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NOTICE OF MEETING

Meeting	Cabinet
Date and Time	Tuesday, 18th July, 2023 at 10.30 am
Place	Ashburton Hall, Ell Court, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

Carolyn Williamson FCPFA
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 and available for repeat viewing, it may also be recorded and filmed by the press and public. Filming or recording is only permitted in the meeting room whilst the meeting is taking place so must stop when the meeting is either adjourned or closed. Filming is not permitted elsewhere in the building at any time. Please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

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 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 Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. MINUTES OF PREVIOUS MEETING (Pages 5 - 16)

To confirm the minutes of the previous meeting

4. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

5. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

6. DRIVING TOWARDS ECONOMIC STRENGTH (Pages 17 - 34)

To consider a report of the Director of Hampshire 2050 and Assistant Chief Executive regarding long-term economic strength for Hampshire.

7. 2022/23 - END OF YEAR FINANCIAL REPORT (Pages 35 - 110)

To consider a report of the Director of Corporate Operations regarding the 2022/23 End of Year Financial report.

8. HEALTH AND SOCIAL CARE SYSTEM RESILIENCE 2022/23 (Pages 111 - 124)

To consider a report of the Director of Adults' Health and Care on the activities undertaken to maintain system resilience in the discharge of Hampshire residents from hospital settings.

9. SERVING HAMPSHIRE - 2022/23 YEAR END PERFORMANCE REPORT (Pages 125 - 158)

To consider a report of the Director of People and Organisation on the strategic oversight of the County Council's performance against the Serving Hampshire Strategic Plan.

10. H2050 VISION REVALIDATION AND MID-YEAR REVIEW OF HAMPSHIRE COUNTY COUNCIL'S SERVING HAMPSHIRE STRATEGIC PLAN (Pages 159 - 186)

To consider a report of the Director of Hampshire 2050 and Director of People and Organisation regarding a review of the Hampshire 2050 Vision and mid-term review of the Serving Hampshire Strategic Plan.

11. WASTE DISPOSAL RECYCLING ARRANGEMENTS (Pages 187 - 202)

To consider a report of the Director of Universal Services on financial and operational arrangements between the County Council and the district, borough and unitary authorities within Hampshire.

12. HCC CARE SERVICE AND CAPITAL STRATEGY (Pages 203 - 230)

To consider a report of the Director of Adults' Health and Care on the proposed future direction of the County Council's Older Adults service portfolio and supporting capital investment strategy.

13. EXCLUSION OF THE PRESS AND PUBLIC

RECOMMENDATION:

To resolve that the public be excluded from the meeting during the following item of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the exempt report.

The intention to hold part of this Cabinet meeting in private was notified on the County Council's website on 16 June 2023 in accordance with Part 3, Chapter 4 of the Constitution and no representations regarding this intention have been received.

14. PARTNERSHIP ARRANGEMENTS (Pages 231 - 252)

To consider an exempt report of the Chief Executive.

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 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.

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Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Tuesday, 13th June, 2023

Chairman:

- * Councillor Rob Humby
- * Councillor Roz Chadd
- * Councillor Liz Fairhurst
- * Councillor Jan Warwick
- * Councillor Edward Heron
- * Councillor Steve Forster
- * Councillor Nick Adams-King
- * Councillor Russell Oppenheimer
- Councillor Kirsty North

Co-opted members

Also present with the agreement of the Chairman: Councillors Glen, Penman, Withers and Joy.

120. APOLOGIES FOR ABSENCE

Apologies were received from Cllr North.

121. DECLARATIONS OF INTEREST

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

Councillor Adams-King declared an interest in item 9 due to previous statements he had made on the matter relating to proposals in his division. He indicated that he would leave the meeting for the duration of the discussion on that item.

122. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 18 April were approved.

123. CHAIRMAN'S ANNOUNCEMENTS

The Chairman made the following announcements:

Following a fully supported Motion at the Council meeting in May, Councillor Mummalaneni had become the Inclusion and Diversity Champion, and would support Councillor North to deliver the Council's inclusion agenda.

The budget consultation was launched the previous day. He encouraged all residents and stakeholders to respond to the consultation to help shape the savings programme proposals to be considered in autumn.

Proposals would be brought forward in July to add £7.5m to the capital programme for maintenance of roads impacted by the severe weather.

The Chairman had recently attended a number of events, including:

- A reception to mark the 30th anniversary of the Royal Logistic Corps
- A Freedom parade in Winchester
- Annual Gurkha Day celebration at Sir Harold Hillier Gardens
- Launch of a food festival arranged by Hampshire Fare
- Carers week annual event

124. DEPUTATIONS

No requests to make a deputation had been received.

125. DRIVING TOWARDS ECONOMIC STRENGTH

Cabinet considered the regular report of the Director of Hampshire 2050 regarding long-term economic strength for Hampshire. It was reported that a strong and prosperous economy was fundamental in making Hampshire a good place to live, work, play and visit. There were a number of challenges including a high level of inflation and interest rates, the effect of wage inflation across supply chains and businesses, such as food prices. Despite the challenges major development and large-scale economic investments were being seen across Hampshire. It was also noted that a government response was awaited on the Local Enterprise Partnership (LEP) proposal and the County Deal submission.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

126. DEVELOPMENT OF A NEW PUBLIC HEALTH STRATEGY

Cabinet considered a report of the Director of Public Health on development of a Public Health Strategy for 2023-2028. It was noted that the proposed Strategy aligned with other County Council strategies and priorities including the Hampshire 2050 Vision and supporting economic strength within Hampshire. Action plans to support the aims of the strategy had been developed with a range of partners.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

127. **SUPPORTING OUR ARMED FORCES COMMUNITY**

Cabinet considered a report of the Director of People and Organisation regarding the County Council's commitment and support to the armed forces community in Hampshire. It was noted that the Covenant pledge was already well embedded in County Council services. The enactment of the Armed Forces Act 2021 provided an opportunity to re-sign the Armed Forces Covenant pledge and raise awareness across the wider community.

At the invitation of the Chairman, Councillor Joy, in his role as Armed Forces Champion, addressed the Cabinet. He explained that the report drew together a remarkable and consistent achievement by the County Council in supporting the armed forces community, which demonstrated the dedication and commitment of officers and members.

The recommendations in the report were considered and agreed. A decision record is attached to the minutes.

128. **HAMPSHIRE MINERALS AND WASTE PLAN DEVELOPMENT SCHEME REVISION**

Councillor Adams-King, having declared an interest, left the room prior to discussion on this matter.

Cabinet considered a report of the Director of Hampshire 2050 regarding a partial update to the Hampshire Minerals and waste Plan.

It was reported that a revision to the timetable had become necessary to reflect current progress and to enable delivery of the Plan aligned with arrangements outlined in the recent Levelling Up and Regeneration Bill (LURB) consultation. The proposal was to delay consultation to winter 2023 and submit proposals in June 2024, working in partnership with Portsmouth and Southampton City Councils and the New Forest and South Downs National Park Authorities.

The recommendation in the report was considered and agreed. A decision record is attached to these minutes.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	13 June 2023
Title:	Driving Towards Economic Strength
Report From:	Director of H2050 and Assistant Chief Executive

Contact name: Gary Westbrook, Director of H2050 and Assistant Chief Executive

Tel: 0370 779 8940 **Email:** gary.westbrook@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1 Continues to note the potential impacts of the prolonged economic slowdown and confirm that supporting the Hampshire Economy remains a priority for the County Council, including continuing to invest in infrastructure and support businesses, during an extremely challenging time in which unemployment is expected to rise, business failures increase and living standards are expected to fall nationally.
- 1.2 Note the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to drive towards long term economic strength in Hampshire, through shaping and influencing the key priorities set out in the Economic Strategy approved by Cabinet in December 2022. This also includes the County Council's role in promoting place-based Regeneration and Growth Partnerships and a new Strategic Asset Management Plan.
- 1.3 Notes the further Government guidance issued on the integration of Local Enterprise Partnerships (LEPs) by April 2024, and the County Council's contribution to the national engagement exercise and associated intention to develop a Hampshire Skills and Growth Board and Business Forum during this timeframe. This will align to wider regional governance in relation to County Deal devolution proposals as well as wider pan-regional collaboration with Surrey County Council.
- 1.4 Continues to endorse the County Council's commitment to engage with Government for a Pan-Hampshire County Deal as part of the next Wave of national negotiations and notes the engagement with Government Officials and Ministers. This recognises the significant opportunity for a Deal to enable the County Council's economic ambition, catalyse significant investment and benefit the lives of residents and communities.

1. Reasons for the decision:

1.1. To provide Cabinet with an analysis of the economic impact and outline those issues that the County Council continues to use its scale and influence to contribute to the county's and sub-region's economic recovery going forward.

2. Other options considered and rejected:

2.1. Not to note the issues raised or endorse the County Council's ambition for a Pan-Hampshire County Deal. This option was rejected as it would be against the best interests of the Hampshire economy.

3. Conflicts of interest:

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

3.2. Conflicts of interest declared by other Executive Members consulted: None

4. Dispensation granted by the Conduct Advisory Panel: N/A

5. Reason(s) for the matter being dealt with if urgent: N/A

6. Statement from the decision maker:

Approved by:	Date:
----- Chairman of the Cabinet Cllr Rob Humby	13 June 2023

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	13 June 2023
Title:	Public Health Strategy
Report From:	Director of Public Health

Contact name: Simon Bryant

Tel: 07880 384032

Email: Simon.bryant@hants.gov.uk

1. The decision:

- 1.1. That Cabinet sign off the Hampshire Public Health Strategy.
- 1.2 That Cabinet support continued delivery of the Strategy by:
 - a) Promoting working across all Council directorates, with our partners in health and across the wider economic system and with our communities.
 - b) Enabling effective use of the Public Health Grant to deliver the duties of the Council.

2. Reasons for the decision:

- 2.1. The Health and Social Care Act 2012 placed responsibility on all Local Authorities to improve and protect the health of their populations and tackle health inequalities. The strategy sets out how the Council, as the local leader for public health, can use the breadth of its business and resources and work with partners to deliver those responsibilities and maximise public value.
- 2.2. The Public Health Strategy presents an opportunity for the organisation to lead the transformation and actions necessary to improve health through its One Council approach. It will also enable us to influence our partners across the county to fulfil their roles in improving the health and wellbeing of residents.
- 2.3. The strategy identifies a set of priorities for improving the health of Hampshire residents. It sets out proposals for how the County Council as the local leader for public health can use the breadth of its business and resources to deliver its public health responsibilities, reduce health inequalities and maximise public value, by identifying synergies in the work we are doing and addressing many of the influences on health through a place – based approach.

3. Other options considered and rejected:

- 3.1. In developing the Strategy, a range of information, intelligence and insight was reviewed. This included reviewing other Council strategies and the

emerging strategies of both Hampshire and Isle of Wight and Frimley ICS as well as engaging with internal and external partners to agree priorities. During this process a range of alternative ambitions were considered and rejected.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker: N/A

4.2. Conflicts of interest declared by other Executive Members consulted: N/A

5. Dispensation granted by the Conduct Advisory Panel: N/A

6. Reason(s) for the matter being dealt with if urgent: N/A

7. Statement from the decision maker:

Approved by:	Date:
----- Councillor Rob Humby Chairman of Cabinet	13 June 2023

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	13 June 2023
Title:	Supporting our Armed Forces Community
Report From:	Director People and Organisation

Contact name: Andy Bailey

Tel: 07837 894673

Email: Andy.bailey@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1 notes and acknowledges the wide range of support provided for the Armed Forces Community.
- 1.2 notes the new “Covenant Duty” and how the Council fulfils this duty.
- 1.3 agrees that the Council should update and re-sign the Armed Forces Covenant Pledge taking account of the Covenant Duty using the draft wording at appendix C to the report.

2. Reasons for the decision:

- To Provide an overview of the context and background of the Armed Forces Covenant in the County Council.
- Highlight the size and presence of the Armed Forces Community within Hampshire.
- Inform Cabinet about the wide range of support given to our Armed Forces Communities – the County Council is recognised nationally as being a leading authority in the support we provide.
- Update Cabinet on the new statutory obligations (the Covenant Duty) under the Armed Forces Act 2021 and the actions being taken to ensure the Council is compliant.
- Give an overview of the Council’s existing Covenant Pledge with a recommendation to update and re-sign the Pledge taking account of the new Covenant Duty.

3. Other options considered and rejected:

- 3.1 Not applicable

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: None

5. Dispensation granted by the Conduct Advisory Panel: N/A

6. Reason(s) for the matter being dealt with if urgent: N/A

7. Statement from the decision maker:

Approved by:

Date:

**Chairman of the Cabinet
Cllr Rob Humby**

13 June 2023

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	13 June 2023
Title:	Hampshire Minerals & Waste Plan Development Scheme Revision
Report From:	Director of Hampshire 2050

Contact name: Melissa Spriggs

Tel: 0370 779 7153 **Email:** melissa.spriggs@hants.gov.uk

1. The decision:

- 1.1. That Cabinet recommends that the County Council resolves that the revised Hampshire Minerals and Waste Development Scheme, which sets out the timetable and programme for the partial update of the Hampshire Minerals and Waste Plan, comes into effect from July 2023.

2. Reasons for the decision:

- 2.1 The Development Scheme forms part of the Development Plan, alongside the Hampshire Minerals & Waste Plan. Hampshire County Council and its Partner Authorities have a duty to keep the Development Scheme under review.
- 2.2 The initial Development Scheme, which set out the timetable and programme for a partial update of the Plan, was approved in March 2021. However, this was subsequently revised due to delays and approved by the County Council on 21 July 2022.
- 2.3 A further update to the Development Scheme is now required following the Regulation 18 public consultation due to an extended consultation period and additional time needed to process the 2,500 responses received.

3 Other options considered and rejected:

- 3.1 The option to not update the Development Scheme was rejected in order to ensure that the timetable provides sufficient time for processing of responses and for the Regulation 19 consultation to be conducted.

4 Conflicts of interest:

- 4.1 Conflicts of interest declared by the decision-maker:
- 4.2 Conflicts of interest declared by other Executive Members consulted:

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:

13 June 2023

**Chairman of Cabinet
Councillor Rob Humby**

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 July 2023
Title:	Driving Towards Economic Strength
Report From:	Director of 2050 and Assistant Chief Executive

Contact name: Gary Westbrook, Director of 2050 and Assistant Chief Executive

Tel: 0370 779 8940

Email: gary.westbrook@hants.gov.uk

Purpose of this Report

1. The economy weathered the cost-of-living crisis much better than most expected but the full force of inflationary pressures and associated increases in interest rates has yet to be felt. Therefore, the economic outlook continues to be challenging for both businesses and residents across Hampshire. The focus for this and future reports is the required actions for working towards retaining the economic strength for Hampshire, recognising the importance of a strong and prosperous economy as a critical enabler of wider long-term outcomes across the County.

Recommendations

It is recommended that Cabinet:

2. Continues to note the potential impacts of the prolonged economic slowdown and confirm that supporting the Hampshire Economy remains a priority for the County Council, including continuing to invest in infrastructure and support businesses, during an extremely challenging time in which unemployment is expected to rise, business failures increase and living standards are expected to fall nationally.
3. Note the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to drive towards long term economic strength in Hampshire, through shaping and influencing the key priorities set out in the Economic Strategy approved by Cabinet in December 2022. This also includes the County Council's role in promoting place-based Regeneration and Growth Partnerships and a new Strategic Asset Management Plan.

4. Continues to note the steps the County Council is taking to engage in the national Local Enterprise Partnership (LEP) disaggregation exercise by April 2024, following the budget statement earlier this year. In particular, the County Council is now taking steps to develop a Hampshire Skills and Growth Board and Business Forum during this timeframe.
5. Continues to endorse the County Council's commitment to engage with Government for a Pan-Hampshire County Deal, and notes the positive progress to get clarity on Ministerial expectations on a single Pan-Hampshire geography for any devolution Deal for Hampshire County Council, Southampton City Council, Portsmouth City Council and Isle of Wight Council.

Executive Summary

6. The economic picture at the end of June 2023 continues to mirror the national economic outlook reflecting on-going economic challenges, fuelled by the strength of domestic inflation, rising interest rates and labour market shortages.
7. The recent growth in business activity and economic output will further raise hopes that the economy will escape recession this year but the full force of the increase in interest rates has yet to be felt and there is still a possibility that the economy might find itself in recession in the second half of the year.
8. The report does make reference to a number of positive examples of inward investment, major contracts and mergers and acquisitions, which continue to demonstrate that despite the challenging economic picture, Hampshire continues to be an attractive place for inward investment and business growth.
9. As has been noted previously, the County Council has continued its ambition to increase Hampshire's competitiveness and ensure sustainable rates of economic growth that would lead to increases in wages, living standards and economic prosperity over the medium-to-long term. This is mirrored in relatively strong employment and labour market figures in comparison to national averages, and particularly workforce productivity measures.
10. This report provides the most recent overview of the impact of the slowdown on Hampshire's economy and outlines those issues that the County Council continues to use its scale and influence to contribute to economic recovery going forward, particularly in the context of the recently approved Economic Strategy and Strategic Asset Management Plan. This includes consideration of the development of governance to now develop and implement the Economic Strategy and, alongside the national guidance issued on LEP integration, the opportunity to develop an Economic Growth and Skills Board across Hampshire.

11. The report also outlines the positive progress being made on the Devolution ambition for the wider Hampshire region in the form of a Pan-Hampshire County Deal. The report outlines the clear steer provided by Government on geography for any Deal, and continues to reflect on the significant opportunity a Deal could make for residents, businesses and communities.

The current economic challenge and our response

12. The economy was widely expected to be in recession by Christmas 2022, but Hampshire weathered the cost-of-living crisis better than most expected. Our preliminary growth estimate suggests that Hampshire & Isle of Wight economy expanded by 0.1% in Q1 2023, comparable to the UK average but growth in Q4 2022 was faster than previously thought and above the national average.
13. The start to the second quarter was again better than expected. Estimated growth in Hampshire was 0.3% in April and slightly faster than the UK average. This is corroborated by the most recent regional data from business surveys of purchasing managers (PMI) which suggests that May marked the second strongest growth in business activity in the region in almost a year, with gains registered in sales and new orders as business price pressures recede. Growth in business activity and new orders in May will further raise hopes that the economy will escape recession this year.
14. Survey data suggests that business confidence in the region remains historically high. High business sentiment in May was linked to new product releases, positive demand trends, workforce investment and expected softer business cost pressures. The South East had the third highest business sentiment in the country.
15. Business investment increased in the first quarter following a decrease in the final quarter of last year, but business investment is sensitive to interest rate rises and it is expected to fall over the next 12 months as the combination of high business costs and rising interest rates reduce corporate profits.
16. Another factor that is likely to impede business investment and growth this year is a tightening of global credit conditions driven by the failure of the Silicon Valley Bank and several other US banks and the takeover of Credit Suisse by UBS.
17. Total demand for commercial floorspace (commercial take-up) in Hampshire & Isle of Wight stood at 454,000 sq. ft in in the second quarter of 2023. This was just 2.3% below the first quarter but data for the second quarter covers the period up to the 19th of June. Total demand in the second quarter was therefore similar to the first quarter and close to a third lower than in the final quarter of last year. General industry continues to remain the largest market accounting for 71% of total demand in Hampshire in the second quarter, followed by offices at 24%.

18. The second quarter saw a quarterly increase in commercial take-up of around 14% in industry and offices respectively, retail was down 74% and there were no new take-ups among hotels. The increase in offices comes on the back of a 40% decrease in the first quarter. The demand for offices will continue to be affected by firms adopting to new ways of flexible and remote working.
19. Business intelligence from Hampshire's Economic Development team suggests that Hampshire continues to receive a steady flow of inward investment enquiries from the Department for Business and Trade, but private investment continues to be relatively subdued in the first half of this year.
20. Alongside the take up of commercial space, a number of recent investments and new contract awards have been made over the past quarter including:
- The development at Nelson Gate in Southampton which received £3.5 million investment from FI Real Estate Management to transform the site into a STEM-led community workspace named 'The Bulb'.
 - Lidl have announced locations for five new stores in Southampton (forming part of the chain's huge expansion plans for the upcoming two to three years).
 - British Ocean Sediment Core Research Facility (BOSCORF), based at the National Oceanography Centre in Southampton is to receive £594,000 in funding for X-ray fluorescence sediment core scanner.
 - Hampshire based Chemring Energetics has won a £43m contract to produce anti-tank weapon parts for the Next Generation Light Anti-Tank Weapon system (NLAW). Chemring Energetics UK forms part of the global Chemring Group, headquartered in Romsey.
 - French winemaker Vranken-Pommery Monopole has given planning permission for a new winery at its Pinglestone estate in Alresford, capable of producing around 200,000 bottles of English sparkling wine per year.
21. Trading conditions remain difficult for tourism and hospitality operators in Hampshire, but we have seen some improvement as reflected in the latest growth estimates. Hotel demand has been hit but financially stretched households are increasingly more likely to take a domestic holiday instead of a foreign one.
22. Hampshire's important cruise sector has rebounded strongly post pandemic. Seven new cruise ships will make their first visits to Southampton in 2023 amongst an estimated 2 million passengers on nearly 500 vessels. Portsmouth is looking to triple the number of passengers welcomed on cruise calls from 35,000 in 2022 to 97,000 on 83 ships in 2023. Southampton port estimates that on average each cruise call is worth £2.7m to the local economy.

23. Retail sales volumes increased in April following a poor weather-related decrease in March. In the three months to April sales volumes increased at the fastest pace since August 2021.
24. As reported in June, house prices in the UK increased in April according to HM Land Registry data. The pause in house price falls reflects recent improvements in consumer sentiment and incomes and some reversal of the spike in mortgage rates after the peak reached in the autumn. Further rises in interest rates and stubbornly high inflation will continue to exert downward pressure on prices across the country however.
25. With the average house price at £383,200 in April or about a third above the national average, affordability in the County area is stretched by historic standards. Once buyer volumes recover the amount that can be spent on a new home will be reduced by higher mortgage rates and the squeeze on disposable incomes from relatively high inflation. This is set to continue to exert downward pressure on house prices across much of Hampshire & Isle of Wight.
26. Local data from HM Land Registry suggests that alongside falling house sales, prices have now started to fall across much of Hampshire. House prices in the County area fell by 0.4% in April compared to March, smaller than in Southampton (-1.6) but above Portsmouth (-0.1). On the Isle of Wight prices increased by 1.3% following a sharp fall in March.
27. The consumer price inflation stood at 8.7% in May, unchanged on the previous month and above expectations. Core inflation, which strips out volatile components like food and energy prices, increased to 7.1%, the highest level since 1992. The rise in core inflation alongside the strong growth in wages suggests that domestic inflationary pressures are getting stronger and that the rates may have to rise faster and further than previously thought to contain inflation.
28. Survey evidence suggest that May saw the slowest increase in business costs (input prices) in over two years, but business costs in the region remain historically elevated. Upward cost pressures stemmed from higher salary and insurance while businesses faced lower energy, transportation, and raw material costs. Falling energy price inflation implies that the energy supply shock should fade fast, but a tight labour market will probably mean that core inflation remains relatively high for longer than previously thought.
29. Prices charged for goods and services remain elevated but the increase in the overall rate of output price inflation in the region in May was the second slowest in almost two years. Nevertheless, the increase in prices charged for goods and services in the region was the highest in the country in May.
30. Labour demand in Hampshire & Isle of Wight was broadly unchanged in April compared to March but resilience returned in May with a small increase in PAYE employment and a large seasonal jump in labour demand in Hampshire.

31. Self-employment continues to bear the brunt of both the impact of the pandemic and the cost-of-living crisis. Official data from ONS suggests that self-employment in Hampshire and Isle of Wight decreased by 18,000 in the year to December 2022 compared to the previous year. Overall employment decreased by 12,000 last year and the fall was driven entirely by a reduction in self-employment.
32. Unemployment on the headline (survey-based) measure decreased by almost 11,000 in 2022 with some of the decrease accounted for by the increase in economic inactivity. Timely data suggests that the proportion of people and young people claiming unemployment related benefits (not adjusted for seasonal factors) in Hampshire and the Isle of Wight decreased to 2.8% and 3.7% respectively in May with most local authorities in Hampshire seeing lower rates in May.
33. Early payroll estimate suggests that median PAYE wage growth in Hampshire increased by 7.3% in May from 7% in April. Pay growth in Hampshire was elevated by historical standards and above the regional average. The recent increase in the number of job vacancies suggests that the upward pressure on wage growth from labour shortages in Hampshire is probably not past its peak.
34. Unexpected rise in pay suggests that the Bank of England is likely to raise interest rates in June and with wages remaining a key source of inflationary pressure markets expect that the rates may have to rise to 6% by the end of the year to quash inflation.
35. The main labour market outcomes in Hampshire compare favourably with the national average. Economic activity stands at 79%, the employment rate at 76.4% and unemployment on the headline (survey-based measure) at just 3.2%. The County area headlines are similar or better than the South-East average.
36. A large fall in the number of economically active residents of working age, down 23,000 in 2022, has made the labour market in Hampshire somewhat tighter. The decrease was driven by people looking after the family/home and the long-term sick.
37. The sub-national productivity estimates published on 20 June 2023 showed that labour productivity in Hampshire and Isle of Wight stood at 10.5% above the national average in 2021, in relative terms slightly lower than in 2020 and 2019. A slight weakening in relative productivity is mostly explained by a further decline in labour productivity in Southampton.

The latest *Economic Intelligence Dashboard* (Annex 1) produced in late-June contains additional information on the current economic trends and business intelligence.

County Deal

38. As has been previously reported, a County Deal has the potential to both strengthen economic recovery across Hampshire and deliver major strategic economic initiatives to drive the future economic potential of the region. This would be achieved through securing substantial new functions, powers, and resources to enhance place-based leadership at regional, sub-regional and local levels for the benefit of local residents, including leveraging significant investment funding from Government and the private sector.
39. The national agenda continues to be underpinned by the Government White Paper, Levelling Up the United Kingdom, which was published in February 2022 and set out an ambition to extend, deepen and simplify devolution across the country, and commits to establishing a new model of Combined Authority that would enable devolution deals to be agreed by County Councils and/or Unitary Councils, encouraging collaboration where relevant with District Councils.
40. On the back of the White Paper, legislation has also been developed to establish a new form of County Combined Authority (CCA). Key points of clarity in the Bill are:
- a. There cannot be 2 or more CCA's across a single County Area.
 - b. The previous language of a "Mayor" will not be prescribed.
 - c. Public Consultation would be required as part of finalising proposals for a CCA.
 - d. The Secretary of State may make regulations establishing a CCA for an area only if:
 - The Secretary of State considers that to do so is likely to improve the economic, social, and environmental well-being of some or all of the people who live or work in the area.
 - The Secretary of State considers that to do so is appropriate having regard to the need:
 - To secure effective and convenient local government, and
 - To reflect the identities and interests of local communities
 - The Secretary of State is satisfied that the proposal will achieve the stated purpose of establishing a CCA.
 - The constituent councils' consent, and
 - Any public consultation required has been carried out.
41. Over the past 18 months the County Council has worked collaboratively with all Local Authorities to agree a Statement of Common Ground, as well as a Pan-Hampshire County Deal Prospectus which was shared with Government in November 2022. This document sets out an independent Functional Economic Market Assessment (FEMA) for the Pan-Hampshire Area, as well as identifying a range of agreed opportunities for new powers and funding to explore with Government as part of Deal negotiations in the following thematic areas:

- Supporting Sector Growth and Skills
 - Place Strategy
 - Net Zero and Net Environmental Gain
 - Integrated and Sustainable Transport.
42. The Prospectus was shared alongside a letter to the Secretary of State in November 2022, with a clear message that the County Council and its Partners stand ready to engage with Government.
43. Within the White Paper the Government announced 9 Wave 1 areas, which have been explored over the past 12 months. These are:
- Cornwall;
 - Derby and Derbyshire;
 - Devon, Plymouth and Torbay;
 - Durham;
 - Hull and East Yorkshire;
 - Leicestershire;
 - Norfolk;
 - Nottinghamshire and Nottingham; and
 - Suffolk.
44. The majority of the Wave 1 Deals have now been agreed, following recent announcements in December 2022 for Deals in Suffolk, Norfolk, Durham, and Cornwall. More recently there has also been positive statements of intent for Leicestershire, Hull/East Yorkshire and also Lancashire.
45. In January 2023, the Levelling Up Minister responded positively to the County Council's letter sent in November 2022. The letter stated that Minister welcomed the ambition demonstrated in the Prospectus, and wanted Officials to meet with Officers from the upper tier and Unitary Councils across Hampshire and the Isle of Wight, to collectively explore the opportunity for the Prospectus to be taken forward as part of the next Wave of negotiations.
46. During these early meetings with Officials, the Leaders of Southampton City Council, Portsmouth City Council and Isle of Wight Council wrote to the Levelling Up Minister, proposing a 2 Deal approach for the Pan-Hampshire region i.e. One Deal for the County Council and a separate Deal for the 3 Unitary Authorities (Southampton, Portsmouth and Isle of Wight).
47. The County Council, alongside Southampton City Council, Portsmouth City Council and the Isle of Wight, have now received a clear letter from the Minister setting out a strong Ministerial steer that the only Deal that will be considered is on a single Pan-Hampshire geography. This broadly aligns to the geography set out in the Prospectus (less Bournemouth, Christchurch and Poole), and is a Deal that would operate at significant economic scale

across the broader Pan-Hampshire region, whilst retaining the integrity of current local government boundaries.

48. Discussions with Officials have also importantly highlighted District Council engagement, and Officials welcomed the governance principles that have already detailed in the Prospectus, setting out a commitment to respect sovereignty across our current functions, reflect sub-geography and ensure all organisations are appropriately represented. Helpfully, as these informal conversations progress, Officials indicated they would also welcome and value District Council engagement.

Hampshire Economic Strategy and Local Enterprise Partnership (LEP) Integration

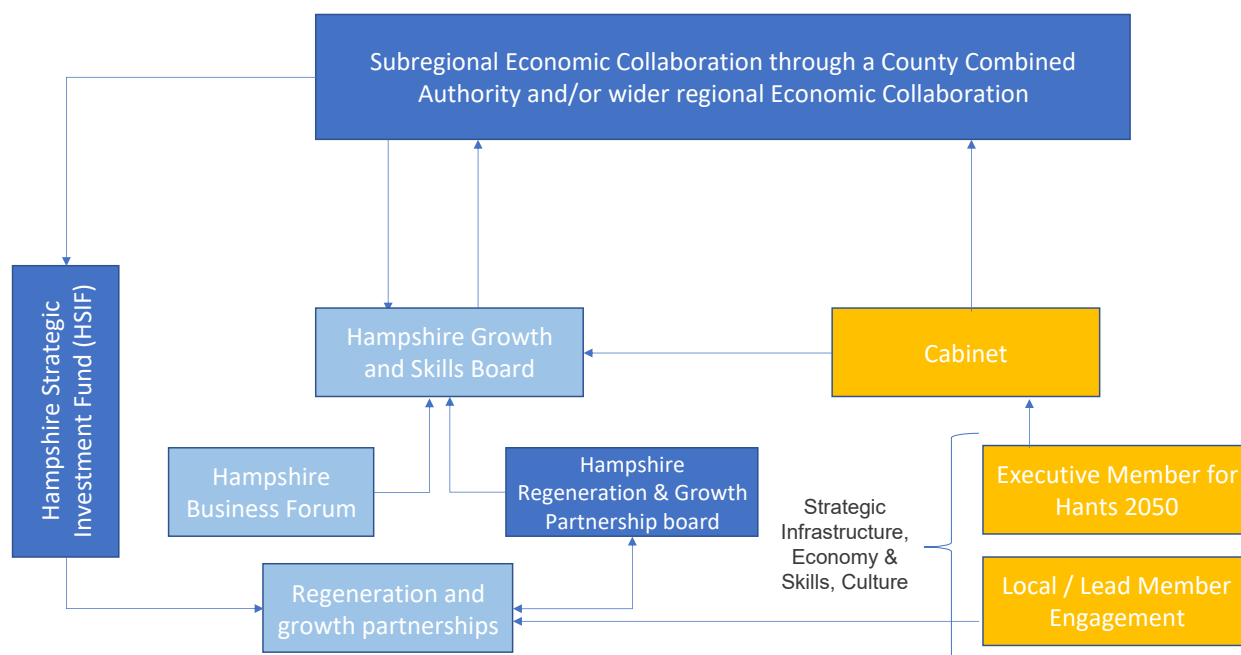
49. At the Cabinet meeting in December 2022, Cabinet received and approved the Economic Strategy reflecting the comments and changes from stakeholder consultation. The final approved version of the strategy has subsequently been published in January 2023: <https://www.hants.gov.uk/business/economic-strategy>
50. As noted at February 2023 Cabinet, following the finalisation of the strategy the next steps are to develop the strategic action plans to best enable the prioritisation and delivery of the ambitions as set out in the strategy. This includes the development of the partnership governance to develop, shape and deliver the economic strategy, recognising the key role of stakeholders including business representatives, Local Enterprise Partnerships, the Solent Freeport, Local Authorities and Education and Skills providers across the wider Pan-Hampshire functional economic area.
51. Alongside the development of this thinking, the Government confirmed in the March 2023 budget statement the continued intention to transition and integrated LEPs into local democratic institutions by April 2024.
52. Following this announcement, the Department for Levelling Up, Housing and Communities (DLUHC) launched a “*Local Enterprise Partnerships (LEPs) Future Funding Information Gathering Exercise*”, including questionnaires LEPs, Local Authorities and other stakeholders to understanding the implications of the end to Government core funding and how the activities currently carried out by the LEPs might change, cease or be transferred.
53. The County Council responded to this exercise in April 2023 through the completion of separate questionnaires in relation to the two LEPs, Enterprise M3 LEP and Solent LEP, operating within the County geography. In doing so, the County Council has been clear on its position to work constructively with all stakeholders during a transitional period, particularly in the context of neighbouring Local Authorities, District and Borough Councils and the previously stated Devolution ambitions. This reflects the

County Council's commitment to prioritise the delivery of the recently published Economic Strategy and recognised the valuable role LEPs have played in driving investment, economic growth and bringing businesses, education and Local Authorities together over the past decade. It also recognised the potentially different role the County Council may need to fulfil for the Enterprise M3 LEP in its current formal role as the Accountable Body.

54. As noted in both this paper and previous Cabinet updates, the County Council remains committed to developing and delivering the Pan-Hampshire County Deal proposals, and is supportive of the policy direction from Government to integrate LEP functions into a County Combined Authority for the wider Hampshire area. This creates a significant opportunity to better join up and simplify economic development ambitions and the associated governance at scale across the wider regional geography, and can begin to bring together and incorporate previous place based initiatives such as the *Hampshire Story*.

55. With the timeline of April 2024 now confirmed for the integration of the LEPs, this requires early consideration of how to effectively align structures with the requirements of any potential devolution deal; the action planning of the Economic Strategy; embedding local Regeneration and Growth Partnerships and the business engagement forums used for Hampshire Story and the Skills and Apprenticeships work.

56. At the April 2023 meeting of Cabinet the development of a single Hampshire Growth and Skills Board was explained, which would bring together a single economic and skills governance forum for the County as a whole, linking to existing arrangements (such as Local Skills Improvement Plans – LSIP) and the transition planning with both Solent and Enterprise M3 LEPs. Importantly, this could also form the basis of a direction of travel towards wider sub-regional economic collaboration through a future County Deal.



57. This early thinking continues to be developed and needs to be done in conjunction with wider regional economic collaboration that would be required irrespective of potential devolution arrangements over the next 12-18 months, as well as future Governance direction following the outcome of the current DLUHC engagement exercise, which is expected in advance of the Summer recess.

HCC's Strategic Asset Management Plan

58. In December 2022, Cabinet approved a new 5-year Strategic Asset Management Plan (SAMP) for the County Council's property and land assets.

59. The first actions from the plan are now being implemented in relation to the rationalisation of the County Council's corporate office estate. This included the recently announced sale of a surplus building, Capital House, in Winchester as part of an exempt decision taken at the Leader and Executive Member for Hampshire 2050 and Corporate Services & Deputy Leader and Executive Member for Hampshire 2050 and Corporate Services Decision Day in March 2023 focussing on the Winchester corporate office portfolio.

60. The focus continues to be on rationalising the estate to address low utilisation levels that have arisen and been sustained following the Covid-19 pandemic, and the opportunity to secure revenue cost savings alongside a financial return for the disposal of surplus assets.

61. Alongside the office portfolio, the County Council continues to recognise the broader opportunities to support, enable and contribute to economic

regeneration and growth through the County Council's assets, particularly in our town centres.

Regeneration and Growth Partnerships

62. The County Council Cabinet approved a new approach to partnership working on growth and regeneration across Hampshire at its meeting in March 2022. The aims of the new approach will streamline, and better co-ordinate initiatives aimed at supporting local economic growth and physical regeneration of town centres and other economically important areas. It was intended to promote effective partnership working through mutually established bi-lateral arrangements with Districts and Boroughs, and with neighbouring Unitary Authorities where desired.
63. In December 2022, Cabinet received the summary findings and recommendations of the externally commissioned work to engage with Districts and Unitary Councils to advise on the design principles for effective future arrangements in Hampshire. This was a collaborative exercise involving the consultants interviewing 10 District Councils and 2 Unitary Authorities as part of the commission, and their feedback has helped to inform the emerging conclusions of the work.
64. Following the commencement of the new Directorate structure implemented in January 2023, actions continue to engage with District Councils to establish priorities and the bi-lateral approach for more effective and joined up place shaping. In doing so the County Council will maintain an overall Hampshire wide perspective, ensuring appropriate strategic interdependencies are effectively overseen and maintaining the focus on the place-based ambitions set out in the Hampshire 2050 vision and the more recently developed Hampshire Economic Strategy.

Conclusion

65. The County Council continues to maintain a focus on driving towards economic strength for Hampshire. Steps continue in the context of the national policy position on Devolution and LEPs to now progress the leadership, governance, and implementation of recently approved Economic Strategy. Many of the next steps will be dependent on Government policy and appetite in relation to a devolution ambition for the area and the associated approach to LEP integration.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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:

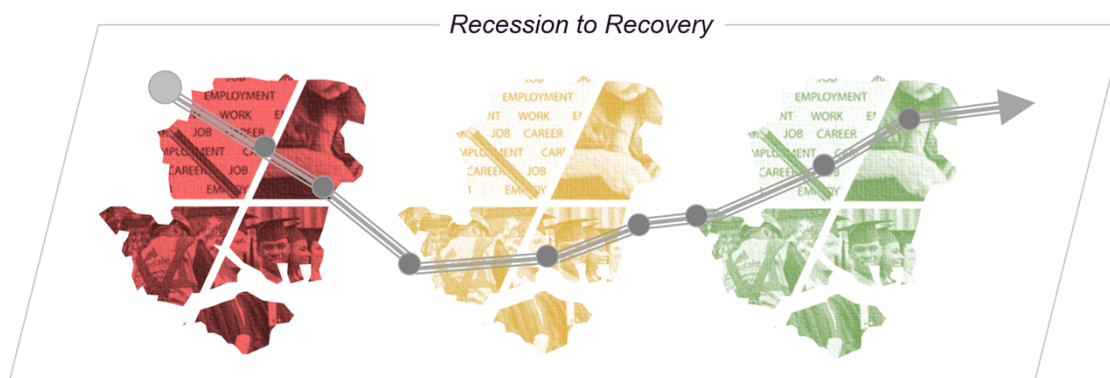
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share it.
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

(a) No equality impacts have been identified arising from this Report



Hampshire Monthly Intelligence Dashboard

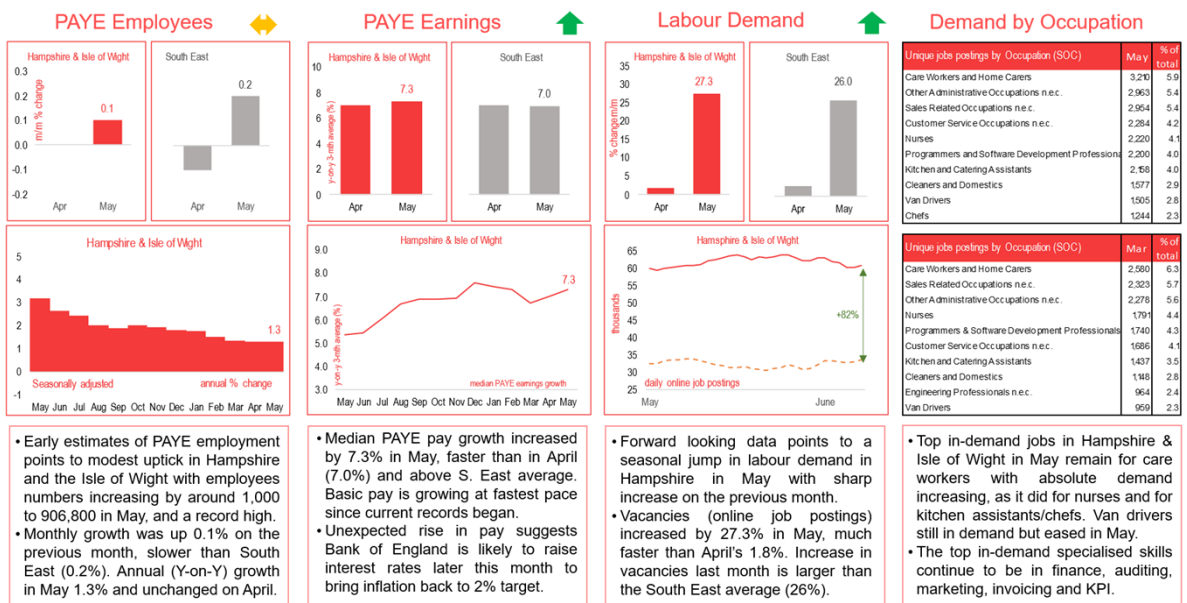
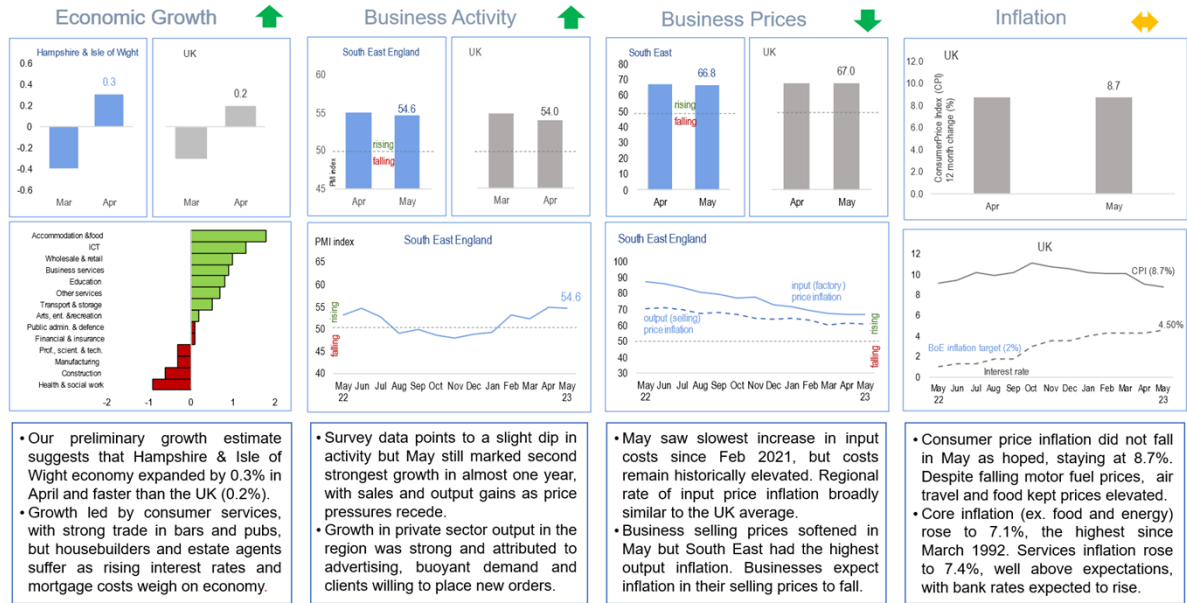
June 2023

Hampshire County Council
Hampshire 2050

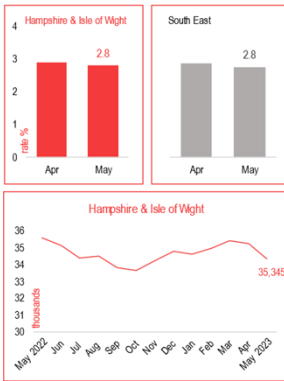


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Theme	Indicators	
Business Activity	<ul style="list-style-type: none"> Economic Growth Business Activity Business Prices Inflation 	Page 1
Jobs and Earnings	<ul style="list-style-type: none"> PAYE Employees PAYE Earnings Labour Demand Demand by Occupation 	Page 2
Unemployment	<ul style="list-style-type: none"> Claimant Unemployment Local Claimants Youth Unemployment Local Young Claimants 	Page 3
Sentiment and Investment	<ul style="list-style-type: none"> Business Investment Retail Sales Consumer Confidence House Sales 	Page 4

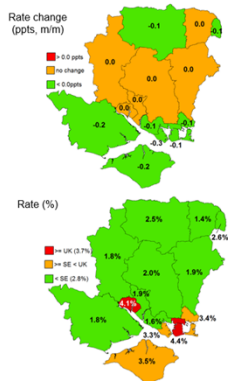


Claimant Unemployment



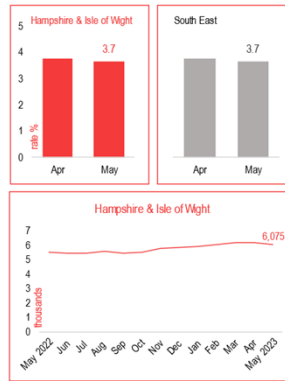
- The number of working age unemployed claimants (not adjusted for seasonal factors) in Hampshire & Isle of Wight saw seasonal decrease of 945 to 35,345 in May. Falls across all ages but driven by under 25s.
- The unemployed claimant count rate was down to 2.8%. The number was 34% above pre-pandemic levels.

Local Claimants



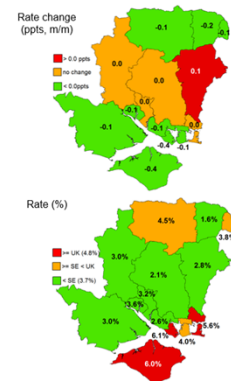
- Most Hampshire & Isle of Wight authorities saw their working age unemployment rate decrease, while six saw no change.
- Unemployment rates in most Hampshire & Isle of Wight authorities are below the two benchmark areas, with only the two cities above the UK rate in June.

Youth Unemployment



- The number of young unemployed claimants aged 18–24-year-olds in Hampshire & Isle of Wight decreased by 155 claimants in May to stand at 6,075, but higher on the year.
- The youth claimant unemployment rate was down to 3.7% in May, mirroring the South East average and below the UK (4.8%).

Local Young Claimants



- Most Hampshire & Isle of Wight local authorities (nine) saw their youth unemployment rate decrease, four saw no change, and only East Hampshire saw an increase.
- Most Hampshire & Isle of Wight districts had rates below the SE and UK rates, while Havant, Gosport and IoW remain above the UK rate.

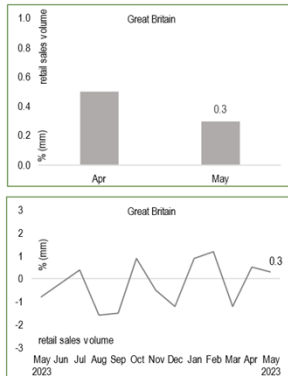
Sentiment and Investment

Business Investment



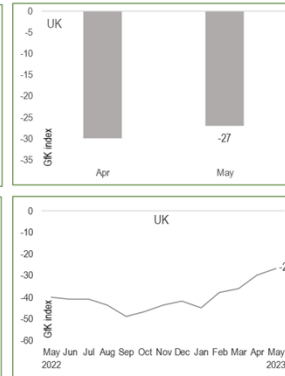
- UK business investment increased by 0.7% in Q1 2023 following a fall of 0.2% in Q4 2022. Investment stood 3.2% higher than a year ago but it remained below pre-pandemic level.
- Business investment set to rise, reaching pre-crisis levels by end of 2024 (growing by 1.9%) according to latest CBI forecasts.

Retail Sales



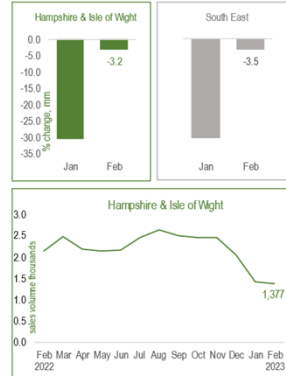
- Retail sales volumes continue to grow in May (0.3%), albeit at slower pace than April, and led by non-store retailing (outdoor goods & summer clothing), and automotive fuel as prices drop, but food sales down.
- Divergence between quantity bought and amount spent has widened as prices continue to increase.

Consumer Confidence



- Consumer confidence continues to recover with May index at -27, up 3 points on April, and the fourth monthly increase in a row since January.
- Despite cost-of-living pressures, UK consumers optimistic going forward possibly reflecting stronger than expected financial picture but rising interest rates will dent sentiment.

House Sales



- House sales in Hampshire & Isle of Wight continue to fall but at a slower pace with 46 fewer sales in Feb 2023 as the housing market cools.
- House prices eased in Hampshire in Jan and Feb 2023. Timelier national surveys also point to falling house prices as higher borrowing costs hit confidence and dampens demand.

How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE employment & earnings and consumer sentiment it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

* The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of Hampshire and the Isle of Wight and the national sectoral impacts.

Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry and the Bank of England.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Median pay figures differ from the ONS estimates and are based on gross PAYE earnings which do not cover other sources of income, such as self-employment.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

This publication is produced by the Economic and Business Intelligence Service (EBIS), Hampshire County Council



Hampshire
County Council

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet County Council
Date:	18 July 2023 20 July 2023
Title:	2022/23 – End of Year Financial Report
Report From:	Director of Corporate Operations

Contact name: Rob Carr, Director of Corporate Operations

Tel: 01962 847400

Email: Rob.Carr@hants.gov.uk

Section A: Purpose of this report

1. The purpose of this report is to provide a summary of the 2022/23 final accounts. It sets out the variance against the revenue budget for service directorates and non-service budgets and explains the reasons for the variances. It makes recommendations for the use of one-off budget funding including transfers to earmarked reserves.
2. The report also covers capital expenditure and funding for 2022/23, revisions to the 2023/24 capital programme and reports on treasury management activity for the year ended 31 March 2023.
3. The report also outlines the outcome of a review of reserves and highlights two unavoidable revenue pressures that need to be funded.

Section B: Recommendations

RECOMMENDATIONS TO CABINET

It is recommended that Cabinet:

4. Notes the progress towards delivering the outstanding Tt2021 savings and delivery of SP2023 savings set out in Sections D and E.
5. Notes the outturn position set out in Section F.
6. Approves the allocation of unspent central budgets of £1.1m to the Budget Bridging Reserve.
7. Approves the increase of service capital programme cash limits for 2023/24 to reflect the carry forward of capital programme schemes totalling £103.723m as set out in Appendix 3.

8. Recommends that County Council approves:

- a) The report on the County Council's treasury management activities and prudential indicators set out in Appendix 2.
- b) The transfer of unused budget of £4.1m within Corporate Services and Hampshire 2050 to the Budget Bridging Reserve.
- c) An additional investment of £7.5m per annum for the next three years for highways reactive maintenance, to be met from reserves.
- d) Funding of £5.24m for the switch from analogue to digital to be met from reserves.
- e) The review of earmarked reserves resulting in a transfer of £61.26m to the Budget Bridging Reserve.
- f) A variation to the 2024/25 Alderwood School (Aldershot) capital scheme of £2.7m resulting in an estimated scheme cost of £12m with the additional funding coming from a mix of developer contributions (£1m) and resources transferred from 2023/24 (£1.7m).
- g) The updated capital programme presented in Table 4 of Appendix 3 including changes to the programme since February 2023.

Section C: Executive Summary

9. This report provides a summary of the 2022/23 final accounts. In line with the statutory requirement, the draft statement of accounts was published by 31 May and will be reported to the Audit Committee in September. Regulations set a target date of 30 September for the audited accounts to be published.
10. The remaining Tt2021 savings for all Directorates remain largely on track to deliver in line with their revised baseline targets following the removal of £4.9m Older Adults savings from the programme, as agreed by Cabinet in February 2023. There remains a risk to delivery of £1.3m Older Adults Savings due to continuing operational and budget pressures and £0.8m Children's savings linked to financial contributions from the NHS.
11. Directorates have made strong progress towards delivering their SP2023 targets in 2022/23 having secured £20.8m of savings. The overall programme target has been reduced from £80m to £71.9m following the removal of Older Adults and Home to School Transport savings as approved by Council in February 2023. There remains a risk to delivery of £1.8m savings within the Younger Adults programme and £0.7m Home to School Transport savings, however mitigating measures are in place which are expected to improve this position in 2023/24.
12. Net service expenditure was £3.5m lower than the revised forecast against a cash limited budget of over £1.1bn, excluding spending by schools; a variance of just 0.3%. The position for each of the directorates is summarised in the table below:

	Variance (Under) / Over Budget
	£M
Adults' Health and Care	4.0
Children's Services - Non Schools	1.4
Corporate Services	(3.9)
Hampshire 2050	(0.2)
Universal Services	(4.8)
Total Directorate Expenditure	(3.5)

13. The Adults' Health and Care position includes a favourable variance of £1.9m on Public Health which will be transferred to the ring-fenced Public Health Reserve. The net pressure for Adults Services is therefore £5.9m and includes a permanent increase in care costs of £8.8m in excess of budgeted levels of growth, albeit this can be met within available budget contingencies from 2023/24. This position is partially mitigated by favourable variances on staffing, contracts, administration and equipment, and early delivery of SP2023 savings, which together total £6.4m. The Directorate's Cost of Change Reserve has also reduced due to planned investments of £31.6m during 2022/23, primarily due to support provided to the Hampshire Integrated Care Boards in the delivery of hospital discharge services.
14. The outturn position for Children's Services includes £9.4m permanent pressures within Home to School Transport due to rising fuel bills, driver and vehicle shortages and increasing transport costs for children with Special Educational Needs. This currently represents the biggest financial risk to the forecast budget gap to 2025/26. Education Inclusion Services have also reported significant pressures totalling £5m due to increasing SEN numbers. The net budget pressure for the directorate has been significantly reduced by early delivery of SP2023 savings totalling £8.8m, however this is a one-off mitigation in 2022/23, and the considerable challenges remain for the Children's financial position over the medium term.
15. The favourable budget variance for Corporate Services mostly relates to early achievement of SP23 savings and for Hampshire 2050 is primarily due to vacancies and higher than budgeted planning income. Since the combined cost of change reserve for Hampshire 2050 and Corporate Service is sufficient to meet future commitments, it is proposed that the year end variance for both Directorates is transferred to the Budget Bridging Reserve.
16. The favourable net outturn position achieved by Universal Services reflects early achievement of SP23 savings, significant recruitment challenges within the Facilities Management and School Crossing Patrol teams, reduced concessionary fare journeys and thus payments to bus operators and

overachievement of income targets across a range of services. However, the Highways Maintenance Service continues to face significant financial pressure due to unprecedented demand and sharp price rises, and the budget was also impacted considerably by winter weather related issues. The number of gritting runs undertaken was significantly higher than average and the resulting £4.1m pressure has been met corporately (in line with current policy) so has not impacted the outturn position for the Directorate.

17. A total net pressure of £26.1m has been reported against the schools budget, which will be balanced by a charge to the Dedicated Schools Grant Reserve, bringing the cumulative deficit on the DSG reserve to £86m. This reflects sustained increases in numbers of children with Education, Health and Care Plans (EHCPs) leading to increasing numbers of high cost independent school placements. The diagnostic phase of the DfE's Delivering Better Value Programme has now concluded for Hampshire, which validated the Council's existing High Needs programme and identified several areas for further focus to reduce pressure on the High Needs Block, albeit these will not eliminate the ongoing deficit in future years nor address any of the accrued deficit.
18. The net variance on non-cash limited budgets totals £1.1m under budget and takes account of a pressure within the Coroners Service and an increase in the allowance for doubtful debts. The Coroners pressure is linked to increasing numbers and complexity of post mortem requests due to greater levels of scrutiny per referral, following the merging of three previously separate Coroner's jurisdictions in 2020. Favourable variances were largely within the Capital Financing budget and relate to, investment returns on cash balances including the benefit of the pre-payment of employer pension contributions in April 2020. The unused budget will be transferred to the BBR, bringing the total year end transfer to £5.2m.
19. The report contains a section on reserves and balances highlighting a net reduction in reserves available to the County Council of £38m. Of this reduction, £34m relates to the net draw from directorate reserves used for a number of purposes including cash flow funding for delayed savings, funding to offset inflation and demand pressures and investment in services.
20. Of the 2022/23 capital programme, schemes totalling £191.7m (52.3%) were started during the year. The report sets out the details of requests to carry forward £103.7m of funding from the 2022/23 and prior year programmes into 2023/24, in addition to £71.2m for which approval has already been granted. Cabinet and County Council are also asked to approve the updated capital programme, as set out in Table 4 of Appendix 3, and the variation in the scheme value of the Alderwood School scheme of £2.7m where consultation with the Environment Agency has resulted in the requirement for a new proposal for the site.
21. Including schemes started in prior years, total capital expenditure of £190.9m was incurred during 2022/23, of which it is proposed £11.1m will be funded through prudential borrowing. This will not result in the County Council taking on new external debt at this point and instead will be funded through 'internal borrowing' in line with the County Council's Treasury Management Strategy and the advice of its treasury management advisors.

22. The report also recommends approval of the annual report on the operation of the treasury management strategy and the County Council's end of year prudential indicators.

Section D: Transformation to 2021 Programme

23. The remaining Tt2021 savings for all Directorates remain largely on track to deliver in line with their revised baseline targets as approved by Cabinet in December 2021. In February 2023 Cabinet approved the removal of £4.9m Older Adults savings from the programme from 2023/24, which were deemed to be undeliverable due to pressure on care budgets. Non-delivery of these savings therefore represents a one-off pressure for Adults Health and Care in 2022/23 and has been met from the directorate cost of change reserve.
24. Of the £43m savings remaining to deliver from April 2022, £23.4m have been delivered in 2022/23. The cumulative savings position is provided in the following table.

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	
Revised Baseline Target	28.3	35.2	40.1	43.0	43.0
Actual Savings	23.4	23.4	23.4	23.4	23.4
Remaining Forecast Savings	0.0	10.6	16.9	19.6	19.6
Total Expected (Actual + Forecast)	23.4	34.0	40.3	43.0	43.0
Variance	(4.9)	(1.2)	0.2	0.0	0.0
% Variance	(17.4%)	(3.4%)	0.4%	0.0%	0.0%

25. The overall confidence levels for delivery of the remaining programme, rated as Red, Amber or Green, are as follows:

	RED	AMBER	GREEN	DELIVERED
Current saving status (£m):	2.3	8.5	8.8	23.4
Percentage of target:	5%	20%	21%	54%

26. Within the Adults programme, £1.3m of the remaining £4.8m savings for Older Adults are rated Red. There is an ongoing risk to the delivery of these savings due to continuing operational and budget pressures that could endanger the delivery of or the ability to evidence the delivery of savings against target. Working Differently savings of £0.2m are also Red rated; these relate to a planned restructure of the Hospital Team, alternatives for which are being explored. An interim cost neutral structure has been agreed by the Working Differently Executive Group whilst further work on possible savings options is completed. HCC Care savings of £0.4m linked to the staffing blueprint have slipped from 2022/23 to 2023/24, however the full saving of £1.6m has now been confirmed following Cabinet budget approval and will be declared in 2023/24. All activity required to deliver the T21

Younger Adults savings has now been completed and the cash savings will be declared in 2023/24.

27. Within the Children’s programme, £0.8m savings linked to financial contributions from the NHS for Continuing Healthcare and Mental Health Aftercare are rated Red. These are not expected to be achieved until 2024/25 and the shortfalls will be met from the directorate cost of change reserve in the interim. Savings of £2.7m, largely relating to Transforming Social Care and Home to School Transport, were declared as delivered in 2022/23. £0.75m savings were moved from Red to Green rated as savings programmes are on track to achieve savings to cover this slippage in early 2023/24.
28. The outstanding Universal Services T21 savings remain on track, and discussions are being held with Districts to ensure that these are reflected in the future waste disposal arrangements going forward as set out in a separate report on this agenda.

Section E: Savings Programme to 2023

29. Directorates are currently on track to deliver £64.7m of the remaining £71.9m SP23 savings by 2023/24, following the removal of Older Adults (£6.95m) and Home to School Transport (£1.159m) savings from the programme target as approved by Council in February 2023. The overall position for the programme is set out in the following table.

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	
Revised Baseline Target	7.3	68.6	71.9	71.9	71.9
Actual Savings	20.8	20.8	20.8	20.8	20.8
Remaining Forecast Savings	0.0	43.9	51.1	51.1	51.1
Total Expected (Actual + Forecast)	20.8	64.7	71.9	71.9	71.9
Variance	13.5	(3.9)	0.0	0.0	0.0
% Variance	184%	(6%)	0.0%	0.0%	0.0%

30. The overall confidence levels for delivery of outstanding savings, rated as Red, Amber or Green, are as follows:

	RED	AMBER	GREEN	DELIVERED
Current saving status (£m):	2.8	8.4	39.9	20.8
Percentage of target:	4%	12%	55%	29%

31. Within the Adults programme, £3.5m savings have been delivered in 2022/23, largely relating to HCC Care discharge beds. £1.8m Younger Adults savings are Red rated, including:

- NHS Integration (£0.5m) – opportunity and savings are under review. As a contingency, these savings have been reallocated to the Least Restrictive Practice/High Cost Placements project.
 - LD 60+ Accommodation (£0.4m) – profile is being reviewed to account for underachievement and to plan contingencies.
 - LD and PD Volunteers projects (£0.9m) – delays to starting the pilot due to Covid-19 restrictions and marketing delays have impacted volunteer recruitment. A contingency plan is agreed and in place and the pilot commenced in May 2023.
32. £8.8m of the total £22m savings within the Children’s SP2023 programme have been delivered in 2022/23. These relate to additional government funding and a reduction in Children Looked After placement costs funded by the Council following a review of charges to the high needs block of the Dedicated Schools Grant. A significant increase in cash delivery will also be declared in early 2023/24 as many projects successfully completed during 2022/23 take effect from April 2023.
33. Home to School Transport savings (£0.7m) are currently rated Red due to ongoing market and service pressures. This position is expected to improve in early 2023/24 as a result of mitigating actions taken by the project team, however the savings are forecast to be delivered a year later than planned. Additionally, £1.4m of savings related to the Modernising Placements Programme will also be delivered a year later than planned. Whilst robust plans are in place that give confidence that the majority of these savings will be achieved, the programme has reported slippage in the savings profile as a result of late delivery in some of the workstreams.
34. The Universal Services programme continues to be at an advanced stage, with £5m delivered to date and £5.8m of the remaining £7m secured from 1st April 2023. Of the savings yet to be delivered, £1.6m are rated Amber and the remainder are rated Green. The two Amber rated savings; Enhanced Traffic Management and Hampshire Outdoor Centres are under close review and have set aside cost of change funding for 2023/24 to cover any shortfalls.
35. All Hampshire 2050 savings are rated Green and there is no early delivery to report for 2022/23. The Corporate Services SP2023 programme also remains on track to fully deliver all planned savings in 2023/24, with the exception of £0.3m savings linked to the decommissioning of the SWIFT social care system. These savings will be delivered a year later than planned.

Section F: 2022/23 financial outturn

36. The table below summarises the net outturn position for each directorate compared to the final cash limit for the year. The figures exclude schools spending:

	Variance (Under) / Over Budget
	£M
Adults' Health and Care	4.0
Children's Services - Non Schools	1.4
Corporate Services	(3.9)
Hampshire 2050	(0.2)
Universal Services	(4.8)
Total Directorate Expenditure	(3.5)

37. Strong financial management has remained a key focus throughout the year with rigorous review and reporting of forecasts against cash limits, and delivery of outstanding savings in line with approved targets. The outturn position takes account of £15m one-off cash flow support to assist directorates in managing delays to the implementation of the Tt2021 savings programme.
38. Therefore, whilst financial performance remains strong, the significant challenges that directorates face in achieving planned savings and managing surging inflationary pressures in addition to increases in demand over the medium term should not be underestimated.
39. Key issues across each of the directorates are highlighted in the paragraphs below.

Adults' Health and Care

40. The Adults' Health and Care position includes a favourable variance of £1.9m on Public Health due to an underspend on the Domestic Abuse Bill support to victims grant, sexual health, children's nursing contract and Health Checks. The latter three areas have still not seen activity return to pre-Covid levels. This will be transferred to the ring-fenced Public Health Reserve.
41. The net pressure for Adults Services is therefore £5.9m and this will be funded from the directorate Cost of Change Reserve. This position includes a permanent increase in care costs of £8.8m in excess of budgeted levels of growth, due to both the increasing volume of clients across all client groups and the average cost of care packages experienced since June 2021. Price increases that providers have passed on can be attributed to many likely factors including shortages in the employment market for staff at suitable rates, additional costs due to cost of living issues and some providers still remaining below occupancy. These issues are expected to continue to impact on the budget in 2023/24, however the additional cost can be met within the available budget contingencies for growth and inflation, based on current forecasts.

42. This position is partially mitigated by a favourable variance of £2.9m on non-care budgets achieved in areas including staffing, contracts, administration, and equipment/telecare. The directorate also delivered early SP2023 savings of £3.5m, including £2.3m linked to the implementation of the Discharge to Assess model within HCC Care. This has seen the Council provide 80 beds for hospital discharges on behalf of the local NHS.
43. In addition to the impact of the outturn pressure, the Directorate's Cost of Change Reserve has also been reduced due to planned investments of £31.6m during 2022/23, primarily due to support provided to the Hampshire Integrated Care Boards in the delivery of hospital discharge services. Other commitments against reserves include an agreed plan to fund essential Health and Safety works at the HCC Care Residential units and an investment in staff resource to secure achievement of outstanding Tt2019 and Tt2021 savings.

Children's Services

44. Children's Services have reported a net outturn pressure of £1.4m against the adjusted cash limit and this will be funded from the Children's Cost of Change Reserve. Substantial permanent pressures were reported within Home to School Transport and Education Inclusion Services, which have been largely offset by early achievement of £8.8m of the Directorate's SP2023 savings target on a one-off basis.
45. The Home to School Transport service recorded a final outturn position of £9.4m in excess of the budget. Analysis was undertaken earlier in the year of estimated inflationary pressures linked to rising fuel costs and a reduction in capacity due to driver and vehicle shortages. Consequently, additional permanent corporate funding of £4.5m was added to the budget as part of the general inflation provision approved by Cabinet in July 2022. The forecast position continued to worsen over the second half of the year due to rising SEN transport costs as a result of increased complexity of pupil needs, shortages of appropriate transport and non-availability of local SEN school places. Further work is being undertaken to understand the increases and the potential impact on the MTFs and at this point Home to School Transport represents the biggest financial risk currently to the forecast gap to 2025/26.
46. Education Inclusion Services have also reported significant pressures totalling £5m due to increasing SEN numbers. Staff from the Educational Psychology Service have been diverted away from income generating work to respond to SEN assessments, and additional agency staff have also been required to meet demand for statutory assessments due to higher than projected numbers of referrals to the service. These pressures were considered during the budget setting process and additional ongoing funding of £3.8m was added to the budget for 2023/24 to address staffing challenges in these areas.
47. The investment in transforming Children's Social Care services over recent years continues to provide financial benefit to the Council as well as improving outcomes for Hampshire's children. Numbers of Children Looked After and average placement costs remain in line with MTFs forecasts which

take account of savings targets totalling in excess of £32m by 2023/24. However, staff recruitment remains challenging and the use of agency staff to cover vacant social worker posts has resulted in a £1m net pressure for Children's Social Care services.

48. The net budget pressure for the directorate has been significantly reduced by early delivery of SP23 savings totalling £8.8m, however this is a one-off mitigation in 2022/23, and the considerable challenges remain for the Children's financial position over the medium term.

Corporate Services and Hampshire 2050

49. Corporate Services have reported a favourable budget variance of £3.9m, which mostly relates to early achievement of SP23 savings. There is a small net budget underspend of £0.2m within the Hampshire 2050 Directorate, primarily due to vacancies and higher than budgeted income within the Spatial Planning service related to planning fees and one-off project work. Since the combined cost of change reserve for Hampshire 2050 and Corporate Service is sufficient to meet future commitments, it is proposed that the year end variances for Corporate Services and Hampshire 2050 are transferred to the BBR.

Universal Services

50. Universal Services have reported a favourable outturn variance of £4.8m against the adjusted cash limit. However, owing to the wide range of services delivered by the Directorate this net position comprises a range of overspends and underspends across the different areas of service delivery.
51. The Highways Maintenance service continues to face significant financial pressure due to unprecedented levels of demand and public contacts, exacerbated by sharp price rises and difficulties securing supplies for construction materials. £7m additional recurring funding was made available to assist with slowing the managed decline of the network, as agreed by Full Council in November 2021, however £4.5m of this extra funding has been required to maintain existing service levels due to inflationary cost increases.
52. The Highways Maintenance budget was also impacted considerably by winter weather related issues. The number of gritting runs undertaken was significantly higher than average due to a very low average road temperature across the year. Winter maintenance costs have therefore exceeded budget by £4.1m and the resulting pressure has been met corporately (in line with policy) so has not impacted the outturn position for Universal Services.
53. A favourable outturn position for transport services primarily relates to reduced payments to bus operators for Concessionary Fares journeys, reflecting reduced patronage on bus services and vacant posts within the School Crossing Patrols team, which have not been possible to fill.
54. The Facilities Management team continues to face considerable difficulty in recruiting staff, which has remained challenging since the pandemic, and Property Services have reported an income surplus beyond targeted levels due to high occupancy rates and strong rental returns. Several other services

within the Directorate have also overachieved against their income targets, including Scientific Services, Trading Standards, Planning and Registrars. The Directorate has reinvested some of the SP2023 savings achieved ahead of their planned implementation date in improving services to the public, including country parks and footpaths, as well as continuing to support the delivery of outstanding savings.

Overall Directorate Position

55. Detailed financial analysis and explanations for the outturn position for all directorate budgets are provided in Appendix 1.

Schools Budget

56. A total net pressure of £26.1m has been reported against the schools budget, of which £30.4m relates to the High Needs Block with offsetting favourable variances in the Early Years, Schools and Central Services Blocks. This will be balanced by a charge to the Dedicated Schools Grant Reserve, as allowed by the Department for Education (DfE), bringing the cumulative deficit on the DSG reserve to £86m.
57. Within the High Needs Block, there has been a continuation of the pressure on the service for discretionary and direct payments. Independent and Non-maintained Special Schools budgets have experienced pressure due to continued significant increases in pupils with an EHCP. Additional high needs places have been created in special schools and resourced provisions and more children with EHCPs are now remaining within their mainstream school, however due to the significant increase in pupils with an EHCP, it has been necessary to place more pupils in independent placements. This pressure continues to be managed through an ongoing strategy to increase in-house capacity to reduce the need for independent placements and improvements to procurement arrangements to reduce unit costs.
58. The diagnostic phase of the DfE's Delivering Better Value Programme has now concluded for Hampshire. The review aimed to identify the highest impact, sustainable changes that the Council could make to best support children with special educational needs. The review validated the Council's existing High Needs programme and identified several areas for further focus. These included improving parental confidence, promoting inclusive practice in schools, increasing awareness and understanding of the support available, and improving local authority engagement in annual reviews of Education Health and Care Plans. It is important to note however, that even with these additional measures it was concluded that Hampshire would not be able to close the ongoing annual deficit in future years, meaning that the cumulative deficit will continue to rise without some sort of Government intervention.

Other Budgets

59. The outturn for other items contained within the County Council's budget is shown in the following table:

	Variance (Under) / Over Budget
	£m
Capital Financing / Interest on Balances	(3.9)
Contingencies	(0.6)
Specific Grants and Levies	0.6
Coroners	0.9
Increase in Provision for Doubtful Debts	1.9
Total Other Budgets	(1.1)

60. The main reasons for these variances are set out in the paragraphs below.
61. The favourable outturn position for capital financing largely relates to the pre-payment of three year' employer pension contributions in April 2020, which has provided a greater than expected cash flow benefit in 2022/23. Additionally, the investment returns on cash balances held by the County Council have further exceeded budgeted levels due to increases in interest rates during 2022/23.
62. There was a small balance remaining within the general contingency budget due to the use of prudent estimates and strong financial management throughout the year, however this represents a modest saving against a revised budget of some £97m. The position was also offset by adverse variances on the specific grants and levies budgets, mainly due to repayment of some prior year business rates grants to the government following reconciliation of the actual costs incurred by local authorities.
63. The Coroners Service is reporting a budget pressure of £0.9m due to increasing numbers and complexity of post mortem requests, and increased transport costs and mortuary fees linked to a shortage in mortuary capacity. In 2020, three previously separate Coroner's jurisdictions merged, and a new senior coroner was appointed. This has resulted in more scrutiny and investigation being expected per referral, leading to increased use of mortuaries. The pressures facing the Coroners Service were reported to Cabinet in December 2022 and additional funding of £578k was approved for 2023/24 to address the ongoing impact of these pressures. However, the outturn position for the service has continued to worsen throughout Q4 and further analysis is required to determine whether these pressures will impact the position for 2023/24 and beyond.
64. It is proposed to increase the provision for doubtful debts that the Council holds to mitigate the financial impact of irrecoverable debts by £1.9m. This follows an increase in both the level of debt held during 2022/23 and the assessed risk of non-recovery, taking account of factors such as the impact

of the cost of living crisis. In line with our usual approach, rather than have an annual budget for this risk, the position is reviewed and funded as part of the year end position. The increase to the provision will be funded from the favourable budget variance for capital financing costs.

65. The net impact of the variances on other revenue budgets is a favourable variance of £1.1m and in line with the principle agreed by Cabinet in December, this will be transferred to the Budget Bridging Reserve to contribute to balancing the budget for 2024/25.

Section G: General Balances and Earmarked Reserves

66. The County Council's reserves strategy, which is set out in the MTFS, is well rehearsed and continues to be one of the key factors that underpin our financial resilience and ability to provide funding for the transformation of services and give the time for changes to be properly planned, developed and safely implemented.
67. We have made no secret of the fact that this deliberate strategy was expected to see reserves continue to increase during the period of tight financial control by the Government, 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 intended as part of the wider MTFS. That position has been reached with a net draw from reserves at the end of 2022/23 of £38m.
68. At the end of the 2022/23 financial year the total reserves held by the County Council, including the general fund balance and individual schools' balances, but excluding the DSG deficit, total £845m. Of the £38m net reduction in reserves, £34m relates to the net draw from directorate reserves used for a number of purposes including cash flow funding for delayed savings, funding to offset inflation and demand pressures and investment in services.
69. £25.9m was drawn from the Budget Bridging Reserve in line with the plan to support the budget ahead of the Savings Programme for 2023. This draw of £59.9m to support the revenue budget was offset by contributions to other reserves including £5m for future capital payments, £3m revenue grants and £9.8m capital grants received ahead of the planned relevant expenditure. The overall balance also includes reserves held on behalf of individual schools which decreased by £2.6m in 2022/23.
70. The following table 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 2021/22. The DSG deficit is shown separately as it is ringfenced under statute until 2025/26 with the carried forward balance being met from future years' DSG funding.

	Balance 31/03/2022 £'000	Balance 31/03/2023 £'000	% of Total %
General Fund Balance	24,098	24,998	3.0
HCC Earmarked Reserves			
Fully Committed to Existing Revenue and Capital Programmes	212,917	221,265	26.2
Directorate / Trading Reserves	186,117	152,039	18.0
Risk Reserves	49,934	53,779	6.4
Corporate Reserves	125,822	101,734	12.0
HCC Earmarked Reserves	574,790	528,816	62.6
Non-HCC Earmarked Reserves	87,645	84,895	10.0
Total Revenue Reserves & Balances	686,533	638,710	75.6
Capital Grants Reserve	196,447	206,292	24.2
Total Reserves and Balances	882,980	845,002	100.0

71. General Balances at the 31 March 2023 stand at £25.0m, following the planned contribution in 2022/23, which is broadly in line with the current policy of carrying a general balance that is approximately 2.5% of the County Council's Budget Requirement (currently a sum of £22.8m).
72. In addition to the general balance, the County Council maintains earmarked reserves for specific purposes and to a large extent the majority of these are committed either to existing revenue or capital programmes or to mitigate risks that the County Council faces, for example through self-insurance.
73. The majority of the Corporate Reserves balance relates to the Budget Bridging Reserve and is fully committed to meeting future years' budget deficits on an interim basis. Non-HCC reserves include individual schools' balances, over which the County Council has no direct control, and reserves held for the Enterprise M3 Local Enterprise Partnership (EM3 LEP).
74. In addition, a further £206.3m is held within capital reserves and balances, of which around £19m relates to the EM3 LEP which is included in the annual accounts, as the County Council is the Accountable Body. These reserves hold capital grants that have been received in advance of the matched spending being incurred. They are not available for revenue purposes.

Section H: Review of Reserves and Commitments

75. The MTFS update reported to County Council in February this year highlighted an expected budget gap of £132m by 2025/26. The impact of growth and inflation on costs also meant that the budget gap for 2023/24 was still £50.8m even after £80m of SP23 savings had been taken into account.
76. Furthermore, in order to be able to follow our usual pattern of making savings over a two year timeframe, there would also be a significant deficit of at least £86m in 2024/25.
77. Even assuming the County Council can balance the budget in 2025/26 (which is unlikely without significant additional Government funding) this leaves a total of £136.8m that would need to be covered by the Budget Bridging Reserve in the interim period. At the end of 2022/23 the BBR stood at £73.1m leaving a shortfall of £63.7m.
78. As part of the budget setting report, it was highlighted that a review of reserves would be undertaken at year end to determine whether there were additional contributions that could be transferred to the BBR in order to provide an element of financial security in the run up to the 2025/26 financial year.
79. Since that time a number of unavoidable commitments have also been identified that require funding and these will also be considered as part of the overall review of reserves. This process has now been carried out and the table below outlines the unearmarked funding that has been identified.

Reserve title	Current balance	Available balance	What does the funding relate to
General Capital Reserve	£172.4m	£39.2m	Part of the locally funded Covid risk contingency set aside early in the pandemic given the significant uncertainty over the financial impact of the Covid-19 crisis and extent of Government support. Not required due to receipt of additional general Covid tranche grant and specific grants, such as the Control Outbreak Management Fund.
		£22.5m	Higher than expected capital receipts in 2022/23 together with some uncommitted receipts from prior years can now be utilised
Organisational Change reserve	£3.0m	£3.0m	Funding originally set aside to meet the enhanced voluntary redundancy (EVR) costs associated with large scale organisational change programmes. In recent years, following changes to the EVR scheme all redundancy costs have been fully met by Directorates and this will continue to be the case for any future change programmes
Corporate Policy Reserve	£9.2m	£7.8m	To support corporate programmes which contribute to delivering the Council's strategic objectives. This includes providing financial support to partner organisations, for example through the Parish and Town Council Investment Fund
Revenue Grants Unapplied Reserve	£9.6m	£2.4m	Unallocated balance of New Homes Bonus Grant received in previous years. Any future grant received in excess of budgeted levels will continue to be allocated on a case by case basis
Invest to Save Reserve	£16.5m	£14.1m	Funding earmarked for major corporate transformation projects, such as the current replacement of the Adults and Children's social care IT systems. £14.1m is currently unallocated but will mean Directorates will need to fund any significant investment associated with future savings programmes.
Total		£89m	

80. The table shows that a total of £89m has been identified at this stage that can be re-purposed as required. In addition to the shortfall of £63.7m in the BBR highlighted above, there are two other critical issues that need corporate funding at this point.

Highways Maintenance

81. Cabinet will be fully aware of the impact of severe weather on the highway network and how this has translated into a significant number of pot holes during the early part of this year. To put this in context, we made 133,000 pot

hole and defect repairs in 2022/23 which is over three times the number repaired in 2018/19 and nearly double that for 2021/22.

82. This is now a national crisis and whilst Operation Resilience has been effective in increasing planned maintenance for parts of the network, the significant increase in reactive maintenance requirements means that a new approach is required to ensure our roads are more fit for purpose today, leaving the long term issue as a problem only the Government is in a position to sort with much higher levels of future investment.
83. Appendix 4 sets out a proposed approach to be followed over the next 3 years and has recommended that an annual injection of £7.5m of revenue funding per annum over that period is approved to help ensure that reactive maintenance is prioritised in the short term whilst we lobby Government for more funding. Hampshire together with other South East Counties have already written to the prime minister to seek urgent resolution to the current roads crisis.
84. £22.5m of the available funding highlighted above is therefore being recommended to be added to the highways budget across the next three years.

Analogue to Digital Networks

85. In response to the telecoms industry announcement to retire analogue telephone networks by 2025, work has been undertaken to review existing County Council analogue lines and to identify the most appropriate replacement solution. This has included the opportunity to cease lines wherever possible, however, there are a number of service critical lines that need to migrate to a digital alternative.
86. Appendix 5 sets out the key areas of investment required to fund the switch over from analogue to digital and can be summarised as follows.

	£M
Traffic signals, CCTV lines	0.94
Lift, fire and other alarms	1.5
Telecare service for adults' social care	2.8
Total	5.24

87. This report therefore recommends that £5.24m of the identified reserve funding is used to meet the unavoidable cost of switching these lines to a digital alternative.
88. After taking account of the highway and analogue to digital funding requirements, that leaves £61.26m that is available to be transferred to the Budget Bridging Reserve.
89. Whilst this is £2.44m lower than the required amount highlighted above, the forecasts for the 2024/25 gap are only estimates at this stage and County

Council has already agreed that any early achievement of savings proposed to balance the 2025/26 budget will be contributed to the Budget Bridging Reserve and there is therefore a high degree of confidence that the difference can be made up either from this source or from corporate contributions from the budget in 2023/24.

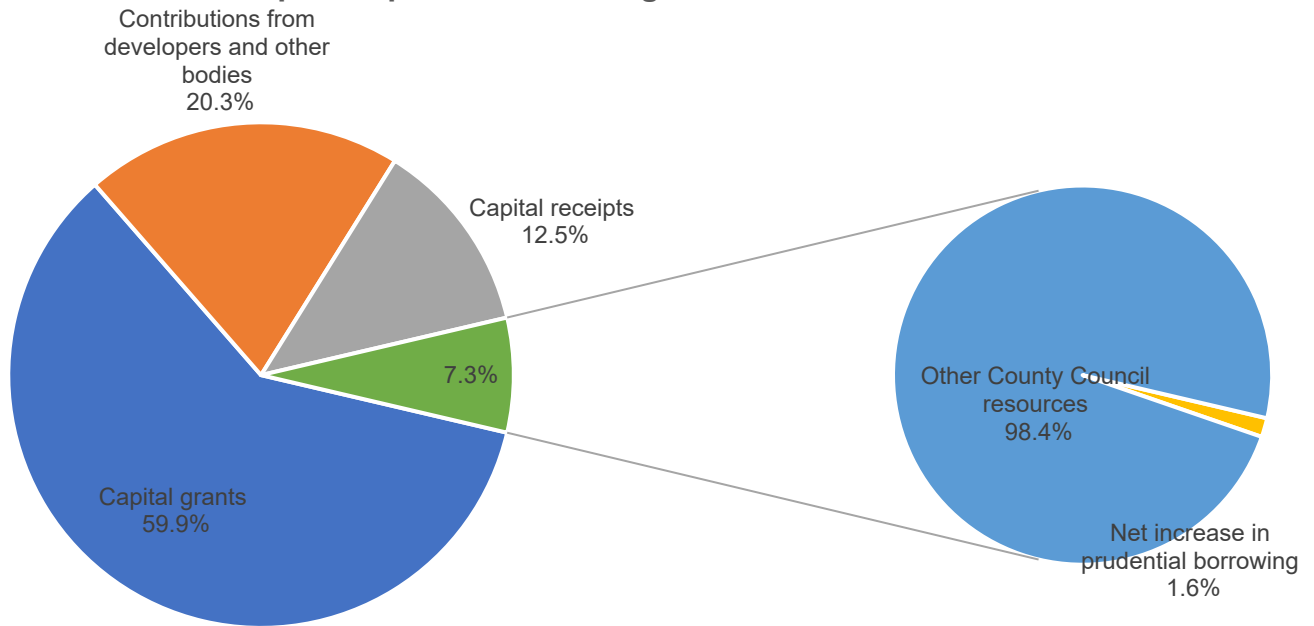
Section I: Treasury Management and Prudential Indicators

90. The County Council's treasury management policy requires an annual report to the Cabinet on the exercise of the treasury management function, details of which are set out in Appendix 2. The report is also scrutinised by the Audit Committee. This approach accords with the current Treasury Management Code of Practice.
91. The Prudential Code for Capital Finance in Local Authorities requires that the County Council reports its actual performance against the Prudential Indicators that were set in its Capital and Investment Strategy. From 2023/24, this must be done on a quarterly basis. Annex 4 of Appendix 3 summarises the relevant indicators for the 2022/23 outturn which are in accordance with the figures approved by the County Council. Additional detail where relevant is also included within the Treasury Management Outturn Report at Appendix 2.

Section J: Capital Spending and Financing

92. Capital expenditure of £190.9m was incurred during 2022/23, all of which can be financed from available resources. This reflects expenditure on schemes within the 2022/22 capital programme as well as the ongoing delivery of schemes committed in previous years. Expenditure was lower than the £241.2m incurred during 2021/22, in part due to additional complexity resulting from the high inflation environment.
93. The County Council's capital expenditure in 2022/23 included:
 - £61.7m for structural maintenance and the improvement of roads and bridges
 - £45.3m of Integrated Transport Plan schemes including major road schemes and active travel schemes including walking and/or cycling improvements
 - £25.1m of investment in new and extended school buildings to provide school places for children in Hampshire
 - £19.4m to address condition-based enhancements to the schools estate
 - £14.3m allocation of Disabled Facilities Grant funding to allow adaptations to people's homes
94. A summary of the funding of this capital expenditure is shown in the chart below with more detailed information in Table 6 of Appendix 3.

Breakdown of capital expenditure funding 2022/23



95. Prudential borrowing has been used to fund £11.1m of the £190.90m of capital expenditure incurred during 2022/23, in line with previous approvals. Of this amount, £3.8m will be funded through future Minimum Revenue Provision (MRP) charges to the revenue budget and £7.3m will be repaid from capital receipts and other funding sources, including known Developer Contributions. Repayments of prudential borrowing from previous years of £10.8m were made during 2022/23 from such sources. The net increase in prudential borrowing was therefore £0.3m.
96. The agreed capital programme for 2022/23 included schemes to the value of £366.6m. Of this total, £191.7m was committed during 2022/23 leaving £174.9m to be carried forward to 2023/24. Within the amounts to carry forward, the carry forward of £71.2m from the programmes for Children's Services (£32.0m) and Universal Services (£39.2m) into 2023/24 was built into the February 2023 capital programme reports approved by Cabinet and County Council. Cabinet is therefore requested to approve the carry forward of schemes totalling £103.7m.
97. In addition, the updated capital programme shown in the table below includes a net increase of £17.268m across the life of the programme. Most significantly, this relates to additional DfT grant relating to highways structural maintenance (£5.954m), a variation of the Alderwood School (Aldershot) scheme (£2.7m) and an increase in scheme costs for the Hounsme Fields school (Basingstoke) scheme (£1.25m), in addition to a number of other schemes under £1m.
98. The additional expenditure of £17.268m will be funded as follows:
- £16.484m from external sources such as government grants and developer contributions

- £0.211m of revenue contributions to capital schemes within Children’s Services covered in the 18 July 2023 Executive Lead Member for Children’s Services report
 - £0.174m using reserves and capital receipts generated by the River Hamble Harbour Authority as approved by the River Hamble Harbour Board
 - £0.172m to fund a range of projects within the Countryside Service from Universal Services cost of change
 - £0.160m Market Town Funding covered within the Executive Lead Member for Universal Services report of 10 July 2023
 - £0.067m drawn from the Covid Recovery Fund within reserves
99. The variation to the Alderwood School scheme of £2.7m follows consultation with the Environment Agency. The original proposal was deemed unsuitable and a new proposal has therefore been developed. This will see the demolition of an existing block, the building of a new block and the refurbishment of all science laboratories. This will be funded from a combination of developer contributions (£1m) and carried forward resources from the capital programme contingency (£1.7m).
100. The updated capital programme assuming the approval of carry forwards and other changes outlined above is shown in the table below with further detail in Appendix 3.

Updated capital programme

Prior Years		Revised				Total	
£'000		£'000	2022/23	2023/24	2024/25	2025/26	£'000
			£'000	£'000	£'000	£'000	
21,745	Adults’ Health & Care	14,705	47,910	14,733	14,733	113,826	
16,019	Children’s Services	27,792	51,313	107,914	85,954	289,091	
0	Hampshire 2050	0	0	0	0	0	
252,884	Universal Services	149,165	184,527	138,792	115,858	841,226	
290,648	Total	191,662	283,750	261,466	216,545	1,244,071	
			761,761				

101. Further details of the outturn position for capital are provided in Appendix 3.

Section K: Assurance Statement

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

103. The Chief Internal Auditor has concluded that:

"In my opinion, Hampshire County Council's framework of governance, risk management and management control is 'Reasonable'¹. And audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

¹ Reasonable means: There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

104. The separate accounts for the Hampshire Pension Fund are incorporated in the County Council's Statement of Accounts. The accounts for 2022/23 recorded that the value of the fund's assets decreased from £9.6bn to £8.96bn during the year. The Chief Internal Auditor has provided a separate assurance opinion for the Pension Fund and has concluded that:

"In my opinion, Hampshire Pension Funds framework of governance, risk management and management control is 'Substantial'² and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

² Substantial means: a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

105. For the Local Government Pension Scheme (LGPS) administered by Hampshire County Council, the latest actuarial valuation, as at 31 March 2022, showed it to be 107% funded – an increase from the position three years prior of 99%. This corresponded to a surplus of £637 million (2019 valuation: £637 million) at that time. Similarly to most investment markets, the Pension Fund has more than recovered the losses it sustained in 2020 as a result of the COVID-19 crisis. The next Actuarial valuation will take place at 31 March 2025.

Section L: Statutory Statement of Accounts

106. The timescales for the publication of draft and audited accounts have been temporarily extended through amendments to the Accounts and Audit Regulations over recent years due to the impact of Covid-19. Despite these extended deadlines, the proportion of local authorities in England that have published their audited financial statements on time has fallen from more than 95% in 2017 to less than 12% in 2022 (as quoted by the Institute of Chartered Accountants England and Wales).
107. The Department for Levelling Up, Housing and Communities published details of measures to support the improved timeliness of local audit in December 2021. One of the outcomes was to extend the deadline for the sign-off of audited accounts for 2021/22 to the end of November 2022, reverting to 30 September for the subsequent 6 years (as opposed to the 31 July deadline stated when the regulations were first introduced).
108. At the time of writing, the audit of the County Council's Statement of Accounts for the 2021/22 financial year remains incomplete. The delay has been driven by two factors:
- First, a national issue arose towards the end of the 2021/22 financial year with regards to how local authorities across the country have traditionally accounted for infrastructure assets. After efforts over many months nationally to find a permanent solution, a temporary change to the CIPFA Code of Practice was published in November 2022 alongside the introduction by DLUHC of a statutory instrument in December 2022. The County Council's auditor, EY, has confirmed that the County Council's updated accounts are compliant with the requirements of the Code and the statutory instrument.
 - Secondly, where the sign-off of accounts by auditors has been delayed beyond 31 March 2023, this has created a new issue for local authorities across the country because of the timing of the triennial LGPS pension valuation. The valuation report from the actuary provides updated information relating to the position as at 31 March 2022 requiring the County Council to update its accounts for 2021/22 accordingly. EY need to conduct audit testing of this new information and the actuary has been engaged to provide answers to allow EY to gain the assurance required to close this audit point. At the time of writing this work is ongoing.
109. The Deputy Chief Executive and Director of Corporate Operations, in his role as Chief Financial Officer, provided a position statement on the audit to the Audit Committee on 25 May 2023. A statement was also presented by EY. This provided an update on the points above and highlighted that there were no other significant points outstanding and that every indication was that EY would be able to issue an unqualified audit opinion of the 2021/22 accounts once the audit work was completed.
110. The delayed conclusion of the 2021/22 audit does have a knock-on impact on the 2022/23 accounts process. In line with Regulations, draft accounts were published by 31 May and the period of public inspection began on 1 June. However, the delayed sign-off of the 2021/22 accounts will impact the

timescales for auditing the 2022/23 accounts. The external auditor will provide an update on the position to the Audit Committee in September. At this stage, EY do not expect the 2022/23 audit to be completed to enable publication of the audited accounts by the statutory deadline of 30 September 2023. Therefore, we anticipate the need to publish a statement on 30 September explaining the position and the reasons for it, which are primarily related to staff capacity at EY exacerbated by new auditing requirements as explained above. We will continue to liaise with EY and monitor the position and ensure prompt responses to audit queries when they arise. However, it is important to emphasise that this is a common issue for all audit firms and many other local authorities are in the same position.

111. There are no major changes to the format of the statement of accounts for 2022/23 and they continue to follow the requirements of the Code of Practice for Local Authority Accounting (the Code) as set by the Chartered Institute of Public Finance and Accounting (CIPFA). The narrative report within the Statement of Accounts includes an explanation of how the required accounting presentation relates to the financial performance of the County Council as set out in this report.

Section M: Consultation, Equalities and Climate Change Impact Assessment

112. Consultation on the budget is undertaken every two years when the County Council considers savings to help balance the budget. All savings proposals put forward by the County Council has an Equality Impact Assessment published as part of the formal decision making papers and for some proposals stage 2 consultations are undertaken before a final decision is made by the relevant Executive Member.
113. This report deals with the outturn position and accounts for 2021/22, which is an end of year reporting matter and therefore no consultation or Equality Impact Assessments are required.
114. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
115. This report deals with the outturn position for the revenue budget, capital programme and treasury management aspects of the County Council's business. For the first two items climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. For treasury management, in line with the CIPFA code, the County Council's treasury management investment balances are invested prioritising security, liquidity and then yield. Investments in pooled funds are managed by investment managers who are signatories to the PRI (Principles for Responsible Investment), managing investments in line with their own

individual responsible investment policies. The County Council's Treasury Management Advisers, Arlingclose, have advised the County Council on Environmental, Social and Governance (ESG) issues in relation to investments in pooled funds.

116. There are no further climate change impacts as part of this report which is concerned with financial reporting.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Revenue Budget & Precept 2023/24 and Capital Programme 2023/24 to 2025/26 https://democracy.hants.gov.uk/mgAi.aspx?ID=58275#mgDocuments	Cabinet – 7 February 2023 and County Council – 23 February 2023
Financial Update and Budget Setting and Provisional Cash Limits 2023/24 https://democracy.hants.gov.uk/ielssueDetails.aspx?IId=52746&PlanId=0&Opt=3#AI56300	13 December 2022
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
Section 100 D – Local Government Act 1972 – background documents	
The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)	
<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

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

Adults Health & Care Directorate – Revenue Expenditure 2022/23

Major variations in cash limited expenditure: £4.041m (0.7%) in excess of the adjusted cash limit.

Main variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Director	(106)	(6.1)	The variance mainly relates to reduced spend on staffing and compulsory added years budgets partly offset by additional spend on supplies and services.
Headquarters	(1,629)	(6.3)	This favourable variance mainly relates to reduced spend on non-care contracts and staff budgets. The latter has arisen due to both vacancies and additional income, in particular from grants and secondments.
Older Adults	3,091	1.5	Pressures on the budget were seen within homecare where the number of live in care packages are significantly higher than anticipated. There are also pressures within residential budgets where client numbers were higher than budgeted. Furthermore, continued increases in average rates for paid for care, above those budgeted, were experienced due to shortages in the sector of skilled staff and general inflationary increases.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Younger Adults	10,350	5.4	The pressures were predominantly within the supported living budgets due to an increase in demand and client needs. There were also pressures within nursing, residential and homecare due to increases in demand and average weekly costs. The negotiation of fees to care providers has needed to consider the risk of contract hand back which would likely result in higher fees and client disruption.
HCC Care	(867)	(1.7)	The favourable variance mainly relates to staff vacancies and additional income within day care. This has been partially offset by a pressure within the reactive maintenance budget due to essential works and equipment replacement. Additionally, a budget pressure for the Learning Disability residential units was due to additional staffing costs and agency required to meet the needs of a greater than expected volume of higher needs clients.
Governance & Assurance	(209)	(10.7)	The variance mainly relates to reduced spend on non-staff budgets and additional income, offset by a minor pressure on staffing.
Centrally Held	(4,687)	(221.3)	The favourable variance includes £3.9m early delivery of SP23 savings and other general underspends captured centrally.
Public Health	(1,902)	(3.1)	The variance relates to lower than expected activity on sexual health and health check budgets and under delivery on the children and young people 0-19 contract. The unapplied grant is ring-fenced and will be varied forward for Public Health in future years.
Total	4,041	0.7	

Children’s Services Directorate – Revenue Expenditure 2022/23

Major variations in cash limited expenditure: £1,440m (0.1%) in excess of the adjusted cash limit.

Main variations

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Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Schools Budget			
Early Years Block	(1,677)	(2.0)	There is a favourable variance on the free entitlements for three and four year olds (universal and extended entitlement for eligible working parents) due to lower than expected numbers of children accessing the entitlements across the year due to a reduction in the population of this age band.
Schools Block	(1,789)	(0.3)	Within the Growth Fund budget the position includes reduced need for infant class size funding, temporary classrooms and growing schools, due to fewer schools being eligible for funding than budgeted. In addition, the budget for Central Provision Funded by Maintained Schools incurred an underspend as a result of fewer schools facing immediate financial difficulties.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
High Needs Block	30,420	18.5	The pressure experienced in Hampshire is reflected in many other authorities and relates predominantly to demand led budgets funding pupils with high levels of additional need, where there are increasing numbers of pupils with Education, Health and Care plans (EHCPs). This includes mainstream schools, special schools (including independent and non-maintained), post-16 provisions and resourced provisions. There is also a continuation of the pressure on the service for discretionary and direct payments. Additional high needs places have been created in special schools and resourced provisions and more children with EHCPs are now remaining within their mainstream school, however due to the significant increase in pupils with an EHCP, it has been necessary to place more pupils in independent placements. This pressure continues to be managed through an ongoing strategy to increase in-house capacity to reduce the need for independent placements and improvements to procurement arrangements to reduce unit costs.
Central School Services Block	(827)	(10.2)	A favourable variance is due to being able to identify alternative ongoing funding to replace the DSG contribution toward some of the historical commitments whilst maintaining the same level of service. This is a planned approach in preparation for expected future reductions in funding.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Carry Forward of Dedicated Schools Grant (DSC) Additional Deficit	(26,127)	(2.6)	The total 2022/23 pressure of £26.1m has been offset by a charge to the DSG reserve, as allowed by the Department for Education (DfE). This year, the charge will increase the deficit on the DSG reserve to over £86m which will be funded from future years DSG funding. A DSG Management Plan, produced at the request of the DfE, is continually monitored and updated with progress as Hampshire along with many other authorities are working with the DfE around developing and implementing strategies to reduce pressure on the High Needs block.
Sub-Total Schools Budget	0	0.0	

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Non-Schools Budget			
Home to school transport	9,438	23.1	The service has seen a significant rise in cost of arranging transport coupled with an increase in both demand for Special Educational Needs (SEN) requests and rising unit costs. Rising costs are attributable to the external transport provider market continuing to endure significant challenges due to inflationary increases and shortages of drivers leading to a reduction in capacity. In addition, further challenges resulting from the increasing number of SEN transport contracts required and increased complexity of pupils needs, shortages of appropriate transport and non-availability of local SEN places which cause an increasing cost pressure on the service.
Inclusion Services (Special Educational Needs, Educational Psychology and Services for young children inclusion)	4,991	76.4	Increasing demand for statutory SEN assessments caused an increase in additional staffing costs including agency staff required to balance the high demand for this service as numbers of referrals received are higher than projected. In addition, as a result, the Educational Psychology (EP) service have endured a significant decrease in income as EP resources continue to be diverted on a risk assessed basis, away from income generating work towards statutory work; responding to SEN assessments.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Children's social care (net pressure)	1,000	0.5	The net pressure mainly results from the use of social work agency staff. Reliance on agency staff is necessary to cover for the short supply of qualified social workers and to balance the experience within frontline teams where new graduate trainees have been recruited. This is a national issue which many other authorities continue to face and has resulted in a recent government consultation on proposals to help address this pressure.
Additional one-off support	(1,991)	(18.0)	Support for the Children's Services contribution to the Homes for Ukraine scheme and additional income through ensuring appropriate contributions are received from Health funded care packages.
Planned one-off investment	(1,541)		Net draw from the Children's Services cost of change reserve for planned investment to support the Tt2021 and SP23 savings programmes as well as contributing toward the replacement of the social care IT system.
Net Early Achievement of SP23 savings	(8,818)		Planned early achievement of savings used to offset the department's other pressures.
Various other (net)	(1,639)	(3.9)	The net effect of various one-off underspends mainly relating to staff budgets due to difficulty in recruiting to vacant posts adding further challenge to continued service delivery. Other items include additional income in relation to partnership working and careful management of spend.
Sub-Total Non-Schools Budget	(1,440)	(0.5)	

Corporate Services Directorate – Revenue Expenditure 2022/23

Major variations in cash limited expenditure – Under Spend of £3.9m (4.5%) against the adjusted cash limit.

Main variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Corporate Operations	(2,721)	4.0%	Corporate Operations have achieved early delivery of SP23 totalling £2.6m. In addition, recruitment challenges to fill staff vacancies across nearly all services together with reduced spend on travel and printing in line with the new ways of working have resulted in net expenditure below budget of just over £0.1m.
People & Organisation	(1,201)	6.5%	People & Organisation have achieved early delivery of SP23 totalling £0.883m. In addition, recruitment challenges to fill staff vacancies across nearly all services together with reduced spend on travel and printing in line with the new ways of working have resulted in net expenditure below budget of just over £0.3m
Total	(3,921)	4.5%	

Hampshire 2050 Directorate – Revenue Expenditure 2022/23

Major variations in cash limited expenditure – Under Spend of £0.187m (1.2%) against the adjusted cash limit.

Main variations

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Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Economy and Skills	28	1.7	Low value net pressure within the area of Economic Development following investment in progressing the County Deal which has been offset by favourable variances through vacancies and additional grant income.
Culture and Communities	(113)	(3.2)	Close monitoring of non-pay budgets and lower than anticipated spend on the community grants budgets, together with staffing underspends from vacancies has seen a favourable variance within this area. Increased energy costs impacted the service although this was offset by corporate funding.
Strategic Assets	(5)	(0.1)	Inflationary cost pressure within the area of strategic assets has been offset against additional income
Spatial Planning	(167)	10.8	Higher than budgeted income principally for planning fees and one-off project work.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Integrated Transport H2050	57	1.9	An ambitious programme of work within the feasibility study area has resulted in some projects not being progressed into the capital programme causing a minimal pressure on the revenue budget.
H2050 Directorate	13	17.6	Minor one-off pressure arising from the in-year impact of organisational restructure activity.
Total	(187)	(1.2)	

Universal Services Directorate – Revenue Expenditure 2022/23

Major variations in cash limited expenditure – Under Spend of £4.836m (2.1%) against the adjusted cash limit.

Main variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Highways, Engineering & Transport	(1,545)	(2.2)	<p>The favourable variance primarily relates to £1.119m underspend on the Concessionary Fares budget, which in accordance with the March Lead Executive Member report, will be ringfenced to support local bus services and related infrastructure in Hampshire. Payments to bus operators for Concessionary Fares journeys have continued to be based upon the percentage of pre-COVID bus network an operator provides (rather than the actual much lower journeys), in line with Department for Transport guidance. However, this has again resulted in a lower level of spend than budgeted, reflecting the previous trend of decreasing passenger numbers, although passenger numbers are expected to slowly recover post COVID. The remaining variance largely reflects vacant posts within the School Crossing Patrols, which have not been possible to fill.</p> <p>The winter maintenance / weather emergencies budget incurred a pressure of £4.1m due to numerous weather events throughout the year, however, this pressure was met from corporate contingencies and is therefore not reflected in the net financial position for Universal Services.</p>

The weather events included continued clear up at the start of the year of tree and associated structural damage from the Storms (Eunice and Franklin) in February 2022; dusting the roads during the extreme heat in the summer to reduce the tackiness of the roads; several periods of yellow weather warnings and strong winds; and two large periods of continuous running conditions due to extreme cold weather, one of which followed a period of extreme wet weather with localised flooding and ground water flooding, leading to a significant increase in salt runs on the roads, the requirement of pumps, sandbags and additional drainage cleansing and high numbers of emergency incidents and potholes.

The highways revenue maintenance budget continues to be under pressure with unprecedented levels of demand and public contacts, combined with sharp price rises and difficulties securing supplies for construction materials. Delays in the implementation of new pay and display parking, and irrecoverable costs relating to historic road agreements have caused further pressures, although these pressures have been mitigated to some extent by favourable variances on staffing budgets due to vacancies across the service, albeit this is resulting from a difficult jobs market.

Waste, Environmental Services	(883)	(1.6)	<p>The variance relates to additional income from planning fees, Asbestos and Scientific Services, with the latter generating turnover for the financial year of over £3m for the first time.</p> <p>Successful prosecutions within the Trading Standards area, with many perpetrators pleading guilty, has led to reduced court costs and legal costs.</p> <p>Staff vacancies have been seen across the service contributing further to the favourable outturn position.</p>
Recreation, Information & Business Services	(420)	(6.0)	<p>Investment in improved facilities and the service offer has resulted in the planned positive impact on income across the service areas,</p>

Property, Business Development & Transformation	(2,468)	(8.1)	<p>although this is being largely offset by cost-of-living pressures on utilities, cleaning and priority maintenance costs. Again, increased income has been received from Registration services such as licences, permits, certificates and marriage notices.</p> <p>The significant difficulties in recruiting staff to Facilities Management positions which became a particular issue during the COVID pandemic given the customer facing nature of the role, has continued despite a recruitment drive, leading to a favourable variance against the budget.</p> <p>Total Property Services income of £22.45m generated a surplus of nearly £0.5m against the budget, with increased activity beyond targeted levels. High occupancy rates and strong rents has also contributed to a favourable variance in this area of £0.25m. £508,000 of this underspend relates to Climate Change initiatives that are part of the £1.2m two-year programme funded by the realignment of the former CCBS Community Grants Fund, as agreed by Cabinet in February 2021. These projects will now be completed in the 2023/24 financial year.</p>
Planned one-off investment	5,446	100.0	<p>Planned one-off investment utilising in-year savings primarily to support the SP23 and remaining Tt2021 savings programmes, but also investment to improve the services provided to the public including country parks and reinstating of countryside footpaths following damage due to a combination of increased usage and the weather conditions.</p>
Early Achievement of Savings	(4,966)	(100.0)	<p>The Directorate continues to take every opportunity to make savings in 'business as usual' work wherever possible. The identification of opportunities for the early delivery of SP23 activity has resulted in savings of £4.966m being achieved.</p>
Total	(4,836)	2.1	

Treasury Management Outturn Report 2022/23

Purpose of the Report

1. The County Council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2021. The CIPFA Code requires the County Council to approve a treasury management strategy before the start of the year and a semi-annual and annual treasury outturn report. The purpose of this report is therefore to meet this obligation by providing an update on the performance of the treasury management function during 2022/23.

Recommendations

2. Cabinet are asked to note the following recommendations:
 - That the outturn review of treasury management activities be noted.

Executive Summary

3. The report fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the performance of the treasury management function during 2022/23.
4. The County Council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2023. The County Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the County Council's treasury management strategy.
5. Treasury management in the context of this report is defined as: "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
6. This annual report sets out the performance of the treasury management function during 2022/23, to include the effects of the decisions taken and the transactions executed in the past year.

7. All treasury activity has complied with the County Council's Treasury Management Strategy and Investment Strategy for 2022/23, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the County Council's treasury advisers, Arlingclose.
8. The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The latest iteration of the County Council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by Full Council in February 2023.

External Context

9. The following sections outline the key economic themes in the UK against which investment and borrowing decisions were made in 2022/23.

Economic commentary

10. The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March 2023 period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.
11. Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.
12. Starting the 2022/23 financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October 2022. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February 2023. Annual headline CPI registered 10.4% in February, up from 10.1% in January 2023, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October 2022. In February 2023 RPI measured 13.8%, up from 13.4% in the previous month.
13. Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could charge household was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April 2023.

14. The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December 2022. The most recent information for the period December-February 2023 showed an unemployment rate of 3.7%.
15. The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December 2022 and February 2023 and then 25bps in March 2023, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

Financial markets

16. Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the financial year, fears around the health of the banking system following the collapse of Silicon Valley Bank (SVB) in the US and purchase of Credit Suisse by UBS caused further volatility.

Credit review

17. Credit Default Prices had been rising since the start of the financial year on the back of the invasion of Ukraine, and in the UK rose further in September/October 2022 at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the year as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.
18. On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

19. As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the County Council's counterparty list recommended by Arlingclose remains under constant review.

Local Context

20. At 31 March 2023, the County Council's underlying need to borrow for capital purposes was £749.66m as measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment and amounted to £1,111.73m. These factors are summarised in Table 1.

Table 1: Balance sheet summary	31/03/22 Balance £m	Movement £m	31/03/23 Balance £m
CFR	780.32	(30.66)	749.66
Less: Other debt liabilities*	(129.06)	7.66	(121.4)
Borrowing CFR	651.26	23.00	628.26
External Borrowing	(295.00)	43.48	(251.53)
Internal Borrowing	356.26	20.48	376.74
Less: Usable Reserves	(882.15)	37.97	(844.19)
Less: Working Capital	(150.19)	(117.35)	(267.54)
Net Investments	(676.08)	(58.91)	(734.99)

* PFI and other liabilities that form part of the County Council's total debt

21. The CFR decreased by £30.66m during 2022/23. Other debt liabilities reduced by £7.66m in accordance with the PFI repayment models while the County Council's borrowing CFR decreased by £23m. External borrowing reduced by £43.48m during 2022/23 as a result of repayment of £49.1m of Treasury Management borrowing, partly offset by a change in the short-term balances held on behalf of other organisations, which vary from year to year. At the end of 2022/23 the total reserves held by the County Council, including the general fund balance and individual schools' balances, but excluding the Dedicated Schools Grant (DSG) deficit, total £845m; a decrease of £37.97m on the previous year. Of this net reduction, £34m relates to the net draw from directorate reserves used for a number of purposes including cash flow funding for delayed savings, funding to offset inflation and demand pressures and planned investment in services, £25.9m was drawn from the Budget Bridging Reserve in line with the plan to support the budget ahead of the Savings Programme for 2023 and contributions to other reserves including £5m for future capital payments, £3m revenue grants and £9.8m capital grants received ahead of the planned relevant expenditure. The balance also includes reserves held on behalf of individual schools which decreased by £2.6m in 2022/23.
22. The County Council's strategy was to maintain borrowing and investments below

their underlying levels, referred to as internal borrowing, to reduce risk and keep interest costs low. The treasury management position at 31 March 2023 and the change during the year are shown in Table 2.

Table 2: Treasury management summary	31/03/22 Balance £m	Movement £m	31/03/23 Balance £m	31/03/23 Rate %
Long-term borrowing	(241.2)	49.1	(192.1)	4.62
Short-term borrowing	(8.0)	0.0	(8.0)	5.34
Total borrowing	(249.2)	49.1	(200.1)	4.65
Long-term investments	220.6	17.9	238.5	3.96
Short-term investments	439.0	(287.2)	151.8	3.66
Cash and cash equivalents	22.4	327.3	349.7	4.03
Total investments	682.0	58.0	740.0	3.93
Net investments	432.8	107.1	539.9	

Note: the figures in Table 2 are from the balance sheet in the County Council's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments. Borrowing figures exclude short term balances held on behalf of others.

23. The increase in net investments of £107.1m shown in Table 2 reflects an increase in investment balances of £58m in conjunction with repayment at maturity of borrowing of £8.1m and early repayment of borrowing of £41m, in line with the County Council's policy on internal borrowing. Further details are provided in the Borrowing Strategy and Treasury Investments Activity sections of this report.

Borrowing Update

24. The County Council has no plans to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.
25. The County Council is not planning to purchase any investment assets primarily for yield, so is able to retain full access to the PWLB, however there are no plans to take on any new external borrowing.
26. Further, the County Council has and may continue to invest in pooled funds as part of its Treasury Management strategy. This is not a policy to primarily generate yield but a part of the implementation of the wider Treasury Management strategy to invest the County Council's surplus cash and reserves ensuring it is investing its funds prudently, having regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. By investing a diversified portfolio in respect of yield this meets the County Council's aim of protecting reserves from high inflation.

27. The County Council is a net investor and as stated in the Treasury Management Strategy 2023/24, the County Council expects a negative liability benchmark across the forecast period, meaning that there is not a requirement to borrow and that the County Council could potentially repay its current external borrowing and still fund the planned capital programme. Given the favourable change in the interest rate environment, after consultation with its advisor – Arlingclose, £41m of external borrowing was repaid early during 2022/23.

Borrowing Strategy

28. At 31 March 2023 the County Council held £200.1m of loans (a decrease of £49.1m from 31 March 2022) as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 3.

Table 3: Borrowing position	31/03/22 Balance	Net movement	31/03/23 Balance	31/03/23 Weighted average rate	31/03/23 Weighted average maturity (years)
	£m	£m	£m	%	
Public Works Loan Board	(208.0)	20.0	(188.0)	4.7	8.8
Banks (LOBO)	(20.0)	16.0	(4.0)	4.8	11.6
Other (fixed term)	(21.2)	13.1	(8.1)	3.9	16.6
Total borrowing	(249.2)	49.1	(200.1)	4.7	9.2

Note: the figures in Table 3 are from the balance sheet in the County Council's statement of accounts but adjusted to exclude short term balances held on behalf of others, and accrued interest.

29. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the County Council's long-term plans change is a secondary objective.
30. The County Council has considered it to be more cost effective in the near term to use internal resources than to use additional external borrowing. In line with this strategy, £8m of PWLB loans were allowed to mature without refinancing and a further £0.1m of other borrowing was repaid which related to Salix loans (this is interest-free Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills).
31. As a result of the changes to interest rates £41m of loans were repaid early in 2022/23 following consultation with Arlingclose. This consisted of £12m of PWLB loans, £16m of LOBO (Lender's Option Borrower's Option) loans, and £13m of other fixed term loans (former LOBOs).

32. This borrowing strategy has been monitored with the assistance of Arlingclose and has enabled the County Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
33. The County Council continues to hold £4m of LOBO (Lender's Option Borrower's Option) loans 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.

Treasury Investment Activity

34. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
35. The County Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held for specific purposes. During the year, the County Council's investment balances ranged between £670m and £866m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4. As at the 31 March the County Council was holding significant balances in overnight Money Market Funds in order that it could pay three years of employer pension contributions at the start of the new financial year.

Table 4: Treasury investment position	31/03/2022 Balance	Net movement	31/03/2023 Balance	31/03/23 Income return	31/03/23 Weighted average maturity (years)
	£m	£m	£m	%	
Short term investments					
Banks and Building Societies:					
- Unsecured	83.0	(44.2)	38.8	3.78	0.12
- Secured	93.5	(83.5)	10.0	4.24	0.03
Money Market Funds	21.4	284.6	306.0	4.08	0.00
Government:					
- Local Authorities	203.5	(125.5)	78.0	3.64	0.58
- UK Gilts	12.0	(12.0)	0.0	0.00	0.00
- UK Treasury Bills	28.0	30.7	58.7	3.87	0.16
- Supranational	10.0	(10.0)	0.0	0.00	0.00

Table 4: Treasury investment position	31/03/2022 Balance	Net movement	31/03/2023 Balance	31/03/23 Income return	31/03/23 Weighted average maturity (years)
	£m	£m	£m	%	
Cash Plus funds	10.0	0.0	10.0	1.65	0.01
Total	461.4	40.1	501.5	3.92	0.12
Long term investments					
Banks and Building Societies:					
- Secured	10.0	17.2	27.2	2.32	2.51
Government:					
- Local Authorities	5.0	(5.0)	0.0	0.00	0.00
Total	15.0	12.2	27.2	2.32	2.51
Long term investments – higher yielding strategy					
Government:					
- Local Authorities	22.4	0.9	23.3	5.21	10.04
Pooled Funds:					
- Pooled property*	75.0	0.0	75.0	3.51	N/A
- Pooled equity*	50.0	1.0	51.0	5.42	N/A
- Pooled multi-asset*	48.0	0.5	48.5	4.52	N/A
Total	195.4	2.4	197.8	4.45	10.04
Total investments	671.8	54.7	726.55	3.93	0.54
Thames Basin Heaths pooled fund investments	10.2	3.3	13.5		
Total	682.0	58.0	740.0		

* The rates provided for pooled fund investments are reflective of annualised income returns over the year to 31 March 2023 based on the market value of investments at the start of the year.

Note: the figures in Table 4 are from the balance sheet in the County Council's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

36. The CIPFA Code and government guidance both require the County Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The County Council's objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults alongside managing the risk of receiving unsuitably low investment income. The County Council's Treasury Management Strategy Statement (TMSS) sets out how it will manage and mitigate these risks.

37. The security of investments has been maintained by following the counterparty policy and investment limits within the TMSS, taking advice from Arlingclose on changes in counterparty credit worthiness, and making use of secured investment products that provide collateral. The County Council invests in liquid investments to ensure money is available when required to meet its financial obligations, spreading these investments across a number of counterparties to mitigate operational risk.
38. The County Council benchmarks the performance of its internally managed investments against that of other Arlingclose clients. Internally managed investments include all investments except externally managed pooled funds but do include MMFs. The performance of these investments against relevant measures of security, liquidity and yield are shown in Table 5, providing data for the quarter ended 31 March 2023 and at the same date in 2022 for comparison.

Table 5: Investment benchmarking (excluding pooled funds)	Credit rating	Bail-in exposure	Weighted average maturity (days)	Rate of return
		%		%
31.03.2022	AA-	21	302	0.63
31.03.2023	AA-	64	241	4.04
Similar Las	AA-	42	1,894	3.38
All Las	A+	59	12	3.67

Table 5 shows the average credit rating of the portfolio has remained consistent at AA-. Bail-in exposure has increased as a result of holding higher liquid balances. A significant proportion of which were used to pay pension contributions which were due on 1st April 2023, removing some of the risk, and which is further mitigated by the fact that a high percentage of the County Council's liquid balances are invested in money market funds, which are technically exposed to bail-in risk but are diversified products and are considered by Arlingclose to be 'bail-in risk light'. The County Council otherwise compared favourably with the other local authorities included in the benchmarking exercise across all other metrics.

Externally managed pooled funds

39. In 2019 the County Council agreed to increase the amount of its cash balances earmarked for investments targeting higher yields of around 4% to £235m. This allocation was increased to £250m as part of the Capital and Investment Strategy for 2021/22 and the approach to investing this allocation was most recently set out in the Treasury Management Strategy Statement for 2023/24, with a recommendation to increase the allocation further to £320m, if opportunities allowed and total cash balances were sufficiently high.
40. Approximately £211m of this allocation has now been invested, with the

remaining balance earmarked. The total includes £13.5m invested on behalf of the Thames Basin Heaths Joint Strategic Partnership Board (TBH JSPB), where the County Council acts as the administrative body. Any investments made from cash held on behalf of the TBH JSPB are made with the agreement that the TBH JSPB has received its own financial advice and assumes all risks associated with these investments.

41. The CIPFA Code requires the County Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest yield. As a result, the County Council's investments targeting higher yields have been made from its most stable balances and with the intention that they will be held for at least the medium term. This means that the initial costs of any investment and any periods of falling capital values can be overcome and mitigates the risk of having to sell an asset for liquidity purposes, helping to ensure the long-term security of the County Council's investments.
42. The negative correlation between bonds and equities, which had featured for some years, turned positive in 2022 as both bonds and equities sold off simultaneously against an outlook of sticky inflation and high interest rates. Simultaneously, tighter financial conditions, higher bond yields and challenges in some segments of commercial real estate (e.g. offices post-COVID, high street shops and shopping centres) saw commercial property values fall during 2022, with a large fall in the final calendar quarter.

Table 6 – Higher yielding investments – market value performance	Amount invested*	Market value at 31/03/23	Gain/(fall) in capital value	
			Since purchase	2022/23
	£m	£m	£m	£m
Pooled property funds	75.0	72.1	(2.9)	(13.9)
Pooled equity funds	51.0	53.9	2.9	(1.9)
Pooled multi-asset funds	48.5	43.1	(5.4)	(4.1)
Total pooled funds	174.5	169.1	(5.4)	(20.0)
Fixed deposits	20.0	20.0	0.0	0.0
Total higher yielding	194.5	189.1	(5.4)	(20.0)

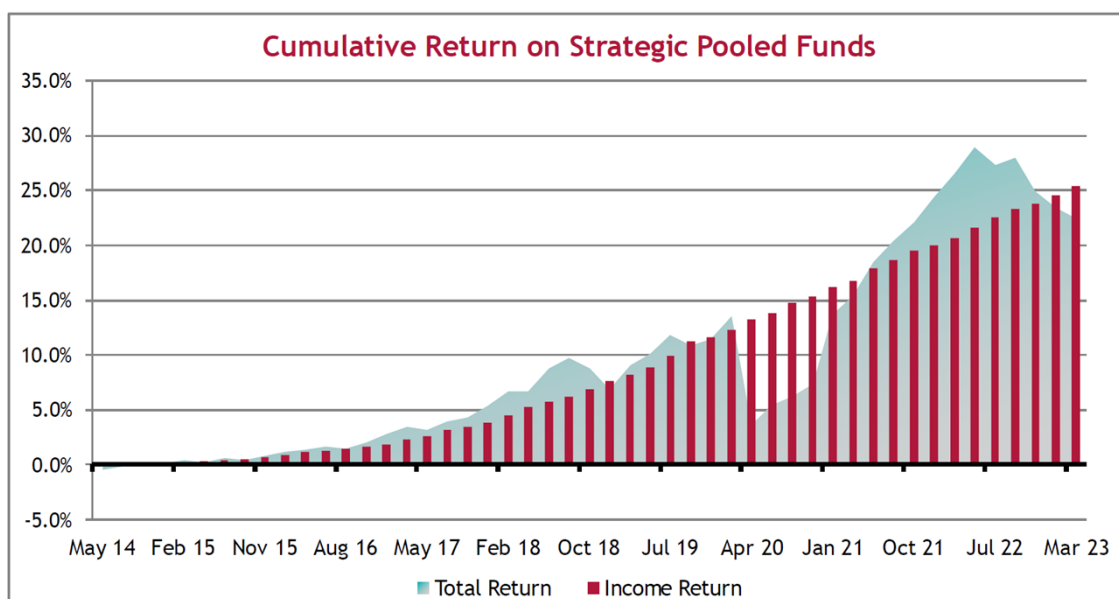
* excludes £13.5m invested on behalf of Thames Basin Heaths JSPB

43. The County Council's investments in pooled funds target long-term price stability and regular revenue income and bring significant benefits to the revenue budget. As shown in Table 7 the annualised income returns have averaged 4.15% pa since purchase against the higher yielding strategy target of 4% pa, contributing to a total return of 22.9%.

Table 7 – Higher yielding investments – income and total returns since purchase (from 2014)	Annualised income return	Total return since purchase (from 2014)
	%	%
Pooled property funds	3.88	25.1
Pooled equity funds	4.78	38.0
Pooled multi-asset funds	3.93	5.3
Total pooled funds	4.15	22.9

Note: excludes the performance related to £13.5m invested on behalf of Thames Basin Heaths JSPB

44. The margin between cash and non-cash (pooled fund) investments was negligible by the end of March 2023. The existing allocation of £174.5m to pooled funds has provided good income returns for the County Council (as shown in the return figures above), mostly in contrast to very low interest rates prior to 2022. This allocation will continue to provide protection against a return to lower interest rates but the position remains under review with the assistance of Arlingclose.



Note: the graph above excludes the performance related to £13.5m invested on behalf of Thames Basin Heaths JSPB

45. The County Council is aware of the risks involved with investing in pooled funds that hold underlying investments in bonds, equities, property and other financial instruments. As a result, when the County Council began to specifically target higher returns from a proportion of its investments, it also established an Investment Risk Reserve to mitigate the risk of an irrecoverable fall in the value of these investments. The balance held in this reserve is currently £6.25m which

equates to 3.5% of the actual allocation to pooled investments of £174.5m (currently above the aim to hold reserves of 2.5%).

46. The Department for Levelling Up, Housing & Communities (DLUHC) published a consultation on the IFRS 9 pooled investment fund statutory override for English authorities for fair value gains and losses on pooled investment funds which was due to expire with effect from 2023/24. The options under evaluation were to allow the override to lapse, to extend it, or to make it permanent. The override will be extended for two years and therefore remain in place for the 2023/24 and 2024/25 financial years. Under the Regulations, gains and losses resulting from unrealised fair value movements relating to treasury pooled investment funds, that otherwise must be recognised in profit or loss under IFRS 9, are not charges to the revenue account, and must be taken into an unusable reserve account.

Financial Implications

47. The outturn for debt interest paid in 2022/23 was £11.9m against a budgeted £11.4m on an average debt portfolio of £214.3m.
48. The outturn for investment income received in 2022/23 was £18.3m on an average investment portfolio of £778.6m giving a yield of 2.49%. By comparison, investment income received in 2021/22 was £10.43m on an average portfolio of £708m with a yield of 1.47%.

Non-Treasury Investments

49. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the County Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
50. Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
51. This could include loans made to Hampshire based businesses or the direct purchase of land or property and such loans and investments will be subject to the County Council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.
52. The County Council's existing non-treasury investments are listed in Table 8..

Table 8 – Non-treasury investments	31/03/23 Asset value £m	31/03/23 Rate %
Hampshire County Council:		
Loans to Hampshire based business	4.5	4.00
On behalf of Enterprise M3 LEP:		
Loans to Hampshire based business	12.2	2.33
Total non-treasury investments	16.7	2.78

Compliance Report

53. The County Council confirms compliance of all treasury management activities undertaken during 2022/23 with the CIPFA Code of Practice and the County Council's approved Treasury Management Strategy.
54. Compliance with the authorised limit and operational boundary for external treasury management debt, is demonstrated in Table 9.

Table 9 – Debt limits	2022/23 Maximum £m	31/03/23 Actual £m	2022/23 Operational Boundary £m	2022/23 Authorised Limit £m	Complied?
Borrowing	247	200	750	785	✓
PFI and Finance Leases	129	121	145	150	✓
Total debt	376	321	795	935	✓

55. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However this limit was not breached during the financial year.

Treasury Management Indicators

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

Interest rate exposures

57. The following indicator shows the sensitivity of the County Council's current investments and borrowing to a change in interest rates.

Table 10 – Interest rate risk indicator	31/03/23 Actual	Impact of +/-1% interest rate change
Sums subject to variable interest rates		
Investment	£389m	+/- £3.9m
Borrowing	£7m	+/-£0.1m

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

Maturity structure of borrowing

58. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

Table 11 – Refinancing rate risk indicator	31/03/23 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	7%	50%	0%	✓
12 months and within 24 months	5%	50%	0%	✓
24 months and within 5 years	13%	50%	0%	✓
5 years and within 10 years	29%	75%	0%	✓
10 years and within 20 years	46%	75%	0%	✓
20 years and within 30 years	0%	75%	0%	✓
30 years and above	0%	100%	0%	✓

59. The County Council holds £4m of LOBO (Lender's Option Borrower's Option) loans 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. If not repaid before maturity, this loan has a duration to maturity of just over 11 years.

Principal sums invested for periods longer than a year

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

were:

Table 12 – Price risk indicator	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£239m	£239m	£231m
Limit on principal invested beyond year end	£330m	£400m	£400m
Complied?	✓	✓	✓

The table includes investments in strategic pooled funds of £183m as although these can usually be redeemed at short notice, the County Council intends to hold these investments for at least the medium-term.

Capital Spending and Financing 2022/23

Summary

1. This Appendix reports that:

- Capital schemes costing £191.7m were started during 2022/23 from the approved capital programme for the year of £366.6m.
- This leaves £174.9m for projects not started by 31 March 2023 that will be carried forward into 2023/24. Approval has already previously been given for £71.2m of this amount, leaving £103.7m requiring Cabinet approval.
- Capital payments of £190.9m were incurred during 2022/23 and this can be financed within available resources.
- As permitted under the Prudential Code (2021) new prudential borrowing of £11.1m is used to fund expenditure in 2022/23 for approved schemes.
- Lump sum repayments of prudential borrowing from developer contributions and other sources total £10.8m in 2022/23. This prudential borrowing predominantly relates to the timing of developer and other contributions. This is in addition to the regular ongoing prudential borrowing repayments through MRP charges to the revenue budget.
- £2.1m of expenditure is funded from the capital reserve in 2022/23. This is less than forecast due to increased capital receipts in 2022/23, with planned draws delayed due to slippage in projects planned to be funded from this reserve.
- Capital receipts of £23.8m were achieved from the sale of assets during 2022/23.

Capital Programme for 2022/23

2. Table 1 shows that £191.7m (52.3%) of the £366.6m capital programme for 2022/23 was started in the year compared with £179.4m (54.4%) in the previous year. A slippage in scheme starts means that a lower value and percentage of the programme was started in 2022/23 than had been forecast.

Table 1 – value and percentage of capital programme committed

	2021/22 £m	2022/23 £m
Committed	179.4	191.7
Carried forward	150.4	174.9
Total programme	329.8	366.6
Percentage committed	54.4%	52.3%

- As some elements of the programme are managed on a 'starts' basis there can be a timing difference between the year a scheme starts and the financial years over which expenditure is incurred, particularly for large schemes spanning multiple years. Capital expenditure totalled £190.9m in 2022/23 and is covered in detail in the section of this appendix on capital expenditure and financing.
- Table 2 shows a further breakdown of capital scheme commitments in 2022/23. An analysis by service of these figures is included in Annex 1.

Table 2 – Capital Schemes Committed in 2022/23

	£'000	
Revised capital programme 2022/23 February 2023	281,952	
Amounts previously agreed to carry forward to 2023/24	71,244	
Net changes to the programme since February 2023	13,433	
Approved value of capital programme 2022/23	366,629	
Less: schemes committed in 2022/23	191,662	52.3%
Amount to carry forward to 2023/24	174,967	47.7%

- The approval of Cabinet is required for proposals to carry forward schemes not started at 31 March 2023. The total value of such schemes is £103.7m, as shown in Table 3. This is in addition to the £71.2m of schemes where approval to carry forward to 2023/24 has already been given during 2022/23 relating to the Children's Services (£32m) and Universal Services (£39.2m) programmes. The approval for these amounts was included within the capital programme report to Cabinet and County Council (paragraphs 66-67, 86 and 88 of the February 2023 report).

Table 3 – Proposals to carry forward schemes to 2023/24

	£'000
<u>Schemes within the 2022/23 capital programme</u>	
Total carry forwards for schemes within 2022/23 programme	174,967
Less: amounts already approved for carry forward	<u>(71,244)</u>
Amounts requiring approval to carry forward	<u>103,723</u>

6. Individually, most of the schemes and provisions to be carried forward from the 2022/23 capital programme are relatively small amounts. The larger schemes include:

- Adults with Disability (£3.8m) – capital grant programme expected to see increased demand in 2023/24 as the new build programme is complete which included most recently Sonnet Court and Croft House
- Younger Adults extra care (£15.2m) – required to support extension of supported accommodation strategy in 2023/24
- Extra care housing transformation (£13.6m) – funding held for new projects being considered within this programme once existing sites are completed in 2023/24
- Special Educational Needs including SEND (£3.1m) – projects have been approved and are progressing
- Improvements to Schools (£7.3m) and Children’s Services contingency provision (£8m) – provisions to cover future projects and pressures on the capital programme
- Structural maintenance of roads and bridges (£13m) – future projects planned to deliver improvement works
- Street lighting LED replacement programme (£3.6m) – project delayed due to contract negotiations with supplier estimated to commence work late 2023/24
- Strategic land purchases (£10m) and Advantageous land (£1.8m) – funding provision available to make advantageous land purchases when they appear on the market
- Investment in Hampshire (£2.5m) provision for grants issued to contribute towards improvement of significant assets, economic recovery and business growth in Hampshire
- School Condition Allocation (£3.8m) – school improvement projects are progressing

- HTM Vehicles (£3.6m) – due to delay in vehicle deliveries as a result of supply chain issues

7. Tables 4 and 5 below shows the impact of the carry forwards and additional project approvals on the capital programme from 2022/23 to 2025/26. This is an update of the programme presented to Cabinet and County Council when setting the budget in February 2023.

Table 4 – updated capital programme

Prior Years £'000		Revised 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
21,745	Adults' Health & Care	14,705	47,910	14,733	14,733	113,826
16,019	Children's Services	27,792	51,313	107,941	85,954	289,019
0	Hampshire 2050*	0	0	0	0	0
252,884	Universal Services	149,165	184,527	138,792	115,858	841,226
290,648	Total	191,662	283,750	261,466	216,545	1,244,071
			761,761			

Changes to the capital programme since February 2023

299,537	February 2023 capital programme report	281,952	175,003	253,766	216,545	1,226,803
0	Carry forwards	(103,723)	103,723	0	0	0
(8,905)	Other changes	13,433	5,024	7,700	0	17,268
290,648	Updated programme	191,662	283,750	261,466	216,545	1,244,071

* As set out in the capital programme report in February 2023, the Universal Services capital programme for reporting purposes includes elements that relate to Hampshire 2050 however any approval to spend against these schemes will follow the County Council's financial regulation thresholds and be taken through the relevant Executive Member.

Table 5 – forecast timing of capital expenditure for items in Table 4

	2022/23	2023/24	2024/25	2025/26	Future Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	190,851	337,957	289,186	229,601	196,476	1,244,071

8. Table 4 shows a net increase to the overall capital programme of £17.268m since the programme was agreed by Cabinet and County Council in February 2023, which includes:

- Structural Maintenance increase in 2023/24 of £5.95m following the Government announcement in March 2023 for Hampshire's allocation from an additional £200m nationwide funding for highways maintenance.
- Alderwood School 2fe expansion increase in 2024/25 of £2.7m. Following consultation with the Environment Agency a revised plan has been devised which requires the demolition of an existing science block and the building of a new, larger block to cover both requirements. This will be funded by a combination of developer contributions (£1m) and carried forward resources from within the capital programme contingency (£1.7m). County Council approval for this change is requested as this is a variation of above £2m.
- Hounsome Fields Primary 2fe new build increase in 2024/25 of £1.25m following detailed design works to take into consideration anticipated increased construction costs, with the additional cost to be funded from developer contributions
- A technical adjustment to the capital programme year for £12.722m of funding in Adults' Health and Care related to Extra Care transformation to reflect the approval to carry forward given by Cabinet in July 2022.
- A number of other new or updated schemes under £1m. These are all within the Children's Services and Universal Services capital programmes.

9. The additional expenditure of £17.268m will be funded as follows:

- £16.484m from external sources such as government grants and developer contributions

- £0.211m of revenue contributions to capital schemes within Children's Services covered in the 18 July 2023 Executive Lead Member for Children's Services report
- £0.174m using reserves and capital receipts generated by the River Hamble Harbour Authority as approved by the River Hamble Harbour Board
- £0.172m to fund a range of projects within the Countryside Service from Universal Services cost of change
- £0.160m Market Town Funding covered within the Executive Lead Member for Universal Services report of 10 July 2023
- £0.067m drawn from the Covid Recovery Fund within reserves

Capital expenditure and financing

10. Total expenditure of £190.9m was incurred during 2022/23, relating to a combination of projects in the capital programme for 2022/23 and the continuation of projects started in previous years.
11. The most recent forecast for spend in 2022/23 was £223.3m, which included the amounts presented in the capital programme report in February 2023 (£222.6m) and any projects subsequently approved (£0.7m). The actual spend of £190.9m was 14.6% lower than the revised estimate for 2022/23. The County Council has a significant programme with a large number of schemes planned and in progress, meaning it can be difficult to predict the exact timing of expenditure flows across financial years and it is normal for the timing of spend at the end of the financial to vary from forecasts presented in the February report. This timing difference does not in itself change the amount the County Council plans to spend through the life of the programme, although clearly there may be other changes at an individual scheme or programme level over time.
12. Expenditure in 2022/23 was less than the £241.2m incurred during 2021/22. This was for example due to delays needed for additional contract negotiation as a result of increased project costs caused by higher than anticipated inflation.
13. The County Council's capital expenditure in 2022/23 included:
 - £61.7m for structural maintenance and the improvement of roads and bridges

- £45.3m of Integrated Transport Plan schemes including major road schemes and active travel schemes including walking and/or cycling improvements
- £25.1m of investment in new and extended school buildings to provide school places for children in Hampshire
- £19.4m to address condition-based enhancements to the schools estate
- £14.3m allocation of Disabled Facilities Grant funding to allow adaptations to people's homes.

14. Table 6 shows the proposed financing sources for the expenditure incurred. A further breakdown of expenditure by directorate and type of spend is included in Annex 2.

Table 6 – Capital financing 2022/23

Funding	Planned**	Actual	Variance
	£'000	£'000	£'000
Prudential borrowing	24,923	11,052	(13,871)
less: repayments from capital	(6,950)	(10,824)	(3,875)
Capital grants	113,120	114,368	1,248
Contributions from other bodies*	52,152	38,744	(13,408)
Capital receipts	2,866	23,775	20,909
Dec 2022 cash limit guideline	3,669	411	(3,258)
Revenue contributions to capital	14,802	10,904	(3,898)
New resources in the year	204,582	188,430	(16,152)
Use of the capital reserve	17,586	2,117	(15,469)
Use of revenue reserves	1,144	304	(840)
Total funding for payments	223,312	190,851	(32,461)

* including developers

** February 2023 capital programme report plus £0.727m of subsequent adjustments and approvals

15. The revised capital programme assumed just under £17.6m of the capital reserves balance would be used in 2022/23, however a combination of the County Council's approach of applying grants and other contributions before using its own resources, higher than forecast capital receipts, and slower than anticipated expenditure resulting in the carry forward of schemes means usage of the capital reserve of £2.12m in 2022/23, as shown in Table 6.

16. In addition to this spend, the Enterprise M3 Local Enterprise Partnership (LEP) invested £5.63m in capital projects within the M3 corridor during 2022/23. This spend is also included in the annual accounts as the County Council is the accountable body for the LEP.
17. Revenue contributions to capital include the regular annual contribution built into the revenue budget to fund the locally resourced programme in addition to one-off transfers for specific projects of a capital nature. Capital expenditure may also be funded from revenue reserves and reserves will also be used where there is a timing difference between the regular annual contributions being made from the revenue budget and actual capital expenditure being incurred. The capital reserve holds approved local resources until they are required to fund capital payments as schemes progress.
18. In 2022/23 a total of £22.7m was added to the capital payments reserve through contributions from revenue to meet the approved capital guidelines and Revenue Contributions to Capital (RCCOs), net of transfers to Revenue Reserves. This was used to fund £11.6m worth of expenditure on projects in 2022/23, the balance of £11.1m remains within the capital reserve to cover spend on specific projects in future years. This is summarised in Table 7 below:

Table 7 – Revenue Contributions to Capital Programme 2022/23

	Cash Limit Guideline £000	RCCOs £000	Revenue Reserves £000	Total £000
Revenue Contribution approved Feb 2023	3,669	4,470	1,077	9,216
Additional RCCOs	0	13,110	684	13,794
Transfers to Revenue		(338)		(338)
Additions to Capital Reserve	3,669	17,242	1,761	22,672
Applied to 2022/23 Capital Programme	(411)	(10,904)	(304)	(11,620)
Balance in Capital Reserve	3,258	6,338	1,457	11,052

Borrowing

19. Since 1 April 2004, local authorities have been permitted to borrow for capital purposes without specific approval from Government, provided their actions meet the requirements of the Prudential Code (last updated 2021). This borrowing does not attract any support from Government towards the

repayment and interest costs, which fall solely upon the County Council's own resources.

20. The County Council operates within a framework for the use of prudential borrowing, as updated by Cabinet in February 2006 and as outlined in its Capital and Investment Strategy (an appendix to the February budget setting report to Cabinet).
21. It is proposed that a total of £11.052m is prudentially borrowed in line with this framework for expenditure incurred during 2022/23. This will not result in the County Council taking on new external debt at this point and instead will be funded through 'internal borrowing' in line with the County Council's Treasury Management Strategy and the advice of its treasury management advisors, Arlingclose.
22. Partially offsetting this new prudential borrowing will be the repayment of £10.825m of prudential borrowing from previous years. This predominantly relates to the timing of developer contributions, where prudential borrowing is used to cash flow expenditure and allow projects to progress prior to other funding being received. Prudential borrowing balances that are not repaid from developer contributions, capital receipts or other sources will be repaid over time through Minimum Revenue Provision (MRP) charges to the revenue budget. Of the £11.052m of new prudential borrowing incurred during 2022/23 it is expected that £7.297m will be repaid through future developer contributions and capital receipts and £3.755m will be repaid through MRP charges.
23. The Prudential Code includes a number of indicators to illustrate whether local authorities are acting prudently and that its capital plans are affordable. The County Council sets forward looking prudential indicators as part of its Capital and Investment Strategy. Annex 4 reports the actual position for these indicators for 2022/23 and confirms compliance with the requirements of the Prudential Code. From 2023/24, these must be reported against on a quarterly basis.

Capital receipts

24. Capital receipts from the sale of land and property in 2022/23 were £23.8m in total.
25. Proposed corporate and directorate shares of capital receipts in 2022/23 are summarised in Annex 3. The County Council's current policy on capital receipts is that these will be retained fully to fund corporately agreed priorities

except where an appropriate business case for alternative use is agreed in advance.

26. In line with this policy, directorates will receive £0.562m of the £23.775m received in 2022/23 which has previously been approved by Cabinet. The remaining balance of £23.212m will be retained corporately to fund future corporate priorities.

Analysis of capital programme 2022/23 and requests by services to carry forward capital schemes to 2023/24

	Approved value of programme	Schemes committed in 2022/23	Approval to carry forward requested	Approval to carry forward already given	Total amount to carry forward
	£'000	£'000	£'000	£'000	£'000
Adults' Health and Care	47,882	14,705	33,177	0	33,177
Children's Services	79,132	27,792	19,329	32,011*	51,340
Hampshire 2050	0	0	0	0	0
Universal Services	239,615	149,165	51,217	39,233**	90,450
Total	366,629	191,662	103,723	71,244	174,967

* Covered in 12 January 2023 report to Executive Member for Children's Services & Education Decision Day and reflected in paragraphs 66-67 of the February 2023 capital programme report to Cabinet and County Council

** Covered in 23 January 2023 Executive Member for Universal Services & Countryside and Regulatory Services Decision Day and reflected in paragraphs 86 and 88 of the February 2023 capital programme report to Cabinet and County Council

Summary of capital expenditure in 2022/23

Analysis by services

	£'000	%
Adults' Health and Care	16,208	8.5
Children's Services	28,052	14.7
Hampshire 2050	0	0
Universal Services	146,591	76.8
Total	190,851	100

Analysis by type of expenditure

	£'000	%
Land	1,817	0.1
Construction work	138,774	72.7
Fees and salaries	27,948	14.6
Furniture, equipment and vehicles	6,073	3.2
Grants	16,239	8.5
Other	0	0
Total	190,851	100

Analysis of capital receipts 2022/23

The table below shows the total capital receipts received during 2022/23 of £23.775m. Of this amount:

- No additional capital receipts above the £0.562m already added to directorate programmes have been retained for specific projects in 2022/23.
- £23.212m will be retained to fund future corporate priorities in line with the new approach to the retention of capital receipts
- No capital receipts received in 2022/23 were used to repay prudential borrowing.

	Allocation of capital receipts			
	Capital receipts received	Directorate shares already added	Directorate shares now available to add	Retained for corporate priorities
	£'000	£'000	£'000	£'000
Adults' Health and Care	0	0	0	0
Children's Services	500	500	0	0
Hampshire 2050	21,582	0	0	21,582
Universal Services	1,693	62	0	1,630
Total	23,775	562	0	23,212

Prudential Indicators

The County Council sets forward looking prudential indicators as part of its Capital and Investment Strategy. The Prudential Code requires the County Council to report on its prudential indicators at the end of each financial year, as set out below. This compares the actual figures at 31/3/23 against the most recent forward looking estimates.

Prudential Indicators for prudence	Estimated	Actual
	£m	£m
Capital expenditure for 2022/23	223	191
Capital financing requirement (CFR) as at 31/3/23	771	750
External debt* as at 31/3/23	346	341

* includes long term liabilities including PFI

Prudential Indicators for affordability	Estimated	Actual
Financing costs to net revenue stream 2022/23	4.6%	2.75%

The County Council confirms that it has remained within the Authorised Limit for External Debt for 2022/23 set in its Capital and Investment Strategy (£935m). This is a legal requirement. It has also remained within the lower Operational Boundary (£895m), which is a management tool for the in-year monitoring of external debt.

The County Council also continues to comply with the gross debt and the CFR indicator. This is because it does not expect gross debt to exceed the total of the CFR brought forward from the previous year plus the additions to the CFR during 2022/23 and estimated further additions for the next two financial years.

Review of Highways Delivery Strategy

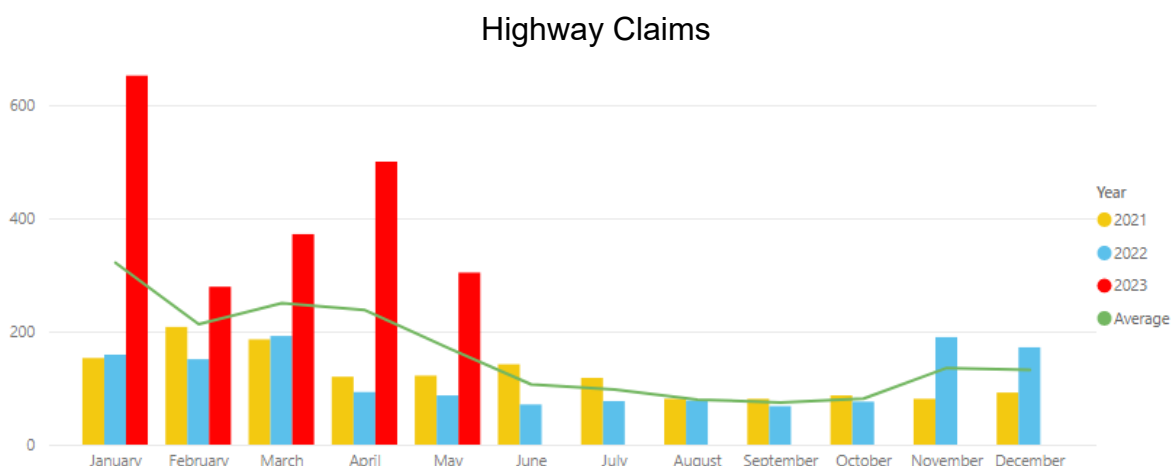
Background

The local road network in Hampshire has deteriorated significantly, and rapidly, over the last 6-9 months following an extremely challenging winter where prolonged heavy rain together with several periods of deep sub-zero temperatures have caused widespread structural damage, largely manifested through the formation of potholes and other road defects. A harsh winter period followed one of the hottest summers the UK has experienced and this also impacted the condition of Hampshire's network with higher than normal incidences of surface cracking, softening roads and clay sub-soil shrinkage etc all of which can accelerate structural degradation.

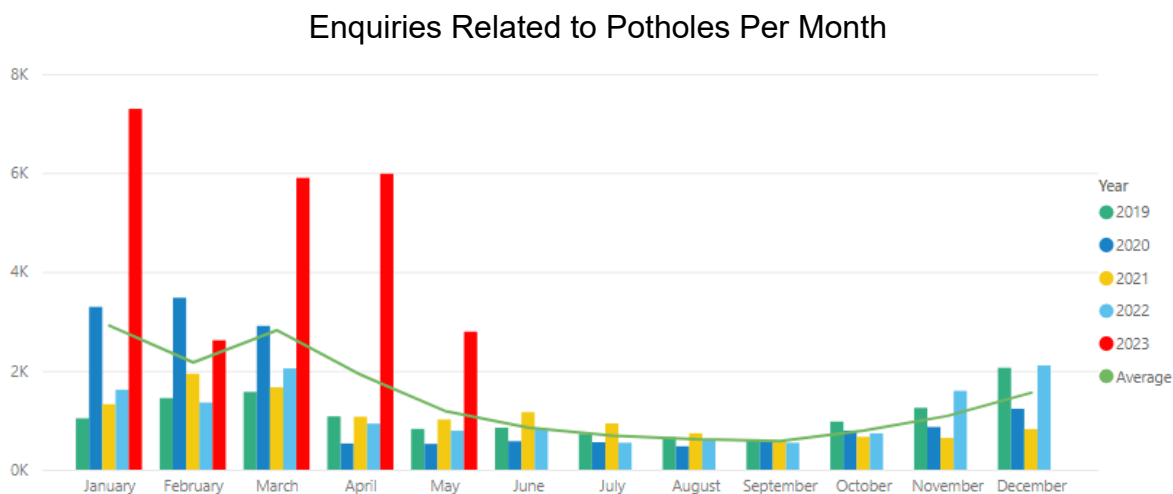
It is estimated that between September 2022 and April 2023 nearly 81,000 carriageway defects were reported and/or identified and in broad terms it is estimated that this equates to circa £15m worth of accelerated decay across the Hampshire network. This is on top of an existing longstanding maintenance backlog of £377m. The table below illustrates the quantum of potholes etc repaired during 22/23 in comparison to previous years.

Financial Year	Number of Potholes / Highway Defects Repaired
18/19	41,371
19/20	27,780
20/21	56,852
21/22	72,610
22/23	133,200

The following graph shows the significant increase in highway litigation claims this year in comparison to the previous two years:-



The following graph shows the increase in highway enquiries, and consequently service demand, this year in comparison to the previous four years:-



Existing Delivery Strategy

Core highways budgets are effectively split between routine, reactive and planned activity, made up as follows for 2023/24:-

Note that these figures focus on road/footway/verge maintenance **only** and **exclude** other highway-related activities such as Winter Service, Street Lighting, Traffic Signals, Cattle Grids, Bridges and other miscellaneous service/contract costs. Fee costs are also excluded from capital spend figures to emphasise how much is actually spent on the ground.

Programme	£m	Proactive / Reactive
Routine Maintenance (mostly Revenue)	<ul style="list-style-type: none"> £14.1m 	Proactive and Reactive
Reactive works (Capital and Revenue)	<ul style="list-style-type: none"> £13.5m £5.5m reprioritised from 2023/24 Op Res budget £5.9m million from DfT pothole grant Spring 2023 	Reactive
Planned maintenance (including Operational Resilience) (Capital)	<ul style="list-style-type: none"> £23m (lower this year due to reprioritised spend – see above)) 	Largely Proactive

Routine Maintenance includes gully cleansing, grass cutting, weed spraying, sign cleaning, signs/roadmarkings, and arboriculture. Funding is locally sourced Revenue.

Reactive Works includes pothole infills/repairs, emergency response (24/7), bridge repairs. Funding is part DfT grant and part locally sourced revenue.

Planned works includes surface treatments on carriageways and footways, bridge maintenance, structural drainage, fencing and cattle grids. Funding is largely DfT grant funding with a locally sourced top-up of £10m pa (Operation Resilience).

For 2023/24, and in light of the significant increase in costs due to inflationary pressures, a proportion of the Operation Resilience budget (£5.5m) was held back in reserve to minimise the impact of poor value for money due to high prices - the contractual variation-on-price increase for capital work for 2023/24 is more than 28%. Executive Member approval was secured for this reprioritisation to reactive works in [January 2023](#).

Potholes are prioritised as safety or non-safety defects, with safety defects always taking precedence as these generally present a higher risk to highway users. This prioritisation, which is standard practice across most highway authorities, usually means that only the worst potholes/defects are addressed when a repair team is on site, with service defects often left, and monitored. This can result in multiple visits, inefficiencies, and poor perception of service.

Proposed change in approach

Government announced an extra £200m for pothole repairs in the spring budget and Hampshire secured £5.3m of this which is already being put to good use. This has been supplemented with the release of £5.5m held back from the 2023/24 Operational Resilience programme, and these allocations are on top of money already allocated for frontline reactive maintenance and routine repairs. However, it is still insufficient to meet the ongoing and expected demand, and to enable a full recovery of the most recent impacts before next winter arrives when further deterioration and raised service demand can be expected.

Confidential conversations have started with the County Council's contractor, Milestone, about the availability of additional resources from their wider supply chain for pothole repairs and these have yielded a positive response so far. This is largely due to Hampshire's acknowledged position as a premier Milestone client, a mature contract that is yielding a reasonable commercial return for Milestone and the highly collaborative healthy relationship that exists between the two organisations and, in particular, the frontline operational teams. Whilst there is always a finite capacity available to ensure and sustain effective delivery, taking into account staff resources, likely road-space booking issues (network access), and supply chain availability, it is considered that an additional £7.5m could be delivered each year as routine/reactive type work with a specific focussed objective of addressing the pothole/defect backlog more quickly and effectively, and improving overall public perception of the highways service.

A revised focus on reactive works is proposed along with a significantly scaled back planned maintenance programme for the next two or three years. It is suggested that the Operation Resilience branding is dropped, and a new programme introduced. Some planned maintenance activity would still be needed however, as in some cases roads have deteriorated to a point where reactive repairs would be uneconomic and ineffective, and a more major intervention is the only realistic and sensible fix.

New ways of working will be required that refocuses the way repairs are prioritised and undertaken when they are reported or identified. This will mean a shift toward scheduling and programming repair resources based on the location of defects,

rather than solely by severity. This should significantly reduce incidences of fixing pothole A but leaving pothole B, e.g. at sites where both urgent safety and non-urgent routine service defects are present. It is recognised this is a longstanding frustration for both residents and members.

A variety of repair techniques have already been utilised including traditional hot patching, spray injection - dragon-patchers/jet-patchers, and infra-red patching, and other innovations are being explored by the Highways team. Large numbers of temporary infill repairs have been undertaken in order to keep the highway network safe and whilst these have been effective, they are rarely long-lasting, often requiring a follow up repair. They are also unpopular with road users and residents. Additional funding will facilitate more first-time, higher quality permanent fixes.

Benefits

This changed approach will mean that more potholes and other carriageways defects, i.e. those that can often become potholes, can be addressed more quickly and also that the majority of defects, if not all, that are present in a particular location can be repaired in one visit, as opposed to the current situation where multiple visits may be necessary. This will yield benefits to both HCC and the contractor and should significantly increase on-the-ground productivity, reduce overhead costs for labour, fuel etc (as a consequence of less travelling between sites) and give the County Council better value for money. Public and member perception will also be improved. It may also reduce litigation claims but see next section - Risks.

Risks

There is a risk with this proposed approach that some safety-defects could become overdue, i.e. still be present beyond their specified priority for repair. However, if sufficient resource can be secured with extra funding this can hopefully be mitigated. The test in court during litigation would always be being able to demonstrate that the Council has taken reasonable steps to discharge its statutory 'duty to maintain' and with appropriate funding in place it is considered this is achievable.

Winter 2023/24 is an unknown and if similar weather patterns to winter 2022/23 are realised there is likely to be further widespread degradation, compounded by the fact planned maintenance will have been scaled back to focus on reactive work. Sustained focussed action from now is vital to avoid a worsening situation.

It should be noted that these proposals should only be considered as a short-term solution in order to ensure the road network in Hampshire remains serviceable. Without significant Government investment, year-on-year, for local roads structural maintenance the network will continue to decline and a cliff-edge scenario should not be discounted where some roads become unfit for purpose and need to be closed for safety reasons. South East leaders have recently written to Government to express their grave concerns in this regard and set out how important a well-maintained and properly funded highway network is to local connectivity and growth.

Conclusion

The highway network across Hampshire is arguably in the worst condition it has been for a generation. This is not a unique situation to Hampshire as most highway authorities are currently reporting similar impacts following the 2022/23 winter weather. Whilst existing funding has already been repurposed and reprioritised to routine and reactive repairs it is still insufficient to fully recover the network to a pre-

winter position, or better. Additional funding for at least the next two or three years will enable the County Council to focus more on potholes and structural defects using additional resources and a variety of repair techniques and, combined with new ways of working, there is a high likelihood the overall condition of the network can be improved, along with public perception.

Required investment to switch from analogue to digital networks

Introduction

In response to the telecoms industry announcement to retire analogue telephone networks by 2025, work has continued to review existing County Council analogue lines and to identify the most appropriate replacement solution. This has included the opportunity to cease lines wherever possible. However, there are a number of service critical lines that need to migrate to a digital alternative as set out below.

Replacement of Traffic Signal/CCTV lines (estimated cost – £0.94M)

In response to the challenge of replacing analogue lines connected to traffic signal infrastructure, the Intelligent Traffic Signals team considered the option of not replacing all analogue lines, and only focussing on replacing lines to the highest priority infrastructure. However, it concluded that the best option was to replace connections to all lines; the key factor behind this decision was that remote operation of signals and controllers enables the County Council to be more responsive to fault; and to be able to address issues remotely without the time and expense of deploying engineers. These, in combination, bring significant benefit for keeping traffic moving safely and effectively and there would be an increased risk to the safety of Hampshire's roads if these benefits were reduced.

Lift, fire, and other alarms (estimated cost – £1.5M)

Lift emergency systems – it is a legal requirement to have two-way emergency communication in a lift for emergency purposes. Whilst this communication could in theory be local in the building, this would require the system to be constantly manned whilst the building is in use which is impractical. Replacement of the communication lines for lifts is therefore a statutory requirement, they need to work in the event of a power failure and so a specialist standalone system is required.

Fire Alarm systems – fire alarm monitoring is for property protection and is a County Council standard recommended by the Fire Review Panel. The monitoring enables the Fire Service to be quickly notified in the event of a fire which will mean that the level of damage to a building is minimised, and the extent of business disruption is minimised. Buildings that are commercially insured generally require the fire alarm system to be monitored. Buildings covered by the County Council's insurance fund rely on the monitoring to reduce the risk to the fund. These systems are more sensitive and are required to work in the event of a power failure and so a failsafe system is required.

Other alarm systems – this would include intruder alarms, sewage system alarms and similar. These are required for property protection and business continuity and in the case of sewage alarms to prevent an environmental spill. Where possible these alarm systems will be linked to a fire alarm system, however where this isn't possible or impractical a simple system will be installed.

AHC Telecare (estimated cost – £2.8M)

Telecare Services are used by adult social care clients to support those with an assessed need to remain at home with independence, thereby either preventing or delaying the need for paid for care; or as a more cost efficient alternative to paid for care. The service is currently provided using the analogue phone lines within client homes. As a result of the analogue to digital switchover there is a significant risk that the telecare service, that clients rely on to keep them safe from serious harm, will cease to work. If this allowed to happen it will add additional strain on the care market though the inevitability of finding alternative care provision and increase pressure on care budgets.

In response, a digital bridge has been put in place to enable some analogue TEC to function in the short term. This will provide a temporary solution to reduce the need for all current devices to be replaced with digital compliant devices immediately. AHC have risk assessed the clients in receipt of Telecare to prioritise those clients at the highest risk of equipment failure or who will be the most adversely affect by such failure. Accordingly, it is proposed that there will be a need to immediately transfer an estimated 500 clients to digital compliant equipment. The remaining client group of c. 8,650 will not receive a digital compliant replacement from the outset. However, over time as new clients join the service or pre-existing clients require a replacement, they will be provided with digital compliant equipment. Alongside this, the existing analogue equipment for leavers will be decommissioned, thereby the service will transition from analogue to digital over time.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee:	Cabinet
Date:	18 July 2023
Title:	Health and Social Care System Resilience 2022/23
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

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Email: graham.allen@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to update Cabinet on the key activities undertaken across the Health and Social Care system to maintain system resilience in the discharge of Hampshire residents from hospital settings.

Recommendations

2. Cabinet is asked to note:
 - i) That overall discharge performance remains good with the County Council's contribution to both the commissioning and operational delivery landscape remaining strong and impactful against a backdrop of continuing high service demand from across the Acute hospitals serving Hampshire residents.
 - ii) The efforts of all staff and partner organisations working across the two Integrated Care Boards (ICB's) in maintaining safe, appropriate, and resilient discharge pathways, within a new national operating framework that was introduced at pace in the early stages of Covid in 2020 and has developed since proving to be both resilient and responsive.
 - iii) That a new national discharge fund was announced in the Autumn statement of 2022 which pointed to growing levels of financial support across 2023/24 and into the 2024/25, all of which should result in close to £21million of funding being available for next financial year to the County Council and the two ICBs serving Hampshire residents.
 - iv) As welcome as the new national discharge fund is, it is estimated to be in the order of £10million short of the funding that has been required to support service demand levels and other discharge related service costs seen in recent years in Hampshire. Furthermore, with the Hampshire and Isle of Wight (HIOW) ICB being in Tier 4 financial recovery due to their financial deficit, there is greater focus on this funding and scrutiny on the services it provides. It is clear from discussions to date that this will inevitably lead to all of the discharge services, inclusive of those

commitments that the NHS has with their own community health providers, being reviewed and overall spending reduced to fit within the grant envelope. This process will require careful managing and robust monitoring regarding progress and impacts. Without corresponding discharge service performance improvements and reduced Acute hospital urgent care demand, the service reductions are almost certain to impact on the flow of patients from the 5 hospitals serving Hampshire residents and are likely to lead to greater pressures on Adult Social Care in the form of greater exposure to long-term care costs.

Executive Summary

3. This report provides an overview and updates Cabinet on key activities and issues relating to the continued support of Acute hospitals across Hampshire and the wider hospital systems. The discharge challenge throughout 2022/23 has been (and remains) incredibly tough and dynamic in terms of the issues faced and the responses required. Covid continued to be an issue throughout the past financial year with peaks and troughs experienced at different times and infectious outbreaks in our bedded Discharge to Assess units, also not uncommon. Covid was just one of the factors that saw discharge demand stay stubbornly high through 2022/23. Urgent emergency care levels were high across each of the Hampshire Acute hospitals on a constant basis.
4. In the past year the HIOW Integrated Care System (ICS) has replaced the previous Clinical Commissioning Group arrangements, with a different ICS in place in Frimley which supports North-East Hampshire residents. This has led to the creation of a HIOW Place based Governance (that includes Hampshire Place) and a similar Place Governance for Frimley. Despite the consolidation of Hampshire NHS systems, the HIOW ICS in particular, (but in keeping with any number of other ICSs) is in an exceptionally challenging financial situation, that is, and will, continue to impact on the nature and prioritisation of funding decisions, including for discharge services, going forward.
5. The activities that Adults' Health and Care have led on and/or undertaken to date, relate to the Discharge to Assess (D2A) approach recommended nationally as best practice. The accompanying national Updated guidance confirms that the arrangements and processes for this approach are a local decision and are subject to local finances.
6. The Directorate, for some 3 years, has worked effectively in response to the evolving requirements for commissioned care. The Directorate has embedded ways of working that support opportunities for the D2A approach and have prioritised independence and getting people home wherever possible. In doing so, we have remained committed to further improvements and respectfully working in partnership. Pace has not replaced the need for quality or indeed careful consideration and assessment. We, at all times, remain mindful of our duty of care and aim for a standard of professionalism and balance, most especially during stressful times of surge and critical incident.

7. Inevitably, the Directorate has worked with the NHS to secure appropriate service funding and has jointly focused on performance to optimise outcomes for people and to limit expenditure wherever possible. The Short-term Service (STS) approach promoted and led on by Adults' Health and Care to support timely discharges across Hampshire is robustly supported with a suite of performance data that is shared and debated with partners to help drive continuous improvement and to secure value for money.
8. Hampshire community partners continue to support over 400 individuals requiring some form of care or support to be discharged from acute hospitals every week, with Hampshire County Council leading on some 2/3rds of these discharges. The majority of discharged individuals are either able to go home or, return home with support, in some cases additional support. Others are returned to a care home where they resided before admission. Some 130 people per month are discharged to Short-Term Nursing provision led by HCC Care where the aim is to help them on their recovery journey and to limit those that then need a long-term placement thereafter.
9. The array of discharge services currently provided were largely funded from non-recurrent funding sources in 2022/23. A new, recurring, national discharge fund was announced last Autumn and the levels of support available for the new financial year is set to increase by up to 60% by 2024/25. Whilst this is welcome news, even at the higher end, the total money available to the NHS and to Hampshire County Council is less than has been required in the past year. The consequences of this are currently being worked through.

Summary of the Key Policy and Service Arrangements/Considerations

10. The hospital discharge system continues to be based on the principle that unless required to be in hospital, patients must not remain in an NHS bed. This principle is now described as a person having No Criteria to Reside (NCTR) in hospital. Acute and community hospitals are still required to discharge all patients as soon as it is clinically safe to do so.
11. Discharge to Assess (D2A) arrangements continue to positively impact on NCTR performance with some 50% of patients requiring some form of onward care, be that home based, or bed based, able to be safely discharged within 2-3 days of being declared as NCTR. More complex patients, especially those requiring higher levels of Nursing Care, take longer to discharge but are still mainly assessed in the community. Some patients, typically 10-15% are assessed in hospital and their long-term needs organised at that point.
12. The joint model of using pathways to discharge from hospitals is agreed across HIOW and continues to serve the onward care needs of thousands of Hampshire residents each year. Funding decisions are increasingly being taken jointly given the introduction in 2022/23 of the national discharge fund and it being apportioned 60% to the NHS and 40% to Local Authorities. The financially challenging position that face both HIOW ICS and Hampshire County Council mean that tough choices are increasingly likely to have to be

made regarding overall service levels and where services are agreed to, performance will need to be optimised to assure best value.

13. Hampshire County Council has a well established governance approach to the services we commission and/or directly provide to support the D2A arrangements. Robust reporting arrangements include performance dashboards that are shared with, and are accessible by, the NHS. Performance and service costs are also discussed and debated at fortnightly joint senior meetings. Service levels are subject to change at different points of the year, especially Winter, so the whole position is dynamic with many variables to contend with.
14. Optimum performance is ultimately dependent on any number of support services including therapy, older person's mental health, pharmacy, and medical cover, all of which are provided by the NHS. In each of these areas, there were shortfalls, typically linked to workforce and/or financial challenges, during 2022/23 and at the time of writing, these areas remain a cause for concern into the current financial year. The impact on performance for the different service areas is well understood. The ability to make positive inroads is more difficult and is unlikely to get any easier in the near term.

Hampshire's approach to implementing the National Guidance

Single Points of Access (SPoAs) for each Acute Hospital footprint

15. The multi-disciplinary, multi-organisational Single Point of Access (SPoA) continue in place to support each Acute hospital and the wider hospital system surrounding this.
16. The SPoA manages the D2A approach for individuals on Pathways 1-3 which community partners, including HCC, are responsible for. They manage the interface from hospital once patients are declared NCTR. Discharges are expedited as quickly as possible once the SPoA is given the patient's details. Where there are complex issues or needs, and as highlighted earlier, discharges take longer to execute and will typically be upwards of 6 days and in some cases extending to 10-20 days depending on the patient need and the availability of the right type of specialist care in the community.
17. The SPoA continues to be comprised of a multi-disciplinary team, including the ICS Continuing Health Care Team, Southern Health Foundation Trust staff, HCC Hospital Social work staff and Hampshire County Council Reablement staff. The staff work individually and/or collectively with Acute Trust staff from the Hospital Discharge Teams and Hampshire County Council team members link with Adults' Health and Care's Brokerage function and other Adults' Health and Care service areas, including HCC Care, all as part of delivering the best possible service offer combining safety and timeliness of discharge for NCTR patients.

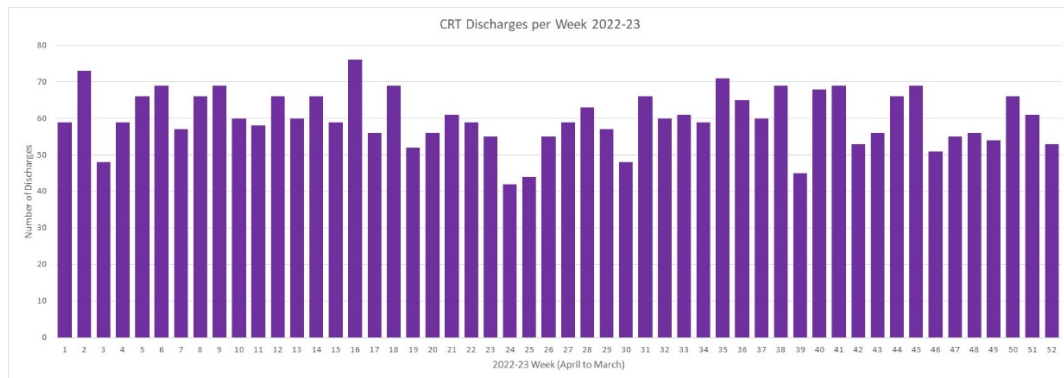
Service Impact and Discharge Performance 2022/23

18. Discharge activity during 2022/23 has remained at the heightened levels seen throughout the second and third waves of the pandemic in the previous

year. Acute hospital discharge demand has been relentless throughout the past year with occupancy at the hospitals surging unexpectedly on any number of different occasions. This has required all partners to respond immediately to keep the hospitals safe and flowing, and wherever possible to avoid Ambulance delays – both outside the hospital and in terms of the Ambulances being able to respond to urgent community calls.

19. Hampshire performance in this respect has remained agile and targeted including across weekends. This has only been possible due to the use of one-off funds accrued during the previous years which enabled discharge services to be maintained and added to where necessary throughout the year. The one-off money helped to bridge the gap between the cessation in March 2022 of the Hospital Discharge Programme funding arrangements (introduced specifically as a response to Covid) and the announcement in November 2022, of a £500million winter discharge fund to support discharges for the remainder of the financial year, as the pre-cursor for National recurrent discharge funding for 2023/24 that is set to continue and increase further in 2024/25.
20. Notwithstanding the welcome financial announcement, prior to it and in the months since, we have seen significant pressures in the Acute hospitals throughout 2022/23 leading to several critical incidents and sustained periods across most hospitals at the highest levels of hospital escalation – known as OPEL 4. Demand for medical care has not been successfully diverted away from hospitals as Primary Care and other admission avoidance arenas have struggled to stem the tide, partly due to high levels of public need and partly due to their own workforce challenges. This has led to saturation for discharge services as the volume and acuity of people requiring some form of social care support to be discharged safely has risen. Despite the relentless discharge demand, bed days lost in the Acute hospitals, the numbers of delayed patients and the timeliness of discharges are all favourable when compared with pre-Covid performance levels.
21. In overall terms, some 400 patients are discharged every week across the 5 Acute hospitals serving Hampshire residents. The discharges are overseen by Hampshire County Council, by Southern Health Foundation Trust (SHFT) and by the ICB's complex care team. Hampshire County Council typically leads on up to 2/3rds of the weekly discharges with patients benefitting from Reablement, other Short-Term services, or being returned to, or adding to the different forms of long-term service that we oversee including, but not limited to Domiciliary Care, Residential Care and Nursing Care. A good proportion of the patients we discharge from the Acute settings are previously unknown to Social Care.
22. Wherever possible, our aim is to return people to their own homes. This fits with the Directorate vision to maximise independence and to help ensure that as best as possible, people are able to live, long, healthy and happy lives. Some 100 people per week are returned 'home' either to resume existing packages of care that support them on a daily basis, or back to their own Care Home where they were happily residing prior to being admitted to hospital.

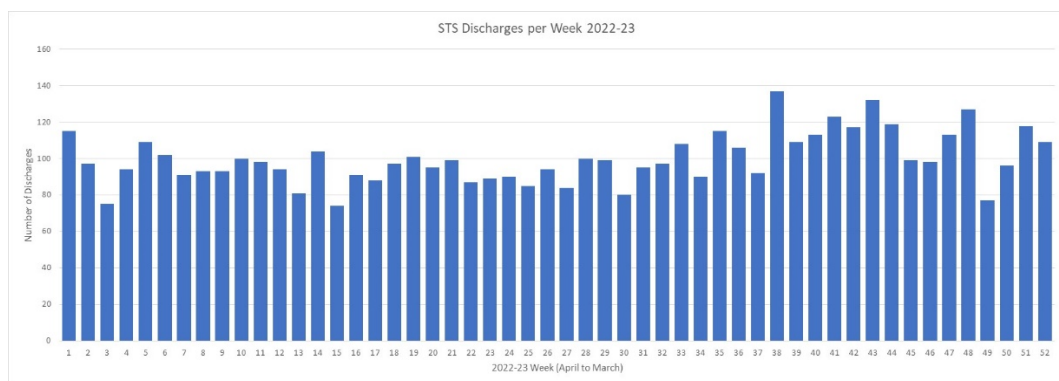
23. For those previously unknown to Social Care, or some, where an existing care package exists but extra focus is required, our Reablement service directly supports around 260 discharges per month. Around half of the people supported have no onward care needs following their Reablement stint. In a further 25% of cases, the Reablement period helps those being supported to recover sufficiently so they can then remain safely at home with their pre-existing care packages. The graph below shows the Reablement service activity levels for those discharged across 2022/23.



24. Further to the direct Reablement involvement, the service also oversees a Rapid (Discharge) Support Service (RSS) that independent home care providers lead on, to get people home with support as close to possible after they are declared medically fit to be discharged. The RSS service has proved its worth as part of a suite of three different types of short-term service offers that we established in response to Covid in 2020 and have continued to evolve since. The benefit of instant support for people returning home quickly from hospital is demonstrated by the fact that a good proportion end their RSS service period (typically after 19 days) without the need for any form of onward care and where onward care is assessed as being required, it is generally at or around half of the level that it would have been had it been organised from the hospital setting.
25. The Reablement service also manages the critically important Hampshire Equipment Service (HES) which plays a pivotal role in helping to facilitate and/or support discharges. Equipment requirements to enable people to live safely at home are significant with demand on HES, often from NHS professionals, growing year on year. In the past 24 months the service has been extended to 7 days of the week (24 hour service) thus helping to optimise discharge activity at weekends as well as through the working week. HES also achieves a near 85% recycling rate for the equipment it provides for users.
26. Where it is not possible to return people to their home, because it isn't safe to do so, our two other short-term service areas support people out of hospital. Our HCC Care (Residential and Nursing Care direct provision) leads four short-term bedded facilities (Clarence Unit, Forest Court, Willow

Court and Ticehurst) that are tactically situated across Hampshire to enable people to 'step-down' from the different Acute settings.

27. The bedded units enable clients to benefit from a recovery and reablement period that helps to significantly reduce what would otherwise be onward long-term placement needs for the majority of some 130 patients who enter the service each month. HCC Care take responsibility for fully staffing the units, which at times proves extremely challenging, and accommodate 7 days of the week admissions to the units and discharges from it. This is not something regularly available across the wider sector. They also work tirelessly with internal and external partners as part of trying to optimise outcomes and flow.
28. In a smaller number of cases, we are able to discharge some patients into a live-in-care arrangement that allows people to return home but with the benefit of 24/7 support for a short period whilst their longer-term needs are determined. In total, some 450 people per month benefit from the three short-term service offers and the graph below shows weekly activity levels across the past year.



29. Additional to the above, and in a small number of cases – around 5% of discharges per week, our social work teams will organise long-term care packages from the hospital setting. This will only happen where the person’s needs are too complex for Reablement or any of the 3 short-term service offers and where they are not eligible for NHS continuing health care.
30. All the activity described above, across and in support of Hospital Social Care, Reablement and HCC Care, requires a significant amount of strategic input and support to bring everything together. This includes relentless senior leadership involvement (internally and externally facing), a strong strategic commissioning contribution, our brokerage service to organise all manner of onward independent sector care provision (Home Care and Residential and Nursing) as well as a range of other back-office input including but not limited to finance, procurement, performance, learning and development and Technology Enabled Care (TEC).

31. The stunning effort outlined to reduce pressures upon the NHS is something for the County Council to rightly be proud of and positively is an effort that the Directorate duplicates on a daily basis across its other key service areas.

Finance

32. In 2022/23 the discharge services have largely been funded through non recurrent funds made available by both the ICS and latterly, following the Autumn budget announcement, specific discharge grants made available nationally in the second half of the year. The total cost of discharge services provided commissioned and/or directly led by Hampshire County Council, in partnership with the NHS, in 2022/23 was £31million.
33. As highlighted earlier in this report, the recurring national discharge fund levels for 2023/24 for Hampshire, total just £12.5million and even with the prospect of a c60% increase for 2024/25 (part of the autumn budget announcement), total discharge funding next year will increase to just shy of £21million. Clearly these funding levels are going to prove to be extremely challenging for the NHS and Hampshire County Council alike.
34. Whilst performance improvement and thus lower service levels are being debated, as part of an overall review of the discharge operating model and the design of the different discharge pathways, it will not be possible through this means alone to bring costs back to the funding levels available for this year. Certainly not without significant consequences for both Acute hospital discharge delays, for ways of working and most concerning of all, for the impact on vulnerable patients and the almost certain higher levels of onward care requirements, which will have a damaging impact on an already very challenged social care budget.
35. Senior Adults' Health and Care managers are heavily involved in the NHS led review of the discharge operating model and are focused on developing a joint plan for what the service model for 2024/25 should be, so that changes and reductions to current levels of service can be appropriately progressed in a manageable fashion and without the serious disruption and impact on patients, staff, services and performance that would result from reducing overall spend from £31million to £12.5million and then back up to £21million in what would be a chaotic 12 month period. However, it is important to be clear that services will match the funding available and this, based on the Hampshire and Isle of Wight ICS Tier 4 financial recovery plans is likely to mean reduced levels of service overall.

Climate Change Impact Assessment

36. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

37. Due to the nature of the report a full assessment will not be required but reference needs to be made as to whether any impact noted in terms activities undertaken for either climate change / resilience impacts.

Equalities Impact Assessment (EIA)

38. A full EIA is not required for this report as no significant changes are proposed to the service. In the last Health and Social Care System Resilience report presented to Cabinet in [June 2022](#), a full EIA was undertaken on the impact on service users due to the recent implementation of the referrals for discharge being made into a multi-disciplinary, multiorganizational Single Point of Access (SPoA). The overall impact was marked as 'low', and this is deemed to remain the case.

Conclusions and Looking Forward

39. 2022/23 was a very challenging year in terms of discharge demand across the entire Hampshire Acute hospital footprint. Service demand was, at all times, relentless, continuing the evolving theme we experienced through the Covid period and especially adding to the already excessive levels of demand we experienced in 2021/22.
40. Positively, the learning and good practice from what had gone before served us well in this past year and enabled by sufficient levels of funding support (mainly one-off in nature) we were able to respond well to the service pressures and indeed manage demand at pace and stand up and/or add to service levels at short notice given the knowledge and experience we have accrued.
41. Despite the insatiable discharge demand, we performed strongly throughout 2022/23 across our Hospital Social Work teams, in HCC Care (D2A bedded services), in Reablement and in working with the market in the Rapid Discharge and Live-in-Care service areas. In doing so, we also presided over record numbers of discharges across the range of short-term services we either commissioned or directly lead on. We remain well placed to perform just as well, if not better in the coming year but ultimately service levels are not in our hands, and we do continue to face workforce challenges across the myriad of different Adults' Health and Care services that contribute to the overall discharge effort.
42. Our partnerships with the NHS and with wider partners are strong and there is general agreement that the types and levels of services that have stood us in good stead need to continue into and through 2023/24. There is also strong agreement that continuous performance improvement needs to be an important aspect of how we work together, given the financial challenges faced and the likelihood that service demand is not going to reduce. Additionally, NHS funding levels overall mean that further reductions will be targeted in levels of NCTR, and this alone will add to the day-to-day discharge challenge.
43. The new national discharge funding support is welcome, and it is positive to note that funding support levels announced for 2023/24 are set to increase

again in 2024/25, by as much as 60%. That said, even at the higher 2024/25 levels, the overall funding that will be available to the NHS and to HCC combined will be less than what we have just spent on the small, but important array of discharge services in 2022/23 and this is going to test both organisations significantly as we look to operate without going into deficit in the current year and as we look to plan for next year and beyond.

44. The new funding is also supposed to accommodate winter surge activity, so this is another concern that needs to be addressed locally because in every recent year going back deep into the previous decade, the Government of the day has provided additional one-off funds to help support the Acute hospitals to function at what is always a very challenging period.
45. Discussions with the NHS continue on a regular basis, regarding discharge demand, service levels and funding, and also about the 'enabler support' services that were referenced in paragraph 14 as these can hold the key to improved performance, to lower the required service levels and thus to reduced overall discharge service costs.
46. Without improvement, there is a very real risk that service levels this year and even next, will be lower than is required and this in turn will likely result in a partial return (at least) to old ways of working. In turn this will mean, longer patient stays in hospital following the NCTR determination and higher levels of long-term social care activity in the absence of patients not being able to recover and/or to be reabled, across the small but important array of short-term services.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
White Paper - <i>Integration and Innovation: working together to improve health and social care for all</i>	11 February 2021
COVID-19 updated hospital discharge guidance. COVID-19 Hospital Discharge Service guidance	21 August 2020 20 March 2020

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

Equalities Impact Assessment:

Hampshire County Council continues to support the two Integrated Care Boards (ICB's) in maintaining safe, appropriate, and resilient discharge pathways, within a new national operating framework that was introduced at pace in the early stages of Covid in 2020. There is a consistent high level of demand from across the hospitals serving Hampshire residents for discharge. The joint goal with Health partners remains to discharge patients identified as having 'No Criteria to Reside (NCTR)' from hospital as soon as it is clinically safe to do so. The joint model of using pathways to discharge from hospitals is agreed across HIOW and continues to serve the onward care needs of thousands of Hampshire residents each year.

The report identifies significant upcoming funding challenges which may impact the positive ongoing delivery of the service. While a new national discharge fund was announced in the 2022 Autumn Statement, which pointed to growing levels of financial support across 2023/24 and into 2024/25, the fund is estimated to be

£10million short of funding required to support service demand levels and other discharge related service costs.

The service will continue using the joint model of pathways to discharge from hospitals as well as the Discharge to Assess (D2A) arrangements. This continues the practice of the new discharge process in line with National directives. Referrals for discharge are now made into a multi-disciplinary, multiorganizational Single Point of Access (SPoA).

A full EIA is not required for this report as no significant changes are proposed to the service. In the last Health and Social Care System Resilience report presented to Cabinet in [June 2022](#), a full EIA was undertaken on the impact on service users due to the recent implementation of the referrals for discharge being made into a multi-disciplinary, multiorganizational Single Point of Access (SPoA). The overall impact was marked as 'low', and this is deemed to remain the case.

The 2022/23 EIA recognised several positive impacts of the service model, including:

- Better coordination across services to ensure the most appropriate pathway is followed for each patient;
- Individuals tracked through their journey, so long-term health and care needs can be assessed outside a hospital setting, which is likely to result in better long-term decision making; and,
- Shorter hospital stays likely to lead to less decompensation of frail elderly patients.

Negative impacts were also identified, in that some patients may not get the choice of onward care they would ideally like in the short-term, as the priority is to free up the hospital bed as soon as it is safe for the patient to leave. The mitigation is that the initial onward care is only a temporary situation, and individuals are tracked throughout their care pathway to ensure that the most appropriate long-term solutions can be found, preferably in the individual's usual place of residence.

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HAMPSHIRE COUNTY COUNCIL

Report

Decision Maker	Cabinet
Date:	18 July 2023
Title:	<i>Serving Hampshire – 2022/23 year end performance report</i>
Report From:	Director, People and Organisation

Contact name: Stephanie Randall, Deputy Director People and Organisation

Tel: 0370 779 1776

Email: Stephanie.randall@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide Cabinet with:
 - strategic oversight of the County Council's performance during 2022/23 against the *Serving Hampshire Strategic Plan for 2021-2025*;
 - an overview of Local Government and Social Care Ombudsman (LGSCO) Determinations in 2022/23, and assessment decisions contained in the LGSCO 2021-22 annual report letter.

Recommendation(s)

2. It is recommended that Cabinet:
 - notes the County Council's performance for 2022/23;
 - notes the determinations of the Local Government and Social Care Ombudsman (LGSCO) in 2022-23, and the assessment decisions contained in the LGSCO 2021-22 report letter.

Executive Summary

3. This report demonstrates that:
 - Performance against the County Council's strategic outcomes and priorities, as outlined in the 2021-25 Serving Hampshire Strategic Plan, has generally improved, building upon performance [reported at half year](#). Most corporate performance measures have shown year on year progression, with around two thirds meeting the targets set by their services in April 2022. This has been delivered despite ongoing

inflation, resulting in increasing costs of materials and resources, as well as continued staffing pressures, as a result of ongoing recruitment and retention challenges in the current workforce market.

- There is a statutory duty on the Monitoring Officer to report to Cabinet references to the LGSCO, where the LGSCO has made a determination of maladministration or injustice in respect of the exercise of Executive Functions. This report provides details of determinations received in 2022-23.

Contextual information

4. The Serving Hampshire Strategic Plan 2021-2025 and Corporate Performance Management Framework (PMF) were approved by Cabinet in July 2021. The PMF provides the governance structure for performance management and reporting to Cabinet, specifying that Cabinet receive bi-annual reports on the County Council's performance against the strategic priorities set out in the Serving Hampshire Strategic Plan.
5. The four strategic outcomes set out in the Serving Hampshire Strategic Plan are:
 - Hampshire maintains strong and resilient economic growth and prosperity;
 - People in Hampshire live safe, healthy and independent lives;
 - People in Hampshire enjoy a rich and diverse environment;
 - People in Hampshire enjoy being part of strong, inclusive, resilient communities.
6. To report progress against the Strategic Plan, Directorates are required to monitor service performance against a core set of measures which contribute toward achievement of these outcomes. Directorates agree their performance targets for the year, and report progress against these each quarter. For each measure, a risk-based 'red, amber, green' rating is applied, informed by the most recent data and management information available.
7. The results of any recent external assessments are also submitted by Directorates. Full details are included in Appendix 1.
8. Progress against the County Council's Climate Change Strategy, and County Council's Inclusion, Diversity and Wellbeing work programme, also form part of the PMF. Progress on these programmes of work are reported separately to Cabinet, the Executive Member for Climate Change and Sustainability and the Employment in Hampshire County Council Committee.

- The 2022/23 Annual Workforce Report, detailing progress against the County Council's Inclusion, Diversity and Wellbeing work programme was reported to the Employment in Hampshire County Council Committee on 30 June 2023.
 - The 2021/22 Climate Change Annual Report was published in November 2022, demonstrating the County Council's contribution towards the delivery of its Climate Change Strategy.
9. Performance information on children's and adults' safeguarding, major change programmes, including Savings Programme 2023 (SP23), and the County Council's financial strategy are reported separately to Cabinet, and are therefore not included within this report.

Overall performance

10. At the end of 2022/23, all but one of the 24 corporate performance measures (for which data was available) were reported by Directorates as being at low performance risk¹ with no measures considered to be a high-performance risk². One measure was reported as medium risk³, with some Tt2019 and Tt2021 savings not achieved as detailed in paragraph 31 due to pressures on service demand and costs of service delivery.
11. Progress against these actions is overseen by each of the Directorate's internal performance and governance arrangements.
12. This Performance Report also provides further assurance of the County Council's performance through a number of independent external inspections and accreditations of its services, set out in Appendix 1.
13. The following sections outline the performance highlights against each of the County Council's Strategic Plan outcomes. This information is supplemented by a longer list of performance highlights contained in Appendix 2.

Outcome One: Hampshire maintains strong and resilient economic growth and prosperity

¹ Low performance risk indicates that there is no negative impact on the quality of the service, the public's and service users' confidence in the service, the service cost, or the service's adherence to statutory requirements.

² High performance risk would indicate where the level of performance represents a risk to the service, and where there are not currently plans to address this.

³ Medium performance risk indicates that the level of performance reflects a level of risk to the service, however this is understood and, where necessary, plans are in place to address this.

14. The measures reporting against this outcome help gauge success against the aim to ensure that Hampshire has the right conditions for economic growth to flourish. At year end, all reported measures had shown maintained or improved performance against baseline and had achieved the targets they had been set.
15. Performance highlights against Outcome One in the second half of 2022/23 included:
 - Road safety and the public realm improvements in Market Place, Romsey, which won both the Judge's Award and People's Choice Award in the Partnership for South Hampshire's Solent Quality of Place Awards. This was the first time in the Awards' 10-year history that a scheme has won two accolades.
 - An increase in the financial support the County Council provides to local bus operators, helping to sustain services where passenger numbers have not yet returned to pre-pandemic levels, during 2023/24.
 - The County Council supporting local universities with two Place-based Impact Acceleration Account funding bids, to deliver investment in engineering and physical sciences research in the area. These bids aim to build community resilience to flood risk and develop the local economy which is supported by Hampshire's port infrastructure.
 - The 'Hampshire Waiting to be Discovered' marketing campaign, delivered in partnership with local attractions, which drove a 35% year on year increase in traffic to the Visit Hampshire website from residents of Southwest London seeking day- and overnight-trips to Hampshire.
 - Additional achievements against this outcome, including those from the first half of 2022/23, are included in Appendix 2.

Outcome Two: People in Hampshire live safe, healthy, and independent lives

16. The measures against this outcome help gauge success against the aim to enable all children and young people to have the best possible start in life and fulfil their potential; and to help people to stay safe and well and look after their physical and mental health, whilst maintaining their independence.
17. All but one measure reporting against this outcome had maintained or improved their performance in 2022/23.
18. The measure with poorer performance was 'child excess weight in 10–11-year-olds', which rose from 30.6% to 33.7% in Hampshire between 2019/20

and 2021/22⁴. This reflects a national increase over the same period (from 35.2% to 37.8%), and in the South East (from 31.7% to 34.0%) with Hampshire maintaining lower figures than these benchmarks. The County Council is working to address child excess weight through its [Public Health Healthy Weight Strategy 2022-26](#), which aims to ensure that its whole-systems approach provides interventions that are effective and meet the needs of children and families to achieve healthy lifestyles and healthy weights.

19. Three measures had not delivered on their annual targets at year end, as shown below. These school placement measures narrowly missed their aspirational targets, instead maintaining performance at a similar level to their previous year baselines, and above the national DfE data for 2022⁵, as per previous years.

Measure	Baseline	Target	Most recent data
Proportion of parental preferences (1st, 2nd, or 3rd) for school admissions which have been successful for starting school (reception)	98.43% (2021)	100%	98.66% (Apr 2022) <i>1st choice: 93.59%</i> <i>2nd choice: 4.17%</i> <i>3rd choice: 0.90%</i>
Proportion of parental preferences (1st, 2nd, or 3rd) for school admissions which have been successful for infant to junior transfer (Year 3)	99.11% (2021)	100%	99.39% (Apr 2022) <i>1st choice: 98.13%</i> <i>2nd choice: 1.19%</i> <i>3rd choice: 0.07%</i>
Proportion of parental preferences (1st, 2nd, or 3rd) for school admissions which have been successful for transfer to secondary school (Year7)	97.65% (2021)	100%	98.06% (Apr 2022) <i>1st choice: 92.29%</i> <i>2nd choice: 4.99%</i> <i>3rd choice: 0.78%</i>

20. As reported at half year, Children's Services use a comprehensive forecasting tool, alongside local knowledge insight available on expected future school admission places to ensure sufficiency of school places in Hampshire during the year R, 3 and 7 admission rounds, whilst recognising the Local Authority's commitment to ensuring that, as far as possible, schools serve their local community. The stretch targets for 2022/23 target for all pupils to be offered a

⁴ The most recent data available at the end of 2022/23, for which there is a one-year reporting lag.

⁵ National data for year 7 in 2022 published by the Department for Education had 83.3% of year 7 children receive their first preference, and 95.8% of year 7 children receive one of their three preferences. National data for year R in 2022 published by the Department for Education had 92.2% of year R children receive their first preference, and 98.4% of year R children receive one of their three preferences.

place at one of their preferred schools reflects the County Council's commitment to give children and young people the best opportunities were aspirational, helping to provide a focus on ensuring local school availability in the areas where Hampshire children live. The Local Authority sends information out to parents and carers ahead of application deadlines, and information is also included on the School Admissions website, in school admission policies, in its composite prospectus for parents, on social media, in Council published news articles, and school place application forms, encouraging parents and carers to use all three preferences available to them. This is because, on occasion, applicants will use only one preference, sometimes naming an unrealistic school. In these cases, in line with the Council's published advice, they are allocated a place at their catchment school (if places remain) or the nearest school with a space, which can on occasion be some distance away.

21. Whilst the Admissions Team cannot dictate that parents and carers use their three preferences, name their catchment school or name viable preferences, the service is consistently able to offer at least 97% of parents and carers a place at one of their preferred schools, demonstrating effective planning, sufficiency of school places for Hampshire residents, and effective service delivery, even if the aspirational target of 100% is not achieved. This is despite the increased autonomy in the admissions system with the growth of own admission authority schools as a result of academisation.
22. Performance highlights against Outcome Two in the second half of 2022/23 included:
 - Ofsted describing the County Council's child and family social workers as "knowledgeable, confident and child-centred", ensuring that children have a "meaningful voice" in decisions about their care. In addition, the [findings of the targeted inspection](#), conducted in early 2023, highlighted work that Children's Services have undertaken to increase social work and placement capacity, in response to growing pressures in children's social care nationally.
 - Supporting Hampshire residents to stop smoking. Of the 989 people supported by Smokefree Hampshire (the Council's contracted smoking cessation service) between January and March 2023, over half have successfully quit, many of whom are from priority groups, such as routine and manual workers, those experiencing deprivation, pregnant smokers, and people with mental health issues.
 - Introducing a new direct referrals process from hospitals to alcohol misuse services which, over the past 12 months, has generated increased engagement: 58% of referrals engaged with the services, an increase from 49% in the previous year, and the rates of those completing or maintaining treatment also rose from 21% to 24% over the same period.
 - Enabling residents with a Body Mass Index (BMI) of over 27.5 to access a free 12-week course to help them manage their weight through a new

contract with Weight Watchers. This new scheme commenced in February 2023 and builds on previous success over the past 5 years, wherein 9,000 residents have lost weight through similarly commissioned schemes, reducing pressure on local health services.

- Becoming the first county-wide library network to gain the 'Library Service of Sanctuary Award' which has been granted by City of Sanctuary UK. This award recognises Hampshire Libraries' work to provide a safe and supportive space to people from all communities, helping new arrivals who have needed to flee their homes seeking safety to settle into their new communities whilst promoting understanding, and celebrating the ways in which people seeking sanctuary contribute to society.
- Supporting holiday schemes for eligible children at 132 venues over the Easter 2023 break, as part of the Holiday Activities and Food (HAF) programme. In total, the County Council awarded almost £600,000 to 51 organisations to create 17,131 places at HAF sessions during the Easter break, building on the support provided over the Christmas 2022 break which provided holiday clubs across 125 sites, with 5,637 children accessing 18,500 sessions.
- Additional achievements against this outcome, including those from the first half of 2022/23, are included in Appendix 2.

Outcome Three: People in Hampshire enjoy a rich and diverse environment

23. Outcome Three encompasses measures that aim to sustainably protect, maintain and enhance Hampshire's natural and built environment. These had almost all shown improved performance and delivery against target since the start of 2022/23 and were all reported as low performance risk.
24. The one measure which had not met its target was the total percentage of waste recycled, where the outturn in Feb 2023 (37.8%) remained similar to that in March 2022 (38.6%). To improve performance in future years, with the aim of reaching the target of 65% by 2035, the County Council is
- developing new recycling infrastructure in Eastleigh that will enable Hampshire residents to recycle more items at the kerbside (glass, pots, tubs, trays, cartons and flexible plastics) as well as additional capacity to recycle food waste.
 - providing targeted communications and support to residents via the [Smart Living](#) waste prevention programme, in an effort to reduce the overall amount of waste produced in Hampshire, and reduce pressure on waste treatment services.
25. Performance highlights against Outcome Three in the second half of 2022/23 included:

- Commencement of work on new road infrastructure in Whitehill and Bordon which will improve connectivity in the city centre and make it easier for people to walk and cycle to the High Street. This is due to be completed in mid-2023.
 - The County Council has completed a walking and cycling route between Eastleigh and Southampton, providing access to Southampton City Council's Cycle Network "SCN" route 3.
 - The Climate Change and Environmental Strategy Team won the Public Sector Local Leadership award as part of Regen's Green Energy Awards. The award recognised the Authority's strategic, evidence-based approach to developing a net zero local energy system, which has residents at its heart and benefits from partnership working.
 - Additional achievements against this outcome, including those from the first half of 2022/23, are included in Appendix 2.
26. Outcome Three also incorporates work towards securing carbon neutrality for Hampshire by 2050, ensuring a response to climate change is fully embedded in the County Council's work.
27. The 2021/22 Climate Change Annual Report was presented to the Executive Member for Climate Change and Sustainability in November 2022. The report set out the delivery of the County Council's Climate Change Strategy between July 2021 and July 2022, as reported at half year.

Outcome Four: People in Hampshire enjoy being part of strong, inclusive, resilient communities

28. Outcome Four promotes social equality, community resilience and development, with its measures all showing improvements and successful delivery against target in 2022/23.
29. Performance highlights against Outcome Four in the second half of 2022/23 included:
- Receiving a gold award in the 'Public Sector Campaign' category at October 2022's Chartered Institute of Public Relations' PRide awards for the South of England and Channel Islands for the Fostering Hampshire Children's winter 2021 campaign. Created entirely in-house by Fostering Hampshire Children and the County Council's marketing team, the 'You Can Foster' campaign was credited with achieving a 300% increase in enquiries about fostering in Hampshire, at a time of year when enquiries are typically lower.
 - Starting work on a new 'Independence Hub' for post-16 students with special educational needs and disabilities (SEND) in Brockenhurst in December 2022. The Hub aims to help local young people with learning

and physical disabilities to develop independent living skills and successfully move onto adulthood and employment.

- Increasing the payments made to all Hampshire residents hosting Ukrainian guests as part of the Government’s Homes for Ukraine Scheme from £350 to £500 per month from March 2023.
- Approving grants of more than £750,000 to local groups, schools and community pantries who are able to reach those most in need, helping them to offer life skills courses, clothing banks and opportunities to grow food to supply local community fridges and food banks.
- Additional achievements against this outcome, including those from the first half of 2022/23, are included in Appendix 2.

Delivering effective use of business resources

30. Of the three business-resource measures in the performance framework, two were rated as low performance risk, with one (Tt2019 and Tt2021 savings) rated as medium performance risk. This measure has also shown reduced performance and, at year end, has not delivered its target.

Measure	Baseline	Target	Most recent data
Tt2019 and Tt2021 savings	£29.9m (2021/22)	£28.3m	£18.5m (2022/23)

31. As [reported to Cabinet in February 2023](#), these savings were not delivered as a result of rising demand and increases in prices for Older Adults’ Residential, Nursing and domiciliary care, and for Home to School Transport services. Directorates will continue to pursue these savings and it is possible that some delivery will still be achieved, but future forecasts are being planned without this expectation. Future financial reporting to Cabinet will provide ongoing updates on the delivery of these savings.

32. The business-resource measures also monitor the proportion of the County Council's working hours lost to sickness absence in the previous 12 months. The latest position reported indicates that there has been no notable improvement on the previous year, and that levels have not yet achieved the aspirational target of 3%, with COVID-19 cases still accounting for around a quarter of sickness absence. This is not considered a performance risk.

Measure	Baseline	Target	Most recent data
County Council's working hours lost to sickness absence in the previous 12 months	4.0% (2021/22)	3%	3.9% (Q4 2022/23)

Local Government and Social Care Ombudsman determinations 2022/23

33. There is a duty on the Monitoring officer to report to the Authority / Executive on matters including maladministration or injustice under Section 5 and Section 5A of the Local Government and Housing Act 1989 (LGHA).
34. Where complainants have exhausted the County Council's complaints processes and remain dissatisfied, reference can be made to the Local Government and Social Care Ombudsman (LGSCO). Complaints to the Ombudsman can be made regarding the exercise of the County Council's administrative functions (maladministration), and/or its service provision (injustice in consequence of maladministration). Upon receipt of a complaint the Ombudsman makes a determination whether or not to investigate. Cases are only investigated where the Ombudsman has jurisdiction to do so, and where the Ombudsman considers it appropriate to investigate under the LGSCO Assessment Code.
35. An annual report is published by the LGSCO in July each year with assessment decisions. Based on the information provided by the LGSCO in July 2022, being the latest year for which statistics from the LGSCO are available, the information provided demonstrated that the LGSCO conducted around 18% fewer detailed investigations regarding Hampshire County Council than other comparable (Essex, Kent and Surrey) County Councils. A comparison against those County Councils shows that the LGSCO received significantly fewer complaints against Hampshire County Council.
36. In 2022/23 (April 2022 – March 2023), a total of 20 determinations were received from the LGSCO, three fewer than in 2021/22. In 19 cases the LGSCO determined that there had been fault causing injustice. In 1 case the LGSCO determined that there had been no fault/injustice. More details of individual decisions are provided at Appendix 3. It should, however, be noted that this represents only a very limited number of references to the LGSCO. The overwhelming majority of complaints made to the LGSCO regarding the County Council are not investigated by the LGSCO, and the County Council therefore only receives notification of those references to the LGSCO which the LGSCO determines he will investigate. The County Council were contacted about 104 complaints in financial year 2022/23 from which the 20 determinations referred to above were made. Therefore, the determinations made up 19% of the complaints the County Council has been notified of by the LGSCO.

37. Of the 16 determinations received by Children's Services in the 2022/23 financial year, 12 related to the Special Educational Needs Service. These LGSCOs have, in the main, related to timeliness and Alternative Provision for children out of school. This reflects the pressures within the service which has continued to experience a significant increase in the number of Education, Health and Care Plans (EHCPs) in recent years (in 2014 there were in the region of 5,000 EHCPs, compared with over 15,000 at the current time – an increase of over 200%).
38. It should also be recognised that this increase has exacerbated the sufficiency issues regarding specialist provision within the Local Authority. The County Council has been working to address this through the introduction of a new framework for Alternative Provision and by increasing Special School Places.

Conclusions

39. This report and its supporting appendices, together with the 2022/23 Annual Workforce Report and 2021/22 Climate Change Annual Progress Report, demonstrate that the County Council's services have continued to perform well during 2022/23, with most corporate performance measures showing improved or maintained performance, and no measures presenting a high-performance risk to the County Council.
40. The County Council delivered this performance against a complex backdrop of ongoing and emerging challenges during the year, including the cost of living crisis which is impacting public services alongside residents through increased costs.
41. Some measures have not met their targets during 2022/23. Where this is the case, the reasons for this are understood and further work and regular monitoring are, where necessary, in place to help deliver these targets in the future.
42. The sources of internal and external validation and accreditation listed in Appendix 1 provide further assurance that the County Council's services continue to adhere to national standards and are tracked by service managers to maintain the quality expected of them and the accreditations that they provide.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	YES
People in Hampshire live safe, healthy and independent lives:	YES
People in Hampshire enjoy a rich and diverse environment:	YES
People in Hampshire enjoy being part of strong, inclusive communities:	YES

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Serving Hampshire Strategic Plan 2021-2025 and Corporate Performance Management Framework	<u>Date</u> 13 July 2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

The County Council has a programme of work in place to advance inclusion and diversity in line with its corporate Equality Objectives. This includes undertaking both internal and external assessment of its performance to identify areas of strength and for improvement. This report reviews past performance - the activities and services that are described were subject to appropriate equality impact assessment in accordance with this programme.

3. Climate Change Impact Assessment

Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

The Carbon Mitigation Tool and/or Climate Change Adaptation Tool was not applicable to this report as it relates to performance against the County Council's overarching Strategic Plan

rather than any specific interventions. It is expected that these tools will be applied to any relevant projects which support the delivery of the Strategic Plan outcomes.

Appendix 1: Sources of internal and external validation

Assessment title	Area	External/internal	Latest judgement
Children's Services			
Inspection of Local Authority Children's Services	Full children's social care inspection	External – Ofsted	Hampshire was judged as <i>Outstanding</i> across all areas in the most recent inspection of June 2019.
Inspection of children's homes	Residential care homes inspection	External – Ofsted	Six out of the eight open children's homes inspected during the 2022/23 Ofsted inspection cycle were graded 'good'. One short breaks home for children with disabilities permanently closed during this inspection cycle. The Secure Children's Home was graded 'good' during the 2022/23 inspection year.
Inspection of Local Authority Children's Services	Focused visit to Hampshire children's services looking at the local authority's arrangements for children in care.	External – Ofsted	Hampshire was inspected at the end of January / early February 2023. The County Council received a positive letter from the Inspectorate, with specific mention of the quality and impact of practice for children in care. No judgement grade is awarded as part of this focused inspection.
School Inspections	Inspections of schools	External – Ofsted	As at the end of February 2023, 92% of schools were judged to be Good or Outstanding by Ofsted.

Assessment title	Area	External/internal	Latest judgement
Social care self-assessment	Self-evaluation is an integral element of inspection of the local authority children's services (ILACS) framework	Internal and external – shared with Ofsted prior to annual conversation with the Director of Children's Services	The 2022 Social Care Self-Assessment was sent to Ofsted ahead of the annual conversation which took place on 3 March 2023.
Inspection of Hampshire youth offending services	Youth Offending Team (YOT) inspection	Her Majesty's Inspectorate of Probation	<p>Overall <i>Good</i> 2018.</p> <p>The inspectorate considered the arrangements for organisational delivery, the quality of court disposals, and out-of-court disposals work when making its judgement.</p> <p>www.justiceinspectorates.gov.uk/hmiprobation/inspections/hampshireyos/</p> <p>This is a four-year inspection programme which was extended because of Covid-19.</p> <p>The current inspection programme is due to conclude in April 2024 when the new one starts. The design of this new programme has just commenced by HMIP. YOT works in a constant state of improvement to be ready for this new programme.</p>

Assessment title	Area	External/internal	Latest judgement
Restorative Justice Council's Restorative Services Quality Mark	Youth Offending Team	External – Restorative Justice Council	The Restorative Justice (RJ) programme has recently introduced a system of registered providers. This replaces the Quality Mark. YOT is in the process of collecting evidence to support it becoming a registered provider. There is a financial cost to this requiring Board approval, which has been obtained. RJ officers will undertake additional training to support this.
Adults' Health and Care			
Adult Social Care Services Inspection	Inspection of in house provided residential and nursing homes	External – Care Quality Commission	21 of the County Council's 24 in-house care providers are rated <i>Good</i> (including the four Community Response Teams that deliver reablement to clients at home)
Gold Standards Framework	Residential and nursing homes	External - National Gold Standards Framework (GSF) Centre in End of Life Care	Three of the County Council's 24 residential and nursing homes have maintained their Platinum accreditation with the Gold Standards Framework during this period: <ul style="list-style-type: none"> • Fleming House • Malmesbury Lawn • Westholme
Universal Services / Hampshire 2050			
UKAS Accreditation	County Highways Laboratory	External – UKAS (UK Accreditation Service)	Accreditation is to ensure compliance with Standard BS ISO/IEC 17025:2017. Audits are undertaken annually – accreditation was maintained following, the most recent, 2022 audit.

Assessment title	Area	External/internal	Latest judgement
Operational Authorisation (Replaces the Permission for Commercial Operations)	Drone Service (Asbestos)	External – The Civil Aviation Authority	Permission granted from 16 th Sept 2022 until and including 16 th Sept 2023.
UKAS Accreditation	Hampshire Scientific Service and Asbestos Management	External – UKAS (UK Accreditation Service)	<p>UKAS provide accreditation that Hampshire’s scientific testing and inspection activities are conducted to the standard set out in ISO 17020 and 17025 and comply with the Forensic Regulators Code of Practice.</p> <p>UKAS audit Hampshire Scientific Service annually for compliance and the last assessment was in May 2022 - accreditation was maintained</p>
Adventure Activities Licensing Services (AALS) Inspection	Hampshire Outdoor Centres	External – Adventure Activities Licensing Authority	<p>Calshot Activities Centre: Validation expires July 2023</p> <p>Argoed Lwyd Outdoor Education Centre: Validation expires 29/6/2023</p>
Learning Outside the Classroom (LOtC)	Hampshire Outdoor Centres	External - Council for Learning Outside the Classroom (CLOtC)	<p>Calshot Activities Centre: Validation expires September 2023</p> <p>Tile Barn Outdoor Centre: Validation expires Aug 2024</p> <p>Runway’s End Outdoor Centre. Expires Feb 2025</p>

Assessment title	Area	External/internal	Latest judgement
Adventuremark	Hampshire Outdoor Centres	External - Adventure Activity Industry Advisory Committee (AAIAC)	Calshot Activities Centre: Validation expires June 2023 Tile Barn Outdoor Centre: Validation expires Aug 2024 Runway's End Outdoor Centre. Expires Feb 2025
National Indoor Climbing Award Scheme (NICAS)	Hampshire Outdoor Centres	External - ABC Training Trust	Calshot Activities Centre: Validation expires at the end of August 2023
Royal Yachting Association (RYA) Recognised Training Centre	Hampshire Outdoor Centres	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – Validation Expires March 2024
British Canoeing Delivery Partner (BC)	Hampshire Outdoor Centres	External - British Canoeing	Calshot Activities Centre – Delivery partner – expires April 2024
Green Flag Awards	Outdoor accreditation for a variety of areas	External - Keep Britain Tidy	Annual Awards for 2022 resulted in all 5 Country Parks receiving Green Flag awards and a new Green Flag went to Wellesley Woodland. Royal Victoria Country Park and Staunton Country Park were also awarded the Green Heritage Award for 2022.

Assessment title	Area	External/internal	Latest judgement
Ease of Use Survey	Volunteer survey of the Rights of Way network	External	A minimum of 5% of the network is audited each year (2.5% twice a year, in May and November), based on a set methodology. The Ramblers have been provided with mobile devices and training was delivered in 2022. We are looking for increased pass rate in 2023 (> 67% pass against all criteria).
Sites of Special Scientific Interest (SSSIs)	Countryside sites in Hampshire, as part of UK wide assessment	External – Natural England	Natural England assesses the condition of SSSIs using Common Standards Monitoring. One of the largest grassland sites in southern England owned by HCC and Natural England has recently been reassessed as in 'favourable' condition from 'unfavourable recovering'.
Food Hygiene Ratings	Countryside Country Park cafes	Environmental Health Officer	Current ratings: 5-star ratings at Manor Farm, Staunton Farm, Royal Victoria, Lepe Country Parks and Queen Elizabeth Country Park
General Register Office (GRO) – Stock and Security Audit	Registration – provides assurance to the GRO Compliance and Performance Unit	External - General Register Office	Most recent GRO Stock and Security Audit was carried out on 10 th October 2022. High Rating received.
General Register Office (GRO) Annual Performance Report	Registration-provides assurance to the GRO on local performance against agreed KPIs and improvement plan	External - General Register Office	Last report – Aug 2022. Positive comments received regarding performance and development of service. Next report is due Aug 23.

Assessment title	Area	External/internal	Latest judgement
Institute of Road Transport Engineers (IRTE) Workshop and Technician Accreditation	Hampshire Transport Management	External – Logistics UK	HTM have an external accreditation and audit by the Logistics UK every 3 years for the workshop and technicians to be IRTE accredited. All 5 workshops were audited and passed in 2021, this is due again by Easter 2024. Accreditations of new technicians will be undertaken in June 2023.
Compliance with the Port Marine Safety Code	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Certification of compliance with the Port Marine Safety Code. Compliance at 3 yearly intervals. Expires March 2024.
Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998)	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Endorsement of Oil Spill Contingency Plan. Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998). 5 yearly intervals. A new Plan is being developed to commence in September 2023.
Compliance with the Merchant Shipping and Fishing Vessels' (Port Waste Reception Facilities) Regulations 2003	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Endorsement of Port Waste Management Plan. Compliance with the Merchant Shipping and Fishing Vessels' (Port Waste Reception Facilities) regulations 2003. 3 yearly intervals. Inspection conducted 25 March 2022 – Compliant.
Corporate Services			

Assessment title	Area	External/internal	Latest judgement
2019 National Inclusion Standard	Corporate	External – Inclusive Employers	Participated in the September 2019 Standard Assessment and awarded <i>Bronze</i> – accreditation remains valid
Accreditation to ISO20000 Service Management and ISO27001 Information Security for IT services	IT services.	External - British Standards Institute (BSI)	Audited on compliance in September 2020, which was awarded with no areas of non-conformity. This award is valid until September 2023.
Public Sector Internal Audit Standards	Audit services	External - Institute of Internal Auditors	Fully compliant – awarded September 2020 (valid 2020-2025)
Shared Services infrastructure and business processes have been independently accredited to ISAE3402	Shared Services	External – audit undertaken by Ernst and Young	ISAE3402 has been successfully achieved for 2022/23 based on the design and operating effectiveness of the control environment. This enables all partner organisations to get independent assurance to an external accredited standard on the overall control environment.
Annual Payment Card Industry (PCI) Data Security Standard	Corporate	Internal audit	Self-assessment against an industry standard but is subject to Independent Internal Security Assessor. Self-assessment successfully completed and accepted in October 2022.

Assessment title	Area	External/internal	Latest judgement
Lexcel Accreditation for Legal Services	Legal Services	External – Law Society	Awarded by the Law Society to practices that are committed to Legal Excellence. Last assessed in December 2022, with an updated assessment planned for December 2023.

Appendix 2: 2021/22 key performance achievements

Serving Hampshire priority	Achievement
<p>Outcome one: Hampshire maintains strong and resilient economic growth and prosperity</p>	<p>The County Council has increased the financial support it provides to local bus operators to maintain services for which passenger numbers have not yet returned to pre-pandemic levels, supporting these services for 2023/24</p>
	<p>Improvements to Market Place in Romsey, Hampshire, won both the Judge’s Award and People’s Choice Award in the Partnership for South Hampshire’s Solent Quality of Place Awards – the first time in the Awards’ 10-year history that a scheme has won two accolades. The main feature of the upgrade was a large piazza style area that provides a new space for public events. The scheme aims to improve road safety by reducing traffic speeds and to help make the area more appealing</p>
	<p>Satisfaction with highway maintenance in Hampshire was third highest amongst the 30 English county councils who took part in the 2022 National Highways and Transport Survey, with 2022’s result (48%) similar to that of 2021 (47%)</p>
	<p>Work on the Stubbington Bypass was completed, with the 3.5 mile road opened to traffic in May 2022. The Bypass is intended to reduce journey times and support regeneration on the Gosport Peninsula</p>
	<p>Hampshire Futures, which provides career guidance and support to young people, was awarded the Department for Education’s Matrix Quality Standard for a third time, describing the way information, advice and guidance is delivered as ‘exemplary,’ and praising the service’s objectivity, impartiality, client focus and aspirational nature</p>
	<p>The County Council supporting local universities with two Place-based Impact Acceleration Account funding bids, to deliver investment in engineering and physical sciences research in the area. These bids aim to build community resilience to flood risk and develop the local economy which is supported by Hampshire’s port infrastructure</p>

Serving Hampshire priority	Achievement
	<p>The ‘Hampshire Waiting to be Discovered’ marketing campaign, delivered in partnership with local attractions, drove a 35% year on year increase in traffic to the Visit Hampshire website from residents of South West London seeking day- and overnight-trips to Hampshire.</p>
	<p>The County Council has reached an agreement with one of its suppliers, Bidfood, to supply Community Pantry locations in Hampshire with surplus food to assist families struggling with the costs of groceries</p>
	<p>The County Council’s £5.5 million rail bridge replacement works on the A35 at Holmsley, in the New Forest, involving the demolition and replacement of the 114-year-old bridge on the A35 that runs over the C10, were completed in July 2022</p>
	<p>The County Council secured a £13.4 million award from the Department for Transport to complete maintenance of infrastructure along Redbridge Causeway, a transport link between the New Forest Waterside area, the City of Southampton and other local destinations</p>
<p>Outcome two: People in Hampshire live safe, healthy and independent lives</p>	<p>Following a targeted inspection in early 2023 Ofsted described the County Council’s child and family social workers as “knowledgeable, confident and child-centred”, ensuring that children have a “meaningful voice” in decisions about their care. In addition, the inspection findings highlighted work that Children’s Services have undertaken to increase social work and placement capacity, in response to growing pressures in children’s social care nationally</p>
	<p>The County Council received and processed 15,400 on-time applications for school places in 2022/23 – an increase of 418 applications compared to the number received for places in September 2022 (14,982)</p>
	<p>Hampshire is the first county-wide library network to gain the ‘Library Service of Sanctuary Award’ which has been granted by City of Sanctuary UK. This award recognises the Service’s work to provide a safe and supportive space to people from all communities, helping new arrivals who have needed to flee their homes seeking safety to settle into their new communities whilst promoting understanding, and celebrating the ways in which people seeking sanctuary contribute to society</p>

Serving Hampshire priority	Achievement
	<p>The County Council supported holiday schemes for eligible children at 132 venues over the Easter break, as part of its Holiday Activities and Food (HAF) programme. In total, the County Council has awarded almost £600,000 to 51 organisations to create 17,131 places at HAF sessions during the Easter break, building on the support provided over the Christmas 2022 break which provided holiday clubs across 125 sites, with 5,637 children accessing 18,500 sessions</p>
	<p>5,773 Hampshire residents were supported to quit smoking by Smokefree Hampshire (the Council's contracted smoking cessation service) during the most recent contract year (October 2021 to September 2022). Of the 5,773 who used the service, 3,504 (61%) successfully quit smoking, with 84% of these from priority groups, such as routine and manual workers, those experiencing deprivation, pregnant smokers, and people with mental health issues. 467 of those who used the service did so with support from the Artificial Intelligence Quit Advisor (named 'Bella'). Building upon this performance, between January and March 2023 989 more residents were supported through the service, with over half having successfully quit to date</p>
	<p>456 children and young people (aged under 18) were receiving treatment through Hampshire's services Child and Adolescent Mental Health Service at the end of 2022/23, an 8% increase on the previous year, supporting their mental wellbeing</p>
	<p>Alcohol misuse services in Hampshire are now available through referral from Hampshire's hospitals, alongside Queen Alexandra Hospital in Portsmouth and University Hospital Southampton, with these referral services seeing an increased uptake. Over the past 12 months 58% of those in Hampshire referred from a hospital for alcohol misuse engaged with the County's substance misuse services, an increase from 49% in the previous year, and the rates of those completing or maintaining treatment also rose from 21% to 24% over the same period</p>
	<p>Hampshire residents have access to a free 12-week course is aimed at those with a Body Mass Index (BMI) of over 27.5. The County Council awarded the contract for this scheme to Weight Watchers (also known as WW), which is accessible via the WW website or by referral by a GP or other healthcare professional</p>

Serving Hampshire priority	Achievement
	<p>Work on 50 Extra Care housing properties has begun in Wooldridge View, located in the Forest Pines area of New Milton</p> <p>The County Council has launched its 'Keep Warm Keep Well' scheme to protect vulnerable people who are struggling with their day-to-day bills. The web page at https://www.hants.gov.uk/costofliving outlines the support available, with guidance on claiming free school meals and getting advice on managing finances, and also links to warm spaces in Hampshire open to residents who may struggle to pay heating bills over the winter.</p> <p>The County Council is investing an extra £802,715 into projects to help people dependent on alcohol and drugs, by increasing the capacity of the Criminal Justice and Substance Misuse Teams, commissioning a new specialist Alcohol Team for community-based treatment, and continuing its support for the harm reduction team.</p> <p>Hampshire County Council has awarded over £1.5million of funding to projects that aim to ensure more families escaping domestic abuse have a safe place to go. The support will enable the County Council to provide more help to victims of domestic abuse, and their children, in safe accommodation.</p> <p>100 library staff, across 10 Hampshire libraries, have received 'Safe at Home' training to enable them to provide guidance and conduct sensitive conversations with victims and survivors of domestic abuse. Library stock and IT resources in libraries have also been updated to support victims of domestic abuse and to direct them to other resources available to assist them. The project has been nominated for a Police and Crime Commissioners Victim Services Award</p>
<p>Outcome three: People in Hampshire enjoy a rich and diverse environment</p>	<p>Work has started on new road infrastructure in Whitehill and Bordon which will improve connectivity in the city centre and make it easier for people to walk and cycle to the High Street, and is due to be completed in mid-2023. In addition, proposed walking and cycling routes in Basingstoke and Rushmoor have been approved by the County Council in recent months</p> <p>The County Council has completed a walking and cycling route between Eastleigh and Southampton, providing access to Southampton City Council's Cycle Network "SCN" route 3</p>

Serving Hampshire priority	Achievement
	<p>Tree planting along the Hampshire highways network is continuing and is expected to deliver over 3,000 trees in 2022/23</p>
	<p>All five of the County Council's Country Parks have been re-awarded Green Flag status for 2022, and a new Green Flag was awarded to Wellesley Woodland</p>
	<p>Castle Bottom National Nature Reserve has reached 'Favourable' status in its Site of Special Scientific Interest (SSSI) assessment by government regulator Natural England, a level awarded when wildlife habitats are judged to be in excellent condition. The site is located in northeast Hampshire and is home to some of the country's rarest wildlife including Woodlarks, Nightjars, Dartford Warblers, Willow Warblers, Stonechats, Grayling Butterflies, Adders, Early March Orchid, Bog Asphodel, and Sundew</p>
	<p>The Public Sector Decarbonisation Scheme has been completed, delivering solar energy collection, building insulation, and boiler conversions at hundreds of schools, care homes, libraries, outdoor centres, and other publicly-owned buildings across Hampshire</p>
	<p>The first Hampshire Solar Together Scheme, which allowed homeowners to group-buy solar panels and batteries, was completed. The scheme saw 678 Hampshire homeowners receive solar panel and/or battery installation, which will save over 16,500 tonnes of carbon emissions over 25 years</p>
	<p>The Climate Change and Environmental Strategy Team won the Public Sector Local Leadership award as part of Regen's Green Energy Awards. The award recognised the Authority's strategic, evidence-based approach to developing a net zero local energy system</p>
	<p>Micheldever's highways materials recycling and reprocessing facility was shortlisted for Carbon Project of the Year in the 2022 Construction News Awards, praised for its approach to reducing the carbon cost of highways construction and maintenance</p>
	<p>Barton Farm Primary Academy in Winchester has won a Royal Institute of British Architects South 2022 Award for Hampshire County Council's Property Services' team, which recognised the building's eco-credentials</p>

Serving Hampshire priority	Achievement
<p>Outcome four: People in Hampshire enjoy being part of strong, inclusive, resilient communities</p>	<p>Hampshire County Council, in partnership with Ancestry, has made nearly 500 years of Hampshire Wills and Probates available online for the first time, free to access via Hampshire’s public libraries, and at Hampshire Record Office in Winchester</p>
	<p>Fostering Hampshire Children’s winter 2021 campaign to find new foster carers received a gold award in the ‘Public Sector Campaign’ category at this year’s Chartered Institute of Public Relations’ PRide awards for the South of England and Channel Islands. Created entirely in-house by Fostering Hampshire Children and the County Council’s marketing team, the ‘You Can Foster’ campaign was credited with achieving a 300% increase in enquiries about fostering in Hampshire, at a time of year when enquiries are typically lower</p>
	<p>Work on a new ‘Independence Hub’ for post-16 students with special educational needs and disabilities (SEND) started in Brockenhurst in December. The Hub will help local young people with learning and physical disabilities to develop independent living skills and successfully move onto adulthood and employment</p>
	<p>Approving grants of more than £750,000 to local groups, schools and community pantries who are able to reach those most in need, helping them to offer life skills courses, clothing banks and opportunities to grow food to supply local community fridges and food banks.</p>
	<p>The County Council has increased the payments made to all Hampshire residents hosting Ukrainian guests as part of the Government’s Homes for Ukraine Scheme from £350 to £500 per month from March 2023</p>
	<p>The County Council commemorated the Queen’s Platinum Jubilee across its services, including family-friendly events in the Council’s Country Parks and libraries, the planting of a commemorative tree in Queen Elizabeth County Park, and a special Citizenship ceremony held in the Great Hall</p>

Serving Hampshire priority	Achievement
	<p>Protocols were followed by the Council, helping residents of Hampshire to pay their respects to the late Monarch through the co-ordination of the proclamation of King Charles III outside Winchester's Great Hall, Providing and overseeing public books of condolence at the Great Hall and the Council's Winchester offices, and following a sensitive communications plan that made the public aware of opportunities to pay their respects to the late Queen, the publication of a short film outlining relevant activity during the mourning period</p>
	<p>Grants totalling £131,509 have been awarded to community and voluntary organisations across Hampshire, to support their work helping vulnerable people to maintain their independence and reduce isolation, in the first half of 2022/23. These funds are part of the Authority's wider adult social care grant programme, designed to support the voluntary and community sector to provide services to enable adults' independence, preventing or delaying the need for formal support, and include support for:</p> <ul style="list-style-type: none"> • the Healthy Living Project in Rushmoor; • Havant and East Hants Mind; • Neighbourcare in Basingstoke and Deane; • SpeakEasy in Basingstoke and Deane; • Citizens Advice Fareham; and • Zion Projects in Eastleigh
	<p>Wessex Sinfonietta was appointed the Resident Orchestra at Royal Victoria Chapel in Netley in June. The group will stage a programme of concerts at the site over 2022 and 2023, which started with performances of Mendelssohn and Elgar in July 2022, as part of a programme of events on offer at the Country Park, including exhibitions, outdoor theatre and family-friendly attractions, to boost visitor numbers</p>
	<p>Hampshire's Record Office in Winchester was one of six landmark sites across the UK awarded listed status by the Department of Digital, Culture, Media and Sport on the advice of Historic England to commemorate the Platinum Jubilee in 2022</p>
	<p>The County Council has been engaging with residents and stakeholders for their views on ways to support autistic people and those who care for them, as part of the development of the new Hampshire Autism Strategy</p>

Appendix 3: Local Government Ombudsman Determinations 2022/23

Directorate	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	Complaint about the way the Council handled an individual's care needs and direct payments; the quality of care provided; and the Council's handling of the complaint.	Upheld	Apology, financial remedy £650.	Yes
Adults' Health and Care	Failure to carry out a prompt and accurate reassessment of care needs and related matters.	Upheld	Apology, share the Ombudsman's "Guidance on Effective Complaint Handling" with relevant officers.	In progress (within the timescale set by the LGSCO and due for completion by 30 May 2023)
Adults' Health and Care	Complaint about a Hampshire County Council nursing home, which had allegedly created a hostile environment impacting visits with the resident.	No Fault	The Ombudsman found no fault by the Council.	N/A
Children's Services	Failure to carry out a prompt and accurate reassessment of a child's care needs and related matters. (The Ombudsman did not find fault with the Council's assessment process. However, there was fault with the way the Council handled the complaint.)	Upheld	Apology, share the Ombudsman's "Guidance on Effective Complaint Handling" with relevant officers.	Yes
Children's Services	Failure to provide the support set out in a child's Education, Health and Care (EHC) Plan.	Upheld	Apology, financial remedy £5,700.	Yes
Children's Services	Failure to put in place all the education and special education provision in the child's EHC Plan since autumn term 2021; and a delay in completing a review of the EHC Plan.	Upheld	Apology, financial remedy £2,300.	Yes

Directorate	Complaint	Decision	Remedy	Remedy Completed
Children's Services	Delay in completing a review of a child's EHC Plan.	Upheld	Financial remedy £150.	Yes
Children's Services	Delay in responding to an annual review; failure to decide whether the Council's duty under section of the Education Act 1996 was triggered.	Upheld	Apology, create a suitable action plan for the Council's next steps according to the outcome of Ombudsman's decision.	Yes
Children's Services	Delay in the consideration of a complaint at Stage 2 of the statutory procedure for Children's Services complaints.	Upheld	Appoint an Investigating Officer and initiate Stage 2, financial remedy £200.	Yes
Children's Services	Delay following a review of an EHC Plan; incorrectly telling the parent they could appeal to the SEND Tribunal before the Plan was finalised; failure to organise school transport in time for child to attend education setting.	Upheld	Apology, financial remedy £950, reimbursement of travel expenses between October 2021 and January 2022, review the standard letter Council sends to accompany draft EHC Plans and ensure that the information in the letter is compliant with the SEND code of practice, particularly with regard to appeal rights.	Yes
Children's Services	Complaint about missed provision set out in a child's EHC Plan.	Upheld	Apology, financial remedy £5,100, to secure suitable therapy provision as required by the child's EHC Plan.	Yes
Children's Services	Delay in amending a child's EHC Plan; and failure to provide alternative education when the child had no school place.	Upheld	Financial remedy £3,000, to provide a brief overview of how the Council considers its improvements are working in practice in respect of preventing	Yes

Directorate	Complaint	Decision	Remedy	Remedy Completed
			delays in issuing EHC Plans after annual reviews.	
Children's Services	Failure to take proper control of alternative education provision arrangements for a child.	Upheld	Financial remedy £300, undertake a review of the Council's actions and the range of options available to it to provide suitable alternative provision for the child, and draw up an action plan for how the Council will address this going forward.	Yes
Children's Services	Complaint about the Council maintaining an unsuitable EHC Plan for a child; failure to find a suitable school placement; failure to provide appeal rights; poor communication; failure to issue a final EHC Plan; and failure to confirm the child's eligibility for transport assistance.	Upheld	Apology, financial remedy £1,900.	Yes
Children's Services	Failure to treat the appointment of a replacement speech and language therapist with the urgency it required, failure to commission a dyslexia support teacher; errors in communication.	Upheld	Financial remedy £500, circulate guidance to all relevant staff.	Yes
Children's Services	Failure to issue an amended EHC Plan in the appropriate timescales; and poor communication.	Upheld	Financial remedy £200; and reminder to officers of the need to maintain adequate records in EHC plan cases.	Yes
Children's Services	Delay in the consideration of a complaint under the statutory complaints procedure for Children's Services.	Upheld	Provide complaint response.	Yes

Directorate	Complaint	Decision	Remedy	Remedy Completed
Children's Services	Delay in issuing an EHC plan, arranging an education planning meeting and alternative education provision.	Upheld	Apology and financial remedy £1,700.	Yes
Children's Services	Failure by the Council when there was a gap in its Home to School Transport Service.	Upheld	Financial remedy £525.	Yes
Universal Services (Economy, Transport and Environment)	Failure to consult or notify a complainant of an application for a dropped kerb and to properly consider that application.	Upheld	The action the Council has taken is sufficient to remedy the injustice.	Yes

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 July 2023
Title:	H2050 Vision Revalidation and mid-term review of Hampshire County Council's Serving Hampshire Strategic Plan
Report From:	Director of Hampshire 2050 Director of People and Organisation

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Purpose of this Report

1. To update Cabinet on the findings of the work to revalidate the H2050 Vision as well as the mid-term review of the Serving Hampshire Strategic Plan ('the Plan').
2. To seek approval for the revised H2050 Visions, Policies and Recommendations ('the H2050 Vision').
3. To seek approval for the revised text of the Serving Hampshire Strategic Plan 2021 – 2025, Mid-term Review, as well as its associated Performance Assurance Framework.
4. To highlight key risks and issues identified through the revalidation work and outline the strategic overlay which draws the different drivers of H2050 together.
5. To recommend an approach to the next phase of work, including stakeholder engagement and the different roles for Hampshire County Council within this.

Recommendations

6. That Cabinet approves the revised H2050 Visions, Policies and Recommendations as set out in Appendix 1.

7. That Cabinet approves the wording of the 'Strategic Overlay' which brings the H2050 drivers together as set out in Appendix 3.
8. That Cabinet approves the Serving Hampshire Strategic Plan 2021 – 2025, Mid-term Review and recommends approval of the Plan to the County Council.
9. That Cabinet notes the key risks, issues and next steps.
10. That authority to make any further minor changes to the Vision, Strategic Overlay, Policies and Recommendations, such as may be required through further engagement with the Hampshire 2050 Partnership, is delegated to The Director of Hampshire 2050 and Assistant Chief Executive, in consultation with the Leader.

Executive Summary

11. Following a series of Commission Hearings between 2018 and 2019, the **Hampshire 2050 Vision** was approved on 23 September 2019. It is a vision for the whole of Hampshire, prepared by expert commissioners ('The H2050 Commission') and endorsed by a range of partners ('The H2050 Partnership') (See Appendix 2). Hampshire County Council led and facilitated the preparation of this vision, but it is a vision which requires shared ownership across the partnership.
12. Given the time that has passed, and the changes in society that have occurred since the original H2050 Commission, a review of the H2050 Vision has been conducted to ensure that it remains fit for purpose and relevant.
13. Noting the considerable depth of research which went into the preparation of the H2050 Vision, the scope of current work was to ensure that policies and recommendations remain relevant and reflective of priorities for Hampshire; it was explicitly not to 'start again' and rewrite completely the H2050 report. For this reason, this revalidation phase has taken the form of an objective internal review by Hampshire County Council officers.
14. The findings of the revalidation work indicate that, overall, the Hampshire 2050 Vision remains fit for purpose. However, some changes have been proposed to individual policy statements and recommendations, as set out in Appendix 1.
15. The revalidation work has highlighted some key questions or areas for further consideration. Not least is an organisational desire to understand not 'what' the recommendations are, but 'how' they will be delivered. It is recognised that, as a Hampshire-wide strategy, this is a question for all partners to consider. Hampshire County Council will have a dual role. Firstly, in facilitating co-ordination and collaboration on key, cross cutting issues and, secondly, considering how as an organisation it will respond to the recommendations in its role as a member of the partnership.

16. In order to ensure that there is clear read across between the H2050 Vision and the County Council's own organisational strategy and its role as a partner, a mid-term review of the Serving Hampshire Strategic Plan has been undertaken to clarify and strengthen alignment between the two, as well as to recognise and reflect any changes to the County Council's priorities since the Plan was first approved in 2021. Alongside the mid-term review of the Plan, the corporate performance framework has also been refreshed, and a revised Performance Assurance Framework is proposed to ensure the County Council's delivery against its Strategic Plan as well as its contributions to the H2050 Vision are reported to Members.

17. Finally, this report considers next steps for the H2050 revalidation process, including stakeholder engagement and Hampshire County Council's role.

Hampshire 2050 revalidation - contextual information

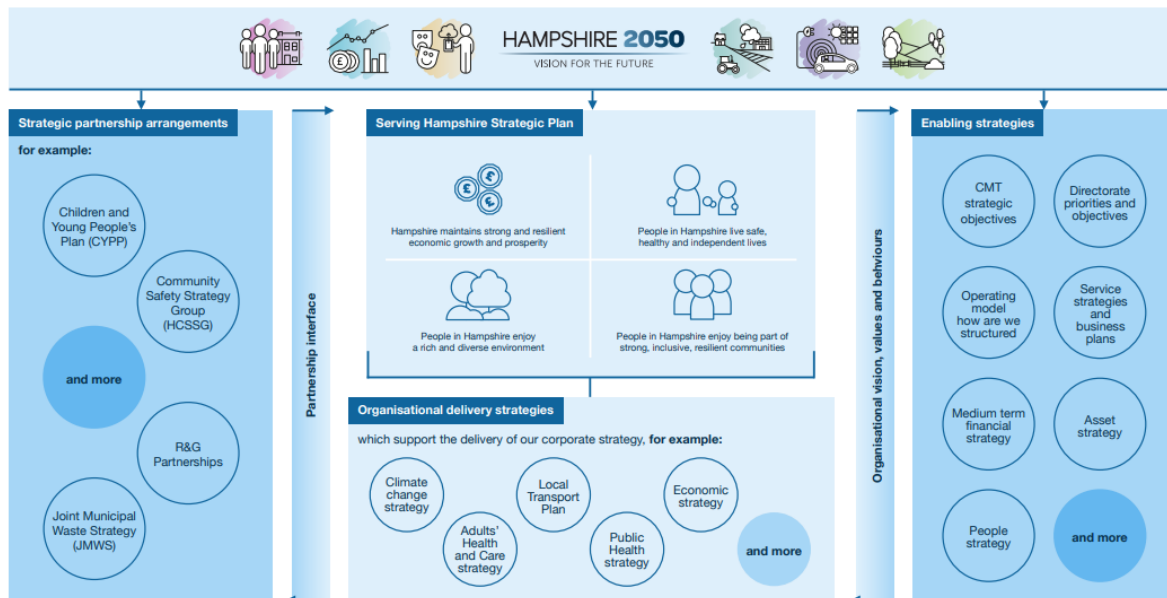
18. The overall objectives of this programme of work are:

- i. To revalidate the H2050 vision, ensuring that the initial drivers remain relevant, taking into account changing emphases of priorities.
- ii. To realise the vision through moving from a 'driver' focused approach, to one which is outcome and delivery focused.
- iii. To move beyond the commission phase; engaging partner organisations, using the vision as a catalyst for shared ownership of the outcomes and a step change in how the region works together to address key strategic issues.

19. This report presents findings from the first objective and discusses the approach to the second and third.

20. It is recognised that the H2050 Vision is a component of a wider strategy landscape across the both the County Council and wider stakeholders and partners. For example, it is a place-based vision that the County Council is working towards, but one that should also be driving the strategic intent of a range of other partners across other organisations and sectors such as businesses, health, education etc.

21. Early work has already been developed with CMT to make sense of this strategic landscape and the relationship / golden thread between the shared place-based ambition for Hampshire and the key strategies explaining how the County Council articulates, prioritises, and delivers through its operating model.



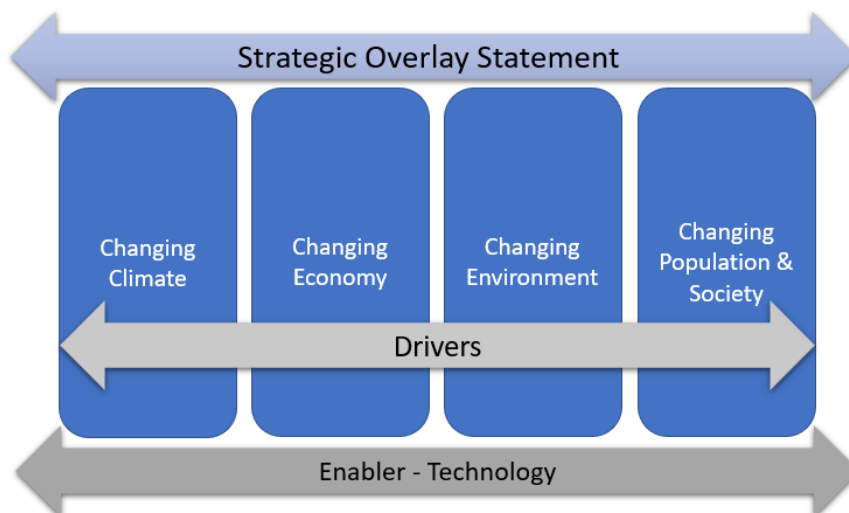
22. In February 2023, a process of internal engagement took place on the H2050 Vision, including a workshop with the Chief Officers Group (COG), engagement with subject matter experts from each Directorate, a discussion with each DMT and a discussion at CMT.
23. Separately, a session was held with Hampshire Chamber of Commerce, in response to the Leader's desire for early strategic engagement with business.

H2050 Revalidation findings

24. The findings show that overall, whilst the policy statements and recommendations are still fit for purpose, some minor amendments are recommended. Proposed changes relate to clarity of meaning, removal of duplication and updates in light of societal changes which have taken place since the Vision was first drafted.
25. There were a few consistent feedback areas identified through the internal engagement. These included:
 - A desire to understand how the recommendations would be **prioritised** and how they would be **delivered** in the context of the role the County Council would specifically play in driving and delivering the outcome. However, each partner of H2050 may have different priorities. It is therefore considered that the question of prioritisation is one for each individual organisation and, in the case of the County Council, can be considered under the Serving Hampshire Strategic Plan, as described in paragraph 35 onwards.

- Many parts of the organisation have expressed a desire to see more in the way of **social value, inclusion and equity**. These themes were deeply considered in the original commission and reflected in the recommendations. Where appropriate recommendations have been amended to highlight these areas. However, officers will ensure that the themes continue to be considered throughout the next phase of work.
 - Detailed comments have been received about **specific subject areas** such as Health and Wellbeing, Nature etc. Again, where appropriate, recommendations have been amended to reflect this, but in some cases, it is more appropriate for these subject specific areas to be picked up through each organisations' consideration of how it will respond to the recommendation.
 - Questions were raised about whether the recommendations are **geographically targeted**. It is true that Hampshire is a polycentric place and therefore, different approaches may be needed for different areas. However, again, this is more a question of how the recommendations are delivered.
 - Finally, comments were received about **what 'sort' of economic growth** Hampshire is seeking – for example, many comments reflected 'green growth' and 'good jobs'. Adult's Health and Care in particular reflected the need to recognise the importance of the core 'BAU' economy which underpins Hampshire – for example, the health and care industries - as well as more distinctive areas of growth.
26. Officers have considered all of the feedback, exercising care in not recommending changes unless necessary. Recommendations for changes, as agreed by CMT are included at Appendix 1.
27. The most significant proposed change is to remove 'Changing Technology' as a driver. This is not to devalue the role of technology – instead it is recognising that technology is a key enabler and underpins all of the other drivers and policy areas. The original recommendations within the 'Changing Technology' driver have either been proposed for deletion as they duplicate other recommendations within the Vision or have been moved to a different policy area within the document.
28. A further, key, observation is that more needs to be done to ensure that there is clear join-up between the drivers. Often, feedback reflected a concern that there is an inherent contradiction between the aims – “what's the priority - economic growth or protecting the environment?” for example. However, each of the drivers works together to support each other – a strong economy supports a healthy population, Hampshire's environment is the very thing that enables a thriving economy etc. A strategic 'overlay' to the drivers has therefore been developed to recognise that the ambition of the whole relies on each of the component parts working together. This is included for Cabinet consideration as Appendix 3.

29. The relationship between the strategic overlay, the drivers and the technology enabler is therefore proposed as follows:



Key risks and issues

30. As well as the detailed feedback, the revalidation process has identified some issues which it is helpful for Cabinet to consider, as follows:

- It has been variously noted that the representation of the Commissioners themselves, whilst credible and expert in their field, may not be representative of the diversity of Hampshire both in terms of age and socio-economic background for example, Children and Young People or people from different socio-economic groups. There is clear benefit in ensuring ongoing engagement with these groups and including them in delivery initiatives as this work continues through engagement and delivery phases.
- There is some degree of 'question' of how the ambition of H2050 can be married with the reality of public sector finances and the looming prospect of an SP25 savings programme. It is particularly noted that there may be a convergence of H2050 and SP25 public communications in timing. However, irrespective of the funding context for local government, it is important to retain a sense of vision and ambition for Hampshire, and the changing roles of partners and stakeholders in achieving this. The wider outcomes of H2050 should help the County Council deliver its objectives in a reduced funding model through building strong partnerships, a prosperous economy and resilient communities.
- There is a need for organisational maturity in recognising that Hampshire County Council does not need to 'own' or deliver each recommendation itself. Some recommendations will fall squarely within our delivery remit, others will require delivery in partnership, and others still may be outside of the role of Hampshire County Council or its partners and be dependent on national policy. The next phase of engagement with partners is critical to landing this shared ownership successfully.
- Finally, there is a question around the outcomes that this work is seeking for Hampshire. The H2050 work provides a clear indication of the strategic

factors which will influence the journey, but it doesn't say where we are trying to get to. Given the direction of travel, this is essentially a political question and subject to change. However, the proposed strategic overlay will bring the four policy statements together into a single holistic vision statement which should help to bring some shape to this.

31. The work to revalidate and realise the Hampshire 2050 Vision has been conceived in two phases:
 - i. An internally focused programme to re-validate the H2050 Visions, Policies and Recommendations (the subject of this report).
 - ii. An externally facing phase where the partnership is re-engaged to deliver and own the vision (the second phase)

32. This second phase involves dual roles for Hampshire County Council. On one level, Hampshire County Council holds the secretariat sponsorship function of the H2050 Vision – convening partners, maintaining momentum and facilitating shared delivery and reporting. On another level, Hampshire County Council becomes a partner itself – understanding as an organisation which of the recommendations are core to the County Council's business and which priorities it wishes to take forward as set out in the Serving Hampshire Strategic Plan. It is clear that this duality of roles has the potential to cause confusion – particularly in terms of the expectation that Hampshire County Council 'owns' and is responsible for the delivery of *all* of the recommendations, so clarity is important. The remainder of this report considers these differing roles.

Hampshire County Council as sponsor and secretariat for H2050

33. As the convenor, facilitator and programme manager for H2050, it is appropriate that Hampshire County Council has first sought to ensure that the Vision remains accurate and relevant. Once this is complete (following Cabinet approval) it is then appropriate to re-engage with the partnership. This will involve:
 - Confirming partnership membership and structure.
 - Engaging with core partners to understand their delivery and priorities against the Vision – including understanding any shared priorities.
 - Ensuring continuing focus on key areas of Children and Young People, areas of deprivation and business.
 - Thanking the Commissioners for their work and confirming an end to their engagement phase.
 - Planning and delivering a Summit in autumn/winter 2023 to draw together partners and stakeholders.
 - Developing a communications and engagement plan for H2050
 - Establishing the governance and accountability framework to drive and demonstrate progress against the H2050 vision.

34. When Hampshire County Council as the H2050 Sponsor reengages with partners, this will include engagement with Hampshire County Council as a *member* of the partnership. In terms of HCC's role as a partner, the mid-term review of the Serving Hampshire Strategic Plan will provide the springboard to identify how the County Council is delivering against the H2050 Vision and recommendations as part of its wider organisational strategy. This work will help to shape an understanding of which H2050 areas are a priority for it in the short and medium term, as described below.

Mid-term review of the Serving Hampshire Strategic Plan - context

35. As the lead partner in facilitating the Hampshire 2050 Vision, the revalidation of this work provides the opportunity to ensure that the County Council's principle strategic document is fully aligned with the priorities expressed for Hampshire 'the place'. This more overt approach to integrating the H2050 priorities into the County Council's strategic planning will ensure work to realise the Vision is mainstreamed into organisational delivery, alongside the Council's statutory priorities.

36. The current 2021 to 2025 Serving Hampshire Strategic Plan was agreed by Cabinet in July 2021. At this time the plan reflected priorities agreed based on the landscape and challenges the County Council found itself responding to at that time, including the response and recovery during the COVID19 pandemic.

37. It has been agreed that a 'light-touch' mid-term review should be undertaken of the Serving Hampshire Strategic Plan, to ensure that the plan sufficiently reflects:

- the revalidated Hampshire 2050 Vision, and how the County Council will deliver against this as part of its wider organisational strategy;
- the 'post-Covid' world and any resulting shift in priorities for the County Council; and
- any other relevant organisational focus which has changed since the Plan was first developed.

38. The intention of this review is to ensure that the current strategic outcomes, priorities and principles captured within the plan remained relevant for the remaining term (2023 to 2025), and that there is clear read across to those priorities captured within the revalidated Hampshire 2050 Vision, that are particular aligned to the County Council's own organisational objectives.

39. A further, fuller review and refresh of the Serving Hampshire Strategic Plan will be undertaken during 2024, to create a new four-year plan covering the period 2025 to 2029, following the County Council elections in 2025.

Approach to the mid-term review

40. An initial review exercise was completed to demonstrate the synergies between the current Hampshire 2050 Vision and Strategic Plan, identifying the existing alignment between the objectives and priority statements of both, as well as any observed gaps, or differing use of language. This exercise also identified where priorities were felt to be out of step with the current context and focus of the County Council.
41. The findings of this exercise clearly demonstrated the existing alignment, with shared key themes including Equality and Inclusivity, Skills, Economic Prosperity, Promotion of Hampshire's assets (including our natural and built environment), Climate Change, and Community Resilience. There were, however, some differences in language and context used across the two documents that needed to be addressed.
42. It should be noted that additionally, the Strategic Plan captures the County Council's separate priorities as an organisation in relation to specific local authority responsibilities (for example in respect of outcomes for our more vulnerable residents), which are important to retain within this review.
43. Following the completion of the internal Hampshire 2050 revalidation exercise, a further exercise has been completed reviewing the Strategic Plan priorities against the proposed revalidated Hampshire 2050 Vision. This has informed the proposed mid-term review of the Serving Hampshire Strategic Plan, set out in Appendix 4. A number of key areas have been identified where the Strategic Plan needs to be revised in order to amplify their importance against existing wording:
- the **importance of thriving businesses and a strong local economy** in helping to shape and deliver a wide range of outcomes for Hampshire residents;
 - clear integration of the vision for Hampshire as a place – **Hampshire is a great place to live, work, visit and play**; and
 - acknowledging and building on the interdependencies between economic prosperity and societal prosperity.
44. The revised Strategic Plan also seeks to articulate the different roles the County Council plays in the delivery of its priorities - as a convenor and champion, bringing together partners and stakeholders but also as a provider and commissioner of services to residents. This dual role is reflected in the delivery of the Hampshire 2050 Vision within the county - where Hampshire County

Council both convenes and facilitates partners within the 2050 Partnership, as well as being a partner involved in delivery against priorities itself.

Proposed changes to the Serving Hampshire Strategic Plan 2012 - 2025

45. The proposed revised Serving Hampshire Strategic Plan is set out at Appendix 4. The main areas of change are:
- a new 'Introduction' to the Strategic Plan – the most significant of the changes proposed, the re-written introduction (or Overview) seeks to reposition the plan within the current context that the County Council is operating within, and its ambitions for the next two years;
 - the Priorities for each of the Strategic Outcomes – several subtle changes are proposed to the priority statements that sit below the four Strategic Outcomes, in order to better reflect the County Council's role in delivering against the Hampshire 2050 Vision; and
 - changes to the underpinning 'Principles' for how we will deliver the Strategic Plan – it is proposed that the existing statements setting out 'the way we work', are replaced by the new organisational Vision and Values.
46. No changes are proposed to the four Strategic Outcomes which structure the Plan; it is considered that these remain relevant, and as they form the core foundation of the current four-year plan, it is recommended these remain unchanged.

Performance Assurance Framework

47. Alongside this review, the corporate Performance Framework (which was last refreshed alongside the current Strategic Plan), has also been reviewed to ensure that this provides a robust framework of assurance against which the overall performance of the County Council can be demonstrated.
48. The proposed new framework for corporate performance reporting seeks to streamline the current approach, to provide a specific focus on the achievements and progress against the strategic outcomes and priorities set out in the Serving Hampshire Strategic Plan, as well as providing Members with a more holistic view of assurance against County Council performance. Reflecting this approach, the framework will now be called the Performance Assurance Framework (PAF).
49. The PAF will comprise:
- an annual report to Cabinet and the Hampshire 2050, Corporate Services and Resources Select Committee. This will contain:
 - narrative demonstrating the broader achievements against the Strategic Plan, including the County Council's own contribution to the delivery of the H2050 Vision;

- reference to a number of existing principal annual reports to Members which provide performance assurance against the key areas of work listed in diagram one below, and which align to the agreed priorities set out in the Strategic Plan; and
- results of key service inspections, providing further assurance of service performance and quality;
- reporting requirements from the Office of Local Government; and
- Local Government and Social Care Ombudsman annual determinations report.

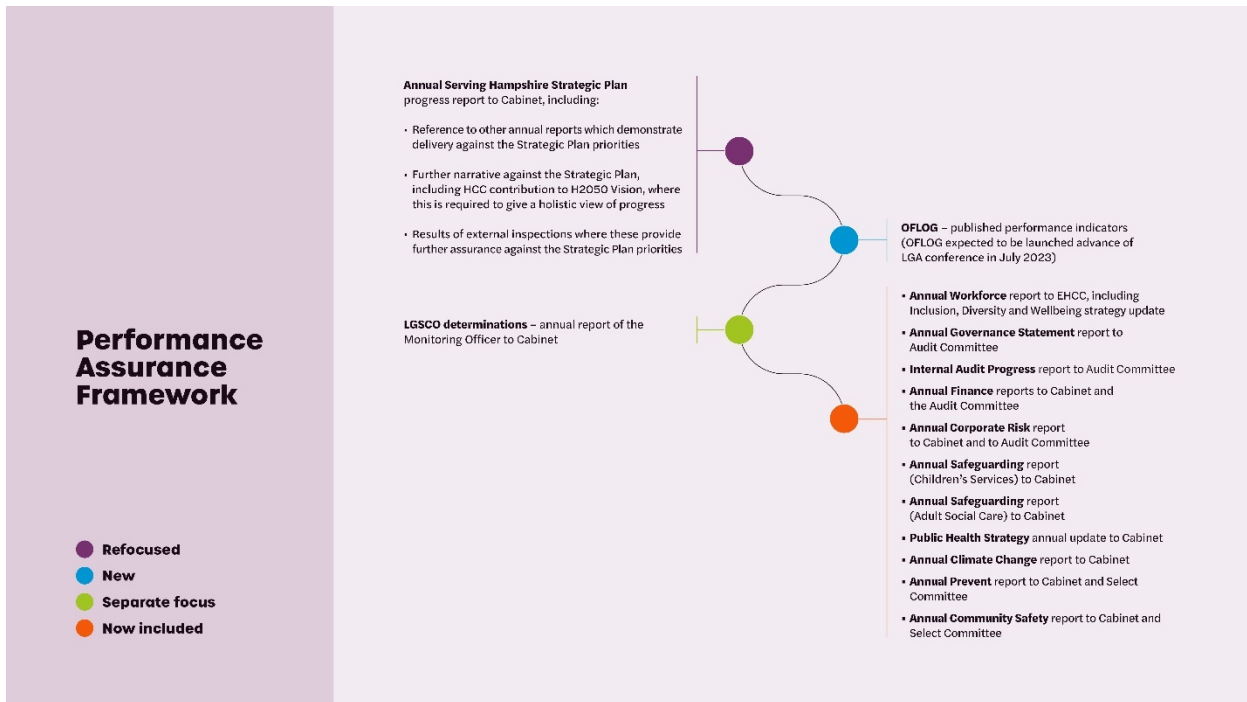


Diagram one: Proposed Performance Assurance Framework

Next Steps

50. It is recommended that the new PAF will come into effect immediately, with Cabinet receiving its first annual report in July 2024.
51. Following Cabinet discussion and confirmation of the revalidated H2050 Vision and recommendations, next steps for H2050 are proposed as follows:
52. Between **July and September 2023**, the County Council, acting in its capacity as *H2050 Secretariat* will engage with each of the 2050 partners to establish how each individual organisation is contributing to the delivery of the H2050 recommendations and seek to identify any common priorities. Meanwhile, as a *member of the Partnership*, Hampshire County Council will consider its own delivery and priorities, linking the overarching H2050 Vision with the organisational work on the Serving Hampshire Strategic Plan.

53. In **September 2023**, the revalidated Hampshire 2050 Vision will be brought to Full Council, alongside the Serving Hampshire Strategic Plan.
54. In **autumn/winter 2023**, a summit will be held to bring together all partners to hear updates on delivery and agree shared priorities for future work.
55. Further work will also be undertaken **throughout 2024** to develop the next Serving Hampshire Strategic Plan, which will cover the period 2025 – 2029 and represent a full refresh of the Plan. This will continue to reflect H2050 as well as statutory priorities and will be informed by the further work undertaken from October by the H2050 Partnership to identify shared priorities for Hampshire the place.

Finance

56. This is an overall strategy that has no financial impact for Hampshire County Council at this current stage. Any packages of work that fall under the implementation plan to achieve objectives of the H2050 Vision and Serving Hampshire Strategic Plan will be referred to the appropriate decision maker in the future.

Performance

57. The Performance and progress of the H2050 programme will be managed by Hampshire County Council as the Sponsor in consultation with the Partnership.
58. Delivery against the Serving Hampshire Strategic Plan will be monitored by the proposed Performance Assurance Framework, as set out in paragraphs 47-49.

Consultation and Equalities

59. The development of the H2050 Vision included a lengthy consultative and engagement phase. As part of the H2050 revalidation programme, a process of internal consultation has been undertaken as described in paragraphs 22 and 23 above. Members were briefed on progress against the revalidation programme, as well as the Strategic Plan mid-term review on 23 June. Further engagement will continue through the life of the H205 programme, as well as part of the Strategic Plan review in 2024.
60. EIA Impact – Neutral. The Hampshire 2050 Vision re-validation and realisation along with the Strategic Plan mid-term review seek to agree the strategic direction for both Hampshire County Council and The Partnership. Therefore, due to the scale of this programme, the EIA is neutral as the Hampshire 2050 Vision and Serving Hampshire Strategic Plan are a strategic overview guiding programmes and projects within the County Council. The Hampshire 2050 re-validation does, however, clearly recognise that the subjects of inclusion and

diversity remain core priorities – and this is also the case for the mid-term review of the Strategic Plan. Although the EIA is neutral to the overall Hampshire 2050 re-validation and revalidation programme, the EIA process will be applied to any projects and programmes that are developed to support the Hampshire 2050 revalidation and realisation programme. This will also be the case for the Strategic Plan. The overall Vision of Hampshire 2050 and the Serving Hampshire Strategic Plan place prominence on social justice, inclusion and equity, although this EIA is centred around the amendments to the H2050 Commission Vision and the Strategic Plan mid-term review, the overall vision for both seeks to provide a positive impact to all protected characteristics.

Climate Change Impact Assessments

61. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation and Mitigation

62. The Hampshire 2050 Vision re-validation seeks to agree the strategic direction for both Hampshire County Council and partners. Therefore, due to the scale of this programme, the climate change decision tools were not applicable as the Hampshire 2050 is a strategic overview guiding programmes and projects within the County Council. The Hampshire 2050 re-validation does, however, clearly recognise that climate change adaptation and mitigation remains a core priority and a key driver for change as identified by the 2050 Commission. Although the tools cannot be applied to the overall Hampshire 2050 re-validation itself, the tools can be applied to any projects and programmes that are developed to support the Hampshire 2050 revalidation and realisation. This is also the case for the Strategic Plan mid-term review and its associated projects and programmes of work.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Extraordinary County Council 23rd September, 2019	23.09.2019
Commission of Inquiry	05.02.2018
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

EIA Impact - Neutral

The Hampshire 2050 Vision re-validation and realisation along with the Strategic Plan mid-term review seek to agree the strategic direction for both Hampshire County Council and The Partnership. Therefore, due to the scale of this programme, the EIA is neutral as the Hampshire 2050 Vision and Serving Hampshire Strategic Plan are a strategic overview guiding programmes and projects within the County Council. The Hampshire 2050 re-validation does, however, clearly recognise that the subjects of inclusion and diversity remain core priorities – and this is also the case for the mid-term review of the Strategic Plan.

- 2.1 Although the EIA is neutral to the overall Hampshire 2050 re-validation and revalidation programme, the EIA process will be applied to any projects and programmes that are developed to support the Hampshire 2050 revalidation and realisation programme. This will also be the case for the Strategic Plan. The overall Vision of Hampshire 2050 and the Serving Hampshire Strategic

Plan place prominence on social justice, inclusion and equity, although this EIA is centred around the amendments to the H2050 Commission Vision and the Strategic Plan mid-term review, the overall vision for both seeks to provide a positive impact to all protected characteristics.

Appendix 1
Revised Vision and recommendations.

Changing Climate		
Policy Statement		
	Changing Climate Policy Statement	Re-validated Changing Climate Policy Statement for Cabinet Confirmation
	Changing Climate - To develop and promote a focus on embedding climate resilience and mitigation across key policies and sectors, working with communities across Hampshire.	Changing Climate – Embed climate resilience and mitigation across all key policies and sectors, working with communities across Hampshire.
Recommendations		
	Changing Climate Recommendation	Re-validated Changing Climate Recommendation for Cabinet Consideration
1	Ensure that climate resilience and mitigation (e.g., energy and water efficient; flood and heat adapted) is a primary objective for infrastructure and buildings (existing and new), services, businesses, the natural environment (including environmental services, landscape, heritage) and health & wellbeing.	Ensure that climate resilience and mitigation (e.g., energy and water efficient; flood and heat adapted) is a primary objective for all sectors.
2	Prioritise the reduction of carbon emissions from the key sectors of housing and transport.	<i>No change.</i>
3	Support, enable and empower communities to be more resilient and work together to respond to the impacts of a changing climate (e.g., flooding, heat waves).	Support, enable and empower all communities to be more resilient and work together to respond to the impacts of a changing climate (e.g., flooding, heat waves).
4	Develop policies to support the transition to clean, locally generated, renewable energy, reduce waste and support the sourcing of local sustainable, produce, natural resources and Employment.	Support the transition to clean, locally generated, renewable energy, reduce waste and support the sourcing of local sustainable, produce, natural resources and Employment.

Changing Environment		
Policy Statement		
	Changing Environment Policy Statement	Re-validated Changing Environment Policy Statement for Cabinet Consideration
	Changing Environment - Develop and promote a focus on sustaining and enhancing Hampshire's environment to strengthen Hampshire's economy and society.	Changing Environment – Sustain and enhance Hampshire's environment to strengthen Hampshire's economy and society.
Recommendations		
	Changing Environment Recommendation	Re-validated Changing Environment Recommendation for Cabinet Consideration
1	Work with partners to understand and develop key strategies and policies that recognise the benefits of net environmental gain across all sectors.	Understand, deliver and maximise the benefits of net environmental gain across all sectors.
2	Develop and promote community resilience and individual health and wellbeing by taking full advantage of Hampshire's natural environment.	Engage communities with Hampshire's Natural Environment to develop and promote community resilience and individual health and wellbeing.
3	Develop initiatives to tackle urban/ rural divide and deliver equitable local capacity and resilience (for example a better management of urban sprawl).	MOVE TO POPULATION AND SOCIETY DRIVER Develop initiatives to tackle urban/ rural divide and deliver equitable local capacity and resilience.
4	Tackle the major causes of poor air quality with a specific focus on reducing harmful emissions.	<i>No change.</i>
5	Recognise the multiple value of green infrastructure and advocate for the provision of green spaces to be one of the fundamental drivers in planning policy.	Recognise the multiple value of green and blue infrastructure and advocate for the provision of green spaces to be one of the fundamental drivers in planning policy.
6	Promote a joined-up approach that links local authorities, health bodies and civil society to deliver greater access to nature for all, for example optimising access to country parks and extending public rights of way.	Promote a joined-up approach that links local authorities, health bodies and civil society to deliver greater access to nature for all.
7	Ensure that future development makes the optimum use of available land, prioritising brownfield regeneration.	Ensure that future development makes the optimum use of available land, prioritising sustainable locations and brownfield regeneration.

Changing Economy		
Policy Statement		
	Changing Economy Policy Statement	Re-validated Changing Economy Policy Statement for Cabinet Consideration
	Changing Economy - Maintain a focus on fostering a knowledge-based and sustainable Hampshire economy, working closely with businesses and relevant agencies in Hampshire including our universities.	Foster a strong, knowledge based, sustainable and inclusive Hampshire economy, working closely with relevant agencies, businesses, higher and further education and skills providers.
Recommendations		
	Changing Economy Recommendation	Re-validated Changing Economy Recommendation for Cabinet Consideration
1	Develop the 'Place Story' for Hampshire to define a Hampshire brand to promote, support and encourage appropriate economic development and a compelling narrative to cohere business, communities, the neighbouring cities of Portsmouth and Southampton, and the Isle of Wight around a unified approach and vision.	Develop a shared narrative for Hampshire to define a Hampshire brand to promote, support and encourage appropriate economic development and a compelling narrative to cohere business, communities, the neighbouring cities of Portsmouth and Southampton, and the Isle of Wight around a unified approach and vision.
2	Maintain, regenerate and develop vibrant settlements across Hampshire to offer attractive, stimulating and thriving business, and cultural and residential environments and communities.	Maintain, regenerate and develop vibrant places across Hampshire to offer attractive, stimulating and thriving business, and cultural and residential environments and communities.
3	Maximise opportunities for employment and inclusion through targeted upskilling both in terms of key sectors and softer skills such as creativity, innovation, and work readiness.	<i>No change.</i>
4	Maximise and prioritise support for the key sectors – digital/creative, aerospace, defence, and marine to build on the existing strengths in these areas.	Diversify and build new sectors. Build on existing strengths and work to ensure the current and future skills needs of key sectors are being met.
5	Enable Hampshire to maintain its position as an attractive place where people want to visit, live, work, and take advantage of the leisure and cultural offer. For example, promoting tourism, providing authentic experiences, and developing current and future business hubs.	Enable Hampshire to maintain its position as an attractive place to live, work, visit and play, recognising the importance of the leisure and cultural offer.
6	To secure economically critical infrastructure investment in Hampshire, especially where it will support greater internationalisation of our	To secure economically critical infrastructure and investment in Hampshire, especially where it will support greater connectivity and internationalisation

	economy. For example, through international trade and inward investment.	of our economy. For example, through international trade and inward investment.
7	Develop in partnership clear plans to set out where business districts are to be developed, incorporating grade A offices, high quality residential and public realm, with clear connectivity to transport hubs and networks.	REMOVE – DUPLICATION.
8	Embracing the opportunities of the advances of digital and other technology to support the Hampshire economy.	Embracing the opportunities of the advances of digital and other technology to support the Hampshire economy and services, both now and in the future.
9	Capitalise on Hampshire’s university capacity to maximise local benefits from roll outs, start-ups, and emerging technologies, and to retain more graduates living and working in Hampshire.	Capitalise on the Higher and Further education capacity of the Pan Hampshire area to research, support and nurture emerging technologies, businesses and entrepreneurs creating an environment which retains talent.

Changing Population & Society

Policy Statement

	Changing Population & Society Policy Statement	Re-validated Changing Population & Society Policy Statement for Cabinet Consideration
	Changing Population & Society - Maintain a focus on promoting the evolution and development of communities that support equity, connectivity, diversity, sustainability, and resilience.	Promote the evolution of prosperous happy, healthy communities which are equitable, connected, diverse, sustainable and resilient.

Recommendations

	Changing Population & Society Recommendation	Re-validated Changing Population & Society Recommendation for Cabinet Consideration
1	Develop a coherent framework for building communities that delivers a more integrated approach to design and development.	DELETE AND MERGE WITH RECOMMENDATION BELOW.
2	Work with partners and communities to foster community resilience, cohesion and inclusion through place making.	Build the capacity of communities to create and shape their own places.
3	Prioritise physical and mental health within community shaping to maximise multiple benefits – e.g., green spaces with more walking/cycling routes support physical wellbeing and can reduce anxiety.	Prioritise physical and mental health within community shaping to maximise multiple benefits – e.g., green spaces with more walking/cycling routes support physical wellbeing and can improve mental health and wellbeing.

4	Maximise opportunities to improve productivity and adapt service delivery with a particular focus on health and social care to respond to the changing demographics.	Maximise opportunities to improve outcomes and productivity and adapt service delivery in response to Hampshire's changing demographics.
5	Support employers to extend the productive capacity of the workforce by recognising health and wellbeing benefits of employment ('good work') and embracing new and more flexible ways of working.	Support employers to extend the productive capacity of the workforce by recognising health and wellbeing benefits of work and embracing new and more flexible ways of working.
6	Provide access to appropriate housing and services to support greater independent and integrated living for older residents and those with additional need, with a particular focus on health and social care and support for intergenerational living.	Provide access to appropriate housing and services to support greater independent and integrated living for older residents and those with additional needs.
7	Make Hampshire more attractive to a wider age range for example by providing access to housing, employment, cultural and leisure amenities to attract and retain younger people.	<i>No change.</i>
8	Maximise the provision of affordable housing to attract and retain key workers by ensuring access to appropriate housing.	Maximise the provision of affordable housing to attract and retain key workers.
9	Public service agencies should work in partnership with local communities to design and deliver services.	REMOVE – DUPLICATION.
10	Advocate for a wider measure of happiness and quality of life to be incorporated into key policies within key public sector organisations, through for example the role of volunteering to provide meaning and community coherence.	Co-production of success measures recognising the value of happiness and quality of life.
11	Better understand the current and future skills needs and work with employers and education and skills providers, to promote widely accessible training and development opportunities prioritising new skills.	REMOVE – DUPLICATION.
12	Secure a reduction in levels of absolute deprivation across Hampshire.	<i>No change.</i>

Changing Technology		
Policy Statement		
	Changing Technology Policy Statement	Re-validated Changing Technology Policy Statement for Cabinet Consideration
	<p>Changing Technology - Prioritise a focus on opportunities offered by technology to enhance business and economy, public services, social infrastructure, and connectivity; that complement rather than compromise human relationships and quality of life.</p>	<p>NOTE – THIS DRIVER IS RECOMMENDED TO BE REMOVED AS TECHNOLOGY IS A CROSS-CUTTING ENABLER TO OTHER DRIVERS. Recommendations to be incorporated into other drivers.</p>
Recommendations		
	Changing Technology Recommendation	Re-validated Changing Technology Recommendation for Cabinet Consideration
1	Understand the role of the public sector to enable and maximise the opportunities of new technologies (including access to and use of data), ensuring all members of the community can engage and benefit from this.	REMOVE – DUPLICATION
2	Equip all sectors of society with the skills required to take advantage of technological advances, with a specific focus on diversity and inclusivity.	MOVE TO POPULATION AND SOCIETY. <i>No change.</i>
3	Maximise the benefits offered by AI to improve public services particularly in the health and social care sector.	REMOVE – DUPLICATION.
4	Address digital exclusion and support those with no or lower skills to secure the 'basic' as a route to 'a good job'.	REMOVE – DUPLICATION.
5	Prioritise high speed broadband infrastructure for existing housing and planned developments across Hampshire as a vital component to growing a sustainable local economy.	REMOVE – DUPLICATION.
6	Improve active and low emission transport, prioritise public and shared transport and maximise the potential of AI and data analytics in future transport in both urban and rural areas.	MOVE TO CLIMATE. Improve active and low emission transport, prioritise public and shared transport and maximise the potential of new technology in future transport in both urban and rural areas.
7	Ensure future transport projects are closely linked with emerging technologies and business models such as MaaS.	REMOVE – TOO DETAILED.

Appendix 2

The Partnership

The Hampshire 2050 Partnership is made up of Leaders and Chief Officers from the authorities and organisations listed below. Membership of the re-purposed Hampshire 2050 Partnership however is expected to evolve over time to ensure that key partners are represented where appropriate. The Hampshire 2050 Partnership will oversee shared progress of the recommendations of the Hampshire 2050 Commission of Inquiry.

Members as of June 2022: [Hampshire 2050 Partnership.xlsx](#)

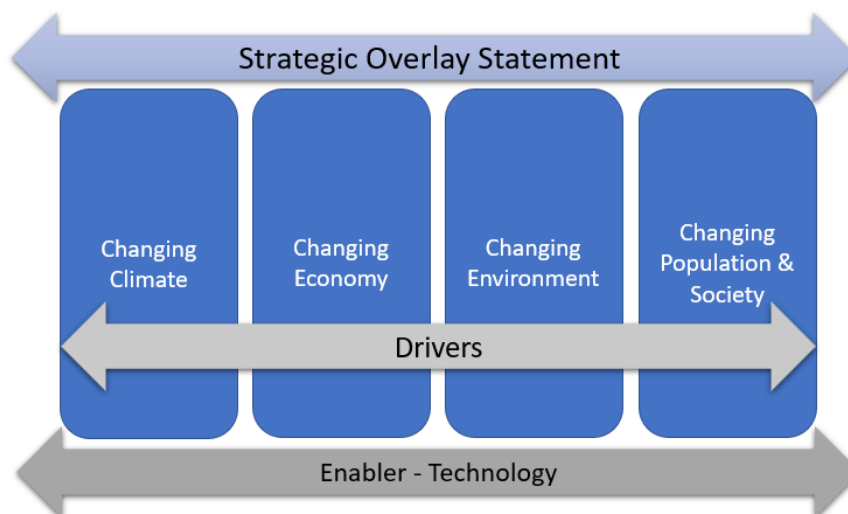
Appendix 3 Strategic Overlay: Proposed wording

The 2050 Commission of Inquiry recognised that the drivers for change were inextricably linked and that prioritising one driver at the cost of another would not deliver the far reaching and ambitious outcomes that the Commission was set up to achieve.

The interdependency of the drivers is clearly demonstrated in the cross-cutting nature of many of the recommendations. However, in reality, how we, as a Partnership, work together to ensure our response to the drivers maximises the opportunities from these interdependencies will be key to our success.

We now understand that people, the environment, and the economy are all parts of the same system. People cannot live well if the environment and the economy are in bad health. We also know that a healthy environment is a must for a sustainable economy and an equitable society.

For Hampshire to be resilient and well-equipped for the future we must navigate these challenging issues and find new ways to measure success, recognising these interdependencies and placing equal value on the economy, environment, health and well-being, social equity and sustainability.



Appendix 4 Serving Hampshire Strategic Plan 2021 – 2025 Mid-term review

[strategic-plan-2023-digital.pdf](#)

~End~

Serving Hampshire Strategic Plan 2021-2025

Mid-term review 2023

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Overview

Hampshire is a great county to live, work, visit and play. As a county council we want to work to ensure Hampshire stays like this – now and into the future – so we can continue to make a positive impact on resident's lives, and so all communities can share in this vision.

Hampshire County Council delivers the majority of Hampshire's public services, to 1.4 million residents, and we are responsible for around 80% of all spend on council services in the county, amounting to £2.6 billion a year. We are uniquely positioned in Hampshire to not only provide services directly to our residents, but to also to represent Hampshire's interests, influence partners such as central Government and champion key issues on behalf of everyone who has a stake in Hampshire – now and in the future.

Of key importance to us is maintaining our county's economic prosperity through championing Hampshire's businesses, encouraging economic growth and helping to ensure we have an excellent education and skills offer which is fit for the future and accessible to all. By bringing new investment and new opportunities into Hampshire to stimulate all aspects of our local economy and increase the county's competitiveness and growth, we can work to bring far-reaching benefits for residents, communities, and businesses and improve people's lives for years to come. Hampshire County Council is truly 'open for business', and we want to work with the business sector as well as our public sector partners to help our economy go from strength to strength.

A successful economy is unpinned by healthy and happy, resilient communities, and recognising the link between these two will form the basis of all that we do as an organisation. By building resilient communities, which thrive within a prosperous economy, we can ensure our social care services are targeted where they are needed most and contribute to creating a good quality of life for everyone in Hampshire. Furthermore, recognising how our unique natural and built environment in Hampshire, with its two national parks, historic cities and 290 miles of coastline, is also of key importance to securing this quality of life remains at the heart of our strategic priorities for the present and future.

In developing our Strategic Plan, we are additionally guided by the Hampshire 2050 Vision. This collective vision for Hampshire the place sets out what both public and private sector partners with a joint vested interest in Hampshire's future aim to achieve over the next few decades. As the County Council we have a dual role in this work – both as a convenor and facilitator of activity against some of these aims, and as a lead agency for direct delivery against others. Our Strategic Plan sets out what our contribution to delivering the Hampshire 2050 Vision will be over the length of this Plan.

Along with many other public sector organisations, local government has faced significant and continuous financial pressures over the past decade. Over half a billion pounds has been removed from the County Council's budget since 2008, due to ongoing reductions in central Government funding, increasing costs and a steadily rising demand for our vital services such as social care for vulnerable children and adults. Our Strategic Plan sets out what our priorities as an organisation are, providing a framework to help us effectively direct our limited resources at supporting the most vulnerable residents in Hampshire whilst building resilient communities who can benefit from a prosperous economy.

Outcomes

Outcome one:

Hampshire maintains strong and resilient economic growth and prosperity

Our priorities are:

- Working with our partners to foster a strong, knowledge based, sustainable and inclusive Hampshire economy
- Ensuring Hampshire has the right conditions for economic innovation to flourish
- Enhancing our competitiveness as an international gateway and globally connected economy
- Maximising opportunities for employment and inclusion by equipping people with the right skills now and in the future to support, and benefit from, economic growth in our key sectors
- Maintaining and developing vibrant places across Hampshire that offer people thriving communities in which to work, visit, live and do business

Outcome two:

People in Hampshire live safe, healthy and independent lives

Our priorities are:

- Enabling all children and young people to have the best possible start in life
- Secure high achievement for all children and young people, especially those from more vulnerable groups
- Helping people to stay well and look after their physical and mental health, whilst maintaining their independence
- Support the most vulnerable in Hampshire by ensuring their statutory needs are met and they are cared for in the right place, at the right time and at an appropriate cost.
- Working with partners to keep our communities safe, particularly children and vulnerable adults
- Equipping all sectors of society with the skills required to take advantage of technological advances

Outcome three:

People in Hampshire enjoy a rich and diverse environment

Our priorities are:

- Working with our partners towards securing carbon neutrality for Hampshire by 2050 and becoming resilient to a two degree rise in temperature – by championing climate change action, focusing on the resilience of our own estate and supporting communities to be resilient to the impacts of the changing environment
- Maintaining and enhancing Hampshire's unique natural and built environment, striving for Environmental Net Gain across both, and engaging with communities to promote resilience and health and wellbeing
- Protecting Hampshire's breadth of character and heritage, valuing both rural and urban communities
- Planning and delivering low carbon and economically critical infrastructure, and promoting a sustainable and more resilient transport network
- Leading on opportunities to shape sustainable places across the County that enhance communities and environments – facilitating partners and people to come together with common vision and purpose

Outcome four:

People in Hampshire enjoy being part of strong, inclusive, resilient communities

Our priorities are:

- Supporting prosperous communities in Hampshire by tackling health and social inequalities, improving equity of educational achievement, and creating opportunity for all residents
- Enabling communities to be more resilient and connected
- Promoting the development of communities that support and uphold equity, diversity and sustainability
- Supporting and working in partnership with a thriving and diverse voluntary and community sector and body of volunteers

Vision and values

In delivering these priorities on behalf of those who live, work and play in Hampshire, we also have the following visions and values as an organisation which guide everything we do:

Our vision

Serving the people
of Hampshire with
purpose and pride
to improve lives
today and for tomorrow.

Our values

• **Professionalism** – We work hard to deliver the best services that we can and we hold ourselves **accountable** for our performance. We have pride in what we deliver and enable.

• **Working as one organisation** – We **collaborate** with each other and our partners for the good of our service users. Support each other to recover quickly from setbacks and take responsibility in managing our personal and organisational **wellbeing**. We **work together** to ensure we are a healthy and **resilient** organisation.

• **Integrity and respect** – We value and encourage every individual for their unique strengths, and demonstrate our confidence in each other through our language and behaviour. We are fair, honest and reliable in everything we say and do.

• **Making a difference** – Our work puts people at the forefront of what we do and helps communities across the County to thrive. We **care**.

• **Continuous improvement** – We are **ambitious**. We challenge ourselves to innovate, be creative and work to create a sustainable, future proof Hampshire.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 July 2023
Title:	Waste Disposal Recycling Arrangements
Report From:	Director of Universal Services

Contact name: Sam Horne

Tel: 07823 401118

Email: sam.horne@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to seek approval for new financial and operational arrangements between the County Council, the 11 District and Borough Authorities and the Unitary Authorities of Portsmouth and Southampton City Councils.

Recommendations

2. That Cabinet approves the Inter Authority Agreement (IAA) setting out the financial and operational relationship between the County Council, the Waste Collection and Unitary Authorities of Portsmouth and Southampton City Councils.
3. That Cabinet approves the implementation of both the partnership agreement and financial arrangements from 1 April 2024.
4. That Cabinet approves that, regardless of whether Extended Producer Responsibility for packaging is implemented or not, 31 October 2023 is the date by which the County Council requires all Waste Collection and Unitary Authorities to approve and sign up to the IAA.
5. That Cabinet approves that, where sign up is not achieved by 31 October 2023, the implementation of the default financial arrangements, as set out in paragraph 38 below, with effect from 1 April 2024.
6. The Director of Universal Services be given delegated authority, in consultation with the Leader and Executive Member for Hampshire 2050 and Corporate Services and the Lead Executive Member for Universal Services to approve non-material amendments to the partnership agreement to finalise it ahead of signing.
7. That the Director of Universal Services be given delegated authority, in consultation with the Leader and Executive Member for Hampshire 2050 and Corporate Services and the Lead Executive Member for Universal Services to vary the date and phasing of the implementation in relation to 65 (b) and (c)

below, subject to the delivery of the new Materials Recovery Facility (MRF) at Eastleigh.

Executive Summary

8. This paper seeks to:

- set out the background to the proposed financial and operational arrangements;
- provide an outline of the Inter Authority Agreement (IAA) and how it is expected it will impact on the system;
- set out the options that exist in relation to the recycling arrangements in Hampshire:
 - 1a – Proceed with the Inter Authority Agreement with Extended Producer Responsibility implemented as currently proposed.
 - 1b – Proceed with the Inter Authority Agreement with Extended Producer Responsibility delayed or scrapped.

Or

- 2 – No sign up to the Inter Authority Agreement and the arrangements set out in the 2019 letter are implemented and the County Council fundamentally reviews the provision of new recycling infrastructure;
- explain the structure of the different financial arrangements and rationale behind that structure; and
- briefly consider the next steps.

Contextual information – Current Partnership Arrangements

9. All 14 of the waste authorities of Hampshire (Disposal and Collection) are partners, along with a private waste contractor, Veolia UK Ltd., in Project Integra, the partnership established in the late 1990s to deliver an integrated waste management service.
10. Following local government reorganisation in the late 1990s the Unitary Authorities of Portsmouth City Council and Southampton City Council were established and joined the Project Integra partnership.
11. In forming the partnership, a Memorandum of Understanding (MoU) was developed in 1997 to set out the roles and responsibilities of the parties as well as the operational and financial arrangements for the delivery of the service.
12. Through the MoU the County Council agreed to step beyond its statutory duty and to take on responsibility for recycling which was and remains a statutory duty of Waste Collection Authorities (WCAs). This agreement led to the delivery of, amongst other infrastructure:
 - two Materials Recovery Facilities (MRFs) to sort dry mixed recycling into its individual material streams;
 - two open windrow composting sites; and
 - 13 transfer stations to ensure local tipping points for dry mixed recycling, garden waste and food waste in addition to the residual waste streams.

13. Both the capital cost of this infrastructure and the ongoing revenue costs were taken on by the County Council as part of the long term Waste Disposal Service Contract with Veolia.
14. The MoU is a non-legally binding agreement that has remained unchanged since it was developed and reflects the waste system that was in place at the time it was agreed.
15. There has been significant evolution over the last 24 years both in terms of the waste system in Hampshire and the wider waste management industry because of both legislative and behaviour driven change. In addition, the Environment Act 2021¹ will drive meaningful change both on a national and local level and therefore the current agreement is no longer fit for purpose.
16. In 2015, because of an opportunity created by the need for a mid-contract upgrade of the existing Materials Recovery facility at Alton, the County Council commenced a programme of work to review the recycling services provided with a view to determining the most appropriate strategy going forward.
17. The Hampshire Waste Partnership programme was developed with sponsors from the Hampshire and Isle of Wight Local Authority Chief Executives group to function as a steering board for the work. This programme has included a number of different work packages:
 - engaging external consultants to undertake a high-level review of the existing service and provide an options analysis of alternative recycling systems;
 - engaging external consultants through the Waste and Resources Action Programme (WRAP) to do a detailed assessment of the shortlisted system options and rank them in terms of cost and both recycling and carbon performance; and
 - development of the Project Integra Joint Municipal Waste Management Strategy (JMWMS) which setting out the strategy for the partnership up to 2035.
18. This work has been delivered by Project Integra with the Strategy Officer Group (Heads of Service) representing their authority and with updates provided to the Strategic Board (elected portfolio holders) on a regular basis.
19. There have been periodic updates as required to both the HIOWLGA Chief Executives and Leaders groups to ensure that there was a consistent message to all parties regardless of the availability and attendance of officers and Members at the Project Integra meetings.
20. The County Council has played a leading role in progressing this work and committing resources to support the procurement and project management to support the Project Integra Executive.
21. Most recently the Lead Executive Member for Universal Services and the Assistant Director for Waste and Environmental Services offered one to one

¹ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

meetings with each of the WCAs to gain feedback on the proposals and this is reflected in the financial proposals set out below.

Contextual Information – Hampshire County Council Waste Finance

22. The County Council has experienced a long period of sustained financial pressure driven by the removal of the central government grants and significant increases in demand for local government services.
23. These pressures have impacted all areas including the Waste and Resource Management service which has made several changes to systems and operations to improve efficiency and reduce cost through both key services, the management and disposal of kerbside collected waste and management of Household Waste Recycling Centres (HWRCs).
24. There are limited mechanisms for the County Council to reduce the cost of waste management services as the bulk of the cost is related to the provision of infrastructure and revenue costs for processing each tonne of the wide range of waste streams that must be managed.
25. The Waste and Resource Management service has delivered savings through:
 - investment in waste prevention to divert bulky, food and garden waste out of the waste stream entirely;
 - diversion of waste from landfill and disposal to recycling;
 - re-procurement of contracts;
 - changes to operating hours of HWRCs; and
 - Introduction of charges for non-household waste at HWRCs².
26. In 2019 the County Council wrote to all Hampshire District and Boroughs to inform them that, due to the financial pressures, it would be ending the non-statutory financial arrangements associated with recycling:
 - cease to pay recycling credits for recyclables for which provision has been made through the contract;
 - re-charge each WCA the cost of disposing of contamination/non-recyclable materials within their DMR deliveries; and
 - retain the income from the sales of all MRF processed recyclables.
27. Following the publication of the Resources and Waste Strategy³ the County Council initiated the Hampshire Waste Partnership project aimed at moving the current recycling system forward by developing new infrastructure and changing collection systems to provide residents with improved dry recycling services across the County.
28. In doing this work the County Council paused the implementation of most of the measures set out in the 2019 letter whilst the implications of the Government's proposals were assessed and options for delivery considered. To manage the immediate financial pressures and provide time for the work to take place the

² See para 25 below

³ [Resources and waste strategy for England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/resources-and-waste-strategy-for-england)

proposal to cease recycling credit payments was implemented with effect from the 1 April 2021.

29. Whilst this work has been ongoing the County Council has had to manage the financial implications by allocating c. £3.2 million of cost of changing funding per annum since 2021/22 (total cost to date £9.6 million) until the changes are implemented. This funding position is not sustainable and therefore a permanent solution has to be implemented.
30. Dealing with the implications of the COVID-19 pandemic and the associated impact that has had on material off takes has limited our ability to achieve savings from key materials streams like waste wood, whilst the Government's recent announcement of a ban on charges for 'DIY' waste at HWRCs have resulted in a total unbudgeted pressure of c. £2 million for the two areas.

Options

31. There have been significant delays to the implementation of the Waste management measures set out in the Environment Act 2021, most notably Extended Producer Responsibility (EPR)⁴ for packaging and Consistency in Recycling Collections⁵.
32. Each of these policies contain financials support for Local Authorities in the form of payments from producers or new burdens funding from Government and the continuing delay to implementation has resulted in uncertainty over when, or if, the associated funding will be provided.
33. The uncertainty has led to authorities not being able to commit financially to introducing the required service changes to ensure that the standard range of materials, as set out in the Environment Act 2021, are collected. In Hampshire this is proposed to be via a twin stream system, where fibre materials (Newspaper; Cardboard etc) are collected separately to containers (plastic bottle, plastic packaging, cartons, cans and glass). The purpose of the funding was to enable increased capture of recyclable materials which can be recycled into new packaging thus meeting the ambitions of a more circular system. This in turn would lead to reduced carbon emissions and more effective and efficient resource management.
34. The County Council has managed the financial impact of these delays but has reached the point where it is no longer affordable to continue to make this financial provision and a decision on how to proceed must be made.
35. Option 1a is to proceed with the Inter Authority Agreement as set out below in this report and in doing so proceed with the delivery of the new dry recycling infrastructure.
36. Option 1b is a variation to the above where we are notified by Government that EPR is delayed or scrapped but we proceed with the IAA with a change to the way in which the DMR income is managed. In this scenario we would split the DMR income 50/50 for two years from the 1 April 2024 and then the County Council retains 100% of the income.

⁴ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk) – Section 50

⁵ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk) – Section 57

37. These options would require all WCAs and the Unitary Authorities to formally approve and sign the Inter Authority Agreement by the 31 October 2023 and that their approval is not subject to funding resulting from the Collection and Packaging policy measures set out in paragraph 30 above.
38. The details of the Inter Authority Agreement are set out in the next section of this report.
39. Option 2 is one where we do not have sign up from the WCAs and Unitary Authorities of the IAA by the 31 October 2023 and the County Council will then have to implement the remaining measures set out in the 2019 letter namely:
 - re-charge each WCA the cost of disposing of contamination/non-recyclable materials within their DMR deliveries; and
 - retain the income from the sales of all MRF processed recyclables.
40. Under this option the County Council will need to fundamentally review, in discussion with its Tripartite partners, the financial viability of its proposed investment in the Materials Recovery Facility at Eastleigh.

Inter Authority Agreement

41. The purpose of the agreement is to set out the operational and financial responsibilities of the Waste Collection Authorities (WCAs), Waste Disposal Authority (WDA) and Unitary Authorities that together make up the 'Project Integra Partnership'. This is key as the approach differs from the statutory duties set out in the legislation⁶, primarily in relation to the management of recycling which is a WCA function.
42. It should be noted that whilst both the Waste Collection and Unitary Authorities as partners within Project Integra will enter into the IAA, certain aspects, such as the financial arrangements, do not apply to Portsmouth and Southampton. This is because financial arrangements between the Unitaries and the County Council are dealt with through the Tripartite Agreement. These exceptions are made clear within the IAA.
43. When Project Integra was established in the late 1990s it was agreed that a common and centralised approach to the transfer, storage, processing and marketing of recyclable material would provide best value for taxpayers in terms of a reduced need for infrastructure and multiple individual authority contracts as well as benefiting from the economies of scale achieved in the material markets. The rationale for this approach remains today particularly as the cost of and ability to deliver waste infrastructure has become more challenging due to competing demands for commercial and residential development.
44. As a result, the agreement represents an alternative arrangement to that which would otherwise be set by the legislation and is done so based on mutual agreement by all parties. In taking this approach it is recognised that each partner will need to seek formal approval within their own Authority.

⁶ [Environmental Protection Act 1990 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

45. The agreement is a legally binding document in the form of an Inter Authority Agreement (IAA) that all parties will be required to sign up to and comply with the operational and financial measures set out within it.
46. The guiding principles of the agreement reflect the aims of the Project Integra Partnership as set out in the Project Integra Joint Municipal Waste Management Strategy⁷ (JMWMS):
- the JMWMS sets out the aims of the partnership and forms the basis for strategic framework under which this partnership agreement will sit. The strategy has been developed jointly through close working by the full partnership and endorsed by formal Member decision by each of the partners;
 - the financial principles of ‘whole system cost’ and ‘best value to the taxpayer’ should be used to provide direction and inform all decisions about the programmes, projects and processes and determine the viability of or continuation of them;
 - the partnership recognises the growing challenge faced in terms of climate change and the key role that the waste sector has to play in both resilience to and mitigation of the impacts of climate change; and
 - matters requiring decisions that affect the partnership will be firstly discussed by Strategy Officers and then, subject to the nature of the decision, referred to the Strategic Board for onward recommendation to each individual partners decision making process.
47. The agreement, which will commence on 1 April 2024, will not be time limited to reflect that service delivery in terms of waste management is an ongoing activity and therefore gives certainty to all parties. The IAA has a clear change control process to recognise there may be changes required by any of the parties or due to external factors such as new legislation. The process ensures that any changes are documented and managed effectively.
48. There are provisions to enable an authority to exit the agreement and for the agreement to be terminated following the process set out in the agreement, however the County Council, having invested in the infrastructure, retains the right to use ‘Power of Direction’ for the material to ensure it is not placed in a position where it has committed significant investment in recycling infrastructure in order to process the material which then is diverted elsewhere.
49. Any decisions to vary the agreement or to terminate it will require formal approval from each of the individual authorities, these will be made in line with guiding principles and require unanimous agreement to be implemented. Where a decision cannot be made, a mediation process will be followed.

Waste Volume Service Plans

50. This section covers the plans that the County Council and the Waste Collection and Unitary Authorities will produce on an annual basis to provide information about the services they will deliver and any changes that they are looking to

⁷ [Joint Municipal Waste Management Strategy-2021-09-23-EMETE Decision Day \(hants.gov.uk\)](https://www.hants.gov.uk)

make. This will inform waste arisings forecasting and enable the County Council working with Veolia to undertake infrastructure planning, which is critical to the successful management and futureproofing of the system.

Waste Prevention

51. Requires all parties to support the delivery of waste prevention with each party to manage their operations to ensure that as much material as possible is diverted from the system for reuse. This relates in the most part to the bulky household waste stream where the system currently in place does not support reuse due to the way in which items are managed as they pass through the system.
52. This measure is supported by the financial agreement where a residual waste arisings target is proposed. Further details are set out in Financial Arrangements section below.

Waste Operations

53. This section of the agreement is broken down into a number of areas detailing the requirements of the parties in relation to the delivery of waste services including:
 - waste types – materials that are covered by the agreement;
 - material specifications – the specifications for each waste type showing what should and should not be in each waste container;
 - material markets – the process and basis for agreeing to add materials to the core materials required by the legislation;
 - contamination – the process for identifying contamination and setting out how contaminated loads will be dealt with and who will be responsible for the costs associated with contaminated loads;
 - Trade Waste – for those WCAs that undertake trade waste collections this sets out the way it will be administered and the recharge arrangements that will be put in place for the material processing costs;
 - Delivery Points – sets out the basis for the allocation of delivery points for material, how changes to the allocated delivery points should be managed as well as the process for dealing with delivery point unavailability; and
 - Opening Hours – provides the standard opening hours for the waste disposal infrastructure, the process for seeking amendments to those opening hours and associated costs for opening sites beyond the set hours.

Fly Tipping

54. This section recognises the role of the Hampshire Fly Tipping Partnership and Strategy and the roles that all partners play in tackling and reducing fly tipping and other anti-social behaviour across the County.

Other Waste Streams

55. This section covers the operational arrangements relating to the waste streams that are not covered via the core recyclable collections but for which a countywide approach has been established to ensure that they are managed as efficiently as possible. These include food waste, abandoned vehicles and clinical waste.

Household Waste Recycling Centres

56. In recognition of the whole system approach to waste a section has been added into the agreement regarding the operation of the HWRC service and how any changes to its operation will be considered and managed.
57. There is a process set out for how potential changes to the network are to be managed particularly regarding sharing information and determining the impact that any change will have on the wider waste system. This will be done using the same principles of evaluating change in terms of cost, performance, and carbon.
58. The final decision regarding changes is to be made by the County Council and its Tripartite partners but ensures that the impacts are recognised and managed.

Communications

59. It is recognised that communication is a key element of ensuring that services provided are used by the public in the right way and it is proposed that a consistent partnership wide communications plan be developed and managed by the partnership to develop and deliver this.
60. The Inter Authority Agreement is a single agreement for all partners to sign up to formally. However, due to the range of Authorities involved it is recognised that certain aspects will be applicable to certain partners with the Unitary Authorities particularly having elements, including the financial arrangements, which are subject to the separate Tripartite agreement between Hampshire, Portsmouth and Southampton Authorities.

Financial Arrangements

61. The proposed financial agreement sets out how costs and income will be allocated in line with the partnership agreement and reflecting the approach that is set out in the above section regarding the statutory duties of each of the parties to the agreement. For clarity, these only apply to the WCAs.
62. The agreement is based on the following key principles:
 - whole system cost – the partners will work to ensure that financial decisions are taken based on managing the whole system cost of collecting and processing waste across Hampshire, Portsmouth and Southampton; and
 - performance incentivisation – the arrangements are designed to ensure that all parties are incentivised to improve and sustain performance and where improvement is made that the benefits accrued are shared.
63. The County Council, alongside its Tripartite partners Portsmouth and Southampton City Councils, will fund the fixed costs associated with the provision of the recycling infrastructure, and associated transfer infrastructure, and the County Council will fund the revenue processing costs of all the material delivered by the waste collection authorities.
64. In 2022-23 the provision of recycling cost the County Council just over £11million. This is a cost that it has borne since the first infrastructure was delivered in 1998. The County Council, through this agreement is committing to

a further capital spend of £23.1 million to deliver the new infrastructure and to justify both this expense and the ongoing revenue costs associated has had to review the discretionary payments and costs that it incurs in relation to recycling.

65. There are three key elements to the financial arrangements that are set out in full in the agreement but outlined below:

65a) Material Income

- i) Currently it is understood that any payments made to the County Council under the forthcoming Extended Producer Responsibility (EPR) system for packaging, will be net of any income generated from material sales, the County Council will need to retain 100% of the associated income to be made whole.
- ii) Under option 1a it is proposed the income from any dry mixed recycling that is not covered by EPR will be split between the County Council and the WCAs on a 50 / 50 basis, based on tonnage sent to market, for a period of two years. From the 1 April 2026, the County Council will retain 100% of the material income from dry mixed recycling.
- iii) If EPR is formally delayed or scrapped then under option 1b the total dry mixed recycling income will be split on a 50/50 basis, based on the tonnage sent to market, for a period of two years. From the 1 April 2026, the County Council will retain 100% of the material income from dry mixed recycling.

65(b) Contamination

- i) Contamination is monitored using the Materials Analysis Facility (MAF) by analysing samples taken from all recycling rounds. The costs associated with contract contamination rate, currently 5% but estimated to rise to 7.5%, once the new MRF is delivered, will be funded by the County Council with the costs associated with contamination above that level borne by the WCAs based on their individual recycling rate.
- ii) In recognition of the fact that the new Materials Recovery Facility at Eastleigh will not be operational until mid-2025 the County Council will fund the first 10% of contamination until the 31 March 2026. From that point forward this will reduce to the contract rate estimated to be 7.5%.
- iii) This initial higher contamination rate is offered in acknowledgement that some of the materials (i.e. Plastic Pots, Tubs and Trays) cannot presently be separated at the two existing MRFs but will be accepted and separated once the new MRF is commissioned.
- iv) In addition, where a whole or part load must be rejected, having been assessed at a delivery point via an agreed protocol prior to it being processed, due to the level of contamination the WCA shall be recharged for the additional cost of disposing of the load over and above the normal disposal costs that the WDA would incur.

65(c) Residual Waste Arisings Target

- i) In line with the new Government target from the Environment Act related to residual waste arisings, it is proposed that a residual waste arisings target

will be introduced to incentivise both waste prevention and improved recycling performance.

- ii) A single target, equivalent to the average of the top performing quartile of local authorities in 2019/20, will be set for all WCAs to achieve by 2030. Where a WCA exceeds the target then a 50% share of the residual waste cost saving generated will be paid to that authority. Where a WCA does not achieve the target then 50% of the additional residual waste processing cost will be passed onto that authority.
 - iii) From the 1 April 2024 where a WCA exceeds the target the County Council will share 50% of the residual waste cost saving generated with that authority.
 - iv) The target will come into effect from 1st April 2030.
 - v) We will ensure that a 4-year gap is maintained between the start of the MRF operating and the target date.
66. Should delivery of the MRF be delayed then the introduction of proposals in 65 b & c would be delayed by an equivalent timeframe.

Discussion

67. Following the response to the presentation of these proposals to the WCA Chief Executives in May, the Lead Executive Member for Universal Services has offered all Authorities the opportunity for bilateral meetings to understand their concerns. Meetings with all but 2 WCAs have been held with similar concerns being expressed by most namely:
- uncertainty over EPR timetable and funding;
 - achievability of the residual waste target; the level of penalty associated with the waste target and the reliance on the delivery of the new MRF to achieve this target; and
 - the cost implications of the changes to the financial arrangements and of switching to a twin stream recycling collection system.
68. As a consequence of these discussion the County Council is minded to amend the residual waste target proposal by reducing the recharge for any material over the target threshold from 100% to 50% of the associated disposal cost. The County Council will reserve the right to increase the Residual Waste Target cost recovery from 50 to 100% from 2035 alongside a review of the target (kg/HH) itself.
69. The County Council also commits to delay the introduction of this target, in the event that the new MRF delivery is delayed ensuring that the WCAs have adequate time to introduce systems to support its achievement. Currently the MRF is planned to open in mid-2025 with the target coming into effect from 1 April 2030, four years later. The County Council commits to maintaining this transition window and so, should the MRF be delayed, proposes to introduce the target from the beginning of the financial year marking the fifth anniversary of the MRF opening.
70. In proposing these revisions, the Council recognises that some authorities are uncertain about their ability to meet this target due to specific local

circumstances. However, it feels right that there should be consequences to ensure that authorities actively pursue actions to minimise residual waste arisings.

71. The County Council also recognises the need for, and commits to, collaborative working, with all partners, to drive the education of, and communication with, residents to engender the necessary behavioural changes to support the achievement of the proposed residual waste target.
72. The County Council is committed to playing its part as a member of the Project Integra Partnership and has been playing a leading role in looking to develop, in line with the refreshed Project Integra Joint Municipal Waste Management Strategy, a re-invigorated partnership that is focused on delivery high quality services for all residents across Hampshire, Portsmouth and Southampton.
73. The Project Integra Joint Municipal Waste Management Strategy, which the County Council has formally signed up to, sets out the key objectives that the partnership will deliver:
 - Partnership Working – using whole system thinking to deliver on the agreed action plan and key performance indicators;
 - Recyclable Materials Management – introduce a twin stream recycling system and focus on reduced contamination and high-quality recycling;
 - Waste Reduction – maximise opportunities to reduce waste through a waste prevention action plan working together to deliver initiatives;
 - Best Practice – drive towards achieving zero waste to landfill and reduced carbon emissions by identifying and implementing best practice and new technologies from both within and outside the partnership; and
 - Service Delivery – Drive towards consistency across the Partnership area to make it as easy as possible for residents to do the right thing with their waste, utilising best practice and improved joint and consistent communications campaigns.
74. The County Council will ensure that it allocates the necessary resources to play its part in delivering on these key objectives alongside all of the other Partners.

Financial Implications

75. As discussed above the implementation of the Inter Authority Agreement forms part of the delayed Transformation to 2021 savings proposals for waste, the total value of the savings linked to the Inter Authority Agreement is £3.2million.
76. In addition to the above the delivery of the new Materials Recovery Facility will deliver further savings of £1million as a result of the diversion of material and changes to the wider waste infrastructure.
77. The County Council, based on the quantity of packaging found within the residual and recycling streams, has estimated that it would receive an Extended Producer Responsibility for packaging payment of £2.1million.
78. The total value of the savings to be delivered on an ongoing basis is £6.3million which are set out in the below table based on the options provided in this report.

This table sets out the amount that will be achieved by against each element within each option to deliver the total savings required.

79. The figures in the below table are based on the 2022/23 data and are subject to fluctuation based on material markets, tonnage inputs and inflation.

Table 1 – Savings by Option

Item	Option 1a	Option 1b	Option 2
Dry Mixed Recycling Income	£3.5 million	£2.5 million	£5 million
Contamination Recharge	£0.75 million	£0.75 million	£1 million
Extended Producer Responsibility Funding	£2.1 million	£0	£0
Recycling System Change	£1 million	£1 million	£0
Contract Income	£0	£2.3 million	£1 million
Total	£7.35 million	£6.55 million	£7 million

The table shows that each of the options will ensure that the savings target can be met on an ongoing basis removing the requirement for the County Council to utilise cost of change funding beyond the implementation date of 1 April 2024.

Consultation and Equalities

80. Whilst there has been no formal consultation process the Partnership agreement and financial arrangement have been developed with involvement of all Project Integra partners. This has been done both through the regular Project Integra Strategy Officer and Strategic Board meetings but also via dedicated officer meetings to go through and seek agreement line by line. Regular updates have also been provided to the Hampshire & Isle of Wight Chief Executive Officer group.
81. This project relates to an inter authority agreement setting out the roles, responsibilities and financial arrangements between the County Council and the District and Borough authorities to comply with the requirement of the waste disposal service contract and therefore this will have a neutral impact with respect to all the protected characteristics.

Climate Change Impact Assessments

82. Hampshire County Council uses two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
83. The carbon mitigation tool and climate change adaptation tool were not applicable because this decision relates to an inter authority agreement and is therefore effectively an administrative document. However, the premise on which the agreement is based is that of seeking to improve performance in terms of both waste reduction and recycling and therefore supports carbon reduction activities.

Conclusions

84. It is recognised that there is a significant amount of uncertainty at present created by the delays to the implementation of the Collections and Packaging regulations and that this results in financial challenges for all parties. However, it has become clear that there cannot be an indefinite period of delay and therefore a decision must be made.
85. It should also be noted that the recycling performance in Hampshire has seen limited change in the last decade and even if the legislative driver is delayed there is a fundamental need to provide a better service for residents. This imperative is not going to go away and indeed the pressure will only grow as we seek to achieve the net zero targets that are so important to a more sustainable future.
86. Our engagement with residents clearly shows that there is a significant desire to recycle more waste and it is for us as local authorities to work together to ensure that we can deliver this as soon as is practicably possible.
87. The County Council has worked with Project Integra partners over the last eight years to improve the recycling service across Hampshire, Portsmouth and Southampton investing capital in a new site and securing planning permission for the necessary infrastructure based on a joint strategy that has been agreed by all.
88. The County Council has undertaken a significant amount of engagement with all partners as this programme of work has developed and has sought to address the matters raised through discussions and adjust the Inter Authority Agreement accordingly. We are committed to continuing this engagement throughout the development and implementation phases of this work.
89. The proposed Inter Authority Agreement sets out a reasonable approach that will enable the County Council to make the necessary investment in both the new MRF and the associated changes at waste transfer stations to deliver a modern fit for purpose service for our residents.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Joint Municipal Waste Management Strategy	23.09.2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

This project relates to an inter authority agreement related to the roles, responsibilities and financial arrangements between the County Council and the District and Borough authorities to comply with the requirement of the waste disposal service contract and therefore this will have a neutral impact with respect to all of the protected characteristics.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Cabinet
Date:	18 July 2023
Title:	HCC Care Service and Capital Strategy
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

Tel: 01962 847200

Email: graham.allen@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to outline the proposed future service direction of HCC Care's Older Adults service portfolio and provides detail on the service strategy and business model with a capital investment strategy that supports the service direction.
2. It is acknowledged that the proposed future service direction would be subject to the outcomes of a comprehensive and formal consultation process that is proposed to commence at the beginning of September 2023.

Recommendation(s)

3. Approve the strategic direction set out in this report, noting the updated service strategy that prioritises short term, nursing, and complex residential dementia services, as the future focus for HCC Care and acknowledging the significant work that is ahead, the likely required capital investment (£173m in total), the associated business case, the associated timeframes and that a formal public consultation exercise (on the proposed home closures and, modifications and expansions) will be required and is planned to commence in September 2023.
4. Approve in principle, the proposed outline capital programme to deliver modern fit-for-the-future buildings and facilities to safeguard the long-term viability of the care estate aligned to the strategic plans of the service and to improve the experience and meet demand for the increase in older adults with more complex needs requiring residential and nursing care in Hampshire in the future.
5. Approve a formal public consultation process to commence at the beginning of September 2023. The formal public consultation process would be specifically in relation to the proposed home closures and the proposed existing home modifications and expansions outlined in the proposed capital programme. Noting that the outcomes from the formal public consultation process would be scrutinised by the Health and Adult Social Care Select

Committee, prior to any formal decisions being taken by the Executive Lead Member for Adult Social Care and Public Health not before February 2024.

6. Propose to the Chairman of the Health and Adult Social Care Select Committee that a Member, sub-group be established and is asked to oversee and scrutinise the public consultation approach and outputs.
7. Approve feasibility work to be undertaken in respect of the six proposed investment sites only (thus specifically excluding any work in respect of the homes proposed for closure) and approve work in relation to the pursuit of land options for a potential development in the New Forest, to take place during the formal public consultation phase and up to the point of any future Executive Lead Member for Adult Social Care and Public Health decision, so that the groundwork for any potential delivery phase is completed in a timely manner.
8. Approve an alteration to the use of land at the Oak Park site in Havant; whereby it is proposed that part of the site would be developed by the County Council to provide a nursing and complex residential dementia care facility to be owned and operated by the County Council.
9. Approve the proposal to consult on the permanent closure of two homes currently temporarily closed for operational reasons; Copper Beeches in Andover and Cranleigh Paddock in Lyndhurst, noting that the final decision on whether either, or both homes, would be permanently closed would be taken by the Executive Lead Member for Adult Social Care and Public Health following a formal public consultation process that is proposed to commence in September 2023.
10. Approve the proposal to consult on the closures of Bishops Waltham House, Solent Mead (which also caters for Day Services), and Green Meadows in 2024 (exact timings to be confirmed) for service and financial reasons, again noting that the actual decision on the future of these homes would be taken by the Executive Lead Member for Adult Social Care and Public Health following a formal public consultation process that is proposed to commence in September 2023.
11. Linked to the proposed delivery of two proposed new-build facilities (at Oak Park and Cornerways), approve the proposal to consult on the closure and relocation of Malmesbury Lawn and Westholme, for service proximity and workforce reasons, at the time both of the proposed new sites become operational (not before the end of 2026), again noting that the actual decision on the future of these homes would be taken by the Executive Lead Member for Adult Social Care and Public Health following a formal public consultation process that is proposed to commence in September 2023.
12. Approve the proposal to consult on the existing site modifications and expansions of Oakridge House, Ticehurst and Emsworth House, again noting that the actual decision on the future of these homes would be taken by the Executive Lead Member for Adult Social Care and Public Health following a formal public consultation process that is proposed to commence in September 2023.

13. Subject to the approval of all of the proposed home closures and the modifications and expansions of the three existing sites, approve that detailed project appraisals for the proposed individual projects (three proposed new builds and three proposed modifications and expansions to existing homes), would be subject to future approval by the Executive Lead Member for Adult Social Care and Public Health at the time that the detailed proposals are ready for Executive consideration.
14. Note that subject to the Executive Lead Member for Adult Social Care and Public Health taking (any) decisions that are different to the proposed strategic direction and the proposed capital programme, that new strategic direction proposals and a revised business case would be required to be prepared and represented to Cabinet at an appropriate future point in time.

Executive Summary

15. This paper outlines the benefits for Hampshire residents and the strong business case for the Adults' Health and Care Directorate, through HCC Care, continuing to have a sizeable direct provision presence in the Care Home market, enabling the updated service strategy to be delivered on.
16. A phased programme is being recommended, which is estimated to cost £173m and is capable of being delivered over a 5-to-6-year timeframe. The investment proposals include two confirmed new build sites at an estimated cost of £65m. In addition, a further new build site and extensive modifications, and expansion work at three existing homes are included at an estimated cost of £108m.
17. The delivery of the total programme would result in HCC Care providing some 1,000 beds (circa 100 more than now) over a reduced, but more modern, fit for the future portfolio of 13 sites as compared to the starting point for the investment deliberations of 17 sites. The updated portfolio enabling the service to deliver against the three key service areas that the updated service strategy is based upon: short term, nursing, and complex residential dementia.
18. It is acknowledged that the proposed service changes would result in a material change to the existing HCC Care service operation with impacts for existing clients, staff, the overall service focus, and configuration, and for wider stakeholders. The proposed changes would therefore be subject to a comprehensive formal consultation process that would commence at the beginning of September. The consultation does not start until September, in order to avoid the summer holiday period and increase the opportunity for participation. The results of the consultation process would be subject to scrutiny by the Health and Adult Social Care Select Committee early in 2024 prior to the Executive Lead Member for Adult Social Care and Public Health taking any formal decisions on the way forward.

HCC Care – Older Adults Service Strategy:

19. HCC Care currently has over 900 beds based over 17 sites (two of which have been temporarily closed since November 2021) providing both long-term

and short-term standard residential and/or nursing services to Older Adults across Hampshire. Prior to the two temporary closures, operational capacity was at or around 960 beds.

20. Annually, Adults' Health and Care place around 1,600 clients into Care Homes. The majority (75%-80%) go to the private sector.
21. Clients have choice about where their care is delivered and who delivers it. HCC Care provision is renowned for high quality services. However increasingly the physical suitability for the needs of current and future residents as well as the attractiveness of the homes, due to decades of under investment, is reducing. In turn, this means catering on an annual basis for proportionately higher levels of private sector provision, without a comparable saving from the in house service.
22. The service has conducted a robust and detailed strategic review to consider the fundamental viability of continuing to maintain a presence in the care home market, against withdrawing from direct provision and being fully reliant in years to come on the private sector.
23. In the light of concerns about the rate at which market prices are increasing (close to 10% per annum for the past few years and expected to increase further in the near term), increases in service demand and acuity, and future forecasts regarding the number of Older Adults with advanced dementia, it is recommended that the strongest market presence possible is maintained and that the future priority for the service should be centred around three key service areas; short term, nursing, and complex residential dementia. The completed business case for the proposed investment programme in this report, which allows this recommended position to be achieved, is both robust and financially favourable.

Business Case – Future operating model:

24. A stronger market presence is recommended, with overall bed numbers proposed to increase to circa 1,000, and the homes themselves fit-for-the-future and thus attractive, delivering high quality care for prospective clients.
25. To meet current and anticipated demand and acuity of need, it is proposed that the service should provide for more attractive, more modern, fit-for-the-future facilities, in three key service areas: short-term, nursing care and complex residential dementia.
26. Proportionate provision of short-term and long-term units across the main service area geographies (South-East, South-West, Mid & North and North-East) is proposed with an added advantage of being able to flow clients through short-term to long-term wherever possible to help optimise long-term occupancy.
27. The proposal would result in an improved geographical split/coverage, with units that are favourably located in terms of attracting workforce.
28. Fewer overall sites (reduce to 13 from the current 17) would result from the proposal, with new larger sites allowing smaller, more outdated buildings that are less able to meet future needs to be closed or relocated.

29. Consistently improved occupancy, strong value for money, and far greater assurance regarding the delivery of financial savings/efficiencies would result from the proposal. These are key drivers of the service strategy.

Capital Strategy:

30. A detailed evaluation and analysis of the current portfolio has been developed in line with the proposed strategy.
31. The upgraded portfolio resulting from the proposal would consist mainly of larger, better value for money homes that would also be more efficient in terms of daily staffing requirements/ratios, thus minimising day to day operating (revenue) costs. The service would also be able to better meet the needs and preferences of future service users including those with advanced dementia and more complex needs.
32. The proposal, which requires investment estimated at £173m, would enable HCC Care to provide care for people with more complex, nursing needs in addition to complex residential dementia needs, with the latter set to become the fastest growing service area in the next 5-10 years.
33. The investment proposal includes 6 major site developments. It is anticipated that two of three new sites should be delivered by the end of 2026 / early 2027 with the remainder (one new site and the three modifications and expansions of existing sites) to follow within the following year to 18 months. The exact delivery dates would be confirmed following the detailed feasibility phase that is recommended to commence immediately and continue alongside the formal public consultation process.
34. The suggested seven closures (including two relocations) would allow the service to focus on providing care for people with more complex nursing and dementia care moving away from standard residential care which can be purchased at a lower cost in the external market. The homes affected by the proposal have been carefully considered and detailed site analysis has been undertaken for those homes and the remainder of the HCC Care Older Adults estate. Ultimately each home proposed for closure does not meet the required modern design specifications and individual site limitations do not allow them to be refurbished or extended to the required size or quality suitable for older adults with complex nursing needs and/ or dementia.
35. Upon completion of the proposed capital programme, around 80% of the long-term estate (this includes Hawthorne Court) would be in good order. The three remaining long-term care sites, Bickerley Green, Fleming House and Marfield (c160 beds in total) would be considered further at a later date. The bed numbers and the locations that these homes operate in would be key considerations in any future review.

Capital Programme

36. The proposed capital strategy supports the HCC Care Service Strategy outlined above to modernise and update the estate. The total proposed programme is costed at around £173m (as at 4th Quarter 2022 prices).

37. The proposed investment would address high priority maintenance and health and safety issues as well as providing for a major suitability programme that would result in more modern, fit-for-the-future homes.
38. This recommended long-term capital investment strategy supports the role of the County Council as a significant care provider, reducing the reliance on the external market and would limit our financial exposure to the fluctuations of the market.
39. The survey work undertaken to date has highlighted the lack of investment in the residential and nursing estate with the historic £481,000 annual capital allocation insufficient to manage the liability. The proposed investment programme would take some 5 – 6 years to implement and complete and there would be interim works required before the proposed major improvement work can be undertaken, however these would be kept to a minimum.
40. The proposed modern, fit-for-the-future designs recognise that all residential homes accommodate people with varying levels of need including with increasing stages of Dementia. Building design and interior design are especially important for people with Dementia. Bad design can impair memory, reasoning, learning and can cause unnecessary stress. Improving the care environment for this group has a direct link to improved care standards, service delivery, improved experiences for care and nursing home residents and enhanced reputation.

Delivery

41. Recognising the significant investment required but also the importance of updating the portfolio in a timely manner, the proposed investment strategy is anticipated to be delivered over a 5-6 year period.
42. Detailed feasibility for the proposed investment sites would start immediately subject to Cabinet approval and would run alongside the formal public consultation process. Subject to the work ahead and to the decisions of the Executive Lead Member for Adult Social Care and Public Health following the public consultation process, delivery of two of three new-build homes proposed, would be prioritised given that sites owned by the County Council are available.
43. The two new proposed homes (at Oak Park and Cornerways) would provide a flexible mix of nursing and complex residential dementia provision. The two proposed new homes would provide a minimum of 180 beds and possibly up to 200 depending upon the outcome of the detailed feasibility stage. Subject to future decisions, delivery for the proposed two new builds is estimated to be the end of 2026, and possibly into the final quarter of 2026/27.
44. The other proposed investment schemes include a third new build (proposed to be located in the New Forest) and extensive modifications and expansions of three existing sites which would see the end of standard residential provision being provided. The proposed investment schemes would be subject to detailed feasibility work and the outcome of formal public consultation.

45. The exact delivery timeline would only become clearer when the above processes are completed. Subject to the formal public consultation process and future Executive Lead Member for Adult Social Care and Public Health decisions, the aim would be to minimise the overall programme timetable and thus for the schemes to run concurrently with the proposed Oak Park and the Cornerways developments rather than consecutively.
46. The overall delivery programme would enable the six proposed developments to be appropriately spread timewise balancing resources and minimising wherever possible future impacts on service delivery and on the residents affected by the changes.
47. Three existing homes, Forest Court, Willow Court, and the Clarence Unit (also known as Woodcot Lodge) have been repurposed in the past few years to provide short-term discharge-to-assess services mainly to support hospital discharge demands. These sites, particularly Clarence House, are in good condition and do not currently require significant levels of further capital investment. However, due consideration regarding a programme of maintenance would be required to maintain these homes and it is anticipated that some capital investment would be required, especially for Forest Court and Willow Court, in the future.
48. Subject to the proposed programme ultimately proceeding in full, and going largely to plan, and assuming no material issues arise for the different proposed schemes, it is estimated that all six developments would be completed at or by early 2028/29.

The Proposed Specific Developments

Oak Park (New Build), Havant

49. The proposed Oak Park site in Havant consists of HCC land combined with adjacent land purchased from Hampshire Primary Care Trust (HPCT) in 2013. The site has previously been considered for an externally delivered Health & Wellbeing campus; consisting of a Nursing home, Extra Care housing, and Supported housing.
50. Following unsuccessful procurement processes linked to a number of largely external factors, it is now proposed for the County Council to develop the site to provide a new owned and managed 100-bedded care home, together with Extra Care housing delivered by a third party for which separate funding exists. A separate Executive decision will be required in September 2023 to enable the Extra Care development to be progressed.
51. This new Oak Park proposal differs from the original approval given around the use of land; whereby the entire Health and Wellbeing campus was to be delivered by a third party, and therefore specific approval is recommended for the use of land that the County Council would develop part of the site for the delivery of an owned and operated care home.
52. The original land transfer from HPCT contains specific requirements, in terms of matters such as the nature of development, timescales for delivery, coverage, valuation and offer back clauses. A Deed of Variation has been agreed that extends the NHS' buy back option on the site. The new timeline

now requires Hampshire County Council (or a partner/developer) to start on site (Extra Care or Nursing Home or both) by 31 December 2025. Approval today to proceed with the detailed feasibility work would enable this timeline to be met if the proposed programme in full is able to be progressed following the formal public consultation process.

53. The estimated cost to deliver the proposed 100-bed care home, which is anticipated to support 60 nursing beds and 40 for complex residential dementia, is forecast to be in the region of £35m (including fees – 4th Quarter 2022).

Cornerways (New Build), Winchester

54. The proposed site is ideally positioned to enable the delivery of flexible nursing and complex residential dementia provision for the Mid and North service area.
55. Initial feasibility work suggests that an 80-bed facility, subject to planning, can be accommodated on the site if combined with the Merrydale facility (closed in 2018 and unoccupied save for a property guardian) directly behind. Designs have also been produced for a 100-bed facility and comparisons made with the height of the existing building and the 80-bed option. The different proposed designs would be tested through the detailed feasibility stage including in consultation with Winchester City Council.
56. The estimated cost of demolishing the existing facility and building the proposed new 80-bed facility is in the region of £30m (including fees – 4th Quarter 2022).

3rd New Build, New Forest

57. The investment proposal also includes a third proposed new site, which would serve the New Forest area and, as with Cornerways, offer up to 100 beds but a minimum of 80. The optimum site has yet to be identified, albeit options are being pursued. Discussions with New Forest District Council and with the NHS (as two important landowners) are also planned and it may be possible that interest in the County Council's wider landholdings may help as part of any future negotiations to enable a suitable site to be secured.
58. The estimated cost of the proposed new build is in the order of £30m. This does not include any cost that may be incurred if a site has to be purchased. If that proves to be the case, capital receipts from the 7 sites that the County Council is recommending for release and that would be subject to the formal public consultation process, are estimated to be between £10m and £15m providing a potential funding source.

Proposed Existing Site Modifications and Expansions

Oakridge House, Ticehurst and Emsworth House

59. This part of the proposed investment programme seeks to retain, extend and remodel three existing homes that currently offers a combination of modern nursing capacity but older, more tired and outdated standard residential provision.

60. All three of the proposed existing homes, Oakridge House, Ticehurst and Emsworth House have individually been subject to site visits and review. Recent work has helped to gain greater understanding of the potential capacity for each site. Both Ticehurst and Emsworth House can deliver up to 100 beds each. The Oakridge House site is slightly more limited but is still able to accommodate 88 beds.
61. The cost of extensively modifying the three older residential buildings across the different sites, replacing and expanding the overall provision, and modernising the existing remaining Nursing provision, is estimated at £78m. The benefits of a being able to operate a more efficient staffing model that would result from the proposed capital works have been completed. The ability to staff the proposed modified and expanded units and the positive price comparisons with the independent market help to strengthen the proposed overall business case further.
62. All three of the homes proposed for modification and expansion would be included (and separately consulted on) in the formal public consultation exercise that is due to commence in September 2023.

Proposed Home Closures

63. In total, seven existing homes are planned to be closed as part of the overall approvals being sought for the proposed investment programme.
64. For operational resilience reasons, two homes (Cranleigh Paddock in the New Forest and Copper Beeches in Andover) were temporarily closed at the end of November 2021. It is proposed that these two homes should be permanently closed and alternative uses, or disposal of the sites, be considered. These proposals would be subject to the planned formal public consultation process that is recommended to commence in September 2023.
65. An additional three homes; Bishops Waltham House (35 beds), Solent Mead (35 beds), and Green Meadows (42 beds) are also proposed for permanent closure for financial and service reasons. These are homes currently providing standard residential care and the long-term service strategy no longer supports providing this type of provision. Whilst the care provided by staff is rated as good by the Care Quality Commission, these environments are outdated. Therefore, these homes can only accommodate people with lower levels of need in standard residential care rather than those with more complex needs. Additionally, Solent Mead caters for a Day Service operation which would also be impacted if the decision to close the home is approved.
66. If the Executive Lead Member for Adult Social Care and Public Health does approve the closure of Bishops Waltham House, Solent Mead and Green Meadows following the formal public consultation process, then the permanent closure of the homes would be inextricably linked to suitable alternative accommodation being secured for affected residents that meets their care needs. There are a number of staff within Adults' Health and Care who have good experience of supporting people to move from care settings. This should enable the permanent closures to be completed within 6-12 months of any closure decision being made.

67. Should the proposed new home at Oak Park be implemented and completed, it is proposed to close Malmesbury Lawn in Havant (32 beds) at the point the new facility is operational due to its close proximity. Malmesbury Lawn is rated good by the Care Quality Commission, but the nature of the building presents barriers for those with more advanced dementia. The proposed new modern facility at Oak Park, which would initially cater for up to 40 complex residential dementia beds, would provide an improved environment and greater capacity to support existing and future residents.
68. Should the proposed new home at Cornerways be implemented and completed, it is proposed, again due to proximity, to close Westholme in Winchester (72 beds) at the point that the proposed new Cornerways facility is operational. Westholme currently caters for both nursing and residential clients. Whilst Westholme is rated good by the Care Quality Commission the building presents barriers for people with complex needs and advanced dementia. The proposed new Cornerways facility would provide an improved environment with greater capacity to support existing and future residents.
69. A key consideration in both the Malmesbury Lawn and Westholme suggested closures and relocations is staffing. Workforce challenges remain significant and the ability to transfer existing staff to sites within very close proximity offers significant advantages for the HCC Care service and would provide continuity for residents. It massively reduces the risk of the proposed new homes taking undue time to be able to operate at optimum levels and thus eliminates the cost risk of double-running. In both cases, plans would be developed and then enacted so that the closure of one site and the commencement of operation at the new site is seamless.
70. For each of the suggested closures a strategic property review of each home, including Westholme (by far the largest), has found that the age, condition and size of these sites do not enable them to be extended to provide a minimum of 80 fit for purpose beds, in a cost-effective manner, and as such, they are therefore not considered to be viable in the longer term.
71. For each proposed closure, every effort would be made to minimise disruption to residents and the planned formal public consultation exercise would ensure that affected residents, their families and HCC Care staff are consulted and engaged with in a considerate and careful manner ahead of any ultimate decision by the Executive Lead Member for Adult Social Care and Public Health to confirm, or not, whether the proposed closures would be enacted. This would include appropriate input from our social work professionals. Additionally, HCC Care senior management and Registered Managers handled the temporary closures of Cranleigh Paddock and Copper Beeches at the end of 2021 expertly and would play a key role in supporting the formal public consultation process from September this year.

Beyond The Scope of the Capital Investment Proposal

72. Earlier paragraphs refer separately to six existing homes (three long-term homes and three short-term homes) that are not part of the proposed £173m capital investment programme scope. Additionally, Hawthorne Court, an 80 bedded long-term Nursing home, is also not part of the proposal for Cabinet

consideration. Hawthorne was built some 15 years ago. It is an 80 bedded Nursing home and is considered both fit for the future and able to operate efficiently in terms of its staffing model.

73. In terms of the three long-term homes (Bickerley Green, Fleming House and Marlfield), these sites will be subject to future review and options which fully take into account service demand in those locations, will be reported on in the medium term.
74. In terms of the three short term service sites (Forest Court, Willow Court and the Clarence Unit), as outlined, these are largely fit for the future and are certainly able to operate successfully without any material capital investment in the next three years minimum.
75. Work to determine options for the remaining long-term homes and the short-term homes would be progressed after the detailed feasibility work for the proposed capital investment schemes has been completed and a timeline would be developed for the completion of the work and the presentation of any options to Cabinet. At this stage, it is unlikely that this would be before the 2026/27 financial year.

Finance

76. The overall financial business case supporting the proposed investment programme is complex and there has been significant modelling undertaken to understand the impact of the alternative scenarios. To leave our homes as they are, would mean that in exercising their choice outlined earlier, clients will increasingly choose alternative provision to HCC Care homes, meaning higher levels of under occupancy and even greater inefficiencies and costs in that provision.
77. The first element of the financial business case is to consider withdrawing from the market altogether. In this scenario the equivalent beds in the private market would need to be purchased with little or no viable alternative and costs increasingly likely to exceed that of HCC Care provision.
78. The business case as presented indicates that at today's prices, it is estimated that the unit cost per bed (after capital costs are factored in) for HCC Care provision will be less than the private sector for nursing and high needs dementia beds.
79. This argument to invest is strengthened further as there is clearly a need to have a presence in the market to help both financial, (influencing our exposure to private provider rates) and non-financial factors.
80. Finally, there are the savings from the proposed closure of three high-cost residential homes, given that alternative beds can be purchased more cheaply in the market both now and highly likely in the future. Research also shows that there is sufficient good quality residential capacity for residents in the areas local to these three homes that are less expensive to the County Council.
81. At 2022/23 prices and including the annual impact of borrowing costs, the financial case for the proposals contained in this report shows an annual net

saving of £1.3m compared to the current budgeted provision for equivalent care.

82. Looking ahead, the differing cost profiles between HCC Care provision and that of the market, most significantly the spiralling fee rates seen in the private sector of late means that by 2026/27 all indications are that the cost of private provision will even further exceed HCC Care provision. Recent years has seen the private market cost increase by close to 10% per annum and it is expected that this trend will continue at least in the next few years. The financial case is therefore strong on this argument alone.
83. It is forecast that by 2026/27, with the growing disparity between private provider price increases and inflationary increases on local authority costs the £1.3m annual saving will have grown to £4.6m. Please note that this saving is in comparison to the alternative likely cost by this time and does not reflect a budgetary saving. This is primarily because the level of increase in the private prices is not able to be contained within the long-term financial envelope that the County Council has available.
84. Therefore, the proposed investment within this report represents a potential solution to an expected funding gap rather than an absolute saving against funding available within the Medium Term Financial Strategy (MTFS). In simple terms, the cost per bed for the proposed new provision in nursing and high needs dementia is both less than the likely cost of buying the equivalent from the market and reduces the cost pressure that the latter would have been likely to create.
85. For the purposes of financial planning therefore, a cost neutral position against our current MTFS will be assumed, given the volatility of the adults' care market.
86. Sensitivity analysis on items such as capital build costs, interest rates and inflation do not materially alter the outcome of the financial business case, particularly potential capital receipts (net of demolition costs) for the sale of existing sites have not been taken into account which would reduce the overall proposed investment borrowing cost.
87. At this current time the financial case for each development is in outline and sufficiently detailed to indicate the potential benefits set out in this report. However, each proposed development, subject to the outcome of consultation, will need to be underpinned by a thorough and updated business case when detailed capital costings are secured after a period of feasibility and design work has been conducted. Accordingly, these detailed business cases will require future Executive sign-off to approve the spend and allow the commencement of work on site.
88. The proposed closure of seven homes is integral, financially, to the proposed investment and the financial benefits laid out above. Therefore, it should be noted that if the Executive Lead Member for Adult Social Care and Public Health takes (any) decisions that are different to the proposed strategic direction, this will require the proposed strategic direction to be reviewed as it will affect the current financial case. Accordingly, a revised business case

would be required to be prepared and presented to Cabinet at an appropriate future point in time.

Formal Public Consultation Process and Timeline

89. As outlined throughout this report, the proposed home closures and the proposed existing site modifications and expansions associated with the service strategy and capital investment programme, would be subject to a formal public consultation process that would commence at the beginning of September 2023.
90. The formal public consultation process would run for 10 weeks and would enable residents across the 10 homes in question, their relatives, HCC Care staff and wider stakeholders to be properly consulted and to express their views on the proposed closures and/or service changes. The full details of the formal public consultation process and the key dates within it for public engagement sessions are still to be finalised. These would be communicated on the County Council's and the Adults' Health and Care web pages.
91. The outputs from the formal public consultation process would be collated and reviewed by the County Council's Insight and Engagement team and a report produced for consideration by the Health and Adult Social Care Select Committee at their January 2024 meeting.
92. The Executive Lead Member for Adult Social Care and Public Health would then consider the outputs from the formal public consultation final report and the findings of the Health and Adult Social Care Select Committee prior to reaching decisions on whether to approve the proposed individual closures and the proposed existing site modifications and expansions at a formal decision meeting in February 2024.

Workforce

93. The Older Adults workforce employed within HCC Care Services currently includes circa 1,300 staff, including care, nursing, support staff, management and admin. If the proposals recommended to Cabinet are approved, a detailed workforce plan will be developed to support the proposed changes to service delivery, noting the proposed timeframe for the delivery of the whole programme of work is scheduled to take 5 to 6 years. Notwithstanding the formal consultation process, scrutiny by the Health and Adult Social Care Select Committee and decisions taken by the Executive Lead Member for Adult Social Care and Public Health, the expectation is that the formal workforce consultation and plan will focus on 3 key elements:
 - The potential closure of up to 5 residential homes (including 2 that are temporarily closed for operational reasons)
 - The proposed modifications and expansion of 3 current homes
 - The proposed closure of 2 homes and 3 new builds.
94. A fundamental principle of all the activity relating to the workforce will be the need for extensive engagement and on-going dialogue to ensure staff across the service are aware of the proposals and understand how they may be

impacted, but also how they will be able to contribute to the future service delivery model.

95. Subject to Cabinet approving the way forward, an HR consultation/ engagement process would run concurrently with the proposed formal public consultation process and would include a formal HR consultation process with the staff impacted by the proposed closures of up to 5 residential homes (including the 2 homes that are currently closed for operational reasons) and an engagement process with staff who work at the homes either proposed for modifications and expansions or the proposed closures and transfers to the two proposed new build sites at Oak Park and Cornerways.
96. Engagement with the staff and trade unions on a regular basis will ensure there are ample opportunities for questions, feedback and comments. The senior management team will maintain a regular presence at the sites to ensure staff are able to raise any issues and have their concerns or questions dealt with swiftly.
97. The expectation is that the impact of any potential closures would be primarily mitigated through re-deployment. Currently there are vacancies across the service, with the vacancy levels at circa 14%. Nationally the sector is facing unprecedented recruitment and retention challenges so the redeployment of staff would be the absolute priority. However, it is recognised that the workforce typically lives close to where they work which can make the need for additional travel difficult. Also, the strategic direction of the service, i.e. nursing and specialist dementia care is very different from the current residential model. Both these factors mean the impacts maybe further mitigated if staff are given the opportunity to volunteer for redundancy. However, this would need to be predicated on a business case and no decisions could be confirmed until a final decision about each of the homes is reached.

Consultation and Equalities

98. The Equality Impact Assessment (EIA) completed for residents, family and carers primarily focuses on the short to medium term impacts on current residents in relation to the decisions being made by Cabinet today. The impacts have been considered for the circa 380 residents currently residing within the 8 HCC Care homes impacted by the investment proposal, acknowledging that the other 2 homes (Cranleigh Paddock and Copper Beeches) are currently temporarily closed.
99. The EIA has identified that some protected characteristics will be neutrally impacted, with low negative impacts on age, rurality and marriage, and a medium negative impact identified for disability. The impacts centre around the potential for disruption, for residents should the decision be made to close one or more homes following consultation. There are robust mitigating actions that have already been identified, including full engagement of residents and families with social work staff who have significant professional experience and full information and engagement with residents and family during consultation, to further establish and mitigate impacts.

100. Should the proposals be agreed at Cabinet, a longer-term assessment, focused on future residents, would be undertaken. It is anticipated that this would primarily identify positive impacts, particularly in terms of age and disability, as the proposals outline a significant investment resulting in a higher number of beds over a more modern, fit for the future portfolio which better meet the needs of future residents.
101. The Equality Impact Assessment (EIA) completed for the staff focuses on the short to medium term impacts on the current staff cohort working in all the homes potentially affected by the proposals. Although this will change over time as the workforce changes the current assessment has identified that most protected characteristics will have a low negative impact on age, disability and pregnancy/maternity and a neutral impact on gender. In the first instance, those staff who would be affected if a decision is made to close services will be supported and any impacts mitigated by ensuring staff receive support from their management team and HR. The staff will be given every opportunity to put forward their views about the proposals as part of a full and thorough HR consultation process and every effort would be made to provide redeployment or voluntary redundancy opportunities, negating the need for compulsory redundancies.
102. There are two protected characteristics where the assessment indicates a potential negative medium impact on race and religion/belief. This is because a significantly higher proportion of the workforce in HCC Care Services – Older Persons identify as being from BME communities and/or having a religion or belief that is typically under-represented across the County Council's workforce. It will be necessary for any staff changes to be assessed in this context and careful attention paid to the impact of any workforce changes to ensure the current workforce profile is not negatively impacted. Understanding the impacts and how they can be mitigated will be a focus during consultation with the staff, both collectively and individually.
103. Should the proposals be agreed specific assessment will be undertaken for each of the homes and incorporated into the workforce planning process to ensure decisions taken are proportionate and have no unintended negative impacts on the staffing profile.

Climate Change Impact Assessment

104. A Climate Change Impact Assessment is not applicable to this decision report as it relates to the overall capital programme and is therefore strategic in nature. The major individual projects contained within this report will be subject to individual project appraisals which will cover climate change impact assessment requirements.
105. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Conclusions

106. This paper outlines the strong business case for the Adults' Health and Care Directorate, through HCC Care, continuing to have a sizeable direct provision presence in the Care Home market.
107. A phased programme is being recommended, which is estimated to cost £173m and is capable of being delivered over a 5-to-6-year timeframe. The investment proposals include two confirmed new build sites at an estimated cost of £65m. In addition, a further new build site and extensive modifications, and expansion work at three existing homes are included at an estimated cost of £108m.
108. The delivery of the total programme would result in HCC Care continuing to provide some 1,000 beds over a reduced, but more modern, fit for the future portfolio of 13 sites as compared to the starting point for the investment deliberations of 17.
109. It is acknowledged that the proposed service changes would result in a material change to the existing HCC Care service operation with impacts for existing clients, staff, the overall service focus, and configuration, and for wider stakeholders. The proposed changes would therefore be subject to a comprehensive formal consultation process that would commence at the beginning of September. The results of the consultation process would be subject to scrutiny by the Health and Adult Social Care Select Committee early in 2024 prior to the Executive Lead Member for Adult Social Care and Public Health taking any formal decisions on the way forward.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

Residents, Family and Carers

Service affected: HCC Care – Older Persons

Short description of the service / policy/project/project phase: HCC Care provides long-term permanent care for older adults in nursing and or residential settings. These homes are located across Hampshire within traditional style residential settings, and purpose-built accommodation to meet the needs of older adults that have nursing needs. Annually, Adults' Health and Care provide around 1,600 adults with care homes placements, with the majority (75%-80%) provided by the private sector.

The new/changed service/policy/project: The report seeks Cabinet approval for the investment of £173m to support the strategic aim of HCC Care Services

becoming the primary provider of nursing and specialist dementia care for people aged 65 and over, and hence to reduce its provision of residential care.

A phased programme is recommended to ensure that HCC Care homes are reflective of current and future need in three key service areas: short-term, nursing and complex residential dementia. The delivery of the total programme over 5-6 years would result in HCC Care continuing to provide around 1,000 beds over a portfolio of 13 sites, reduced from 17 (two of which have been temporarily closed since November 2021). The £173m proposed programme would see three new build sites, and extensive modification and expansion work at three existing homes. The programme would ensure that HCC Care homes remain attractive, and the service remains financially viable in a competitive market.

Describe the consultation or engagement you have performed or are intending to perform: Following Cabinet approval, it is proposed to carry out a 10 week formal consultation for service users, family members and other stakeholders on the individual proposals within the proposed capital programme to commence at the beginning of September 2023 and for the outputs to be scrutinised by the Health and Adult Social Care Select Committee, prior to any formal decisions being taken by the Executive Lead Member for Adult Social Care and Public Health, which would not be before February 2024.

This has been judged to be a realistic and proportionate timeframe to allow for consideration of, and response to, the proposals. Advocacy services would be made available to support service users to participate in the consultation, if required.

Protected Characteristics and a brief explanation of why this has been assess as having neutral or low negative impact:

Gender reassignment: *Neutral Impact*

Census 2021 data suggests that less than 0.25% of UK residents over 65 years identify as trans. HCC Care data currently indicates that there are no residents within the service who have had gender reassignment. We know that the ageing trans population may have specific and complex social and physical needs relating to their gender reassignment. The upgraded portfolio resulting in homes with modern design and features, including enhanced space and more ensuite facilities, will create further options for privacy and could better house people with varying levels of need whilst potentially allowing for improved dignity and care for trans people; however, due to the current low numbers this is regarded to be a neutral impact.

[Census 2021](#)

Pregnancy and maternity: *Neutral Impact*

The Office for National Statistics (ONS) records maternal age up to 45 years with the average age of mother giving birth in England and Wales at 30.9 years in

2021. While the overall trend is that of delaying parenthood, due to biological factors, it is reasonable to assume that proposals will have none to very limited impacts on pregnancy and maternity either positively or negatively. Based on the above, it is unlikely that anyone entering an HCC Care Home would have parental responsibility for children under 18 years therefore the proposals have a neutral impact.

[ONS births](#)

Race: *Neutral Impact*

The Hampshire population is less diverse than England as a whole, with 92.6% describing themselves as belonging to White ethnic groups compared to the national average of 81%. The diversity of the area's population is increasing; 7.4% of the population described themselves as of an ethnic background other than White in 2021, up from 5% in the previous census conducted in 2011. Data also suggests that the demographic of the population who are from an ethnic minority group is younger.

While the numbers of BME residents in HCC Care homes remains low (3%), it is anticipated that they may increase in line with the population ageing. As a result, BME residents, as with all ethnic groups, could benefit from the investment and modernisation of care homes. The personalisation of care, staff training on equality and diversity and effective equality and inclusion policies may be more likely to have an impact on BME residents than the proposals, therefore this impact is neutral.

[JSNA demography](#)

Religion or Belief: *Neutral Impact*

Census 2021 data reported almost two thirds of Hampshire residents (51.5%) stated they have a religion, 42.8% no religion and 5.7% did not say. Christianity was the dominant religion with 47.8% of Hampshire residents reporting to be Christian. 1.1% reported Hindu as their religion, 0.9% Muslim and 0.8% Buddhist.

Across the districts, religion varied the most in Rushmoor, reflecting the greater ethnic diversity in this district. Christianity remained the dominant religion, but the proportion was lower than Hampshire (42.3%). 5.7% reported Hindu as their religion, 2.5% Muslim and 4.7% Buddhist.

Within HCC Care, 52% of residents have not described their religion or belief, 32% of residents describe themselves as non-religious, 14% Christian and 2% Roman Catholic.

While religion or beliefs do not impact the service and support delivery for residents directly, it is anticipated that larger homes may allow for the natural increase in numbers of individuals practicing various religions living together and therefore there could be increased opportunity for group worship and/or group

visits from faith leaders. The existing home within the Rushmoor district – Ticehurst, is proposed to be retained, extended and remodelled.

Practising religion can become more difficult for a person with dementia, it is appreciated that while there is a need for an individual's cultural and religious identity need to be preserved as their dementia progresses as part of person-centred care, this can be complicated and challenging. All HCC Care homes therefore work with different faith leaders to support residents to practice their faith, as appropriate and the specific proposals would not have a direct impact on the service's ability to continue to do so and is therefore a neutral impact.

[JSNA demography](#)

Sex: *Neutral Impact*

Within the general Hampshire population there are slightly more females (51%), than males and this difference becomes starker as the population ages. Research has demonstrated that women are more likely than men to be admitted to a nursing or residential home than male counterparts due to socio-cultural and demographic factors, and the difference may be more astute when comparing outcomes of married couples. This is evidenced within the gender statistics for HCC Care, with over two-thirds of residents identifying as female (68%).

It is not foreseen that the proposal will have any measurable impacts on individuals on the grounds of sex. It could be suggested that the possible creation of fewer, but larger, homes may create more of a sense of community for male residents by increasing the pool of men within each home - however, this is hypothetical, and the impact is therefore considered neutral.

[JSNA demography](#)

Sexual Orientation: *Neutral Impact*

In the 2021 Census, 91.3% of Hampshire residents identified as 'Straight or Heterosexual', 1.2% identified as 'Gay or Lesbian' and, 1.1% identified as 'Bisexual'. HCC Care does not hold data on the sexual orientation of residents.

Evidence shows that moving into a care home can be particularly challenging for LGBT+ individuals due to fears of homophobia or of not having their specific needs met. All HCC Care Homes offer environments which facilitate individual rights and choices in sexuality expression and intimate relationships, the proposed changes would not impact this, therefore the impact is determined to be neutral.

[JSNA demography](#)

Poverty: *Neutral Impact*

Hampshire is among the least deprived authorities in England according to the Index of Multiple Deprivation (IMD) 2019, although there are pockets within Hampshire that fall within the most deprived areas in the country. At a district level, the most deprived areas are in Havant, Rushmoor, Gosport and Eastleigh, with pockets also in the New Forest.

Two existing homes are within areas measured as among the most deprived - Malmesbury Lawn and Ticehurst – the latter is being rebuilt on site to offer a bigger service with a larger capacity within the area. It is proposed that Malmesbury Lawn is decommissioned and replaced by a new build, Oak Park. This would remain within the Havant district and would be better located for local transport links which would support an individual's right to family life.

Individuals eligible for funding support to enable their needs to be met within a care setting have their fees paid in part or full by the County Council, unless needs are primarily health-based, in which case the NHS arrange and pay for care under Continuing Health Care.

The proposal will ensure an improved geographical split/coverage, which would mean that residents should continue to have choice over location, allowing them to be easily visited by relatives and friends. The locations should all be well positioned for travel via public transport.

The proposal will not directly impact those living in poverty either positively or negatively as their needs will continue to be met appropriately.

[JSNA demography](#)

Age: *Low negative impact* –

Of the 382 individuals who currently reside at the eight homes identified services for improvement/development, 75% are over 80 years old. It is recognised that spouses and partners may also be older adults who could struggle to travel to an alternative care facility to visit if it was further in distance.

There will be a medium negative impact on current residents within homes that are proposed to either close or be remodelled to the extent that relocation of current residents will be necessary.

It is suggested that three homes will close within a year should proposals go ahead - Solent Mead (Lymington), Bishops Waltham House (Bishops Waltham), Green Meadows, (Denmead).

It is proposed that Westholme (Winchester) and Malmesbury Lawn (Havant) would close following completion of the replacement sites. Residents would be relocated to the new homes should this be their preference. The move would be carefully planned, and staff would also be relocated to the new buildings, therefore maintaining the established community.

It is proposed that the remaining three homes undergo extensions and modifications on the existing sites. It is anticipated that work would be scheduled to allow nursing services to remain open to minimise and mitigate any disruption for the nursing element. It is proposed that residents within the residential element would move to alternative homes.

While there are negative impacts identified for existing residents on the grounds of age due to the requirement for relocation or having to remain on site while works are ongoing which may negatively impact their experience within the home, it is recognised that there are strong positive impacts for the future cohort of residents on which the proposal is based. Future residents will have access to improved, modern facilities which will better meet their needs.

During the consultation period, it is proposed that the County Council explores options to best work with the individual, family and carers to limit the impact of any proposed moves.

Residents required to move would be supported, together with workers and family, to find an alternative placement that best suits individual's care and support needs alongside the support of care management.

The proposed location of all sites within Hampshire has been carefully considered to ensure an improved geographical split/coverage, which would mean that residents should continue to have choice over location, allowing them to be easily visited by relatives and friends. The locations should all be well positioned for travel via public transport.

The building of new services and the remodelling of others will provide fit for purpose services for the future, whilst the location of some beds will change, the number of beds that are available to support the residents of Hampshire will be maintained.

There will be a robust communications and engagement plan to ensure that all affected, including residents and their families, are aware of any changes that may impact them. This plan will be reflective of different needs and information will appropriately and effectively targeted.

Marriage / Civil partnership: *Low negative impact –*

16% of current residents are married, and it is recognised that should a move of care facility be required there is a potential for a negative impact on those residents should the travel requirements for spouses increase.

During the consultation period, it is proposed that the County Council explores options as to how it can work with the individual and relatives to limit the impact of any proposed move.

Going forward, the proposed changes to HCC Care's portfolio would offer a modern and more spacious home environment which may better allow for privacy with a safe and careful balance of the need for care and observation. Upgraded

care home facilities with modern living arrangements and larger private rooms may also improve residents' access to privacy and intimacy and support couples. [Royal College of Nursing](#)

Rurality: *Low negative impact* –

Bishops Waltham House and Green Meadows are in more rural areas, however for residents and relatives in any of the identified homes it could create issues for traveling to an alternative care facility.

During the consultation period, it is proposed that the County Council explores options as to how it can work with the individual and relatives to limit the impact of any proposed move. Operational support will be given to explore options to minimise any negative impact.

It is noted that the two most rural homes are proposed to be closed within the next year, however the planned new and redeveloped homes have been carefully planned to ensure a good geographical spread across the county.

Explanation and mitigation for medium and high impacts

Disability: *Medium negative impact* –

96% of the current HCC Care residents have a disability. Most residents have multiple chronic conditions, including mobility issues, dementia, and sensory loss.

It is recognised that the proposals could negatively impact these individuals due to the difficulty of moving and learning and acclimatising to change and a new environment, especially for individuals with dementia.

Mitigation: During the consultation period, it is proposed that the County Council explores options to best work with the individual, family and carers to limit the impact of any proposed move. Full engagement of residents and families with social work staff who have significant professional experience and full information and engagement with residents and family during consultation would be arranged to further establish and mitigate impacts.

Should a move be required, full support would be provided to ensure all care and support needs could be met in the agreed service. Where possible, individuals would be supported to move to alternative HCC care services as they would be more familiar and enable a smoother transition.

Residents currently residing in Malesbury Lawn would be supported to relocate to Oak Park when completed, should they wish to. This would ensure residents would have the same community of residents and staff team which would make the transition easier.

All residents would be supported to make informed decisions together with their families. Advocacy would be offered and provided, as appropriate, to enable and support the individual's voice within the decision-making process.

A robust comms and engagement plan would be produced to ensure that information is accessible and available in various formats, including Easy Read. It is also recognised that the proposal outlines future investment in specialist dementia provision which would be a positive impact for the future cohorts of residents– and in particular those with complex, advanced dementia. The proposal would place Hampshire in a strong position to meet the needs of residents with dementia which is expected to become the fastest growing service area in the next 5-10 years. The proposed modern, fit-for-the-future designs recognise that all residential homes house people with varying levels of need including with increasing stages of dementia. Building design and interior design are especially important for people with dementia.

Any additional information which you think is relevant to this impact assessment:

As noted above, the purpose of this EIA is to support the Cabinet decision making process. In the event a decision is taken by Cabinet to proceed, there will be a full public consultation process before any final decision is taken. The information contained in this EIA will be reviewed and any additional information or analysis completed.

Within this EIA, the assessment of impact and risk has been primarily focused on the short to medium term impacts on current residents. A longer-term assessment, focused on future residents, would highlight primarily positive impacts, particularly in terms of age and disability.

Staff

Short description of the service / policy/project/project phase: HCC Care provides long-term permanent care for older adults in nursing and or residential settings. These homes are located across Hampshire within traditional style residential settings, and purpose-built accommodation to meet the needs of older adults that have nursing needs. Annually, Adults' Health and Care provide around 1,600 adults with care homes placements, with the majority (75%-80%) provided by the private sector.

The new/changed service/policy/project: The report seeks Cabinet approval for the investment of £173m to support the strategic aim of HCC Care Services becoming the primary provider of nursing and specialist dementia care for people aged 65 and over, and hence to reduce its provision of residential care.

A phased programme is recommended to ensure that HCC Care homes are reflective of current and future need in three key service areas: short-term, nursing and complex residential dementia. The delivery of the total programme over 5-6 years would result in HCC Care continuing to provide around 1,000 beds over a portfolio of 13 sites, reduced from 17 (two of which have been temporarily closed since November 2021). The £173m proposed programme would see three new build sites, and extensive modification and expansion work at three existing

homes. The programme would ensure that HCC Care homes remain attractive, and the service remains financially viable in a competitive market.

Describe the consultation or engagement you have performed or are intending to perform: Following Cabinet approval, a full public consultation and will take place. Running concurrently with the public consultation there will be a formal HR consultation for those staff in the homes where closure is proposed and significant staff engagement with the staff where any changes are likely to take place in the medium to longer term. Additional formal HR consultations will be undertaken in the future when the impact of the changes is better known. All the outputs will be scrutinised by the Health and Adult Social Care Select Committee, prior to any formal decisions being taken by the Executive Lead Member for Adult Social Care and Public Health, which would not be before February 2024. This has been judged to be a realistic and proportionate timeframe to allow for consideration of, and response to, the proposals.

Protected Characteristics and a brief explanation of why this has been assess as having neutral or low negative impact:

Disability: *Low negative impact*

HR data recorded on SAP confirms that 7% of the Hampshire County Council (HCC) workforce are recorded as having (or previously had) a disability and 93% are recorded as not informed/unknown. The profile in HCC Care Services – Older Persons indicates that the numbers of staff who are recorded as having (or had) a disability is 3%, so significantly lower than the HCC figure. Therefore, the percentage recorded as not informed or unknown is higher, 97%.

Gender reassignment: *No data available*

Pregnancy and maternity: *Low negative impact*

Although there is no data available, the current legislative framework ensures that staff who are pregnant and/or are on maternity leave have additional protection from an employment law perspective. Therefore, there is no expectation that the changes proposed will negatively impact this staff group. There will be regular communications with staff who are not at work to ensure they are fully involved in the staff consultation process thereby ensuring their views will be considered throughout the formal and informal processes.

Gender: *Neutral impact*

HR data recorded on SAP confirms that 76% of the Hampshire County Council workforce are recorded as female and 24% as male. The workforce profile in HCC Care Services – Older Persons is broadly similar with 79% female and 21% male, therefore there is no expectation that the changes proposed will impact this staff group.

Sexual Orientation: *No data available*

Age: *Low negative impact*

HR data recorded on SAP confirms that 39% of staff who work for Hampshire County Council are aged between 25 and 44, 51% between 45 and 64 and 5% are aged 65 or over. Within HCC Care the age profile of the workforce is typically older with 32% aged between 25 and 44, 60% between 45 and 64 and 4% aged 65 and over. The proposals, their impact and the mitigations being proposed should not negatively impact this profile primarily because any staff reductions will be achieved voluntarily.

Marriage / Civil partnership: *No data available*

Explanation and mitigation for medium and high impacts

Religion or Belief: *Medium negative impact.*

HR data recorded on SAP confirms that within Hampshire County Council 27% of staff are Christians, 1% Buddhist, 1% Hindu, 1% Muslim, 2% prefer not to say and 67% have no religion or belief recorded. Within HCC Care Services - Older Persons 33% of the workforce are Christians and 59% have no religion or belief recorded. Therefore, the profile in HCC Care Older Persons is broadly similar to the organisation's profile. Although the numbers of staff across HCC who are recorded as having a religion other than Christianity are small, they are disproportionately higher in HCC Care Services – Older Persons.

There is no expectation that the proposals, their impact and the mitigations proposed would negatively impact this profile. As noted above the workforce profile will be monitored to ensure there are no unintended consequences of any staffing decisions.

Race: *Medium negative impact.*

HR data recorded on SAP confirms that 9% of staff who work for Hampshire County Council (HCC) identify as being from the BME community, 87% white and 3% prefer not to say. Staff in HCC Care Services Older Persons account for 4% of the overall 9% of HCC staff, so represent a significant proportion of the BME workforce across the Council. Within HCC Care itself, 40% of the HCC Care – Older Persons workforce identify themselves as BME, 57% White and 3% prefer not to say.

The proposals, their impact and the mitigations being proposed should not negatively impact this profile. Any staff reductions will be achieved voluntarily and given the profile of the BME workforce any decisions to support voluntary redundancy will be assessed in the context of this profile to ensure there is no negative or disproportionate impact on the proportion of BME staff employed in the service.

Any additional information which you think is relevant to this impact assessment:

As noted above, the purpose of this EIA is to support the Cabinet decision making process. In the event a decision is taken by Cabinet to proceed, the information contained in this EIA will be reviewed and any additional information or analysis completed prior to the formal HR consultation process. Within this EIA, the assessment of impact and risk has been primarily focused on the short to medium term impacts on current staff. A longer-term assessment would be undertaken prior to any potential workforce changes required in the future.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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