefits of sole provider or contract block tendering to procure large volumes of contracts under a sole operator to manage contracts exclusively.</p> <p>We would aim to expand an existing approach to facilitate more schools providing their own leased minibuses and organising their own transport to their school.</p> <p>Work is underway to identify potential infrastructure improvements such as improving unsafe walking routes and carrying out footpath assessments which would then enable a review of eligibility due to a change in these circumstances (i.e. a safe walking route now exists).</p>				

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CS06	<p><b>Support Services</b></p> <p>The support services workstream covers £7.8m of miscellaneous budgets, some of which, such as the legacy premature retirement commitments cannot be reduced other than through a gradual reduction as people pass away. These budgets are subject to continuous review and downwards pressures where possible.</p>	<p>The review includes reductions in printing, photocopying and postage, reductions in administration support and review of all accommodation usage. These are part of ongoing efficiencies drivers combined with increasing use of e-communications.</p> <p>A reduction of one complaints officer and one officer undertaking the Subject Access Request work would increase the risk of Ombudsman or Data Protection rulings against the council.</p> <p>Further efficiencies would also be sought by reducing the staffing levels in the procurement team and the childcare sufficiency team. The reduction in the procurement team may make it difficult to effectively manage procurement processes and the monitoring of contracts that will be essential to ensure that major frontline spend around fostering and out of county placements for social care and SEN is providing value for money. The childcare sufficiency team fulfils a statutory duty to ensure sufficiency of childcare. A reduction would mean that we can offer only a reduced level of support when new settings are required in an area or where a setting is in difficulty.</p>	500	904	904	TBC

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CS07	<b>Maximising Efficiencies</b>  Further efficiencies and effective working practices driven by Digital technologies	As part of the corporate Enabling Productivity and Digital 2 workstreams the Department aims to save a further £0.5m through various efficiencies and more effective working practice enabled by new technologies. The rollout of mobile devices will be part of the programme, and will drive changes to working practice, travel and office accommodation usage that it is anticipated will enable this saving to be achieved.	0	0	500	TBC
<b>Children's Services Total</b>			<b>2,991</b>	<b>13,506</b>	<b>30,132</b>	<b>TBC</b>

## Economy, Transport and Environment – Proposed Savings Options (Subject to consultation where appropriate)

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E1 Page 102	<p><b>ETE Operating Model</b></p> <p>Reduce department-wide staff revenue costs whilst still delivering good quality ETE core services for customers.</p>	<p>The ETE Operating Model will introduce new ways of working, including digital, across all of the Department's services. This will primarily impact on staff, through reducing the staffing establishment in the Department by between 30-50 full time equivalent posts. The Department would seek in the first instance to achieve the required reductions in posts through vacancy management. There will be on service users and partners, including an increase in standard responses to public enquiries or work, increased response times for non-standard enquiries and reduced capacity to attend site meetings.</p>	300	1,550	1,550	30 - 50
E2	<p><b>Income – Charging</b></p> <ol style="list-style-type: none"> <li>1. Review of current charges for discretionary services.</li> <li>2. Potential introduction of charge for discretionary services currently provided free of charge.</li> <li>3. Potential introduction of new chargeable discretionary services.</li> </ol>	<p>In most cases the service itself won't change from a customer perspective, but will be offered at a revised price. Some new / additional charged for services might be introduced to enhance the portfolio and customer experience. In some areas staff might be required to develop new skills or new ways of working.</p>	700	1,800	1,800	N/A

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E3	<p><b>Trading</b></p> <p>To retain staff capacity to deliver a good level of service to Hampshire residents by increasing the net revenue income from traded services and reducing costs to the County Council</p>	<p>New / enhanced traded service delivery model will require some staff to adopt more commercial ways of working. Potential ultimate requirement for a new trading arrangement or vehicle.</p>	800	1,500	1,500	N/A
Page 103	<p><b>Highways Contract</b></p> <p>To achieve further revenue savings (on top of the £4.6m already secured as part of Tt2017) through service efficiencies and the creation of a new integrated operating model.</p>	<p>The new (from Aug 2017) Hampshire Highways Services Contract will introduce a new operating model that will have an impact on staff from both the Council and the new service provider, as it will introduce more collaborative and innovative ways of working. The new contract will focus on the optimisation of revenue spend. More capital improvement works will also be placed through this contract.</p>	200	200	200	N/A
E5	<p><b>Highways Winter Maintenance</b></p> <p>Review and rationalisation of the Council's salting network and associated operational activities.</p>	<p>This opportunity will optimise the use of the available assets and technology to reduce the cost of providing the service. There may be an impact on Hampshire residents from a planned review of the salted network. There may be an impact on Highways staff as new ways of service delivery might be required.</p>	0	500	500	N/A

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E6 Page 104	<p><b>Street Lighting</b></p> <p>To achieve revenue savings by reducing the energy requirements for street lighting, and through the implementation of operational efficiencies.</p>	<p>Dimming street lights reduces the level of illumination making streets darker for motorists and pedestrians. Road signs and markings are retro-reflective and will appear bright in vehicle lights, reducing the impact of dimmer street lights. It is possible to vary the dimming by time of day and location to provide brighter lighting when required for site specific reasons. Switching off street lights altogether would have the greatest impact, but would likely be limited to the middle of the night (e.g. 1am to 4am) and not applied everywhere (e.g. not town centres). Large parts of the road network have no street lighting.</p>	275	525	525	N/A
E7	<p><b>School Crossing Patrols</b></p> <p>To make this service cost neutral by securing alternative sources of funding, and/or making service reductions.0</p>	<p>The optimum outcome of an alternative funding model would see no impact on service users. However, this option would impact upon school or community budgets, though the contribution requested for a single patrol would be relatively small. The Council would still manage the service.</p> <p>Other options would see a reduction in the number of school crossing patrols employed, and a potential impact upon service users in terms of perception of safety for walks to school.</p> <p>This is a discretionary service and therefore changes will not affect the statutory responsibility of parents or guardians to get their child safely to school.</p>	0	800	1,200	0 - 63

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E8	<p><b>On-Street Parking and other Parking Charges</b></p> <p>To explore the opportunity to address traffic and safety issues through implementing consistent, county-wide approaches to on-street parking pay and display and other parking controls.</p>	The savings would be achieved by providing a single countywide, standardised approach to civil parking enforcement. This could see an impact upon staff, principally in District Councils who currently deliver the service. There would be a potential impact upon service users as some parking charges might increase and new charges be introduced.	50	100	900	N/A
Page 1058	<p><b>Agency Agreements</b></p> <p>Ending all current transport and traffic agency agreements with the District Councils to be replaced with a new delivery arrangement better reflecting current policy and financial priorities.</p>	Known impacts will be a reduction in the respective Highways Development Planning and Traffic Management agency budgets, efficiencies in the delivery of the Highways Development Planning Service, and more restricted district activity in Traffic Management, which could see a low impact upon some service users. There is potentially an impact upon mainly District Council staff arising from TUPE, which remains to be quantified. As this opportunity progresses, further adjustments to the delivery of these services may be pursued, the impact of which cannot yet be quantified.	300	500	500	N/A
E10	<p><b>Revenue works charging review</b></p> <p>Maintenance works currently charged to revenue will be charged to capital to reflect CIPFA regulations.</p>	Impact on services will be minimal. However, a coherent approach will be needed to ensure that best value is still achieved from the Council's capital spend and that off setting revenue budgets in line with CIPFA regulations does not have a negative impact upon capital scheme delivery.	455	455	455	N/A

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E11	<p><b>Concessionary Fares</b></p> <p>Capitalise upon changes in contract arrangements, national trends, and opportunities to reduce Council investment in service or, subject to changes in the law, to introduce nominal charges to realise efficiencies and savings.</p>	Impact upon service users from these proposals should be minimal as they revolve around making more efficient use of existing budgets to reflect changing user trends. If HCC were, subject to legal changes, to introduce a nominal charge, then there would be an impact upon some service users who would be obliged to make a small financial contribution to their journeys.	800	1,000	1,000	N/A
E12	<p><b>Bus Subsidies and Community Transport</b></p> <p>Stopping the community transport service and withdrawal of all current County Council funded bus subsidies.</p>	<p><i>Community Transport</i> – Impact upon community transport users as they might be required to use a wider selection of service providers depending on their needs and circumstances. There is also likely to be an impact upon community service providers, local authorities and voluntary organisations.</p> <p><i>Bus subsidy</i> - Withdrawal of this subsidy may affect choice and frequency of bus services available to users and possibly affect income for bus operators.</p>	0	4,000	4,000	N/A
E13	<p><b>Waste Disposal Contract</b></p> <p>To reduce the cost of managing waste across Hampshire.</p>	Impact upon residents largely via communications programme(s) designed to either reduce the amount of waste that is created and/or to increase the amount of waste that is recycled. Additional impact on partners (District Councils and Veolia) for whom various options will be dependent upon changes in their own practices. Hampshire wide co-operation between authorities will be needed to underpin some of the opportunities.	1,000	2,000	3,675	N/A

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
E14  Page 107	<p><b>Household Waste Recycling Centres (HWRCs) Service Review</b></p> <p>To achieve a significant reduction against the ongoing cost of managing Hampshire's Waste Recycling Centres network.</p>	<p>Hampshire currently provides more HWRCs than comparable authorities with almost 85% of the population currently within five miles of an HWRC. Closure of up to half of the HWRCs network will result in longer travel distances for some users in order to dispose of their waste. There is also the potential for amended opening hours across the HWRC network, which could either limit or enhance users' ability to access the service dependant on location.</p> <p>Subject to a change in the law, an introduction of a nominal charge for access to the HWRCs would have an impact upon service users who would be obliged to make a small financial contribution to dispose of their waste. However, this would also eliminate the need for site closures.</p>	300	1,200	1,200	N/A
<b>Economy, Transport and Environment Total</b>			<b>5,180</b>	<b>16,130</b>	<b>19,005</b>	<b>30 - 113</b>

## Policy and Resources - Proposed Savings Options (Subject to consultation where appropriate)

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
<b>Corporate Services</b>						
CR-IB-01 Page 108	<b>Integrated Business Centre</b> Improving business compliance with standard operating procedures, maximising self-service and enhancing automation will reduce queries and error correction to deliver cashable cost reductions.	There will be reductions in IBC staff and impact on the IBC's customers whom will need to take more responsibility for self-service. Consultation with customers will aim to minimise any negative impact.	0	467	467	20 - 30
CR-FIN-01	<b>Finance</b> To produce a revised Finance operating model that meets the needs of the organisation in the face of reducing finance resources.	There will be a reduction of around 20% in staff and an impact on the role of Budget Holders and Budget Managers. Consultation with budget holders and budget managers together with training and support will aim to minimise any negative impact. Ultimately the amount of professional finance capacity to support the organisation will be decreased.	270	896	896	25 - 30
CR-HR-01	<b>HR</b> To create a revised operating model with fewer staff whilst maintaining and improving service levels through utilising technology to reduce customer demand and automate manual processes where possible.	There will be reductions in HR staff. There will also be an impact on managers who will access HR support services in a different way. Consultation with managers will aim to minimise any negative impact.	0	729	729	16 - 20

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CR-HR-02	<b>HR – Resourcing</b> Creation of a resourcing function with enhanced use of technology to enable efficient delivery of end to end resourcing services.	A responsive and flexible Resourcing service with a greater agility to meet organisational requirements, delivered through easy to use systems (will require implementation support for managers and revised online guidance). There will be a headcount reduction and a change to the skills profile within resourcing.	0	287	287	12 - 16
Page 109 CR-IT-02	<b>IT – Services</b> Reduced support for non-critical/non-Tier 1 business IT applications, greater use of self service for IT support and a change in telephony with possible introduction of soft phones (replacing current handsets).	There will be reductions in IT staff and impact on IT's customers who will need to take more responsibility for self-service and potentially use telephony in a different way. Consultation with customers together with training will aim to minimise any negative impact.	91	1,326	1,451	16
CR-IT-02	<b>IT – Infrastructure</b> Removal of IT Service Desk telephone service outside of core hours and weekends and reduction in backup retention periods.	Limited impact to staff levels and skill sets. Out of hours service queries will take longer to log and some restore requests cannot be fulfilled in the future.	0	737	737	4

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CR-IT-03	<p><b>IT - Operating Model</b></p> <p>To produce a revised IT operating model that meets the needs of the organisation in the face of reducing IT resources along side a financial review</p>	There will be reductions in IT staff. There will be a requirement for the business to be more self sufficient in planning their projects.	0	1,321	1,321	19
PAID-010	<p><b>Internal Audit</b></p> <p>To provide tangible evidence to support a robust process of assurance across the organisation resulting in a more targeted / reduced internal audit requirement.</p>	There will be an impact on departmental managers with regard to requirements to self serve and maintain the assurance map once established. There will be further impact on internal audit staff in building the right capacity to meet market demands or alternatively, if such market opportunities do not arise, a reduction in staff.	0	147	147	3 - 5
CR-GEN-01	<p><b>General</b></p> <p>Reduction in non-service general expenses reflecting third party efficiency and cost reduction</p>	None	92	92	92	N/A

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
L&G-19-01 Page 111	<p><b>Law and Governance operating model</b></p> <ol style="list-style-type: none"> <li>1. Removal of vacant posts from the staffing structure.</li> <li>2. Transition of Legal Safeguarding work to electronic bundles and use of the digital court room.</li> <li>3. Transition of the County Council to electronic decision making.</li> <li>4. Re-procurement of the healthwatch contract.</li> <li>5. Rationalisation of legal Knowledge resource/reference journals</li> </ol>	Delivering savings through operational improvements ensures the target can be met whilst ensuring appropriate legal and governance support continues to be provided to the County Council	250	400	400	4

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
L&G-19-02 Page 112	<p><b>Law and Governance income generation</b></p> <ol style="list-style-type: none"> <li>1. Manage internal demand on Legal Services down by the equivalent of 5000 hours by 2019/20.</li> <li>2. Deploy capacity that is released on new external income generating work.</li> <li>3. Generate increased income from Health and Safety and other governance areas.</li> </ol>	External income will help maintain the size and skill mix of Legal Services and provide some flexibility in the allocation of staff. Increased productivity and risk assessed priority allocation of resources will mitigate the reduction in hours of core funded work.	250	450	450	N/A
TP-19-01	<p><b>Transformation Practice</b></p> <p>Income generation from external clients</p>	External income will help maintain the size and skill mix of the Practice and provide some flexibility in the allocation of staff. Increased productivity and risk assessed priority allocation of resources will mitigate any reduction in hours of core funded work.	0	100	100	N/A
CES-19-01	<p><b>Customer Engagement Service</b></p> <p>To revise the Customer Engagement Service operating model through restructuring teams to reduce the overall number of staff, and further maximising opportunities to generate income to offset costs.</p>	As 91% of CES budget is attributable to pay costs, there will be an impact on staff - due to both staff reductions and potential broadening of roles. Remaining resources will need to be prioritised.	0	460	460	8 - 12

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CES-19-02	<b>Hantsdirect channel shift</b> To reduce the volume and length of calls to Hantsdirect by encouraging customers to use lower cost channels and improving the processes within Hantsdirect.	Staffing levels within Hantsdirect will be reduced. There is also a risk that customer service levels could be impacted for a short period after implementation of new processes and services.	0	280	280	18 - 25
<b>Corporate Services Total</b>			<b>953</b>	<b>7,692</b>	<b>7,817</b>	<b>145 - 181</b>
<b>Page 11 Culture, Communities and Business Services</b>						
CCBS-19.01	<b>Registration Service</b> Increase in income through a review of the fee structure	This service is offered on a 'choose to use' basis with no regular access by customers. Additional income will be generated through a review of the fee structure and increased marketing. The service will continue to offer a range of options to suit all customer budgets and therefore a low to medium impact is expected on customers.	195	195	195	N/A
CCBS-19.02	<b>Trading Standards</b> Generating efficiencies through different ways of working and growing income	The service will look to generate additional income through existing and new services, which may include new charges. Additionally the service will reduce costs by working differently and therefore more efficiently. An impact on staff is possible due to the potential for some structural changes and a different working environment. Some services may need to be reduced or stopped, which is under consideration.	387	407	407	0 - 10

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CCBS-19.03	<p><b>Hampshire Scientific Service and Asbestos Management</b></p> <p>Increase income surplus through business growth, supported by the implementation of new systems.</p>	Asbestos Management plans to generate additional external income to offset expenditure, supported by use of better technology. Similarly, the Scientific Service aims to grow income surplus through business development including better joint working with Regulatory Service Providers. Overall impact is expected to be low.	50	100	100	0 - 5
CCBS-19.04	<p><b>Countryside Service</b></p> <p>Transformation of the Country parks and of the Countryside Access and Estate</p>	The overall impact of this project is likely to be low. The Country Park Transformation Programme will improve operational capacity of the park teams and provide a better offer and improved service to the public. Although there will need to be some increased charges to the public e.g. car parking, the anticipation is that the overall impact will be positive.	63	640	640	0 - 5
CCBS-19.08	<p><b>Library Service</b></p> <p>Implementation of more efficient operating models to reduce costs.</p>	It is proposed to undertake a public consultation in 2018 on options to reduce the operating costs of running the Service. The options could include reducing opening hours, transferring libraries to be run by their local community, making greater use of volunteers and making a permanent reduction to the Book Fund. Self service technology will be installed in all libraries and vacancy management will continue to be rigorously applied to all staff vacancies, reducing staff numbers as far as possible.	1,461	2,255	2,255	25 - 30

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CCBS-19.13	<b>Property Services</b> Income generation and cost reduction	The project will refresh the Property Services vision and deliver necessary changes to the how the teams work and are structured to ensure a strong Property Services for the future. Further work is required before the level of required changes, and therefore the impact, can be determined. It is expected that there will be an impact on staff.	0	866	866	15 - 25
CCBS-19.14 Page 115	<b>Property Services Office Accommodation</b> Working environment changes to enable reduction in office accommodation	This project seeks to make cost reductions through our office accommodation portfolio, and by using the space in our buildings more effectively. It is expected there will be a high impact on all staff and service areas due to the need to work differently.	687	800	1,300	N/A
CCBS-19.15	<b>Archives &amp; Records</b> Operating efficiencies and income generation	Potential for reduced service delivery in non-core areas. Online access and volunteer support will release some staff capacity and improve customer access, but there is likely to be increased charges for some services, and depositors will be asked to provide a contribution to the archives that we hold and store.	88	154	154	0 - 5
CCBS-19.17	<b>Hampshire Outdoor Centres</b> Workforce efficiencies to be achieved through product realignment. Additional income through glamping pods at Calshot, and use of Automatic Number Plate Recognition for car parking enforcement	It is expected that efficiencies will be achieved through better use of systems and through changes to how services are delivered with some impact on staff, but a low impact on customers. Although car parking enforcement may have some impact on customers, it is expected that income generation through camping pods will have a positive impact by providing a new offer at Calshot Activities Centre.	162	162	162	0 - 10

Ref	Service Area and Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2018/19 £'000	2019/20 £'000	Full Year £'000	
CCBS-19.19	<b>Sir Harold Hillier Gardens</b> Additional income generation through attracting greater numbers of members and visitors	Income generation will be increased through membership and day visitor growth. Investments made in the Gardens to attract more visitors are expected to have an overall positive impact. Additionally, reduction in expenditure on education, print and postage is expected to have a low impact on staff and customers.	225	225	225	0 - 5
<b>Culture, Communities and Business Services Total</b>			<b>3,318</b>	<b>5,804</b>	<b>6,304</b>	<b>40 - 100</b>
<b>Non-departmental Policy and Resources</b>						
P&R	<b>P&amp;R Other Services</b> To limit the impact on services within this area the proposal is to meet the full saving by reducing the current annual contribution to the Corporate Policy Reserve, which is included centrally within the overall revenue budget.	At the end of 2016/17 the Corporate Policy Reserve stood at nearly £5.5m and in recent years has not been used for specific policy initiatives in the same way that it had been previously. Whilst reducing the annual contribution will limit the County Council's future ability to fund specific policy initiatives, it is felt that this is commensurate with the overall reductions across the Council following the prolonged period of austerity.	0	808	808	N/A
<b>Non-departmental Policy and Resources Total</b>			<b>0</b>	<b>808</b>	<b>808</b>	<b>N/A</b>
<b>Policy &amp; Resources Total</b>			<b>4,271</b>	<b>14,304</b>	<b>14,929</b>	<b>185 - 281</b>

# Equality Impact Assessment

Name of project/proposal T19 - Health & Social Care Integration  
Originator Ashton, Karen  
Email address Karen.Ashton@hants.gov.uk  
Department Adult Services  
Date of Assessment 31 Aug 2017

## **Description of Service / Policy**

The Integration and Better Care Fund policy has been in place to accelerate the integration agenda for system partners, to transform care delivery and address the growing financial challenges across the whole of local health and social care economies. Initial agreed plan, assured by NHS England in December 2014, covered a five year timespan. Following announcements in the Chancellors Spring Budget in March 2017, additional resource has been made available to support social care services, social care providers and introduce schemes that reduce the pressures on the NHS related to social care particularly in respect of delayed transfers of care.

Geographical impact\* All Hampshire

## **Description of proposed change**

Our vision for 2020, reflecting the assumptions and aspiration of the Integration and Better Care Fund policy framework is to transform local care services delivery; accelerate implementation of new models of care in each local system and address the issues that delay people from being transferred for acute hospital across a system of sustainable acute and mental health services. The intention is to use the resource to protect core adult social care services that would otherwise see their funding reduced.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017. When decisions are made to pursue specific options, and further targeted consultation will be carried out with stakeholders on the detailed options where required. At the heart of each CCG system is a new approach to engagement with local people. In North East Hampshire for example a network of citizen leaders is being developed. 80 Community Ambassadors recruited to date, are being supported, developed and empowered to participate in the design of the new model of care. During 2016/17 additional ambassadors have been recruited to grow our Collaborative Trios programme (citizen leader, managerial leader and clinical leader work together at the heart of each component of the care model programme). Elsewhere focus groups, mid- and large- scale events and creative workshops are being used to enable a greater depth of engagement with local people

## **Impacts of the proposed change**

This impact assessment covers

Service users  
Page 117

## considerations

Age	Positive
Impact	<p>The New Models of Care Programme aims to ; build a extended joint out- of- hospital infrastructure that support self management, extend access to primary care, streamline access to acute care and reduce the number of steps to access specialist care. These changes will</p> <ul style="list-style-type: none"><li>• Improve health related quality of life for people with long-term conditions;</li><li>• Help older people to recover their independence more quickly after illness or injury.</li><li>• Increase independence and self reliance so that people retain control of their lives</li></ul> <p>In the longer term these changes to lifestyle will:</p> <ul style="list-style-type: none"><li>• Reduce premature and total mortality from the major causes of death;</li><li>• Reduce the difference in life expectancy between people living in the least and most deprived areas.</li></ul>
Disability	Positive
Impact	<p>The New Models of Care Programme aims to ; build a extended joint out-of-hospital infrastructure that support self management, extend access to primary care, streamline access to acute care and reduce the number of steps to access specialist care.</p> <p>These changes will:</p> <ul style="list-style-type: none"><li>• Improve health related quality of life for people with long-term conditions;</li><li>• Help older people to recover their independence more quickly after illness or injury.</li><li>• Increase independence and self reliance so that people retain control of their lives</li></ul> <p>In the longer term these changes to lifestyle will:</p> <ul style="list-style-type: none"><li>• Reduce premature and total mortality from the major causes of death;</li><li>• Reduce the difference in life expectancy between people living in the least and most deprived areas.</li></ul>
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

**Other policy considerations**

Poverty Neutral

Rurality Neutral

***Additional Information***

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# Equality Impact Assessment

Name of project/proposal T19 Living independently  
Originator Cross, Ian  
Email address ian.cross@hants.gov.uk  
Department Adult Services  
Date of Assessment 08 Sep 2017

## **Description of Service / Policy**

The county council provides support to older people and adults with physical disabilities. This support is delivered through the provision of domiciliary care, short term beds and respite care, supported living initiatives. Some recipients make a financial contribution to the cost of their care"

Geographical impact\* All Hampshire

## **Description of proposed change**

The programme aims to reduce overall spend through the development of new services which will decrease the requirement for spending on traditional domiciliary care and prevent admission to long term residential or nursing care. It is designed to increase independence. It will also further embed the strength based approach to assessment so that those who need care do all that they are able and draw on support from family, friends, neighbours and local community services where appropriate. A fuller description of the changes are set out in the additional information section of this form.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017. When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age	Medium
Impact	Some older users may receive less service from Adults Health and Care. Some users may need to make a greater financial contribution to the services which they receive.
Mitigation	Some new services will deliver benefits to all age groups which balance the impact of lower levels of service in other areas. Financial Assessment assures that contributions are affordable for individuals with allowance being made for

additional costs of disability.

Disability Impact	Medium Some service users with physical disabilities may receive less service from Adults Health and Care.
Mitigation	New service developments such as increased availability of supported living, shared lives and Extra Care schemes will positively benefit users
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

#### **Other policy considerations**

Poverty	Neutral
Rurality Impact	Positive Development of a new framework for Care at Home will increase availability of service in rural "hard to reach" areas.

#### **Additional Information**

Living Independently in the Community is a transformation project which aims to deliver savings against current spending on older people and physical disabilities services by:

- Reducing volume of domiciliary care purchased
- Increasing reablement
- Making better use of shortterm beds and respite care
- Establishing a Joint Hospital Prevention Scheme
- Developing Dementia Hubs and Day Services
- Making increase use of Extra Care Housing
- Increasing the number of Shared Lives services
- Increasing the availability of Supported Living Opportunities for younger people with physical disabilities (PD)

Making some increases to what some people contribute towards their care costs, to help us to recover more of the cost of delivering some of our services.

The proposals identified at this stage may not fully deliver the savings required and work is being undertaken to identify further opportunities and to develop proposals to meet the gap between the current deliverable savings and the target that has been set. It should also be noted that delivery of some savings is dependent on the ability of the Demand Management and Prevention workstream to make available alternative community services and to ensure the sustainability of the significant contribution

made by unpaid carers to the care and support of vulnerable people.

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# Equality Impact Assessment

Name of project/proposal T19 Adults Learning Disability & Mental Health  
Originator Gibson, Camilla  
Email address Camilla.Gibson@hants.gov.uk  
Department Adult Services  
Date of Assessment 08 Sep 2017

## **Description of Service / Policy**

The County Council provides additional care funding for adults with learning difficulties and mental health needs which cannot be supported through universal services. Needs are identified through an assessment process which defines an individual's support plan, personal budget and any financial contribution they are required to make. The council currently supports c 3400 care packages for these client groups.

The proposal is to review all care packages, including aftercare delivered under s117 Mental Health Act, to provide funding only where eligibility criteria has been met and ensure recipients make appropriate financial contributions to their support.

Geographical impact\* All Hampshire

## **Description of proposed change**

The service provision delivered to people with learning disabilities, mental health and substance misuse needs will be reviewed, including transport, traditional respite services, day services and leisure activities in favour of voluntary community groups and self directed opportunities.

These proposals are designed to deliver sustainable models of progressive care and supported living, which will increase independence, sense of wellbeing and significantly reduce use of residential care for people with learning disabilities and mental health conditions. These proposals will also reduce the costs of meeting eligible needs.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

**Statutory considerations**                      **Impact**

Age    Neutral

Disability Impact	<p>Medium</p> <p>People living in residential care may be enabled to move into supported living. People receiving intensive levels of care, could see the rollout of less intrusive/restrictive care models</p> <p>People with learning disabilities could receive lower levels of support or alternative support (telecare, voluntary sector support etc). People attending day services could receive different types of services, or services provided by different organisations. For people receiving 1:1 support to participate in leisure activities, levels or type of support may change.</p> <p>People using mental health services may see some support they receive through domiciliary care and direct support from mental health staff change. A separate piece of work will focus on engaging with district council partners to redesign Social Inclusion services for people who are homeless or at risk of homelessness to release savings when the current service comes to an end in March 2019. As proposals are developed a separate EIA will be completed as the impact on different groups emerge.</p>
Mitigation	<p>The proposals are designed to promote independence where possible; learning disabilities day services may act as transitional, rather than long-term services; mental health teams will work with wellbeing centres to enable people become more independent. Packages of care will continue to be personalised to the needs of the individual and Direct Payments will be actively promoted to maximise service user choice. All assessments, reviews and support plans will be undertaken in accordance with Care Act guidance. We will try to ensure other agencies are delivering their statutory responsibilities / universal services eg clinical input, housing etc</p>
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality	Neutral

# Equality Impact Assessment

Name of project/proposal T19 - Working Differently  
Originator Burton, Michael  
Email address Michael.Burton@hants.gov.uk  
Department Adult Services  
Date of Assessment 08 Sep 2017

## **Description of Service / Policy**

A number of transformation programmes are working on finding the savings needed to meet the Adults' Health and Care (AHC) future budget allocation. The Working Differently programme has been tasked with working with the staffing budget across the department, with the exception of In-House Services. C.1500 employees are in scope for this area of work, with an annual budget of £28m. Associated transport and premises costs of £3m will also be a focus. Savings will be made through a reduction in the workforce, premises and travel costs of the AHC Department.

Geographical impact\* All Hampshire

## **Description of proposed change**

As a consequence of the proposals, if agreed, it is envisaged that there could be an overall reduction of the in scope AHC workforce in the region of 150 full time equivalent posts. The exact posts and teams potentially affected will not be known until significant further work is undertaken. Working Differently will involve changing how the department is organised and the way it works. The programme will simplify or stop tasks that are currently undertaken, wherever this is possible. New technology will be introduced and investment will be made to create the necessary changes.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017. When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

### **Impact**

Age Impact	Medium The demographic mix of departments workforce shows a higher number of older staff. Further work is required to identify who falls within the affected staff group this will clear after the analysis has been carried out.
Mitigation	Project will continue to review and update the EIA as and when it determines which staff members are to be affected.

Strategies used for previous restructures redundancy offers, managed recruitment and redeployment where possible will be used as necessary. Any future trade union consultation will be designed to ensure that all staff, taking into account their protected characteristic, are equally consulted on the proposals to come.

Disability  
Impact

Medium  
Relative to the Hampshire County Council average, the department includes a higher percentage of disabled staff than the County Council overall

Mitigation

Project will continue to review and update the EIA as and when it determines which staff members are to be affected. Strategies used for previous restructures redundancy offers, managed recruitment and redeployment where possible will be used as necessary. Any future trade union consultation will be designed to ensure that all staff, taking into account their protected characteristic, are equally consulted on the proposals to come.

Sexual Orientation

Neutral

Race  
Impact

High  
The affected group has a higher percentage of BME staff than the County Council overall

Mitigation

Project will continue to review and update the EIA as and when it determines which staff members are to be affected. Strategies used for previous restructures redundancy offers, managed recruitment and redeployment where possible will be used as necessary. Any future trade union consultation will be designed to ensure that all staff, taking into account their protected characteristic, are equally consulted on the proposals to come.

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender  
Impact

High  
Relative to the Hampshire County Council average, the department includes a higher percentage of female staff than the County Council overall.

Mitigation

Project will continue to review and update the EIA as and when it determines which staff members are to be affected. Strategies used for previous restructures redundancy offers, managed recruitment and redeployment where possible will be used as necessary. Any future trade union consultation will be designed to ensure that all staff, taking into account their protected characteristic, are equally consulted on the proposals to come.

Marriage and civil  
partnership

Neutral

Pregnancy and

Neutral



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# Equality Impact Assessment

Name of project/proposal EMCS01a T19 EIA Social Care Transformation - Users  
Originator Atkins, James  
Email address James.Atkins@hants.gov.uk  
Department Childrens Services  
Date of Assessment 06 Sep 2017

## **Description of Service / Policy**

The Children and Families branch of Children's Services provides protection and support to safeguard vulnerable children and families. This comprises statutory services such as children in need of care and protection, children looked after, fostering and adoption services. Non statutory prevention and early help services are also provided to those not meeting the threshold for statutory support.

Geographical impact\* All Hampshire

## **Description of proposed change**

To reduce the cost of children's social care by:

- Providing more targeted help to vulnerable children, particularly teenagers.
- Intervening early to prevent the need for statutory care services
- Investing in family-based interventions to enable children and young people to remain within family networks

The potential impacts may include a focus on the most vulnerable families only; a greater number of teenagers and other children would be supported to remain with their family /networks; the CSD workforce would be required to reduce and work more flexibly and proposed innovative changes to the delivery of care would need to be fully tested.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age Positive  
Impact Through working with partners to manage demand and provide more targeted help to vulnerable children, it is

expected that fewer children (especially teenagers) will need to be taken into care and a greater number will return to the home environment.

Disability Impact	Positive Shaping service delivery based on the feedback gained from parents and families to only tell their story once and to provide a more integrated service across professions. Providing targeted support earlier to build resilience and enable children with disabilities to remain living within their families wherever possible.
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender	Neutral
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Marriage and civil partnership	Neutral
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Pregnancy and Maternity	Neutral
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### **Other policy considerations**

Poverty	Neutral
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Rurality	Neutral
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### **Additional Information**

The DfE confirmed in January 2016 that Hampshire and 7 other local authorities had been selected to be the Partners in Practice. Those local authorities are expected to innovate to improve frontline children's social work and to develop new systems of delivering social care and trialling new ways of working with families.

Hampshire County Council will deliver the following social care transformation:

- A family service - a system focussing on improving outcomes for the child in the context of their family
- A social work led, integrated, multidisciplinary service, from the front door through to specialist services
- Social workers are supported to deliver meaningful interventions based on an underpinning methodology of resilience
- A service where good practice is free to flourish without bureaucracy and unnecessary regulatory demands
- Children are supported by and within their own family/community wherever possible. Where children do come into care longer term their experience will be life changing for

the better

- A service where good practice is free to flourish without bureaucracy and unnecessary regulatory demands
- Children are supported by and within their own family/community wherever possible. Where children do come into care longer term their experience will be life changing for the better

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# Equality Impact Assessment

Name of project/proposal EMCS01b T19 EIA 0-19 Grants  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 29 Aug 2017

## **Description of Service / Policy**

Children's Services currently provide grant funding to voluntary and charitable providers to provide youth and support services targeted to children and young people at Levels 2 and 3 on the Children's Partnership Threshold Chart. These grants are allocated against priorities identified by the Local Children's Partnership (or equivalent) groups. The services provided by this grant funding are non-statutory with the exception of support for young carers.

Geographical impact\* All Hampshire

## **Description of proposed change**

To reduce the grant funding awarded to organisations to deliver community services for children and families across Hampshire. The Council will continue to deliver high quality statutory services but will be unable to fund non-statutory services.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age Impact	Medium Reduction or cessation of County Council funding to non-statutory services supporting children aged 0-19 years may reduce the support that these groups can provide to children at level 2 and 3 on the Children's Partnership Threshold Chart.
Mitigation	The County Council will signpost children, young people and families via the Family Support Service and the Directories Hub to alternative universal services in place.

to work with the sector to consider sustainability, alternatives sources of funding, collaboration and social enterprise models to support continued service delivery in the event of less County Council funding.

Further development of the volunteer offer may provide continued support to some cohorts of children and young people.

The County Council's Ethic Minority and Traveller Advisory Service may be able to provide services to Traveller children and young people.

Disability  
Impact

Low

The County Council currently provides alternative funding via the short break activities grant funding to provide services and support to children and young people with disabilities.

Sexual Orientation  
Impact

Medium

Reduction or cessation of County Council funding to non-statutory services supporting Lesbian, Gay and Bisexual & Transgender (LGBT) groups may reduce the support that these groups can provide to supporting vulnerable children and young people in Hampshire.

Mitigation

The County Council will signpost children, young people and families via the Family Support Service and the Directories Hub to alternative universal services in place. This will include existing national groups who already provide support to these vulnerable children and young people.

Hampshire County Council currently fund Action Hampshire to work with the voluntary sector and have set targets for them to work with the sector to consider sustainability, alternatives sources of funding, collaboration and social enterprise models to support continued service delivery in the event of less County Council funding.

Further development of the volunteer offer may provide continued support to some cohorts of children and young people.

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Neutral

Marriage and civil  
partnership

Neutral

Pregnancy and  
Maternity  
Impact

Medium

Reduction or cessation of County Council funding to non-statutory services providing parenting support for young

Mitigation

parents (Under 19) may reduce the support that these groups can provide to vulnerable children and young people. The County Council will signpost children, young people and families via the Family Support Service and the Directories Hub to alternative universal services in place, including those provided within the public health offer.

Hampshire County Council currently fund Action Hampshire to work with the voluntary sector and have set targets for them to work with the sector to consider sustainability, alternatives sources of funding, collaboration and social enterprise models to support continued service delivery in the event of less County Council funding.

Further development of the volunteer offer may provide continued support to some cohorts of children and young people.

**Other policy considerations**

Poverty Neutral

Rurality Neutral

***Additional Information***

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# Equality Impact Assessment

Name of project/proposal EMCS01c T19 EIA Social Care Transformation - Staff  
Originator Atkins, James  
Email address James.Atkins@hants.gov.uk  
Department Childrens Services  
Date of Assessment 11 Sep 2017

## **Description of Service / Policy**

The Children and Families branch of Children's Services provides protection and support to safeguard vulnerable children and families. This comprises statutory services such as children in need of care and protection, children looked after, fostering and adoption services. Non statutory prevention and early help services are also provided to those not meeting the threshold for statutory support.

Geographical impact\* All Hampshire

## **Description of proposed change**

To reduce the cost of children's social care by:

- Providing more targeted help to vulnerable children, particularly teenagers.
- Intervening early to prevent the need for statutory care services
- Investing in family based interventions to enable children and young people to remain within family networks.

The potential impacts may include a focus on the most vulnerable families only; a greater number of teenagers and other children would be supported to remain with their family/networks; the CSD workforce would be required to reduce and work more flexibly and proposed innovative changes to the delivery of care would need to be fully tested.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

### **Impact**

Age Medium  
Impact The CSD workforce is likely to reduce and any redundancies will potentially have an impact on staff that are nearing

Mitigation	retirement age, due to being less likely to secure employment outside of HCC. At all stages of the process the council will look for voluntary redundancies over compulsory. The council will also provide a package of support including redeployment to other vacant roles within the authority.
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Disability	Neutral
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender Impact	Low The majority of staff within social care are female. They may find it difficult to find employment which fits in with childcare arrangements since not all employers offer part time flexible working arrangements like those within HCC.
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Marriage and civil partnership	Neutral
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Pregnancy and Maternity	Neutral
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**Other policy considerations**

Poverty	Neutral
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Rurality Impact	Low Redeployment may impact on home to work travel. Workers may need to travel greater distances to access alternate employment.
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Mitigation

**Additional Information**

The DfE confirmed in January 2016 that Hampshire and 7 other local authorities had been selected to be the Partners in Practice. Those local authorities are expected to innovate to improve frontline children’s social work and to develop new systems of delivering social care and trialling new ways of working with families.

Hampshire County Council will deliver the following social care transformation:

- A family service - a system focussing on improving outcomes for the child in the context of their family
- A social work led, integrated, multidisciplinary service, from the front door through to specialist services
- Social workers are supported to deliver meaningful interventions based on an underpinning methodology of resilience

- A service where good practice is free to flourish without bureaucracy and unnecessary regulatory demands
- Children are supported by and within their own family/community wherever possible. Where children do come into care longer term their experience will be life changing for the better
- A service where good practice is free to flourish without bureaucracy and unnecessary regulatory demands
- Children are supported by and within their own family/community wherever possible. Where children do come into care longer term their experience will be life changing for the better

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# Equality Impact Assessment

Name of project/proposal EMCS02a T19 EIA Children with Disabilities – User  
Originator Maspero, Hayley  
Email address hayley.maspero@hants.gov.uk  
Department Childrens Services  
Date of Assessment 23 May 2017

## **Description of Service / Policy**

HCC has a statutory duty to provide support to children with disabilities. This is currently achieved by the provision of long term residential care, overnight residential respite care and care support either in the home or the community. The authority also provides a short break activities programme which is open to all children.

Geographical impact\* All Hampshire Basingstoke & Deane East  
Hampshire Eastleigh Fareham Gosport Hart Havant New  
Forest Rushmoor Test Valley Winchester

## **Description of proposed change**

HCC is reviewing how it provides overnight respite to disabled children and families to expand the range of services available to give greater choice. A proposal to close two residential respite units is being consulted on.

The market will have capacity to meet increased numbers of families with a direct payment or personal budget. Support is outcome focused and time limited. Changes to ways of working will impact staff and service users.

A review of universal short breaks to make this more targeted, outcomes based and focused on helping families be more resilient and independent.

## **Engagement and consultation**

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age Neutral

Disability Positive

Impact This would provide a more responsive, targeted service to all children open to children with disability teams (currently 741).

These changes would offer interventions earlier and ensure these are outcome focused to support children remaining in their communities. This should support parents and carers to look after children in their own families and build their resilience.

The review of the short break offer will target services at Early Help stage, therefore potentially reducing access to services to those children with disabilities that do not meet a statutory threshold for support.

Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

**Other policy considerations**

Poverty Impact	Low Services and support are not currently equally available across the county. For families living in rural areas or without accessible transport it can be more expensive to travel to access suitable activities. This will be partially mitigated by targeting commissioning activities to explore service providers in areas where current gaps are identified.
Rurality Impact	Low Potentially further distances to access residential care in some cases.
Mitigation	When procuring new services consideration will be given to where service users are and to try and minimise travel and improve access.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS02b T19 EIA Children with Disabilities – Staff  
Originator Maspero, Hayley  
Email address hayley.maspero@hants.gov.uk  
Department Childrens Services  
Date of Assessment 23 May 2017

## **Description of Service / Policy**

HCC has a statutory duty to provide support to children with disabilities. This is currently achieved by the provision of long term residential care, overnight residential respite care and care support either in the home or the community. The authority also provides a short break activities programme which is open to all children.

Geographical impact\* All Hampshire Basingstoke & Deane East  
Hampshire Eastleigh Fareham Gosport Hart Havant New  
Forest Rushmoor Test Valley Winchester

## **Description of proposed change**

HCC is reviewing how it provides overnight respite to disabled children and families to expand the range of services available to give greater choice. A proposal to close two residential respite units is being consulted on.

The market will have capacity to meet increased numbers of families with a direct payment or personal budget. Support is outcome focused and time limited. Changes to ways of working will impact staff and service users.

A review of universal short breaks to make this more targeted, outcomes based and focused on helping families be more resilient and independent.

## **Engagement and consultation**

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

### **Impact**

Age Impact Medium  
Some staff affected by potential redundancies might be near retirement age. This might make it more difficult for them to secure alternative employment outside HCC.

Mitigation Consideration of Enhanced Voluntary Redundancy and redeployment opportunities will be given if applicable.

Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender Impact	Low Majority of staff are female. Both Voluntary Redundancy or Compulsory Redundancy could result in loss of earnings; however the care sector is transient and it is anticipated these workers would be able to acquire alternate employment in a timely manner. The aim, where possible, will be to stimulate alternative options in the market which should create new job opportunities.
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality Impact	Low Redeployment may impact on home to work travel. Workers may need to travel greater distances to access alternate employment.
Mitigation	

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS03 T19 EIA School Improvement Services  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 04 Sep 2017

## **Description of Service / Policy**

The school improvement services workstream covers £1.4m of services. The majority of the funding now comes from direct Government School Improvement Grant (£940k in 2017/18). There is a small amount of core funding consisting of a £59k contribution to the Hampshire Music Service.

Geographical impact\* All Hampshire

## **Description of proposed change**

This proposal would see the removal of the remaining contribution so that the Music Service receives no subsidy from the County Council.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral

Marriage and civil partnership      Neutral

Pregnancy and Maternity      Neutral

**Other policy considerations**

Poverty      Neutral

Rurality      Neutral

Neutrality Statement      Genuine efficiencies savings that can be delivered without impacting on service delivery.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS04a T19 EIA Educating High Needs - Users  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 04 Sep 2017

## **Description of Service / Policy**

The Education and Inclusion Service includes a range of services supporting school age children with 'High Needs', through support to schools and parents, as well as children and young people directly. These include:

- Special Educational Needs and Disabilities (SEND) support
- Inclusion support for children in early years and childcare settings
- Virtual School for Children Looked After aimed at improving educational attainment
- Registering and quality assurance of elective home education
- Support to schools aimed at reducing fixed-term and permanent exclusions
- Support for 17-18 year olds Not in Education, Employment or Training (NEET)
- Support for schools/parents to maintain good attendance
- Educational psychology support

Geographical impact\* All Hampshire

## **Description of proposed change**

To reduce the cost of Education & Inclusion Services through limiting the range of non-statutory High Needs services provided to:

- Young people aged 16+ who are Not in Education, Employment or Training (NEET);
- Schools, regarding children looked after and pupil exclusions; and
- Pupils educated at home.

Alongside reducing statutory High Needs services back to a minimum level around:

- the quality assurance of Education, Health and Care Plans (EHCPs); and
- the delivery of early years administrative functions.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

**Statutory considerations**

**Impact**

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Age

Medium

Impact	Reduction or cessation of High Needs services by the County Council to schools and children, young people and families may reduce the support being provided to school age children looked after, young people not in education, employment or training and secondary aged pupils at risk of permanent exclusions.
Mitigation	Direct 17-18 year old cohort to engage under the new apprenticeship levy.
Disability Impact	High Ceasing quality assurance of EHCPs may increase the risk that the needs of children and young people with SEND are not met, whilst reducing the size of the Virtual School may impact on the educational outcomes of children in care (who are overrepresented on the Special Educational Needs register).
Mitigation	Introduction of new EHCP Digital Solution to assist in the production of plans alongside the training to staff in its implementation contributing to a better quality output.
Sexual Orientation Impact	Low Reduction in the High Needs Service's capacity to support schools may impact on their ability to support pupils.
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment Impact	Low Reduction in the High Needs Service's capacity to support schools may impact on their ability to support pupils.
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity Impact	Low Reduced support for young people not in education, employment or training will include a reduction in the support being provided for teenage mothers.

**Other policy considerations**

Poverty Impact	High Ceasing provision of the Youth Investment Programme and reducing High Needs Services may impact upon the support provided to children and young people from impoverished backgrounds.
Mitigation	Direct 17-18 year old cohort to engage under the new apprenticeship levy. Continue to encourage schools to take a greater leadership role for Children Looked After and for those with Special Educational Needs and Disabilities, alongside adopting more inclusive practices for those at risk of exclusion.

Rurality	Neutral
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***Additional Information***

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# Equality Impact Assessment

Name of project/proposal EMCS04b T19 EIA Educating High Needs - Staff  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 04 Sep 2017

## **Description of Service / Policy**

The Education and Inclusion Service includes a range of services supporting school age children with 'High Needs', through support to schools and parents, as well as children and young people directly. These include:

- Special Educational Needs and Disabilities (SEND) support
- Inclusion support for children in early years and childcare settings
- Virtual School for Children Looked After aimed at improving educational attainment
- Registering and quality assurance of elective home education
- Support to schools aimed at reducing fixed-term and permanent exclusions
- Support for 17-18 year olds Not in Education, Employment or Training (NEET)
- Support for schools/parents to maintain good attendance
- Educational psychology support

Geographical impact\* All Hampshire

## **Description of proposed change**

To reduce the cost of Education & Inclusion Services through reducing staff as a result of limiting the range of non-statutory High Needs services, reducing statutory High Needs services back to a minimum level, combining services, reducing administrative functions and identifying process efficiencies.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

Age Neutral

Disability Neutral

Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender Impact	Low A reduction in staff would impact on women more where they make up a larger proportion of the workforce impacted.
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality	Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS05 T19 EIA Home to School Transport (HtST)  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 29 Aug 2017

## **Description of Service / Policy**

Current transport arrangements support mainstream and Special Educational Needs & Disabilities children. Excluded children, social care children and some limited exceptions to policy are also supported with time limited free transport.

There is a statutory duty to transport for free, 8+ year old children that live more than 3 miles away and for all under 8s living 2 miles away from their nearest school. There is also enhanced entitlement for children eligible for free school meals or that need to travel on an unsafe route.

Non-statutory transport is also provided for some non-statutory school age children. Children attending education centres also access the travel service.

Geographical impact\* All Hampshire

## **Description of proposed change**

The intention is to undertake consultation with stakeholders on removing all discretionary elements of the current policy, which includes the service for children under five and post 16 students; providing for Year R children only when they reach statutory school age; and enforcing the increase from 2 to 3 miles on the 8th birthday. Transport provided to pupils attending education centres would be limited to those entitled under legislation. Also transport provided by way of an exception to policy may incur a charge. Other proposals would focus on more efficient service delivery and reducing exception to policy provision.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

**Statutory considerations**

**Impact**

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Age

Medium

Impact	Some children in the education system, currently entitled under discretionary policy elements would, in future, not receive a free home to school transport service based on their ages, under 4, under 5, those having their 8th birthday and Post 16.
Mitigation	A robust service to consider the exceptional circumstances of any case will look at each case to decide if it merits support as an exception to policy.
Disability Impact	Medium Some children, currently entitled under discretionary policy elements would, in future, not receive a free home to school transport service.
Mitigation	A robust service to consider the exceptional circumstances of any case will look at each case to decide if it merits support as an exception to policy.
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

**Other policy considerations**

Poverty Impact	Low There is enhanced support for children in receipt of Free School Meals. However, for those families with an income just above that threshold the exceptional consideration would need to take account of their ability to pay for any exceptional transport service.
Rurality	Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS06 T19 EIA Support Services  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 11 Sep 2017

## **Description of Service / Policy**

To identify potential savings to the Support Services budgets which can contribute to Children's Services' 2019 savings targets . Support Services is a blanket term covering a range of business operations that are not front line operations. A Strategic Business Case has been created for submission to Children's Services Departmental Management Team identifying a range of possible savings .  
Geographical impact\* All Hampshire

## **Description of proposed change**

The main areas included are printing and copying; postage; the departmental contribution to the courier service; various small savings on accommodation surrendering leases on buildings not owned; reducing spend on cleaning etc.; and reductions estimated by Finance in departmental payments for compensatory added years (CAY) to past employees.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral

Gender Reassignment      Neutral

Gender                      Neutral

Marriage and civil  
partnership                Neutral

Pregnancy and  
Maternity                 Neutral

**Other policy considerations**

Poverty                    Neutral

Rurality                    Neutral

Neutrality Statement    These changes will not have an impact on staff on the basis of their statutory or other considerations.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal EMCS07 T19 EIA Maximising Efficiencies/Enabling Productivity  
Originator Payne, Colin  
Email address colin.payne@hants.gov.uk  
Department Childrens Services  
Date of Assessment 16 Jun 2017

## **Description of Service / Policy**

The Digital 2 programme is the next step on the County Council's Digital journey. 'Digital by default' (such as email instead of posted letters) is the continued strategic approach for Transformation to 2019. Digital 2 is aiming to build upon and enhance those platforms and tools implemented as part of Digital 1 as well as introduce new technology and capabilities. The County Council is also developing our Enabling Productivity Programme (EPP), which is looking at potential proposals for how the County Council approaches areas such as 'mobile working', scheduling of resources and use of facilities.

Geographical impact\* All Hampshire

## **Description of proposed change**

As part of the Enabling Productivity and Digital 2 programmes the Children's Services Department is proposing to generate savings through various efficiencies and more effective working practice enabled by new technologies. Through the rollout of different technology creating new opportunities, this will drive changes to working practice, travel and office accommodation usage that it is anticipated will enable savings to be achieved.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

#### **Impact**

Age Impact Low  
Some users may find new technology difficult to engage with.

Disability Impact Low  
The way in which we collect data from users must take

account of different users needs.

Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

**Other policy considerations**

Poverty	Neutral
Rurality	Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal	T19 - E1 Economy, Transport and Environment Operating Model
Originator	Poyntz-Wright, Patrick
Email address	Patrick.Poyntz-Wright@hants.gov.uk
Department	Economy, Transport and Environment
Date of Assessment	21 Aug 2017

## **Description of Service / Policy**

This relates to the delivery of all Economy, Transport and Environment Services provided by the County Council. These include ensuring that highways in Hampshire are safe and well maintained, that the highways systems support the local economy and are widely accessible, that waste disposal is well managed and its use as a resource maximised, and that appropriate development, with necessary infrastructure, is well planned and delivered.

Geographical impact\* All Hampshire

## **Description of proposed change**

Reduce department-wide staff revenue costs whilst still delivering good quality ETE core services for customers. The ETE Operating Model will introduce new ways of working, including digital approaches, across all of the Department's services. This will primarily impact on staff. It remains too early at this stage to determine what impact there will be on service users and partners, though there may be a possible increase in standard responses to public enquiries or work requests, increased response times for non-standard enquiries, and reduced capacity to attend site meetings. Further equalities impact assessments will be carried out as appropriate when proposals become clearer, including where necessary taking into consideration the profile of staff in affected area to determine likely impact upon people with protected characteristics.

## **Engagement and consultation**

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral

Sexual Orientation      Neutral

Race      Neutral

Religion and Belief      Neutral

Gender Reassignment      Neutral

Gender      Neutral

Marriage and civil  
partnership      Neutral

Pregnancy and  
Maternity      Neutral

**Other policy considerations**

Poverty      Neutral

Rurality      Neutral

Neutrality Statement      At present, there is no reason to think that emerging proposals will result in disproportionate impacts upon people with protected characteristics. However, as proposals develop, further impact assessments will be undertaken as appropriate to inform decision making, and where necessary this will involve reference to staff profiles to determine the impact upon people with protected characteristics. Impacts on service users are possible, but cannot be quantified at this stage, and will in any case be assessed separately, possibly in association with service specific projects and decisions.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E2 Economy, Transport and Environment Charging  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

A range of services delivered by the County Council to other authorities, private companies, and members of the public, for which the Authority is entitled to charge to recover its costs. Examples of this include: Temporary Traffic Regulation Orders; Extent of Highways Searches; and Dropped Kerb Application fees.

Geographical impact\* All Hampshire

## **Description of proposed change**

1. Review of current charges for discretionary services.
2. Potential introduction of charge for discretionary services currently provided free of charge.
3. Potential introduction of new chargeable discretionary services.

In most cases the service itself will not change from a customer perspective, but will be offered at a revised price. Some new/additional chargeable services might be introduced to enhance the portfolio and customer experience. In some areas staff might be required to develop new skills or new ways of working.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

Age Neutral

Disability Impact Low

accessed by private businesses. However, the dropped kerb service is paid for by the public. An increase in the price for this service may have a low negative impact on people with disabilities as they may be looking to increase accessibility through undertaking a dropped kerb.

Sexual Orientation      Neutral

Race      Neutral

Religion and Belief      Neutral

Gender Reassignment      Neutral

Gender      Neutral

Marriage and civil partnership      Neutral

Pregnancy and Maternity      Neutral

**Other policy considerations**

Poverty Impact      Low  
There could be a low negative impact on poorer people less able to pay for these services. However, the services currently under review are predominantly accessed by private businesses.

Rurality      Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E3 Economy, Transport and Environment Trading  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

The Economy, Transport, and Environment Department retains a wide variety of skills, ranging from highways maintenance, highways scheme design and development, to planning and specialist environmental services. These skills and expertise are key to the delivery of Economy, Transport and Environment services in Hampshire, and their retention can be greatly aided through providing traded services to external parties to offset the cost of maintaining skills and capacity.

Geographical impact\* All Hampshire

## **Description of proposed change**

To retain staff capacity to deliver a good level of service to Hampshire residents by increasing the net revenue income from traded services and reducing costs to the County Council The proposal is to provide services to external clients. A new/enhanced traded service delivery model will require some staff to adopt more commercial ways of working. There could ultimately be a requirement for a for a new trading arrangement or vehicle.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

<b>Statutory considerations</b>	<b>Impact</b>
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Age	Neutral
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Disability	Neutral
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief      Neutral

Gender Reassignment      Neutral

Gender      Neutral

Marriage and civil partnership      Neutral

Pregnancy and Maternity      Neutral

**Other policy considerations**

Poverty      Neutral

Rurality      Neutral

Neutrality Statement      The proposal is to seek opportunities to trade services so as to retain capacity and skills for the benefit of Hampshire Service Users. While there will be some impacts on affected staff, who may be encouraged to develop new skills or new ways of working, this is being monitored and assessed as part of the Operating Model opportunity.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal	T19 - E4 Hampshire Highways Services Contract
Originator	Poyntz-Wright, Patrick
Email address	Patrick.Poyntz-Wright@hants.gov.uk
Department	Economy, Transport and Environment
Date of Assessment	21 Aug 2017

## **Description of Service / Policy**

This relates to the mobilisation and development of the Hampshire Highways Services Contract with a view to the on going delivery of Highways Maintenance services across Hampshire. User profile includes all users of Hampshire Highways.

Geographical impact\* All Hampshire

## **Description of proposed change**

To achieve further revenue savings (on top of the £4.6m already secured as part of Tt17) through service efficiencies and the creation of a new integrated operating model. The new (from Aug 2017) Hampshire Highways Services Contract will introduce a new operating model. The new contract will focus on the optimisation of revenue spend. More capital improvement works will also be placed through this contract.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**      **Impact**

Age      Neutral

Disability      Neutral

Sexual Orientation      Neutral

Race      Neutral

Religion and Belief      Neutral

Gender Reassignment      Neutral

Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

**Other policy considerations**

Poverty Neutral

Rurality Neutral

Neutrality Statement The proposal is to optimise revenue spend and make other financial adjustments to realise savings through the new contract, and therefore a neutral impact is expected for all service users including individuals with protected characteristics.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E5 Highways Winter Maintenance  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

Hampshire County Council has a duty under the 1980 Highways Act to act as the local highways authority responsible for maintenance and accessibility of 5,300 miles of road network. Providing access to the network is a universal service for the travelling public in Hampshire. The County Council aims to maintain main road surfaces free of ice and snow, and to ensure safe passage at all times where reasonably practical and within the resources available to the Council. The new Highways Contract is due to start in August 2017, which provides the opportunity for winter service review.

Geographical impact\* All Hampshire

## **Description of proposed change**

To review and rationalise the Council's salting network and associated operational activities with the aim of optimising the use of available assets and technology to reduce the cost of providing the service.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

#### **Impact**

Age Medium  
Impact Potential reduction in salting network may impact upon the accessibility for older residents of Hampshire, who may be less confident driving or walking along the highway in winter conditions. Equally, the changes may impact upon younger people, particularly pupils and students accessing schools and colleges.  
Mitigation Wide range of outward facing communication on salting provision, including the dates, times and routes covered.

Disability Impact	Medium Potential reduction in salting network may impact upon the accessibility for residents of Hampshire with a disability, who may be less confident driving or walking along the highway in winter conditions.
Mitigation	Wide range of outward facing communication on salting provision, including the dates, times and routes covered.
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality Impact	Medium If the salted and/or ploughed network has to be reduced, it is more likely to affect the less used and populated areas.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E6 Street Lighting  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

Management of the Street Lighting Service for Hampshire, including the Private Finance Initiative (PFI) Contract with Equitex. The user profile consists of all highway users.  
Geographical impact\* All Hampshire

## **Description of proposed change**

To achieve savings by reducing the energy requirements for street lighting, and through the implementation of operational efficiencies. The project will deliver savings and carbon reductions by such measures as dimming of principal roads and part-night lighting. Road signs and markings are retro-reflective and will appear bright in vehicle lights, reducing the impact of dimmer street lights. It is possible to vary the dimming by time of day and location to provide brighter lighting when required for site specific reasons. Switching off street lights altogether would have the greatest impact, but would likely be limited to the middle of the night and not applied everywhere. Large parts of the road network have no street lighting.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age Nothing selected

Disability Impact Low  
For those with disabilities, there is the potential that these changes could have a disproportionately negative impact in terms of travel either as pedestrians or motorists on affected streets.

New infrastructure delivered by the Private Finance Initiative has increased the County Council's ability to be flexible about lighting and dimming regimes. Brighter lighting can be provided at specific times, and full switch-off will be limited to the middle of the night when road users are scarce on affected streets. These measures should minimise this potential impact.

Sexual Orientation            Neutral

Race                                Neutral

Religion and Belief            Neutral

Gender Reassignment        Neutral

Gender                              Neutral

Marriage and civil  
partnership                        Neutral

Pregnancy and  
Maternity                            Neutral

**Other policy considerations**

Poverty                              Neutral

Rurality                              Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E7 School Crossing Patrols  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

This relates to the delivery of some 260 school crossing patrol sites across the county, one of the largest services in the country, notwithstanding that there is no statutory obligation to provide the services.

Geographical impact\* All Hampshire

## **Description of proposed change**

To make this service cost neutral by securing alternative sources of funding, and/or making service reductions. The optimum outcome of an alternative funding model would see no impact on service users. However, this option would impact upon school or community budgets, though the contribution requested for a single patrol would be relatively small. The Council would still manage the service. Other options would see a reduction in the number of school crossing patrols employed, and a potential impact upon service users in terms of perception of safety for walks to school. This is a discretionary service, and therefore changes will not affect the statutory responsibility of parents or guardians to get their child safely to school.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age	Medium
Impact	A reduction in the School Crossing Patrol Service could impact upon young people (pupils) in making their way to school. While there will be no change in the statutory responsibility of parents and guardians to get children safely to school, some parents and pupils may be required to make more judgements as to where and when to cross the road.
Mitigation	In some cases there will be opportunities to make crossing

improvements, and road safety education in schools will also provide opportunities to help individuals to cross the road safely.

More detailed impact assessments will be carried out against specific proposals.

Disability  
Impact

High

A reduction in the School Crossing Patrol service could have a disproportionate impact upon young people (pupils) with a disability, particularly with a visual or mobility impairment. While there will be no change to the statutory responsibility of parents and guardians to get children safely to school, some parents and pupils will be required to make more judgements as to where and when to cross the road.

Mitigation

In some cases, there will be opportunities to make crossing improvements, and road safety education in schools will also provide opportunities to help individuals to cross the road safely.

More detailed impact assessments will be carried out against specific proposals.

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Neutral

Marriage and civil  
partnership

Neutral

Pregnancy and  
Maternity

Neutral

**Other policy considerations**

Poverty

Neutral

Rurality

Neutral

***Additional Information***

At present, plans are not finalised. Consultation will inform future planning, and further EIAs will be carried out accordingly, including of affected staff as necessary. It should be noted that the impacts of this project will be further reassessed in tandem with those arising from proposals relating to the Home to School Transport service. This will help to ensure that alterations to services affecting access to schools are considered in the round.

# Equality Impact Assessment

Name of project/proposal T19 - E8 On Street Parking and Parking Agreements  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

This relates to the provision and enforcement of on street parking across Hampshire.  
Geographical impact\* All Hampshire

## **Description of proposed change**

To explore the opportunity to address traffic and safety issues through implementing consistent county-wide approaches to on-street parking pay and display and other parking controls. The savings would be achieved by providing a single, county-wide, standardised approach to civil parking enforcement. This could see an impact on staff, principally in District Council who currently deliver the service. There would be a potential impact upon service users as some parking charges might increase and new charges be introduced.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

<b>Statutory considerations</b>	<b>Impact</b>
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Age	Neutral
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Disability	Neutral
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

**Other policy considerations**

Poverty Low

Impact All motorists may need to pay for parking in some new parts of the Hampshire highways network, or pay more for existing parking, which may have a disproportionate impact upon poorer people who are less able to afford charges. However, at this stage options have not been scoped and there are no specific changes planned to existing regimes. Impacts upon staff in the County and District councils will be assessed separately when specific proposals and arrangements have been decided.

Rurality Neutral

***Additional Information***

As proposals develop, further assessments will be carried out to gauge the impact on service users and staff as necessary.

# Equality Impact Assessment

Name of project/proposal T19 - E9 Transport and Traffic Agency Arrangements  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

This relates to the delivery of smaller scale and localised Traffic Management duties, and Highways Development Planning advice on smaller developments - which are currently provided by the district and borough councils on the County Council's behalf.  
Geographical impact\* All Hampshire

## **Description of proposed change**

End all current transport and traffic agency arrangements with the District Councils to be replaced with new delivery arrangements better reflecting current policy and financial priorities. Known impacts will be a reduction in the respective Highways Development Planning and Traffic Management agency budgets, efficiencies in the delivery of the Highways Development Planning Service, and more restricted district activity in Traffic Management, which could see a low impact upon some service users. There is potentially an impact upon mainly District Council staff arising from TUPE, which remains to be quantified. As this opportunity progresses, further adjustments to the delivery of these services may be pursued, the impact of which cannot yet be quantified.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

Age Neutral

Disability Neutral

Sexual Orientation Neutral

Race Neutral

Religion and Belief Neutral

Gender Reassignment Neutral

Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

**Other policy considerations**

Poverty Neutral

Rurality Neutral

Neutrality Statement These are mainly contract negotiations which should have no disproportionate impact upon people with protected characteristics. As specific proposals are developed, further assessment will be carried out.

***Additional Information***

As proposals develop, further assessments will be carried out to gauge the impact on service users and staff as necessary.

# Equality Impact Assessment

Name of project/proposal	T19 - E10 Economy, Transport and Environment Revenue Works Charging Review
Originator	Poyntz-Wright, Patrick
Email address	Patrick.Poyntz-Wright@hants.gov.uk
Department	Economy, Transport and Environment
Date of Assessment	21 Aug 2017

## **Description of Service / Policy**

This relates to the charging of works orders for Intelligent Transport Systems and Highways Services to the respective revenue and capital budgets.

Geographical impact\* All Hampshire

## **Description of proposed change**

Maintenance works currently charged to revenue will be charged to capital to reflect CIPFA regulations. Impact on services will be minimal. However, a coherent approach will be needed to ensure that best value is still achieved from the Council's capital spend and that off setting revenue budgets in line with CIPFA regulations does not have a negative impact upon capital scheme delivery.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

<b>Statutory considerations</b>	<b>Impact</b>
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Age	Neutral
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Disability	Neutral
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

**Other policy considerations**

Poverty Neutral

Rurality Neutral

Neutrality Statement A neutral impact is expected for all service users, including individuals with protected characteristics, because the proposal only relates to adjustments in the way that specific works are paid for rather than to service levels or approaches to delivery.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E11 Concessionary Fares  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

This service involves the administration of the Hampshire Concessionary Fares scheme for public transport, affecting predominantly older people and those with disabilities.  
Geographical impact\* All Hampshire

## **Description of proposed change**

The proposal is to capitalise upon changes in contract arrangements, national trends, and opportunities to reduce Council investment in the service or, subject to changes in the law, to introduce nominal charges to realise efficiencies and savings. Impacts upon service users should be minimal as they revolve around making more efficient use of existing budgets to reflect changing user trends. If, subject to legal changes, the County Council were to introduce a nominal charge, then there would be an impact upon some service users who would be obliged to make a small financial contribution to their journeys.

## **Engagement and consultation**

Has engagement or consultation been carried out? No

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral

Gender Reassignment      Neutral

Gender                      Neutral

Marriage and civil  
partnership                Neutral

Pregnancy and  
Maternity                 Neutral

**Other policy considerations**

Poverty                    Neutral

Rurality                   Neutral

Neutrality Statement      Disproportionate impacts upon people with protected characteristics are not anticipated as part of current plans. When proposals are further developed, further assessment will take place prior to any executive decision to implement them. Should new legislation make it possible to introduce charges, and a proposal be developed to pursue this option, further impact assessments will scope the likely effect of such charges on people with protected characteristics.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal T19 - E12 Bus Subsidies and Community Transport  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

This relates to subsidising bus services that are not commercially viable but which are deemed to be socially important, and also the provision of community transport services for the mobility impaired and people living in isolated areas. 87% of passenger transport journeys are on bus services which are provided commercially without subsidy. In addition, Community Transport is funded by the district councils as well as the County.

Geographical impact\* All Hampshire

## **Description of proposed change**

Stopping Community Transport and withdrawing current, County Council funded bus subsidies. Community transport users might be required to use a wider selection of service providers depending on their needs and circumstances. There is also likely to be an impact upon community service providers, local authorities, and voluntary organisations.

Withdrawal of bus subsidies may affect choice and frequency of bus services available to users and possibly affect income for bus operators.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

### **Impact**

Age Impact High  
Withdrawal of this funding could have an impact upon the mobility of older and younger people who are disproportionately dependant on subsidised public or community transport to access amenities and services.

Mitigation Precise plans have yet to be made and will be subject to more

detailed impact assessments to better understand the impact upon these groups in specific areas, and what mitigation might be possible.

Disability  
Impact

High  
Withdrawal of this funding could have an impact upon the mobility of people with disabilities who are disproportionately dependant on subsidised public or community transport to access amenities and services

Mitigation

Precise plans have yet to be made and will be subject to more detailed impact assessments to better understand the impact upon these groups in specific areas, and what mitigation might be possible.

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender  
Impact

Low  
Statistically, a larger number of women use subsidised public or community transport to access amenities than men. On this basis, these changes would have a disproportionate impact upon women.

Marriage and civil  
partnership

Neutral

Pregnancy and  
Maternity

Neutral

### **Other policy considerations**

Poverty  
Impact

High  
Withdrawal of this funding could have a disproportionate impact upon poorer people who are disproportionately dependant on subsidised public or community transport to access amenities and services.

Mitigation

Precise plans have yet to be made and will be subject to more detailed impact assessments to better understand the impact upon this group in specific areas, and what mitigation might be possible.

Rurality  
Impact

High  
Withdrawal of this funding could have an impact upon the mobility of people who live in rural areas, who are disproportionately dependant on subsidised public or community transport to access amenities and services.

Mitigation

Precise plans have yet to be made and will be subject to more detailed impact assessments to better understand the impact upon this group in specific areas, and what mitigation might be possible.

***Additional Information***

It should be noted that 87% of passenger transport journeys are on bus services which are provided commercially without subsidy, and that the County Council is not the sole funder of community transport services in Hampshire.

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# Equality Impact Assessment

Name of project/proposal T19 - E13 Waste Disposal Contract  
Originator Poyntz-Wright, Patrick  
Email address Patrick.Poyntz-Wright@hants.gov.uk  
Department Economy, Transport and Environment  
Date of Assessment 05 Sep 2017

## **Description of Service / Policy**

The Waste Disposal Contract is the mechanism through which household waste in Hampshire is managed. Specifically, it manages the processing of household wastes after the point at which they have been collected, i.e. via recycling, energy recovery, or disposal as appropriate to the specific nature of the waste materials that have been collected.

Geographical impact\* All Hampshire

## **Description of proposed change**

To achieve a significant reduction against the on going cost of managing Hampshire's Waste Recycling Centres network. There will be an impact upon residents, largely in terms of communications, which will be designed to either reduce the amount of waste that is created and/or to increase the amount of waste recycled.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral

Gender Reassignment      Neutral

Gender                      Neutral

Marriage and civil  
partnership                Neutral

Pregnancy and  
Maternity                 Neutral

**Other policy considerations**

Poverty                     Neutral

Rurality                    Neutral

Neutrality Statement      At present, it is not anticipated that these changes will have a disproportionate impact upon any group with protected characteristics. Further impact assessments will be carried out as proposals develop.

***Additional Information***

# Equality Impact Assessment

Name of project/proposal	T19 - E14 Household Waste Recycling Centres (HWRCs) Service Review
Originator	Poyntz-Wright, Patrick
Email address	Patrick.Poyntz-Wright@hants.gov.uk
Department	Economy, Transport and Environment
Date of Assessment	05 Sep 2017

## **Description of Service / Policy**

Hampshire's Household Waste Recycling Centres (HWRCs) are a network of 26 sites (including those in Southampton and Portsmouth) where residents can bring and deposit their household waste. The centres then manage this waste, arranging for its reuse, recycling, or disposal as appropriate. It is a universal service, available to all Hampshire residents.

Geographical impact\* All Hampshire

## **Description of proposed change**

To achieve a significant reduction against the on going cost of managing Hampshire's Waste Recycling Centres network. Hampshire currently provides more HWRCs than comparable authorities, with almost 85% of the population currently within five miles of an HWRC. Closure of up to half of the HWRCs network will result in longer travel distances for some users in order to dispose of their waste. There is also the potential for amended opening hours across the HWRC network, which could either limit or enhance users' ability to access the service dependant on location. Subject to a change in the law, an introduction of a nominal charge for access to the HWRCs would have an impact upon service users who would be obliged to make a small financial contribution to dispose of their waste. However, this would also eliminate the need for site closures.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

Hampshire County Council consulted on similar proposals as part of its proposed 2017 programme of savings, details of which may be viewed in the report presented to the Executive Member for Environment and Transport's Decision Day on the 22nd July 2016.

## **Impacts of the proposed change**

This impact assessment covers Service users

Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

**Other policy considerations**

Poverty Impact	Low Possible requirement to travel further to sites and incur increased petrol costs, which may impact upon lower income residents disproportionately. If legal changes make charging for access permissible, poorer people will be disproportionately affected by virtue of their being less able to pay.
Rurality Impact	Low Smaller rural HWRC sites are under possible threat of closure. Rural residents may have to make longer journeys to access the service.
Mitigation	

**Additional Information**

The review will look at re-provisioning of remaining HWRC infrastructure in support of best available geographical coverage for the overall network. This should help mitigate some of the impacts upon the groups considered above.

Engagement will be undertaken with local residents in advance of any closures to help identify best options for future HWRC use.

A further impact assessment will be undertaken in advance of any executive decisions.

# Equality Impact Assessment

Name of project/proposal	T19 Economic Development Operating Model
Originator	Poyntz-Wright, Patrick
Email address	Patrick.Poyntz-Wright@hants.gov.uk
Department	Economy, Transport and Environment
Date of Assessment	21 Aug 2017

## **Description of Service / Policy**

The Economic Development function plays a significant and valuable role in supporting the economy and prosperity of Hampshire. Key priorities include:

- Business Growth – supporting indigenous growth and enabling the attraction of inward investment into Hampshire, with a specific focus on key sectors including aerospace & defence, marine & maritime, financial services and digital;
- Regeneration and Development – facilitating transformational regeneration projects such as the Solent Enterprise Zone (Daedalus) and the new Farnborough International Conference and Exhibition Centre;
- Tourism – being a key sector for Hampshire, the County Council is the primary tourism promotion organisation for the county, through the Visit Hampshire service. Geographical impact\*

## **Description of proposed change**

Reduce department-wide staff revenue costs whilst still delivering good quality core services for customers. The new Operating Model will introduce new ways of working, including digital approaches, across all of the Department's services. This will primarily impact on staff, the precise nature of which is to be confirmed but likely to be medium. It remains too early at this stage to determine what impact there will be on service users and partners. Further equalities impact assessments will be carried out as appropriate when proposals become clearer, including where necessary taking into consideration the profile of staff in affected areas to determine likely impact upon people with protected characteristics..

## **Engagement and consultation**

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal. However, the County Council carried out a major consultation exercise over the Summer of 2017 on a range of options for finding further budget savings, including increasing council tax, using reserves and making changes to the way services are delivered, which may mean reducing or withdrawing services, or indeed making revised charges. The outcome of this consultation will be reported to Cabinet in October 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers

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HCC Staff (and partners)

<b>Statutory considerations</b>	<b>Impact</b>
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Age	Neutral
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Disability	Neutral
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender	Neutral
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Marriage and civil partnership	Neutral
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Pregnancy and Maternity	Neutral
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<b>Other policy considerations</b>	
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Poverty	Neutral
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Rurality	Neutral
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Neutrality Statement	At present, there is no reason to think that emerging proposals will result in disproportionate impacts upon people with protected characteristics. However, as proposals develop, further impact assessments will be undertaken as appropriate to inform decision making, and where necessary this will involve reference to staff profiles to determine the impact upon people with protected characteristics.
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***Additional Information***

The savings proposals for Economic Development have been deliberately designed so as to absolutely minimise the impact on our effectiveness to deliver services which support the economy in Hampshire. This will be primarily achieved through greater pooling of resources with partner organisations, and continued focus on those activities which have maximum positive economic impact.

# Equality Impact Assessment

**Name of project/proposal** TT19 - Shared Services

Contact name Gary Westbrook  
Department Corporate Services  
Date to be published on Hantsweb 14 Sep 2017

## Purpose for project/proposal

The IBC will need to make productivity and efficiency savings to delivery TT19 budget reduction targets. The developing programme of work to deliver the savings will not change the overarching design principles of the self service operating model. Key areas of developing focus are:

- Working across the shared services partnership to improve the effectiveness customer contact / customer insight model. This aims to reduce the amount of failed demand overseen by the IBC in both dealing with customer contacts and making manual retrospective adjustments. There will be an expectation that employees, managers, shoppers and approvers across the partnership follow correct and standard business process. This will be supported by improved on-line guidance and support and search and navigation functionality. Additional support will be made available through e-learning modules where appropriate
- Continue to optimise self service by continued investment in self service technology.
- The IBC will not be resourced to process or transact 'on-behalf-of' and non-compliance with standard self-service processes will be rigorously monitored. Repeated poor compliance will necessitate the need to increase staffing levels within the IBC which in turn will need to be funded by placing 'charges' on those departments deviating from standard process

## Consultation

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## Statutory considerations

### Impact

Age	None
Disability	Low
Sexual orientation	None
Race	None
Religion and belief	None
Gender reassignment	None
Sex	None
Marriage and civil partnership	None
Pregnancy and maternity	Low

## Other policy considerations

Poverty None  
Rurality None  
Other factors None  
If other please describe

Geographical impact All Hampshire  
Have you identified any medium or high  Yes  No  
impact?\*

This is an internal Corporate Resources project, aiming to improve the efficiency and effectiveness of a self service / technology enabled operating model that will not directly impact upon the residents of Hampshire.

We are mindful that some users with a disability may not be able to self serve effectively using technology. Technology is being developed with this in mind, and exceptional alternative business processes will be developed where a disability impacts the ability of a customer to transact with the service.

Maternity / Pregnancy and Family Friendly transactions form part of the scope of the review of self service forms currently being used. These are likely to be positively changed to make them more automated and user friendly.

## Final decision date

Final decision date due 22 Sep 2017  
Decision to be made by Executive Member

# Equality Impact Assessment

## Name of project/proposal

T19 - Review of the Finance Service

Contact name

Rob Carr

Department

Corporate Services

Date to be published on Hantsweb

14 Sep 2017

## Purpose for project/proposal

To review the Finance Service operating model that will be implemented as part of the Transformation to 2019 savings proposals, in order to produce efficiencies within the service, where possible, and promote a greater level of self service across the County Council and our partners, underpinned by changes in technology and reporting. The aim is to reduce the total level of resources employed within the Finance Service over time in order to make savings in the order of £900,000.

## Consultation

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major consultation over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required. A consultation with staff on proposed changes to the Finance Service will take place before any final changes are implemented.

## Statutory considerations

### Impact

Age	Low
Disability	None
Sexual orientation	None
Race	None
Religion and belief	None
Gender reassignment	Low
Sex	None
Marriage and civil partnership	None
Pregnancy and maternity	Low

### Other policy considerations

Poverty	None
Rurality	None
Other factors	None
If other please describe	

Geographical impact

All Hampshire

Have you identified any medium or high impact?\*

Yes

No

The Finance Service does not provide any direct services to the public, it is an internal

support service providing a range of financial services such as accounting, monitoring and budgeting for Hampshire County Council and partner organisations. Changes to the service arising from the review will impact on internal Departments, but in the main the full suite of services will remain in one form or another in order to maintain effective finance support to our customers.

Consultation with staff affected will be carried out as part of the review and although the service has a high concentration of women and a slightly older age profile, it is not anticipated that the proposed changes will impact more specifically on these groups compared to any others.

Views will also be sought from Departments and partner organisations on the proposals, but the impact on members of the public and those with protected characteristics are expected to be minimal and would be very difficult to track / assess. Whilst it is possible that the changes in the Finance Service will have some impact on Departments in terms of changing the way they operate in respect of financial administration, this will be mitigated by forward planning, training, communications and improved reporting and guidance in order to minimise the impact on Departments and the potential for any impact on the services they provide to the public.

### **Final decision date**

Final decision date due  
Decision to be made by

22 Sep 2017  
Executive Member

# Equality Impact Assessment

Name of project/proposal HR Transformation Programme to 2019  
Originator Jefferies, Ashley  
Email address ashley.jefferies@hants.gov.uk  
Department Corporate Services  
Date of Assessment 25 Aug 2017

## **Description of Service / Policy**

The HR Service is made up of 6 functional areas; HR Advice & Case Management, Organisational Change, Recruitment, Policy & Reward, Workforce Development and Business Partners.

Geographical impact\* Eastleigh Winchester

## **Description of proposed change**

The project links with the Council's Transformation to 2019 programme and the requirement to re-shape and innovate service provision in response to reductions in Government funding. The purpose of the project is to build on the Transformation to 2017 programme and create a more efficient and effective HR Service which is provided to HCC and its partners by; changes in the operating model, technology & communication channel shift and greater emphasis on income generation.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017. When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

#### **Impact**

Age Impact Low  
71.64% of the HR workforce are aged between 30-54 years old, compared to 65.76% of Corporate Services and 63.35% of HCC as a whole.

Disability Impact Low  
4.10% of the HR workforce are known to have a disability, compared to 2.67% of Corporate Services and 1.66% of HCC as a whole.

Sexual Orientation	Neutral
Race Impact	Low 7.84% of the HR workforce are of BME origin, compared to 6.12% of Corporate Services and 6.78% of HCC as a whole.
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender Impact	Low Staff working in HR are predominately female (85.08%), which equates to 228 females and 40 males across the department. The gender split across Corporate Services is 65% female and 35% male, and across the whole of HCC it is 77% female and 23% male.
Marriage and civil partnership	Neutral
Pregnancy and Maternity Impact	Low Due to the age and gender demographic within HR there is likely to be individuals on maternity/adoption or other family friendly leave. Currently there are approximately 7 individuals on family friendly leave across HR.
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality	Neutral

***Additional Information***

# Equality Impact Assessment

## Name of project/proposal

TT19 - IT Services

Contact name

Simon Williams

Department

Corporate Services

Date to be published on Hantsweb

29 Sep 2017

## Purpose for project/proposal

IT Services will need to make a number of productivity and efficiency savings to deliver Transformation to 2019 budget reduction targets, as well as mitigate against the loss of income from two public sector partners in Hampshire. The programme of work will include a mix of operating model changes, technology shift and contract renegotiation. The key initiatives within the programme can be summarised as follows:

- Channel Shift frontline IT support. Significantly more automation and self-service (currently around 35%), reducing or even removing telephone support
- Improve asset management capability to increase re-utilisation and reduce over-purchasing
- Reduce levels of support for non-critical Line of Business (LOB) applications.
- Re-design of account management and consolidation of IT support for schools
- Project portfolio capped at £3m of internal IT resource
- Reduced support for the inception of new projects
- Review standby and out-of-hours arrangements
- Replace long-term contractors with Permanent staff
- Procure new backup solution
- Reduce back-up retention from 90 to 30 days in line with industry standard
- Move email infrastructure (MS exchange) into the cloud
- Move Disaster Recovery to the cloud
- Consolidate server technology
- Transition the Data Centre to be remotely managed
- Decommission redundant technologies (e.g. HantsFile)
- Review Desktop delivery model
- Renegotiate / Re-tender HPSN contract
- Conduct review and renegotiation of software contracts

## Consultation

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out for this proposal, however the County Council has carried out a major consultation later this year, on a range of options for finding further budget savings, including setting council tax, using reserve and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services.

When decisions are made to pursue options, further specific consultation may be undertaken with stakeholders on the detailed options where required and appropriate.

## Statutory considerations

### Impact

Age

None

Disability

None

Sexual orientation	None
Race	None
Religion and belief	None
Gender reassignment	None
Sex	None
Marriage and civil partnership	None
Pregnancy and maternity	None
<b>Other policy considerations</b>	
Poverty	None
Rurality	None
Other factors	None
If other please describe	

Geographical impact All Hampshire

Have you identified any medium or high impact?  Yes  No

This is an internal Corporate Resources project, aimed at improving the efficiency and effectiveness of IT services, and will not directly impact upon the residents of Hampshire. Any impact to staff will be managed according to HR policy.

### **Final decision date**

Final decision date due	22 Sep 2017
Decision to be made by	Executive Member

# Equality Impact Assessment

## Name of project/proposal

Tt2019 - Corporate Assurance Mapping

Contact name

Neil Pitman

Department

Corporate Services

Date to be published on Hantsweb

14 Sep 2017

## Purpose for project/proposal

Assurance mapping identifies and records the key sources of assurance that inform management and those charged with governance on the effectiveness of the key control / processes that are relied on to manage risk and achieve the organisations objectives. Assurance mapping provides organisations with an improved ability to understand and confirm that they 'do really know what they think they know'.

The outcome of the assurance mapping exercise will provide a comprehensive picture of where the organisation receives assurance, highlighting instances of over assurance (duplication) and potential areas of under assurance where additional focus maybe required. Results provide the potential to free up audit resource and build capacity for sold service initiatives.

## Consultation

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major consultation exercise over the summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## Statutory considerations

### Impact

Age	None
Disability	None
Sexual orientation	None
Race	None
Religion and belief	None
Gender reassignment	None
Sex	None
Marriage and civil partnership	None
Pregnancy and maternity	None

### Other policy considerations

Poverty	None
Rurality	None
Other factors	None
If other please describe	

Geographical impact

Have you identified any medium or high impact?\*

Non-specific

Yes

No

function. The role of the service is to provide assurance to management and those charged with governance within the organisation. The work of internal audit is driven by risk and as such does not impact or compromise any of the groups highlighted.

**Final decision date**

Final decision date due  
Decision to be made by

22 Sep 2017  
Executive Member

# Equality Impact Assessment

Name of project/proposal T19 Law and Governance Operational Improvements  
Originator Kelly, David  
Email address David.Kelly@hants.gov.uk  
Department Corporate Services  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

Re-procurement of the Healthwatch Contract. This contract enables the contractor to act as the consumer champion for health and care in Hampshire. The proposed savings will be found by the contractor.

Better use of Technology. The legal team will move to electronic bundles for safeguarding court work and Democratic and Member's Services will move the County Council towards and electronic model for decision making.

Supplies and Services. Legal resources will be re-procured to deliver savings. .

Operating Model. The operating model for Law and Governance will be reviewed and any vacant posts/posts will be removed from the structure

Geographical impact\* All Hampshire

## **Description of proposed change**

The savings to be found in supplies and services and operating model are internal and will have no impact on persons with protected characteristics. The re-procurement of the healthwatch contract may have a low impact on health related protected characteristics but will still require the contractor to provide an effective and compliant service. Better use of technology should have no impact as appropriate devices and training will be provided to all concerned to manage the changes.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

**Statutory considerations**                      **Impact**

Age    Low  
Impact

Disability Impact	Low
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity Impact	Low

**Other policy considerations**

Poverty	Neutral
Rurality	Neutral

***Additional Information***

# Equality Impact Assessment

Name of project/proposal	L&G T19 Project Manage Internal Demand and Increase External Income
Originator	Kelly, David
Email address	David.Kelly@hants.gov.uk
Department	Corporate Services
Date of Assessment	24 Aug 2017

## **Description of Service / Policy**

HLS provides a range of legal services to Hampshire County Council departments and also to a growing number of external clients. The users of the service are HCC departments, schools, and other external public/quasi public bodies.

Geographical impact\* All Hampshire

## **Description of proposed change**

The proposed change is to reduce the total number of hours of legal support available to HCC departments by a maximum of 10,000 hours, or a minimum of 5,000 hours per year by 2019. The total number of hours support provided in 16/17 was c 77,000. The reduction will be achieved through working with departments to define priorities and areas where Legal Services will be reduced or stopped. The capacity that is released will be used to undertake external, income generating work to contribute to T19 savings targets

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

#### **Impact**

Age Impact	Low No direct impacts. It is possible that as a consequence of the reduced level of legal support to HCC departments there will be impacts on front line service delivery, e.g. in Adult or Children's Social care. To mitigate this, HLS is confident it can continue to provide an adequate legal service to ensure departments act lawfully, and is working to improve its productivity so that the reduction in the number of hours of support to departments has less impact.
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Disability Impact	Low No direct impacts. It is possible that as a consequence of the reduced level of legal support to HCC departments there will be impacts on front line service delivery, e.g. in Adult or Children's Social care. To mitigate this, HLS is confident it can continue to provide an adequate legal service to ensure departments act lawfully, and is working to improve its productivity so that the reduction in the number of hours of support to departments has less imp
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Sexual Orientation	Neutral
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Race	Neutral
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Religion and Belief	Neutral
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Gender Reassignment	Neutral
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Gender	Neutral
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Marriage and civil partnership	Neutral
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Pregnancy and Maternity	Neutral
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**Other policy considerations**

Poverty Impact	Low No direct impacts. It is possible that as a consequence of the reduced level of legal support to HCC departments there will be impacts on front line service delivery, e.g. in Adult or Children's Social care. To mitigate this, HLS is confident it can continue to provide an adequate legal service to ensure departments act lawfully, and is working to improve its productivity so that the reduction in the number of hours of support to departments has less imp
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Rurality Impact	Low No direct impacts. It is possible that as a consequence of the reduced level of legal support to HCC departments there will be impacts on front line service delivery, e.g. in Adult or Children's Social care. To mitigate this, HLS is confident it can continue to provide an adequate legal service to ensure departments act lawfully, and is working to improve its productivity so that the reduction in the number of hours of support to departments has less imp
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Mitigation

**Additional Information**

As this proposal affects an internal support service only, the impacts are low. HLS will work with departments to mitigate any risks/adverse impacts to acceptable levels.

# Equality Impact Assessment

Name of project/proposal Transformation Practice T19 Generating income through external consultancy and training services  
Originator Wood, Linda  
Email address Linda.Wood2@hants.gov.uk  
Department Corporate Services  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

The Transformation Practice in Hampshire County Council is an internal management consultancy established to design, lead and manage programmes and discrete projects of sustainable service transformation that realise measurable benefits for its clients. The clients are primarily the departments within the Council itself.

To support the authority in meeting the financial challenges to 2019, the Practice will pursue opportunities to offset some of the costs to run the service by generating income from external markets.

Geographical impact\* All Hampshire

## **Description of proposed change**

The Transformation Practice will establish a strategy to identify and target organisations that may benefit from use of the existing skills within the Practice to support their transformation, improvement or change agendas.

A small proportion of staffing resource will be tasked with this initial development work and on-going business functions. Any staff within the team may deliver the work to meet the client's requirements. This will be managed carefully alongside existing internally focused work to ensure that there is sufficient capacity and resilience in the system to maintain high standards of delivery.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers HCC Staff (and partners)

### **Statutory considerations**

Age Neutral

Disability Neutral

Sexual Orientation Neutral

Race Neutral

Religion and Belief Neutral

Gender Reassignment Neutral

Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

**Other policy considerations**

Poverty Neutral

Rurality Neutral

Neutrality Statement The proposal is about doing more of the type of work that is already delivered through the Transformation Practice. Our existing systems for establishing contracts for work and deciding who has the most appropriate skills and capacity to deliver the contract will continue to be applied. These take account of the specific needs of individual members of staff with any particular characteristics, as well as any client requirements.

***Additional Information***

# Equality Impact Assessment

## Name of project/proposal

T19 CES Operating Model Redesign

Contact name

Philippa Mellish

Department

Corporate Services

Date to be published on Hantsweb

14 Sep 2017

## Purpose for project/proposal

### Service area / policy -

The Customer Engagement Service (CES) has a target to reduce its budget by £740,000 by April 2019 in order to support the County Council's need to make a further £140 million savings in response to national austerity measures, as well as demographic and infraltionary pressures. It is proposed that the CES savings target will be achieved in part through revising the way the CES delivers its services in order to reduce overall overheads.

The CES comprises the following teams: Hantsweb (the County Council's web service); Hantsdirect (the County Council's call centre); Insight & Engagement (including public consultation and engagement, policy, performance and strategic partnerships); Marketing and Advertising; and Corporate Communications. These teams sit alongside the Leader's and Chief Exeutive's offices. 91% of the CES net annual expenditure is attributable to salary costs. Together the teams provide a range of core support functions to internal County Council departments, including Councillors.

### Change description -

The majority of savings will be made by restructuring the CES and reducing the overall number of staff, whilst further increasing opportunities to generate income to offset costs, and continuing to maximise the use of technology. This proposal does not include restructuring Hanstdirect.

## Consultation

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal - however, the County Council carried out a public consultation exercise over the Summer 2017 called *Serving Hampshire - Balancing the Budget*. This sought views on a range of high-level options for finding further budget savings, including increasing Council Tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in autumn 2017.

Once decisions are made on the high level options for balancing the County Council's budget, further consultation will be carried out with stakeholders on any proposed service-specific changes, where required.

Staff within the CES will be formally engaged and consulted on the proposed team restructure. The CES will also engage the County Council's departments on any planned changes to its services.

## Statutory considerations

### Impact

Age

Low

Disability

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Sexual orientation

None

Race	None
Religion and belief	None
Gender reassignment	None
Sex	Low
Marriage and civil partnership	None
Pregnancy and maternity	None
<b>Other policy considerations</b>	
Poverty	None
Rurality	None
Other factors	None
If other please describe	

Geographical impact Non-specific

Have you identified any medium or high impact?\*

Yes  No

The Customer Engagement Service (CES) will reduce its budget by £740,000 by April 2019 through revising the way the CES delivers its services, including by restructuring teams to reduce the overall number of staff, further increasing opportunities to generate income to offset costs, and continuing to maximise the use of technology.

The greatest impact will be on staff within the CES. It may be more difficult to provide a robust business case for agreeing voluntary redundancy with staff members who have worked for the County Council for a longer period, and therefore may be older - due to the costs of redundancy outweighing the business benefit. Women may also be impacted more than men simply by virtue of the fact that there are more women working in the CES than men.

**Final decision date**

Final decision date due	22 Sep 2017
Decision to be made by	Executive Member

# Equality Impact Assessment

Name of project/proposal T19 Channel Shift - Hantsdirect  
Originator Mellish, Philippa  
Email address Philippa.Mellish@hants.gov.uk  
Department Corporate Services  
Date of Assessment 21 Aug 2017

## **Description of Service / Policy**

Hantsdirect manages around 600,000 contacts from the public each year. The primary method of communication is by telephone. Increasing numbers of Hantsdirect residents have access to the internet and many already access information, or complete service applications, online. Encouraging more Hampshire residents to use digital services will reduce costs by enabling the County Council to run Hantsdirect with fewer staff. The primary aim of channel shift is to enable residents to access the services and information they need more easily online in order to reduce the need for them to contact the County Council by telephone.

Geographical impact\* All Hampshire

## **Description of proposed change**

Existing contact information will be analysed to identify where improvements could be made. If, for example, call data suggests that people are calling because there is insufficient information on the County Council's website, additional information will be provided,. Until this analysis is complete, it is difficult to pinpoint specific changes. In general, however, although customers will be encouraged to self-serve online wherever possible, existing methods of contact (such as telephone and text-phone) and support to access services (such as translation services) will remain available.

## **Engagement and consultation**

Has engagement or consultation been carried out? Planned

No specific consultation has been carried out on this proposal - however, the County Council carried out a public consultation exercise over the Summer 2017 which sought views on a range of options for finding further budget savings, including increasing Council Tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in autumn 2017.

Once decisions are made on the options for balancing the budget, further consultation will be carried out on any proposed service-specific changes, where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

#### **Impact**

Age Impact Low  
People over the age of 65, especially if they live alone, are less likely to have the internet (Office of National Statistics – Internet Access, Households and Individuals 2016, figure 14). This will be mitigated by ensuring that traditional contact methods, such as telephone and text-phone, will continue to

be available.

Disability  
Impact

Low

There will be no change in access methods for people with disabilities, and the Accessible Information Standards will be adhered to in all communications. This will continue to ensure that people who have a disability of any kind get information that they can access and understand – for example, by providing information in plain English, or in different formats (such as large print, braille easy read or via email) and providing support to help individuals communicate (for example, support from a British Sign Language Interpreter, deafblind manual interpreter or an advocate).

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Neutral

Marriage and civil  
partnership

Neutral

Pregnancy and  
Maternity

Neutral

### **Other policy considerations**

Poverty  
Impact

Low

Although poverty can be a factor in restricting digital access, as there is no plan to remove existing methods of contact such as telephone and text-phone, residents from all socio-economic backgrounds will continue to be able to access services as they do now.

Rurality  
Impact

Low

Recognising that broadband speeds can be a factor in accessing digital services., the design and development of web information ensures that access to services and information online is quick to find and does not require sizeable bandwidth to function effectively.

Mitigation

### **Additional Information**

There may also be positive impacts for some protected groups through the provision of improved information relevant to their specific characteristics.

The channel shift project has also been informed by engagement sessions with c.100 older people, which took place last year.

Name of project/proposal	Increase in Ceremony Registration Fees from April 2017
Originator	Bartlett, Jane
Email address	jane.bartlett@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	16 May 2017

### **Description of Service / Policy**

Hampshire Registration Service offers a variety of ceremonies including civil marriage and civil partnerships. Death bed marriages and registration of marriage in religious buildings fees are set by the General Register Office and are statutory and are therefore unable to be set or changed locally. The fees for other ceremonies have been reviewed and adjusted to take into account the cost recovery and to be more in line with other local authorities.

Geographical impact\* All Hampshire

### **Description of proposed change**

Raising fees for ceremonies delivered in Hampshire Approved Venues and Register Office ceremony rooms from 1st April 2017, with further increases taking place annually up to 2019/20. Increases vary across the range of ceremony options by up to 12%. Fees will be reviewed in October each year with any further adjustments to take effect from January the following year. Previously published fees will be honoured for customers who have already prepaid for ceremonies during 2017/18.

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

## ***Impacts of the proposed change***

This impact assessment covers Service users

### **Statutory considerations**

	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

### **Other policy considerations**

Poverty Impact	Low Any increase in fees charged to the public will undoubtedly impact on those customers working within a tight budget. It is important to be aware that these will be maintained. Fees are 'one off' charges for customers and not a regular burden or requirement for them throughout their normal life. However there are a range of options available at different rates depending on the day of the ceremony and type and size of venue. The fees are suitable for a range of customer budgets which will be maintained. There is also a facility for a basic statutory marriage ceremony in Basingstoke, Winchester, Fareham or Aldershot Register Offices costing £50.
Rurality	Neutral

## ***Additional Information***

Fee increases were identified via a full cost profiling exercise, identifying areas where the service was not achieving full cost recovery as well as benchmarking against fees charged by other local authorities within the South East region to ensure commercial viability. The benchmarking exercise is carried out annually with Registration Authorities within the SE Region including large authorities such as Kent and Surrey.

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Name of project/proposal	T19 Trading Standards Transformation Programme
Originator	Edsell, Jane
Email address	jane.edsell@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	07 Aug 2017

### **Description of Service / Policy**

Trading Standards is a law enforcement body. The service provides professional advice to businesses and investigates non compliances in relation to more than 200 pieces of legislation. The authority to take such action with powers granted within the legislation that is balanced alongside the delivery of discretionary services. The service supports vulnerable adults in conjunction with Adult Services particularly around reducing the impact of doorstep crime and financial abuse, and has a number of statutory responsibilities to deliver against national, regional and local needs.

Geographical impact\* All Hampshire

### **Description of proposed change**

Increase income generation by creating new income streams and enhancing current income generation activities

- Focus on preventative activities by working with volunteers and local communities to help provide support and information
- Reduce 1:1 support of vulnerable adults
- Digitalisation of consumer education activities
- Stop some/all non statutory activities
- A different service delivery model and associated staff restructure

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

On going engagement with Adult Services with respect to the delivery of non statutory services.

Staff consultation will take place once a clearer picture emerges of what should be delivered and how.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017. When decisions are made to pursue the options, further

specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

## ***Impacts of the proposed change***

This impact assessment covers Service users

### **Statutory considerations**

Age

Impact

### **Impact**

Low

The victim profile for doorstep crime and financial abuse is typically individuals aged over 60. Changing the delivery model will disproportionately impact on older people. As the Service engages with a very small number of vulnerable adults compared to the population as a whole, the impact is expected to be low.

Disability

Impact

Low

The victim profile for doorstep crime and financial abuse is typically individuals with reduced mental capacity. Changing the delivery model will disproportionately impact disabled people. As the Service engages with a very small number of vulnerable adults compared to the population as a whole, the impact is expected to be low.

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Impact

Low

The victim profile for doorstep crime and financial abuse is typically individuals who are female. Changing the delivery model will disproportionately impact on females. As the Service engages with a very small number of vulnerable adults compared to the population as a whole, the impact is expected to be low.

Marriage and civil partnership

Neutral

Pregnancy and Maternity

Neutral

## Other policy considerations

Poverty  
Impact

Positive

A move to preventative work will help increase resilience of the population and therefore reduce the incidences of doorstep crime and financial abuse. By digitalising consumer education materials will enable the service to reach a larger number of young people to help reduce the chances of being ripped off. Lessons learned early to help prevent being caught out later in life.

Rurality

Neutral

## ***Additional Information***

The impact on the population as a whole is expected to be positive as the Service moves towards prevention focussed measures. This is considered to be more effective at reducing vulnerability to doorstep crime and financial abuse over the longer term rather than picking up the pieces after the event. The creation of and use of a volunteer network extends the reach of core staff employed by the authority and builds on a self help model of delivery where feasible.

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# Equality Impact Assessment

Name of project/proposal	T19 Hampshire Scientific Services income generation
Originator	Wonham, Tiffany
Email address	Tiffany.Wonham@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	25 May 2017

## **Description of Service / Policy**

Hampshire Scientific Services are an Official Food and Feed Control Laboratory which currently provides analytical testing and consultancy regarding Food / Feed Legislation to other government bodies for enforcement purposes.

Geographical impact\* All Hampshire

## **Description of proposed change**

It is proposed to increase income generation by offering current services to food / feed businesses to provide due diligence testing, accurate food labelling and analytical certificates to demonstrate compliance with food legislation. Working initially with Hampshire Trading Standards and potentially other partners to provide a one stop shop to businesses for all assured advice needs, this initiative would support economic growth and also increase income into HCC.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific consultation will be carried out with stakeholders on the detailed options where required.

## **Impacts of the proposed change**

This impact assessment covers Service users

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral

# Equality Impact Assessment

Disability Neutral

Sexual Orientation Neutral

Race Neutral

Religion and Belief Neutral

Gender Reassignment Neutral

Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

## **Other policy considerations**

Poverty Neutral

Rurality Neutral

Neutrality Statement Hampshire Scientific Services provide analytical and consulting services to departments for enforcement purposes and do not work directly with Hampshire residents. This initiative is to increase services to business and will have no impact on existing services.

## **Additional Information**

EIA completed on behalf of Anne Scarrett.

# Equality Impact Assessment

Name of project/proposal	T19 Asbestos Management Services
Originator	Cobley, Arran
Email address	arran.cobley@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	23 May 2017

## **Description of Service / Policy**

The Asbestos Management Service forms part of Hampshire Scientific Service and delivers United Kingdom Accreditation Service (UKAS) accredited asbestos testing and inspection services (asbestos surveys, air monitoring, analysis of samples and safety inspections) to Hampshire County Council and other public sector clients. Services also include the management of the asbestos database which contains details of around 90,000 asbestos items across around 800 sites. The database is not able to meet forthcoming changes to the Health and Safety Executive's (HSE's) asbestos requirements.

Geographical impact\* All Hampshire

## **Description of proposed change**

To replace existing asbestos management software with a system that allows users to access information about asbestos in our buildings via the internet, even to those working remotely. The new system will also improve how certificates are issued following asbestos removal, as per the Health and Safety Executive's (HSE's) new requirements, and will improve the efficiency of how asbestos data is collected and reported and, therefore, reduce costs. Current risks around software development and support will also be addressed by replacing the software.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

Consultation conducted with end users of asbestos information (including schools, Property Services colleagues and Constructions Contractors).

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

## ***Impacts of the proposed change***

This impact assessment covers Service users

### **Statutory considerations**

Age Neutral

Disability Impact Positive  
Positive impact on some disability groups – Web access to data is expected to benefit those with poor eyesight and the format of data is expected to make data easier to understand for those with a preference for visual information through greater use of annotated plans and photographs.

Sexual Orientation Neutral

Race Neutral

Religion and Belief Neutral

Gender Reassignment Neutral

Gender Neutral

Marriage and civil partnership Neutral

Pregnancy and Maternity Neutral

### **Other policy considerations**

Poverty Neutral

Rurality Neutral

## ***Additional Information***

Name of project/proposal	T19 Detailed Country Park Automatic Number Plate Recognition (ANPR) Installation
Originator	Rykowski, Pete
Email address	Pete.Rykowski@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	18 May 2017

### **Description of Service / Policy**

HCC manages a number of country parks and activity centres across the county, which offer a variety of activities including indoor activities, sports, camping, guided walks, seasonal events & corporate days. Activities are offered to a range of service user groups including schools, businesses, families, campers and other adult and child groups. Calshot, Staunton, Royal Victoria, Manor Farm, Lepe & Queen Elizabeth all offer onsite parking which is managed through a Pay and Display system. Compliance with parking charges was approximately 64% across all sites in 2014/15, and there are currently insufficient resources to undertake enforcement.

Geographical impact\* All Hampshire

### **Description of proposed change**

To install Automatic Number Plate Recognition (ANPR) parking systems at five Country Parks and Calshot Activity Centre, which will replace the current Pay & Display systems. ANPR technology utilises computers and security cameras for automatically reading vehicle number plates in an effort to enforce parking charges and increase security. The fully implemented system will also increase the quantity and quality of data collected for each site. In an effort to mitigate against any privacy impacts a privacy impact assessment was conducted on 07/03/17 and subsequently approved by the Departmental Senior Information Risk Owner. The ANPR system meets the requirements of Blue Badge holders not being charged.

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

Engagement has taken place with Country Park Staff and forums are planned to take place with other key stakeholders (site users other than visitors e.g scouts club, sailing club, residents). Although parking charges are currently in place the compliance rate for visitors adhering to these charges is low. The implementation of the ANPR would guarantee that visitors pay for their parking and therefore increase compliance close to 100%.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers Service users

#### **Statutory considerations**

#### **Impact**

Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

#### **Other policy considerations**

Poverty Impact	Low As stated previously parking charges are already in place at each site and due to the numerical size of the parking charge at each site being relatively low e.g.
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£2.50, the overall impact on impoverished groups will be very low.

Rurality

Neutral

## ***Additional Information***

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# Equality Impact Assessment

Name of project/proposal T19 Library Service Transformation Plan  
Originator Horsey, Nicola  
Email address nicola.horsey@hants.gov.uk  
Department Culture, Communities and Business Services  
Date of Assessment 23 Aug 2017

## **Description of Service / Policy**

Hampshire County Council's Library Service runs 48 libraries across Hampshire, providing residents with access to printed material, computers and digital resources. In April 2016 a new Library Strategy to 2020 was approved and proposals to deliver the savings needed for April 2019 are underpinned by this Strategy. A separate EIA was published alongside the new Strategy.

Geographical impact\* All Hampshire

## **Description of proposed change**

Self service technology will be installed in all libraries and vacancy management will continue to be rigorously applied to all staff vacancies, reducing staff numbers as far as possible. It is proposed to undertake a public consultation in 2018 on options to reduce the operating costs of running the Service. The options could include reducing opening hours, transferring libraries to be run by their local community, making greater use of volunteers and making a permanent reduction to the Book Fund.

## **Engagement and consultation**

Has engagement or consultation been carried out? Yes

No specific consultation has been carried out on these possible proposals. However, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

It is proposed to undertake a public consultation in 2018 on options to reduce the operating costs of running the Service.

## **Impacts of the proposed change**

This impact assessment covers Service users

### **Statutory considerations**

#### **Impact**

Age Impact Low  
Proportionately more older people use the Library Service and they may find it more difficult to use the self service technology to begin with. Library staff and volunteers will be on hand to assist customers and, from experience elsewhere in the other Hampshire libraries, customers find the self service kiosks easy to use.

Disability Impact	Low Customers with disabilities may find it difficult to use the self service technology to begin with. Library staff and volunteers will be on hand to assist customers and, from experience elsewhere in other Hampshire libraries, customers find the self service kiosks easy to use.
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral
<b>Other policy considerations</b>	
Poverty	Neutral
Rurality	Neutral

***Additional Information***

The self service technology is easy to use and customers who are new to it will be shown how to use it. It is already installed in 50% of Hampshire’s libraries and is proven to be easy to use.

Whilst there will be fewer staff in the Library Service in the future, customers will be able to take and return books via the self service technology, seeking help from staff when needed. Volunteers will be trained to help and support staff.

In addition the Library Service offers a wide range of digital resources, available all the time, which are constantly being developed and are proving to be increasingly popular.

Name of project/proposal	Property Services T19 Property Futures OVERVIEW
Originator	Lau Brown, Philippa
Email address	philippa.lau.brown@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	14 Aug 2017

### **Description of Service / Policy**

Property Services seeks to ensure it is a key enabler of public value, our core purpose is to deliver value across the entire estate throughout the asset lifecycle. Property Services includes over 400 staff working across a very wide breath of services from facilities management to design and urban planning. All services and staff are within the scope of the T19 Property Futures project. Property Services is not a front line service and has no direct interface with residents, public and taxpayers.

Geographical impact\* All Hampshire

### **Description of proposed change**

Since the existing operating model was last established in 2009, Property Services has evolved and it's current operating model is now complex and lacks transparency. The Property Futures project will review the current operating model in relation to the existing internal and external pressures and will refresh the vision and operating model. It is anticipated the change will release savings in line with the T19 targets and ensure Property Services is fit to respond to future pressures. It is anticipated that savings will be made through reducing role numbers.

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

Staff engagement has commenced to ensure all staff are clear on the reasons for change and possible impacts. Staff consultations commenced with all staff briefings in June followed by open 1 hour sessions to be held between July and September 2017 at accessible locations in Winchester, Havant, Totton and Basingstoke. These sessions focus on the current culture and future culture of Property Services. The content from these sessions will be shared in late September via an all staff survey, and will influence the design of the operating model. Further sessions are being arranged for October to continue the dialogue with all staff. Additional sessions by the end of the year are likely to focus on the outcomes of the Property Futures project and the implementation plan to realise the operational model and associated benefits.

Wider consultation with stakeholders including clients, providers, service leads, partners, senior officers and members has also commenced to ensure the future model encompasses the needs and requirements of our clients.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers HCC Staff (and partners)

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

## Other policy considerations

Poverty Neutral

Rurality Neutral

Neutrality Statement Until the new operating model is designed it is unclear the impact it could have on individual staff. Another EIA will be carried out at the end of the calendar year once the operating model is known to consider the impact on staff.

## ***Additional Information***

A further EIA will be undertaken at the point when the structural implications are formed, it will include a comprehensive review of staff characteristics to ensure that no particular groups or individual are adversely affected.

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Name of project/proposal	T19 Office Accommodation Strategy Overview
Originator	Hendy, Gail
Email address	Gail.Hendy@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	21 Jun 2017

### **Description of Service / Policy**

The provision of office accommodation for all HCC staff who work in HCC offices, or use them as a base for part of their working time. It excludes staff based in schools. Staff based exclusively in operational buildings (e.g. children's homes, nursing homes, depots) would also be unaffected. The office accommodation in scope for the strategy is comprised of Winchester HQ buildings (approximately 12, plus ancillary facilities such as storage), Area hub offices and smaller satellite offices (approximately 20 buildings in total)  
Geographical impact\* All Hampshire

### **Description of proposed change**

The T19 Office Accommodation strategy will result in the intensified use of office accommodation across the estate in order to realise savings of £1.3m by March 2019. A utilisation study was conducted across the office estate which evidences that many buildings are currently underutilised. The intention is to restore these buildings to efficient levels of occupation, at least in line with the levels intended when staff were originally moved into them as part of the Workstyle programme. Proposals may see the disposal of some buildings, with staff relocating to other offices or working in a more mobile way.

Staff impacts may include (i) staff working at higher staff:desk ratios than currently, especially where they have slipped over time as teams have reduced in size, (ii) staff being moved from their current office base to a different building or part of a building, (iii) changes in office environment such as different layouts of desks and furniture. Any changes will take into consideration special requirements such as accessibility.

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

Engagement is ongoing: We are piloting intensification of use in different buildings and continue to review the findings to inform the developing strategy. We have engaged with all departments through their Transformation Leads and plan to meet with departmental representatives again in September. We will engage formally with DMTs in October. These discussions continue to help shape the development of our options and recommendations. All staff have had

the opportunity to provide feedback through a survey of drop in provision which will be used to consider the future role of drop in facilities to support the strategy.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers HCC Staff (and partners)

#### **Statutory considerations**

Age

#### **Impact**

Neutral

Disability  
Impact

Low

Any relocation of staff may have particular implications for those who are disabled. For example, staff with a physical disability may require wheelchair access, or need to be based on the ground floor of a building if it doesn't have a lift. The needs of those with any nonphysical disability would also be considered, for example, some mental health conditions may be exacerbated by a more intense use of office space, hence the provision of break out spaces and smaller spaces for quiet working will remain important. Where staff with a disability may be unduly impacted by a change to their office accommodation, this will be managed and mitigated through the existing legal framework and corporate policy relating to the employer making reasonable adjustments in the workplace to meet the needs of disabled staff. This approach is already in place and has been used to good effect throughout previous phases of the Workstyle programme. We will continue

	to follow the current property services access policy which is designed to address the needs of staff with a disability.
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

## **Other policy considerations**

Poverty	Neutral
Rurality	Low

If an office building is closed staff living in rural locations may need to travel further to reach their designated office base.

Mitigation	This would be managed through the existing HR policy relating to a change of designated work base. We are reviewing the drop in strategy, which may result in different HCC locations becoming available for staff to use as drop in. In addition, the Enabling Productivity project is intending to roll out mobile devices to a significant proportion of the workforce, enabling staff to work more flexibly across a range of work settings rather than tethering them to a designated office base. It should be noted that staff already have access to request flexible working through the existing corporate flexible working policy.
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## **Additional Information**

The Office Accommodation Strategy is intended to build on the learning from the Workstyle programme which has been successfully rolled out across the organisation since 2010, promoting the use of shared space and smarter flexible working.

The strategy is also intended to complement the corporate Enabling Productivity project which seeks to increase staff productivity through the provision of technology (systems and devices) that facilitates a move to more flexible and mobile working as a means to achieve a more agile, effective and efficient workforce.

Name of project/proposal	Hampshire Record Office Archives and Local Studies T2019 Proposals (T19)
Originator	Tickle, John (CCBS)
Email address	john.tickle@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	18 Aug 2017

### **Description of Service / Policy**

Hampshire's Archives and Local Studies service provides public access to archives relating to Hampshire and its people. Admission to the public search room is free, as is the consultation of documents (which includes film and sound archives in Wessex Film and Sound Archive). However, we apply charges to a wide range of copying services, and to added value services including research, events (talks, workshops etc), use of images in publications, and facilities such as room hire.

Geographical impact\* All Hampshire

### **Description of proposed change**

The Service needs to generate additional income, and make further cost reductions to save £154,000. Additional income will be achieved through an increased commercial approach (e.g. online pay-per-view access), introduction of donations, contributions from depositors and provision of paid-for professional services to partners. A revised charging framework, based on full cost recovery, will also be applied and the service will make workforce reductions through staff turnover to achieve cost savings.

### **Engagement and consultation**

Has engagement or consultation been carried out?      Yes

Correspondence with key depositors.

Discussion with the Hampshire Archives Trust.

Ongoing discussion with Hampshire Records Office customer liaison group.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

## ***Impacts of the proposed change***

This impact assessment covers Service users

### **Statutory considerations**

Age

Impact

### **Impact**

Low

In the latest Survey of Visitors to UK archives 56% of our visitors were aged over 60 so older people are well represented in our customer base (we have less evidence for our remote customers but a small survey of 28 responses in Sep 2015 indicates a similar profile). Visitor postcode analysis for 2012-15 shows a high proportion of our visitors with disposable income. While the increases are high in proportional terms, they are from a low base (eg £6 copying charge increasing to £10) so the impact for this group is assessed as low.

Disability

Neutral

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Neutral

Marriage and civil partnership

Neutral

Pregnancy and Maternity

Neutral

### **Other policy considerations**

Poverty

Low

Impact	Analysis of visitor postcode analysis for 2012-15 showed a smaller proportion of our visitors have less disposable income. The increases are high in proportional terms but are from a low base (eg £6 copying charge increasing to £10) so the impact for this group is assessed as low, particularly so as the services provided are largely discretionary.
Rurality	Low Analysis of visitor postcode analysis for 2012-15 showed a small number of our visitors live in isolated rural areas. The increases are high in proportional terms but are from a low base (eg £6 copying charge increasing to £10) so the impact for this group is assessed as low, particularly since the group comprises only 4% of our customer base.
Mitigation	

### ***Additional Information***

The extra income targets are orientated primarily at discretionary, choose to use, areas of activity and service that will have minimum impact upon core service users. Steps are being taken to mitigate the potential loss of community archive outreach services by a combination of volunteer training, on line resources and seeking external financial support.

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Name of project/proposal	T19 Automatic Number Plate Recognition (ANPR) at Calshot Activities Centre
Originator	Palmer, Alistair
Email address	Alistair.Palmer@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	17 Aug 2017

### **Description of Service / Policy**

This project forms part of the T19 Detailed Country Park Automatic Number Plate Recognition (ANPR) Installation (EIA completed by Pete Rykowski). Calshot Activities Centre offers onsite parking which is managed through a Pay and Display system. Compliance with parking charges was approximately 15% in 2014/15, and there are currently insufficient resources to undertake enforcement. Calshot also charges for boat launching from the site which will form part of the ANPR.

Geographical impact\* New Forest

### **Description of proposed change**

To install Automatic Number Plate Recognition (ANPR) parking systems at Calshot Activities Centre, which will replace the current Pay & Display systems. (ANPR) technology utilises computers and security cameras for automatically reading vehicle number plates in an effort to enforce parking charges and increase security. The fully implemented system will also increase the quantity and quality of data collected for the site. The ANPR system meets the requirements of Blue Badge holders not being charged. It is envisaged that current parking fee arrangements will remain as currently advertised. This includes free parking for customers who are buying services from the Centre.

### **Engagement and consultation**

Has engagement or consultation been carried out? Yes

A wide variety of stakeholders use the Calshot site. A consultation period operated from February 2017 to May 2017, during which staff, customers, clubs, emergency services and volunteer organisations such as the RNLI were consulted. The questions from stakeholders have all been recorded and responded to. An example of this is ensuring access is maintained for RNLI and NCI volunteers as well as emergency access to all areas of the site. The location of the entrance barrier will take account of the Calshot Sailing Club entrance to their compound, such that pedestrian access and safety is maximised. Further communication with stakeholders is planned following the tender process, which will enable use to fully understand the software and its capabilities.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers Service users

<b>Statutory considerations</b>	<b>Impact</b>
Age	Neutral
Disability	Neutral
Sexual Orientation	Neutral
Race	Neutral
Religion and Belief	Neutral
Gender Reassignment	Neutral
Gender	Neutral
Marriage and civil partnership	Neutral
Pregnancy and Maternity	Neutral

## Other policy considerations

Poverty

Low

As stated previously parking charges are already in place at each site and due to the numerical size of the parking charge at each site being relatively low e.g. £2.50, the overall impact on impoverished groups will be very low.

Rurality

Neutral

## *Additional Information*

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Name of project/proposal	T19 detailed Camping Pods at Calshot
Originator	Ryan, Enda
Email address	enda.ryan@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	17 May 2017

### ***Description of Service / Policy***

Calshot Activities Centre has been in operation for over 55 years, delivering high quality outdoor adventurous residential and recreational experiences to the young people/wider public Hampshire and beyond. Calshot also has a very large recreational customer base with activities such as the dry ski slope, climbing wall and velodrome. Schools make up 50% of the revenue with other sources of income coming from boat storage, launch fees, car parking and other clubs that utilise the facilities on offer. Although the vast majority of the customers are from Hampshire the centre accommodates schools and groups from all over the UK.

Geographical impact\* All Hampshire

### ***Description of proposed change***

Introduction of 10 Camping Pods at Calshot Activities Centre on existing land currently used for Caravan and Camping. These Pods will sleep a family of four and will be serviced with basic electricity and washroom facilities. This project will impact on current members of the club. Reduced pitches will be available to them in the future. Final designs have yet to be agreed, two of the Pods will be fully accessible. The pods will be primarily but not exclusively, targeted at families and adult groups visiting the site. Little impact to staff other than operational requirements when opened.

### ***Engagement and consultation***

Has engagement or consultation been carried out? Yes

A presentation was given to the Calshot Association Executive committee 23rd January 2017, which outlined the proposal. A communication was then sent out to all members of the Association inviting comments/concerns. Discussed then at the full Association Council meeting (28/2/17) where concerns were answered and recorded. Representatives from all the service user groups attend the Council meetings in order to discuss any matters that they perceive effect them from a service user perspective. The Association is a third party voluntary organisation made up of all service users and which is fully constituted.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise

over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers Service users

#### **Statutory considerations**

#### **Impact**

Age

Neutral

Disability  
Impact

Low

Disabled access to the pods has been given serious consideration, although depending on the final design, full access may not be achievable and therefore there would be an impact on disability. The accessibility of the pods would be no different to the current camping facilities and such the impact is perceived as being low.

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

Gender Reassignment

Neutral

Gender

Neutral

Marriage and civil  
partnership

Neutral

Pregnancy and  
Maternity

Neutral

## Other policy considerations

Poverty	Neutral
Rurality	Neutral

## ***Additional Information***

### Stakeholder engagement:

The main points focussed around the loss of space on the creek side both for campers and windsurfers. Ultimately this did not change our view on the proposal as the loss of space was already considered within the cost benefit analysis. With regard to the camping site, the cost and income analysis justifies the loss of any camping plots currently available. The windsurfers still have plenty of space to launch and recover their equipment. Although the proposal does not restrict this, it will mean that they can no longer park right next to the beach. However the nature of the sport is such that they can carry their equipment and rig the kit on the beach with their car parked in the main car park. The campsite occupancy levels were also considered and feedback was given to the association, the introduction of the Pods will mean the centre will extend the capacity of what is the quieter periods and make the facility available to a wider audience and not exclusive to the caravan and camping club, something the Association have challenged albeit there is no lease on the land given to the club.

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Name of project/proposal	T19 Overview Visitor Attraction Developments at Sir Harold Hillier Gardens
Originator	Wright, Andrew
Email address	Andrew.Wright@hants.gov.uk
Department	Culture, Communities and Business Services
Date of Assessment	24 May 2017

### ***Description of Service / Policy***

In 1977 Sir Harold Hillier left the Gardens under the sole trusteeship of Hampshire County Council. It is now run as a charity under the remit of horticulture, conservation, education and recreation. The Gardens are open to the public, schools and organised groups. Day visitors include local residents and tourists. Members are typically local residents. The visitor demographic is broad, from young families to retirees, although older relatively affluent visitors are in the majority.

Geographical impact\* All Hampshire

### ***Description of proposed change***

The Gardens are seeking to both develop their offer to attract additional visitors and members, and implement other changes that will improve the customer experience. A number of options have been explored that will enhance the Gardens as a visitor attraction (i.e. new elements or structures within the gardens), thereby increasing visitor numbers and customer experience. In addition to the development of the visitor attraction, increasing visitor numbers requires investment in, and development of, the visitor infrastructure (catering, toilets etc.). No impact is expected on staff, and impacts on visitors are expected to be positive.

### ***Engagement and consultation***

Has engagement or consultation been carried out? Yes

A customer survey was carried out in October/November 2015 to gauge customer demand for a number of options being considered. Feedback informed the need for investment in the visitor infrastructure as well as development of the Gardens, of which a Walled Garden, Canopy Walk and Summer Garden were identified as higher priorities for customers. The survey was conducted within the Gardens (with visitors) and externally in Romsey and Chandler's Ford to both previous visitors to the Gardens, and those who have not been before. Regular consultation also took place with the Advisory Committee and Arboretum Trust Board.

No specific Hampshire wide consultation has been carried out on this proposal, however, the County Council carried out a major public consultation exercise over the Summer 2017 on a range of options for finding further budget savings including increasing council tax, using reserves and making changes to the way in which services are delivered, which may mean reducing or withdrawing certain services. The outcome of this consultation will be presented to Cabinet in September 2017.

When decisions are made to pursue the options, further specific Hampshire wide consultation will be carried out with stakeholders on the detailed options where required.

### ***Impacts of the proposed change***

This impact assessment covers Service users

#### **Statutory considerations**

Age

#### **Impact**

Positive

Impact

Due to the customer demographics being typically older in the majority, improvements to the Gardens and visitor infrastructure will have a greater impact on this customer group. All developments will add to the attractiveness of the Gardens with an improved customer experience, hence a positive impact.

Disability

Low

Impact

This relates to the accessibility of any capital development projects that may be implemented. While all potential projects will be designed to enhance the visitor experience to the Gardens, it is acknowledged that some may be potentially less accessible than others. To mitigate this, all projects will be considered from an accessibility perspective and designed in such a way to maximise inclusion for all visitors to the gardens regardless of disability.

Sexual Orientation

Neutral

Race

Neutral

Religion and Belief

Neutral

# Equality Impact Assessment

Gender Reassignment                      Neutral

Gender    Neutral

Marriage and civil  
partnership                                      Neutral

Pregnancy and  
Maternity    Neutral

## **Other policy considerations**

Poverty    Neutral  
Rurality    Neutral

## ***Additional Information***

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## **Reserves Strategy**

### **Introduction**

The level and use of local authority reserves continues to be a regular media topic often fuelled by comments from the Government that these reserves should be used to significantly lessen the impact of the austerity measures that have seen a greater impact on local government than any other sector.

The County Council has continually explained that reserves are kept for many different purposes and that simply trying to bridge the requirement for long term recurring savings through the use of reserves only serves to use up those reserves very quickly (meaning that they are not available for any other purposes) and merely delays the point at which the recurring savings are required.

At the end of the 2016/17 financial year the County Council's earmarked reserves together with the general fund balance stood at more than £524m an increase of approaching £27m on the previous year. This is in line with the Medium Term Financial Strategy (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 Grant Equalisation Reserve (GER) ahead of a large planned draw in 2018/19. This Appendix sets out in more detail what those reserves are for and outlines the strategy that the County Council has adopted.

### **Reserves Position 31 March 2017**

Current earmarked reserves together with the General Fund balance totalled £524.2m at the end of the 2016/17 financial year. The table below summarises by purpose the total level of reserves and balances that the County Council holds and compares this to the position reported at the end of 2015/16.

The narrative beneath the table explains in more detail the purpose for which the reserves are held and in particular why the majority of these reserves cannot be used for other reasons.

	<b>Balance 31/03/2016 £'000</b>	<b>Balance 31/03/2017 £'000</b>	<b>% of Total %</b>
<b><i>Revenue Reserves</i></b>			
General Fund Balance	20,598	21,498	4.1
<b><u>Fully Committed to Existing Spend Programmes</u></b>			
Revenue Grants Unapplied	35,530	17,751	3.4
General Capital Reserve	124,137	126,075	24.0
Street Lighting Reserve	9,237	26,087	5.0
Public Health Reserve	0	7,412	1.4
Other Reserves	2,091	1,977	0.4
	<b>170,995</b>	<b>179,302</b>	<b>34.2</b>

	<b>Balance 31/03/2016 £'000</b>	<b>Balance 31/03/2017 £'000</b>	<b>% of Total %</b>
<b><u>Departmental / Trading Reserves</u></b>			
Trading Accounts	15,671	12,753	2.4
Departmental - Cost of Change Reserve	53,926	85,658	16.4
	<b>69,597</b>	<b>98,411</b>	<b>18.8</b>
<b><u>Risk Reserves</u></b>			
Insurance Reserve	25,423	20,571	3.9
Investment Risk Reserve	1,000	1,500	0.3
	<b>26,423</b>	<b>22,071</b>	<b>4.2</b>
<b><u>Corporate Reserves</u></b>			
Grant Equalisation Reserve	75,206	40,755	7.8
Invest to Save	9,077	31,100	5.9
Corporate Efficiency Reserve	7,902	0	0.0
Corporate Policy Reserve	5,109	4,632	0.9
Organisational Change Reserve	3,593	2,905	0.5
	<b>100,887</b>	<b>79,932</b>	<b>15.1</b>
<b><u>HCC Earmarked Reserves</u></b>			
	<b>367,902</b>	<b>379,176</b>	<b>72.3</b>
EM3 LEP Reserve	0	1,396	0.3
Schools Reserves	55,950	46,679	8.9
<b>Total Revenue Reserves &amp; Balances</b>	<b>444,450</b>	<b>448,749</b>	<b>85.6</b>
<b>Total Capital Reserves &amp; Balances</b>	<b>52,844</b>	<b>75,415</b>	<b>14.4</b>
<b>Total Reserves and Balances</b>	<b>497,294</b>	<b>524,164</b>	<b>100.0</b>

**General Fund Balance**

The General Fund Balance is the only reserve that is in effect not earmarked for a specific purpose. It is set at a level recommended by the Chief Financial Officer at around 2.5% of the budget requirement and in effect it represents a working balance of resources that could be used at very short notice in the event of a major financial issue.

The current balance stands at £21.5m, which is broadly in line with the current policy.

**Fully Committed to Existing Spend Programmes**

By far the biggest proportion of reserves are those that are fully committed to existing spend programmes and £126m of this funding is required to meet commitments in the Capital Programme. These reserves really represent the extent to which resources, in the form of government grants or revenue contributions to capital, are received or generated in advance of the actual spend on the project.

These reserves increased significantly in recent years following a change to International Financial Reporting Standards which required unapplied government grants to be shown as earmarked reserves and due to the fact that significant revenue contributions were made to fund future capital investment using the surplus funds generated from the early achievement in savings (a deliberate strategy that is explained in more detail later in this Appendix).

These reserves do not therefore represent 'spare' resources in any way and will be utilised as planned in the coming years.

Specifically, the street lighting reserve represents the anticipated surplus generated by the financial model for this PFI scheme that is invested up front and then applied to the contract payments in future years. From 2016/17 elements that were previously included within the Revenue Grants Unapplied Reserve have been included to transparently identify the full amount held for this PFI scheme.

The Public Health reserve (which was previously included within the Revenue Grants Unapplied Reserve but has been separately identified from 2016/17 onwards) represents the balance of the ring-fenced government grant carried forward for future Public Health expenditure.

#### Departmental / Trading Reserves

Trading services within the County Council operate as semi-commercial organisations and as such they do not receive specific support from the County Council in respect of capital investment or annual pressures arising from spending or income fluctuations.

Given this position, any surpluses generated by the trading services are earmarked for their use to apply for example to equipment renewal, service expansion, service improvement, innovation and marketing. They are also used to smooth cash flows between years if deficits are made due to the loss of the customer base and provide the time and flexibility to generate new revenues to balance the bottom line in future years.

Departmental reserves are generated through under spends in annual revenue expenditure and Council policy was changed in 2010 to allow departments to retain all of their under spends in order to provide resources to:

- Meet any potential over spends in future years without the need to call on corporate resources
- Manage cash flow funding issues between years where specific projects may have been started but not fully completed within one financial year.
- Meet the cost of standard redundancy and pension payments arising from the down sizing of the work force
- Invest in new technology and other service improvements, for example the IT enabling activity associated with the Transformation to t2019 (Tt2019) Programme.
- Undertake capital repairs or improvements to assets that are not funded through the existing capital programme where this is essential to maintain service provision or maximise income generation.
- Meet the cost of significant change programmes and restructures.

By utilising reserves in this way, and allowing departments and trading areas to retain under spends or surpluses it encourages prudent financial management as managers are able to ensure that money can be re-invested in service provision without the need to look to the corporate centre to provide funding. This fosters strong financial management across the County Council and is evidenced by the strong financial position that the County Council has maintained to date.

All departments will be utilising their reserves to fund the activity to deliver the Tt2019 Programme and to cashflow the later delivery of savings if needed. The exception to this is Children's Services who will require some additional corporate support based on the current forecast of savings delivery, provision for which is made within the MTFS.

### Risk Reserves

The Council holds specific reserves to mitigate risks that it faces. The County Council self insures against certain types of risks and the level of the insurance reserve is based on an independent valuation of past claims experience and the level and nature of current outstanding claims.

The Investment Risk reserve was established in 2014/15 to mitigate the slight additional risk associated with the revised approved investment strategy as a prudent response to targeting investments with higher returns.

### Corporate Reserves

The above paragraphs have explained that the majority of reserves are set aside for specific purposes and are not available in general terms to support the revenue budget or for other purposes.

This leaves other available earmarked reserves that are under the control of the County Council and total nearly £79.9m at the end of last financial year. Whilst it is true to say that these reserves could be used to mitigate the loss of government grant reductions, the County Council has decided to take a more sophisticated long term approach to the use of these reserves, that brings many different benefits both directly and indirectly to the County Council and residents of Hampshire. They are broken down into four main areas:

**Grant Equalisation Reserve (GER)** – This reserve was set up many years ago to deal with changes in government grant that often came about due to changes in distribution methodology that had an adverse impact on Hampshire compared to other parts of the country.

In 2010/11, the County Council recognised that significant reductions in local government spending were expected and built in contributions as part of the MTFS over the CSR 2010 period from the GER in order to smooth the impact of the grant reductions.

Over the last few years, it has become clear that the period of austerity will continue at least until the end of the decade and the County Council has taken the opportunity to increase the reserve in order to be able to continue the sensible policy of smoothing the impact of grant reductions without the need to make 'knee jerk' reactions to offset large decreases in grant.

The GER currently stands at approaching £40.8m, but this reflects the fact that a significant contribution will be required in 2018/19 as part of the County Council's strategy of delivering savings over a two year cycle. Where possible, the County Council will continue to direct spare one off funding into this reserve as part of its overall longer term risk mitigation strategy, which has served it very well to date.

**Invest to Save / Corporate Efficiency Reserve** – These reserves are earmarked to provide funding to help transform services in order to make further revenue savings in the future. Rather than just prop up the budget on a short term basis, the County Council feels it is a far more sensible policy to use available reserves to generate savings and improve services over the longer term, by re-designing services and investing in technology and other solutions that make services more modern and efficient. These two reserves were merged at the end of 2016/17 as they are used for the intrinsically the same purpose.

**Corporate Policy Reserve** – This small reserve is available to fund new budget initiatives that are agreed as part of the overall budget. It offers the opportunity to introduce specific service initiatives that might not have otherwise gained funding and are designed to have a high impact on service users or locations where they are applied.

**Organisational Change Reserve** – The County Council is one of the largest employers in Hampshire and inevitably, large reductions in government grant leading to reduced budgets means that there is a significant impact on the numbers of staff employed in the future.

The County Council, as a good employer, has attempted to manage the reduction in staff numbers as sensitively and openly as possible and introduced an enhanced voluntary redundancy scheme back in 2011. The scheme offered an enhanced redundancy rate for people who elected to take voluntary redundancy. This has been a highly successful way of managing the reductions in staff numbers, whilst maintaining morale within the rest of the workforce who are not required to go through the stress and uncertainty of facing compulsory redundancy.

In fact, since the scheme was introduced, voluntary redundancies account for around 98% of the total number of staff that have left the organisation as a result of specific restructures and service re-design.

A scheme is in place to enable the continued reduction and transformation of the workforce required to deliver the significant savings needed in the medium term with the aim of minimising compulsory redundancies

Departments are still responsible for meeting the 'standard' element of any redundancy package, but the Organisational Change Reserve was put in place to meet the 'enhanced' element of the payment. The reserve has been reviewed in the context of the new scheme and the requirement for future organisational change and this will be revisited in line with the development of the Tt2019 Programme and the consequent requirement for future organisational change.

It should be highlighted that the total 'Corporate Reserves outlined above account for approximately 15% of total reserves and balances that the County Council holds and these have largely been set aside as part of a longer term strategy for dealing with the significant financial challenges that have been imposed on the County Council. In addition, the GER which comprises the majority of these 'available' Corporate Reserves, standing at £40.8m at the end of 2016/17 and due to increase in 2017/18,

is in reality fully committed as the MTFS includes a planned net draw of approaching £46m required to balance the budget in 2018/19 before any changes approved as part of budget setting for 2018/19.

The reserves detailed above represent the total earmarked revenue reserves of the County Council and amount to £448.7m as shown in the table on first page of this Appendix. In addition, the County Council is required to show other reserves as part of its accounts which are outlined below.

#### Enterprise M3 Local Enterprise Partnership (EM3 LEP) Reserve

The County Council is the accountable body for the funding of the EM3 LEP and has therefore included the EM3 LEP's income, expenditure, assets and liabilities, (including reserves) in its accounts. Prior to 2015/16 the County Council did not include transactions relating to the EM3 LEP in its accounts.

The County Council does not control the level or use of the EM3 LEP Reserve.

#### Schools Reserves

Schools reserves account for nearly £47m or 8.9% of total reserves and balances. These reserves must be reported as part of the County Council's accounts, but since funds are delegated to schools any surplus is retained by them for future use by the individual school concerned. Similarly, schools are responsible for any deficits in their budgets and they maintain reserves in a similar way to the County Council in order to smooth fluctuations in cash flow over several years.

The County Council has no control at all over the level or use of school reserves.

#### Capital Reserves

The capital grants unapplied reserve holds capital grants that have been received in advance of the matched spending being incurred. They are not available for revenue purposes.

### **Reserves Strategy**

The County Council's approach to reserves has been applauded in the past by the Government and the External Auditors as a sensible, prudent approach as part of a wider MTFS. This has enabled the County Council to make savings and changes in service delivery in a planned and controlled way rather than having to make urgent unplanned decisions in order to reduce expenditure.

This approach is well recognised across local government and an article in the Municipal Journal by the Director of Local Government at the Chartered Institute of Public Finance and Accountancy stated

“What reserves do allow authorities to do is to take a more medium term view of savings and expenditure and make decisions that give the best value for money. This is better than having to make unnecessary cost reductions in the short term because they do not have the money or funding cushion to allow for real transformation in the way they provide services.”

We are now in an extended period of austerity which will last longer than anyone had previously predicted and the medium term view highlights a continued need for

reserves to smooth the impact of reductions in funding and enable time for the planning and implementation of change to deliver savings.

The County Council's strategy for reserves was well established and operated effectively based on a cyclical pattern as follows:

- Planning ahead of time and implementing efficiencies and savings in advance of need
- Generating surplus funds in the early part of the programme
- Using these resources to fund investment and transformation in order to achieve the next phase of savings.

This cycle was clearly evident during the last four financial years, with surplus funds generated in advance of need as part of budget setting and then supplemented by further savings in the year. Savings in advance of need within departments and savings in contingency amounts due to the successful implementation of the full early savings programme meant that the Council was able to provide:

- Departmental reserves to pay for the cost of change associated with their own transformation programmes.
- Top up funding to the Organisational Change Reserve to provide resources to continue the very successful voluntary redundancy programme as a means of releasing staff in a sensitive and controlled manner that has helped maintain morale across the Council.
- Funding within the Invest to Save Reserve to help support the Tt2019 Programme and Digital 2 that will deliver the next phase of savings.
- Additional funds for the GER to help smooth the impact of grant reductions, including significant funding to bridge the unexpected budget gap in 2018/19, and give the County Council maximum flexibility in future budget setting processes.

The financial landscape has significantly shifted and looking ahead the indications are that the period to the end of the decade will be the most challenging of the prolonged austerity measures which increases the potential necessity to use reserves to alleviate the initial and ongoing financial shocks over the period to 2020

We will continue to review all reserves on an ongoing basis to ensure that there is sufficient financial capacity to cope with the challenges ahead.

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