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NOTICE OF MEETING

Meeting	Hampshire 2050, Corporate Services and Resources Select Committee
Date and Time	Monday, 22nd January, 2024 at 10.00 am
Place	Ashburton Hall, 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 3 - 8)

To confirm the minutes of the previous meeting held on 30 November 2023.

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. 2024/25 REVENUE BUDGET AND CAPITAL PROGRAMME REPORT FOR HAMPSHIRE 2050 (Pages 9 - 26)

For the Select Committee to pre-scrutinise the proposed 2024/25 revenue budget and capital programme for the Hampshire 2050 Directorate.

7. 2024/25 REVENUE BUDGET - CORPORATE SERVICES (Pages 27 - 46)

For the Select Committee to pre-scrutinise the proposed 2024/25 revenue budget for Corporate Services.

8. WORK PROGRAMME (Pages 47 - 54)

To review the work programme for the Hampshire 2050, Corporate Services and Resources Select Committee.

ABOUT THIS AGENDA:

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

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk 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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Public Document Pack Agenda Item 3

AT A MEETING of the Hampshire 2050, Corporate Services and Resources
Select Committee of HAMPSHIRE COUNTY COUNCIL held at The Castle,
Winchester on Thursday, 30th November, 2023

Chairman:

* Councillor Jonathan Glen

- | | |
|--------------------------------|---|
| * Councillor Rod Cooper | * Councillor Stephen Philpott |
| * Councillor Prad Bains | * Councillor Bill Withers Lt Col (Retd) |
| Councillor Graham Burgess | * Councillor David Harrison |
| * Councillor Adrian Collett | * Councillor Sarah Pankhurst |
| * Councillor Alex Crawford | |
| Councillor Keith House | |
| * Councillor Zoe Huggins | |
| Councillor Melville Kendal | |
| * Councillor Peter Latham | |
| * Councillor Derek Mellor | |
| * Councillor Rob Mocatta | |
| Councillor Tanya Park | |
| Councillor Louise Parker-Jones | |
| * Councillor Neville Penman | |

*Present

27. APOLOGIES FOR ABSENCE

Apologies had been received from Councillors Burgess, House, Kendal, Park, and Parker-Jones. Councillor Pankhurst attended as the Independent deputy and Councillor Harrison attended as the Liberal Democrat deputy.

Councillors Parker and Joy had confirmed they were unable to deputise at this meeting for the Conservative group.

28. DECLARATIONS OF INTEREST

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

29. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed.

30. **DEPUTATIONS**

No deputations were received.

31. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make at this point.

32. **HAMPSHIRE COMMUNITY SAFETY STRATEGY GROUP**

The Committee received a report from the Director of Adults' Health and Care providing an update on the work of the Hampshire Community Safety Strategy Group (HCSSG) during 2023 in ensuring effective collaborative arrangements to address strategic community safety priorities.

Members noted that the HCSSG was chaired by the Director of Adults' Health and Care and is attended by a wide range of senior representatives from community safety partner agencies. The HCSSG prepared a Community Safety Agreement based on a strategic assessment of the County, with strategic priorities related to current and emerging risks and vulnerabilities. The HCSSG oversees county level collaborative arrangements for addressing these priorities and how the responsible authorities under community safety legislation might work together to reduce crime and disorder or combat substance misuse.

The committee heard details of the actions and initiatives being undertaken to tackle the current priorities:

- Priority 1: Exploitation, serious violence and drug related harm through organised crime.
- Priority 2: Intimidation and violence against women and girls.
- Priority 3: Hate related offences and violent extremism.
- Priority 4: Promoting community wellbeing and cohesion.

In response to questions members found that:

- The remit of priority 3 extended to the LGBT community.
- A number of preventative measures in relation to priority 1 were undertaken within Hampshire's schools, however there was an ongoing difficulty in relation to increasing the reporting levels due to the similar demands on schools in a number of areas such as extremism.
- Work continues to be developed to reduce knife crime, targeted in Basingstoke and working with the Police and Crime Commissioner in relation to County Lines.
- The Police work very closely with other agencies within Hampshire in relation to mental health concerns which are leading to violence and domestic abuse.
- Proactive work is undertaken ahead of events which frequently lead to an increase in violence against women and girls, such as football competitions.

RESOLVED:

That the Select Committee noted the progress on the work of the Hampshire Community Safety Strategy Group (HCSSG), including their role in providing

oversight and assurance of collaborative arrangements at the Hampshire county-level to address community safety priorities.

33. **CLIMATE CHANGE ANNUAL REPORT**

The Committee received a report and presentation from the Director of Hampshire 2050 providing their annual update on progress made in relation to combatting climate change for pre-scrutiny ahead of submission to Cabinet.

Members received an update on the new priorities and focus for Hampshire County Council in relation to climate change alongside the current baseline emissions. Members also noted an update on key programmes within the strategic framework and engagement activities.

Officers set out the move from a climate change action plan to focussing on a strategic framework, explaining that the creation of the Hampshire 2050 directorate provided an opportunity to review the existing internal arrangements for delivery. The action plan now part of business as usual and in many cases forms part of directorate reporting processes while the strategic framework has been established as the focus of the climate change activity that will deliver the biggest impacts.

The committee noted that the various initiatives which form the strategic framework alongside the areas of focus for the future, including improving the delivery of the outward-facing elements of the strategic framework and focusing on supporting residents through behaviour change and building resilience.

In response to questions members found that:

- There is lobbying nationally in relation to the expense of retrofitting rented or graded buildings.
- HCC is working with organisations that provide trustworthy information and signposting in relation to actions residents can take on energy and the funding available
- Housing associations are actively engaged with in regards to retrofitting, however district councils are better placed than the County Council on this issue.
- HCC supports schemes which have been vetted for legitimacy and Trading Standards monitor for scams in relation to climate change.
- The infrastructure in relation to electronic vehicles is being carefully considered, to ensure there is adequate and timely provision and that the future proofed technologies are the ones invested in.
- There are assessments of Council's progress on climate change undertaken by external organisations, but the results are compiled from Freedom of Information requests and their methodology can be flawed. Attempts to engage with these organisations have been made.
- HCC continues to focus on preventing coastal erosion, improving flood resilience and mitigating the impact of extreme weather on highways and farming.
- HCC continues to strive to increase engagement with young people within the county in relation to climate change.
- The local transport plan was key to reducing car usage, but that this had to be balanced with financial constraints.

Members concluded their discussion by agreeing that climate change was a key issue facing the council and their regular updates on the issue were essential for ensuring that it remained at the forefront of the council's activity.

RESOLVED:

That the Hampshire 2050, Corporate Services and Resources Select Committee supports the recommendation being proposed to the Cabinet in paragraph 2 of the report.

34. **WORKING GROUP PROPOSAL**

The Committee received a report from the Director of Hampshire 2050 recommending the initiation of a Task & Finish Working Group to scrutinise the directorate's savings proposal subject to Stage 2 consultation.

RESOLVED:

That the Hampshire 2050, Corporate Services and Resources Select Committee:

- a. Set up a Task and Finish Working Group to oversee and scrutinise the approach and outcomes of the County Council's stage 2 consultation relating to specific Hampshire 2050 Directorate savings proposals;
- b. Agree the Terms of Reference for the Working Group as set out in Appendix 1 to the report.
- c. Agree the membership of the Working Group as follows
 - Conservative group
 - Cllr Cooper
 - Cllr Huggins
 - Cllr Latham
 - Cllr Penman
 - Cllr Philpott
 - Liberal Democrat group
 - Cllr Collett
 - Cllr Park
 - Labour group
 - Cllr Crawford

35. **WORK PROGRAMME**

The Director of People and Organisation presented the Committee's work programme.

RESOLVED:

That the Hampshire 2050, Corporate Services and Resources Select Committee discussed and agreed potential items for the work programme that can be prioritised and allocated by the Chairman of the Hampshire 2050, Corporate Services and Resources Select Committee in consultation with the Directors of Corporate Operations, Hampshire 2050 and People and Organisation.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Hampshire 2050, Corporate Services and Resources Select Committee
Date:	22 January 2024
Title:	2024-25 H2050 Revenue Budget and Capital Programme
Report From:	Director of Hampshire 2050

Contact name: Gary Westbrook
Sarah Magness

Email: Gary.westbrook@hants.gov.uk
Sarah.magness@hants.gov.uk

Purpose of Report

1. For the Hampshire 2050, Corporate Services and Resources Select Committee to pre-scrutinise the proposals for the 2024/25 revenue and capital budget for Hampshire 2050 (see report attached, due to be considered at the Decision Day of the Leader and Executive Member for Hampshire 2050 and Corporate Services at 2pm on 22 January 2024).

Recommendation

2. That the Hampshire 2050, Corporate Services and Resources Select Committee:

Either:

Supports the recommendations being proposed to the Leader and Executive Member for Hampshire 2050 and Corporate Services in section B of the attached report.

Or:

Agrees any alternative recommendations to the Leader and Executive Member for Hampshire 2050 and Corporate Services, with regards to the proposals set out in the attached report.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Hampshire 2050 and Corporate Services
Date:	22 January 2024
Title:	2024/25 Revenue Budget & Capital Programme Report for Hampshire 2050
Report From:	Director of Hampshire 2050

Contact name: Gary Westbrook
Sarah Magness

Email: Gary.westbrook@hants.gov.uk
Sarah.Magness@hants.gov.uk

Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2024/25 revenue and capital budget for Hampshire 2050 in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2023. It also proposes a revised budget for Hampshire 2050 for 2023/24.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2023/24 as set out in Appendix 1.
3. The summary revenue budget for 2024/25 as set out in Appendix 2
4. The summary capital budget for 2023/24 and 2024/25 as set out in Appendix 3.

Section C: Executive Summary

5. This report provides the summary outputs of the detailed budget planning process undertaken by Hampshire 2050 for 2024/25 and the revised budget for 2023/24. This process has been undertaken against the backdrop of a budget gap of £132m by 2025/26, which the Council is unable to close through savings alone, and escalating cost pressures within key demand led services, including Adult Social Care and School Transport. Over £130m of inflation, pressures and growth has been added to budgets since 2023/24, significantly exceeding increases in the Council's funding. The current high inflationary environment

also continues to present particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council.

6. Disappointingly, the Autumn Statement delivered by the chancellor on 22 November didn't include any additional financial measures to ease the pressures facing local authorities. The announcement of a higher National Living Wage for 2024/25 than had previously been forecast is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards. It was also notable that the tightening of medium-term spending limits set by the government suggests a worrying direction of travel for future funding settlements.
7. The anticipated delay to delivery of some aspects of the remaining Transformation to 2021 (Tt2021) programme and Savings Programme to 2023 (SP2023) have been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2024/25. As of September 2023, £10.2m of Tt2021 savings and £11.4m SP2023 savings have yet to be delivered across the Council. Plans are in place to deliver most of the remaining Tt2021 and SP2023 savings by 2024/25, however this presents a considerable challenge for directorates in addition to the £17.1m SP2025 savings due to be delivered next year. All savings relating to the H2050 directorate have been delivered.
8. The report also provides an update on the business-as-usual financial position for the current year as at the end of September and the outturn forecast for the Directorate for 2023/24, is a budget saving of £0.7m. The revised budget for 2023/24 is shown in Appendix 1.
9. The proposed revenue budget for 2024/25 analysed by service is shown in Appendix 2 and the proposed capital programme for 2024/25 is shown in Appendix 3.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2023/24, the detailed service budgets for 2024/25 and the capital programme for 2024/25 for Hampshire 2050. The report has been prepared in consultation with the Leader and Executive Member and will be reviewed by the Hampshire 2050, Corporate Services and Resources Select Committee. It will be reported to the Leader and Cabinet on 6 February 2024 to make final recommendations to County Council on 22 February 2024.

Section D: Contextual Information

11. In November 2023, Full Council approved the Medium Term Financial Strategy and Savings Programme to 2025 (SP2025) which set out the scale of the financial challenges which the Council currently faces and the proposed measures which will begin to address the budget gap of £132m to 2025/26. However, for the first time the Council finds itself in the position of being unable to close the budget gap through savings proposals alone, with a substantial

recurring shortfall of £41.6m remaining from 2025/26 after accounting for SP2025 savings.

12. As reported to Cabinet in December, the cost pressures facing the County Council have worsened further since the MTFs was set, most notably within Adult Social Care, Special Educational Needs and School Transport. Where the impact of these pressures is known, additional funding has been included in the provisional cash limits and allocated to services as part of the detailed budget setting process undertaken by directorates.
13. The provisional cash limits for 2024/25 include over £130m of inflation, pressures and growth added to budgets since 2023/24. This represents an average increase in directorate cash limits of over 12% in a single year, which is clearly an unsustainable position when set against a maximum increase in Council tax of 5%. It is therefore not surprising that the Council expects to draw some £86m from reserves to balance the budget for the forthcoming year.
14. Setting a budget in a high inflationary environment presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council, given the potential for the position to worsen or improve substantially throughout the year in line with changes in the economic picture. The budget for Hampshire 2050 therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.
15. The Council's approach to planning and delivering savings over a two year period means that the 2024/25 cash limits do not include any new savings proposals. However, given that the balance of the Budget Bridging Reserve will be fully utilised in 2024/25, all SP2025 savings delivered in the forthcoming year will be transferred to the BBR at the end of the financial year.

Autumn Statement

16. The Government announced the 2023 Autumn Statement on 22 November. Disappointingly, the Statement didn't include any additional financial measures to ease the pressures facing local authorities, despite strong lobbying from the sector in the period leading up to the Statement, which attracted widespread press coverage.
17. Of particular significance for Local Government was the announcement of a 9.8% increase in the National Living Wage for 2024/25 to £11.44 per hour. This significantly exceeds the previous central estimate of £11.16 published by the Low Pay Commission in May on which the current MTFs forecasts are based. This increase is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards.

18. The Economic and Fiscal Outlook published by the Office for Budgetary Responsibility alongside the Statement showed that Local Authority spending has fallen from 7.4% of GDP to just 5% since 2010/11 and the Government's current spending plans suggest that spending outside the NHS will fall further in real terms over the next five years. This sets a worrying backdrop for the medium term outlook for local government finance and suggests that there is unlikely to be sufficient scope to address the funding shortfalls faced by Councils within the government's current spending plans.

Operating model changes

19. The Council transitioned to a new operating model in January 2023 which established new directorates for the delivery of place shaping services and our Hampshire 2050 vision. When the 2023/24 budget was set, it was highlighted that further changes to budgets would be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. The 2023/24 original budget has therefore been restated to reflect the detailed work undertaken on the later phases of the restructure since the budget was set in February 2023.
20. In addition to the early delivery of some SP2025 savings, the Fit for The Future operating model reviews will continue to be progressed and will ensure that the Council's corporate enabling functions, transformation and administrative activity are delivered as efficiently as possible, and that our contact model takes full advantage of new technologies and the changing ways in which residents interact with the Council. It is anticipated that these reviews will identify some further efficiency savings, however these will not be sufficient to bridge the remaining budget gap.
21. Hampshire 2050 has been developing its service plans and budgets for 2024/25 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Directorate are set out below.

Section E: Directorate Challenges and Priorities

22. The Hampshire 2050 Directorate is now well established in the organisation following the organisational redesign and restructure completed in January 2023. The budget set in 2023/24 included the removal of SP23 savings following the integration of budgets and services from previous Departments.
23. The Directorate comprises the organisation's key place shaping functions, aligned to the Hampshire 2050 vision that was revalidated by Cabinet and Full Council in 2023. It works at the centre of the organisation drawing teams and partners together to set the strategic direction for Hampshire as a place, enabling the County Council's operational service delivery and the development the future environment, infrastructure, skills and opportunities for residents and communities for many years to come.

24. The Directorate is comprised of three core areas:

- **Land and Assets** – the strategic one-organisation oversight of the County Council’s land and assets portfolio including schools, the corporate estate and the County Council’s strategic land holdings. Key priorities include unlocking commercial development of land at Manydown located west of Basingstoke, as well as strategic implementation the County Council’s Strategic Asset Management Plan (SAMP) including the core Winchester office estate and the wider portfolio of County Council area offices and buildings.
- **Culture, Communities and Strategic Programmes** – oversight of the County Council’s strategic, cultural and community offer including grants to community and charitable organisations. Key priority programmes include the progression of the Hampshire 2050 vision and partnership following the 2050 Summit held in November 2023, the governance and oversight of the Climate Change Strategy and strategic framework, the on-going relationship with Hampshire Cultural Trust (HCT), as well as developing and articulating the County Council’s role in the digital future for Hampshire which will be reported to Cabinet in February 2024.
- **Skills, Economy and Strategic Planning** – oversight of the County Council’s strategic role and ambition to drive economic growth and prosperity alongside the development of integrated transport strategy, infrastructure and statutory planning responsibilities. Key priorities include the new responsibilities the County Council will have for economic development and growth from April 2024, following the Government decision to integrate Local Economic Partnerships (LEPs) into Upper Tier Councils. This will include new responsibilities for governing and overseeing strategic economic growth, skills, business relationships and the delivery of significant government programmes in the Hampshire County Council geographic footprint from April 2024. Key statutory priorities also include the finalisation and submission of the County Councils Minerals and Waste Plan, the implementation of Local Transport Plan 4 (LTP4) and the new responsibility to develop a Local Nature Recovery Strategy (LNRS) by December 2024.

Section F: 2023/24 Revenue Budget

25. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.

26. The anticipated business as usual outturn forecast for 2023/24 is a saving compared to budget of £0.7m.
27. The budget for Hampshire 2050 has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £1.45m made up of:
 - £0.2m Local Nature Recovery Strategy grant funding.
 - £1.2m approved funding drawn from the Strategic Land Reserve.

Section G: 2024/25 Revenue Budget Pressures and Initiatives

28. Since the publication of the March 2022 Local Enterprise Partnership (LEP) integration guidance, government has supported the integration of LEP functions into democratic institutions sitting at Level 2 or 3 of the devolution framework. For Hampshire County Council there are two LEPs which will be integrated from the 1st April 2024, namely EM3 and Solent LEPs. The integration of staff, assets and liabilities into the relevant upper tier authority requires a process of dis-aggregation of LEP functions between upper tier authorities, unitaries and borough and district councils. For EM3 the partners for the purpose of staff integration are Hampshire and Surrey County Councils. Due to the limited information from government on funding streams for integrated LEPs there is a potential pressure linked to unfunded payroll costs.

Section H: Revenue Savings Proposals

29. The County Council's financial strategy is continuing with a two-year approach to planning for savings. Consequently, no new savings are proposed for 2024/25 and savings proposals for 2025/26 have been developed through the Savings Programme to 2025 and were approved by Executive Members in September 2023, and by Cabinet and County Council in October and November 2023. In recognition of the size of the financial challenge which the Council faces, directorates were not issued with savings targets as per previous savings programmes but were instead instructed to review what savings might be achievable if we were to move towards a 'legal minimum' provision of services.
30. The total Savings Programme to 2025 is insufficient to meet the forecast budget gap for 2025/26 and taking account of the planned timing of savings delivery, a significant budget gap of £56.9m remains for 2025/26. Given the shortfall within the Budget Bridging Reserve beyond 2024/25, SP2025 savings delivered in 2024/25 will be transferred to the BBR at the end of the financial year.
31. Since transfers to the BBR will reflect actual savings delivered, the 2024/25 cash limits have not been adjusted in line with planned savings. For Hampshire

2050 total savings for 2025/26 are £5m of which £0.6m are currently anticipated to be delivered during 2024/25.

32. Delivery of these savings presents a challenge for the directorate, particularly against a backdrop of continued high inflation. Rigorous monitoring of the implementation of the programme will begin during 2024/25, to ensure that the Directorate is able to deliver its SP2025 savings in line with planned timescales.
33. This early action in developing and implementing the Savings Programme to 2025 means that the County Council is in the best possible position for setting a balanced budget in 2024/25 and that no new savings proposals will be considered as part of the budget setting process for the forthcoming financial year.

Section I: Budget Summary 2024/25

34. The budget update report presented to Cabinet on 12 December 2023 included provisional cash limit guidelines for each Directorate. The cash limit for Hampshire 2050 in that report was £16m, a £0.1m increase on the previous year. The increase comprised:
 - (£0.2m) Adjustment to align with the Cabinet-approved Strategic Land budget for 24-25.
 - £0.3m increase in Business Rates following revaluation
35. Pay increases for FY24/25 are not yet included within the cash limit. These will be updated prior to February Cabinet.
36. Appendix 2 sets out a summary of the proposed budgets for the service activities provided by Hampshire 2050 for 2024/25 and show that these are within the cash limit set out above.
37. In addition to these cash limited items the overall Hampshire 2050 budget includes a £0.2m charge for Chichester Harbour Conservancy which is not counted against the cash limit as shown in the table below. This is a Trust which operates a statutory mandate linked with Chichester Harbour and the surrounding AONB.

	2024/25	
	£'000	£'000
Cash Limited Expenditure	26,533	
Less Income (Other than Government Grants)	(10,549)	
Net Cash Limited Expenditure		15,984
Chichester Harbour Conservancy		203
Less Government Grants:		
N/a		
Total Government Grants		0
Total Net Expenditure		16,187

Section J: Capital Programme

38. The County Council has maintained its capital programme throughout the period of austerity, doing so by making use of external sources to fund a significant proportion of expenditure, supplemented by the use of capital receipts and the County Council's own revenue resources. Approximately 80% of expenditure was externally funded in 2022/23 with the remaining c.20% funded by capital receipts (12.5%) and other local resources (7.3%).
39. Where expenditure is funded from local resources, this impacts the revenue budget in one of three ways:
- A reduction in existing reserves
 - Increased capital financing costs (e.g. interest and MRP) as a result of prudential borrowing
 - The need for direct contributions to schemes from the revenue budget.
40. Any impact on the revenue budget is considered as part of the Medium Term Financial Strategy (MTFS) and alongside the priorities within Serving Hampshire's Residents – Strategic Plan 2021 – 2025. Given the challenging financial position the County Council faces, any revenue contributions to capital schemes must balance recognition of the importance of capital investment with the need to review and challenge all revenue based expenditure as part of the overall MTFS.
41. The current MTFS assumes continuing revenue contributions to capital schemes throughout the forecast period. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 only allocated the funding

from these revenue-based contributions to directorates for 2024/25, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.

42. The locally resourced cash limit guideline for Hampshire 2050 is £646,000 and is earmarked for advance and advantageous land purchase. Appendix 3 sets out the 2023/24 revised capital programme including brought forward allocations, and the proposed capital programme for 2024/25. The 2024/25 programme includes a technical accounting re-classification relating to potential loans to the Manydown development programme which were previously covered by the Treasury Management Strategy approved by the County Council and are now to be accounted for as part of the capital programme in accordance with best practice. Further information is provided in Appendix 4.
43. The County Council continues to maintain a significant capital programme, resulting in investment in assets to support and enable the provision of local services and delivering benefits to the local economy.

Section K: Climate Change Impact

44. 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.
45. This report deals with the revenue budget preparation for 2024/25 for the Hampshire 2050 Directorate. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2024/25 for the H2050 Directorate.

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:	
<p><u>Title</u> Savings Programme to 2025 – Revenue Savings Proposals (Executive Member for Hampshire 2050) https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=811&Mid=10857&Ver=4</p>	<p><u>Date</u> 25 September 2023</p>
<p>Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments</p>	<p>Cabinet – 10 October 2023 / County Council – 9 November 2023</p>
<p>Budget Setting and Provisional Cash Limits 2024/25 Financial Update and Budget Setting and Provisional Cash Limits 2024/25 (hants.gov.uk)</p>	<p>Cabinet – 12 December 2023</p>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
<p>Section 100 D - Local Government Act 1972 - background documents</p> <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 budget setting process for 2024/25 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and services changes which are part of the Savings Programme to 2025 Programme were considered in detail as part of the approval process undertaken in September, October and November 2023 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 7 of the October Cabinet report linked below:

<https://democracy.hants.gov.uk/mgAi.aspx?ID=62985#mgDocuments>

For proposals where a Stage 2 consultation is required, the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood. The results of these consultations and any changes to equality impacts will be reported to the relevant Executive Member as the savings proposals are further developed and implemented.

Budget Summary 2023/24 – Hampshire 2050

Service Activity	Original Budget 2023/24 £'000	Revised Budget 2023/24 £'000
Spatial Planning	1,390	1,597
Economic Development	1,047	1,047
Integrated Transport	866	866
Skills & Participation	198	176
Skills, Economy & Planning	3,501	3,686
Arts & Museums	2,795	3,005
CCBS Grants Fund	32	32
Leader's Grants	400	400
Members' Devolved Budgets	624	624
Sport	116	116
Rural Broadband	5	55
Climate Change & Environmental Strategy	689	689
H2050 Policy	68	68
Culture & Communities	4,729	4,989
Disposal of sites	243	243
Property Services	602	602
Strategic Land	1,996	3,204
Premises Mgmt	38	33
Strategic Development Team	121	121
Office Accommodation	4,223	4,240
Strategic Assets	7,223	8,443
H2050 Directorate	438	488
H2050 Cost of Change	0	(264)
Net Cash Limited Expenditure	15,891	17,342

Budget Summary 2024/25 – Hampshire 2050

Service Activity	Original Budget 2023/24 £'000	Proposed Budget 2024/25 £'000
Spatial Planning	1,390	1,374
Economic Development	1,047	1,046
Integrated Transport	866	873
Skills & Participation	198	208
Skills, Economy & Planning	3,501	3,501
Arts & Museums	2,795	2,795
CCBS Grants Fund	32	32
Leader's Grants	400	400
Members' Devolved Budgets	624	624
Sport	116	116
Rural Broadband	5	55
Climate Change & Environmental Strategy	689	689
H2050 Policy	68	68
Culture & Communities	4,729	4,779
Disposal of sites	243	250
Property Services	602	600
Strategic Land	1,996	1,782
Premises Management	38	29
Strategic Development Team	121	121
Office Accommodation	4,223	4,488
Strategic Assets	7,223	7,270
H2050 Directorate	438	434
Net Cash Limited Expenditure	15,891	15,984

Capital Programme 2023/24 and 2024/25

	Revised 2023/24 £'000	2024/25 £'000
Resources:		
Cash limit guideline	646	646
Carry forward from previous years	3,799	12,344
Technical accounting re-classification *	0	50,000
Total resources	4,445	62,990
Planned programme:		
Botley UDI	60	0
Strategic Land	0	10,000
Advanced & Advantageous Land	0	2,990
Investing in Hampshire	2,554	0
Broadband	1,831	0
Manydown Service Loans	0	50,000
Total programme	4,445	62,990

* The technical accounting re-classification relates to potential loans to the Manydown development programme which were previously covered by the Treasury Management Strategy approved by the County Council and are now to be accounted for as part of the capital programme in accordance with best practice. Further information is provided in Appendix 4.

Manydown Loans

In previous reports to the Executive Member, we have outlined the County Council's involvement in the Manydown Development. In simple terms, the County Council together with Basingstoke and Deane Borough Council (BDBC) each hold an equal leasehold interest in land at Manydown with the option to purchase that land for future development. To undertake this purchase jointly, the Councils set up and operate a separate company called the Manydown Garden Communities. Both Councils entered into a joint venture arrangement with a development company called Urban and Civic (U&C) and it is hoped that a deal with the freeholder, The Manydown Company, for the purchase of the land can be agreed in the near future.

Under the contractual arrangements with BDBC and U&C, the County Council has some financial obligations and has financing opportunities as part of the overall funding for the development. These fall into four main areas:

- Loans to the Manydown Development Company (the joint venture company set up to deliver the Manydown development in a 50:50 partnership between the two Councils and U&C) to provide them with working capital (obligatory).
- Loans to the joint venture company to fund initial feasibility and project work (optional).
- Loans to the joint venture company for the purchase of the land (by way of an equity share funded by U&C) which is part of the overall funding deal.
- Loans to the joint venture company to fund the senior debt requirement for building out the development, which would be secured against the increased value of the developed land (optional).

The council has already made some loans under the first two items totalling £3.7m and has approval within its Treasury Management Strategy (TMS) to loan up to £45m to companies in which it has a significant interest (which at the moment is only Manydown). To date, all of these transactions and approvals have been treated as part of the overall TMS that the County Council approves each year. However, given the heightened scrutiny on local authority investments and companies, our treasury advisers have suggested that all of these items should now be treated as service-based loans to reflect the wider benefits that the County Council and BDBC are aiming to achieve in terms of economic development, regeneration, place shaping and affordable housing.

To facilitate this, the Hampshire 2050 capital programme attached at Appendix 3 includes a total provision of £50m for Manydown service loans, made up of:

- £35m to cover the option for senior debt loans.
- £17.75m representing the County Council's equity share of the land purchase given by way of a loan note from U&C who have funded the land sale in total.

- £2.25m to provide further loans for the working capital and feasibility and project work subject to further business cases being brought forward.

Any senior debt that the council provides will need to be treated as capital expenditure but as this is a service-based loan, the County Council could decide to borrow for this if it chose to do so. The loans for Manydown Garden Communities and joint venture company working capital will be provided for via corporate contingency and any senior debt would be secured against the increase in the value of the land and therefore the only potentially 'at risk' loan is for the feasibility and project funding which is reflected in the high rate of SONIA plus 5% and 9.5% respectively (currently 10.2% and 14.7% respectively) The small amount that has been loaned under this so far (£3.7m) could be covered by the investment risk reserve if needed, so no further mitigation is required. The future repayment of all loans will represent a capital receipt which essentially 'refunds' the capital programme.

HAMPSHIRE COUNTY COUNCIL

Front Cover Report

Committee:	Hampshire 2050, Corporate Services and Resources Select Committee
Date:	22 January 2024
Title:	2024/25 Revenue Budget Report for Corporate Services
Report From:	Director of Corporate Operations and Director of People and Organisation

Contact names: Rob Carr – Deputy Chief Executive and Director of Corporate Operations
Jac Broughton - Director of People and Organisation

Email: Rob.Carr@hants.gov.uk
Jac.broughton@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to set out proposals for the 2024/25 budget for Corporate Services in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2023.
2. The Leader and Executive Member for Hampshire 2050 and Corporate Services is requested to approve the proposals for submission to Cabinet and County Council in February 2024.

Recommendations

That, in regard to the Corporate Services revenue budget, the Select Committee either:

supports the recommendations being proposed to the Leader and Executive Member for Hampshire 2050 and Corporate Services
Or:

agrees any alternative recommendations to the Leader and Executive Member for Hampshire 2050 and Corporate Services, with regards to the proposals set out in the attached report.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Leader and Executive Member for Hampshire 2050 and Corporate Services
Date:	22 January 2024
Title:	2024/25 Revenue Budget Report for Corporate Services
Report From:	Director of Corporate Operations and Director of People and Organisation

Contact name: Rob Carr – Deputy Chief Executive and Director of Corporate Operations

Jac Broughton – Director of People and Organisation

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2024/25 revenue budget for Corporate Services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2023. It also proposes a revised revenue budget for Corporate Services for 2023/24.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2023/24 as set out in Appendix 1.
3. The summary revenue budget for 2024/25 as set out in Appendix 2

Section C: Executive Summary

4. This report provides the summary outputs of the detailed budget planning process undertaken by Corporate Services for 2024/25 and the revised budget for 2023/24. This process has been undertaken against the backdrop of a budget gap of £132m by 2025/26, which the Council is unable to close through savings alone, and escalating cost pressures within key demand led services, including Adult Social Care and School Transport. Over £130m of inflation, pressures and growth has been added to budgets since 2023/24, significantly exceeding increases in the Council's funding. The current high inflationary

environment also continues to present particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council.

5. Disappointingly, the Autumn Statement delivered by the chancellor on 22 November didn't include any additional financial measures to ease the pressures facing local authorities. The announcement of a higher National Living Wage for 2024/25 than had previously been forecast is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards. It was also notable that the tightening of medium term spending limits set by the government suggests a worrying direction of travel for future funding settlements.
6. The anticipated delay to delivery of some aspects of the remaining Transformation to 2021 (Tt2021) programme and Savings Programme to 2023 (SP2023) have been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2024/25. As of September 2023, £10.2m of Tt2021 savings and £11.4m SP2023 savings have yet to be delivered across the Council. Plans are in place to deliver most of the remaining Tt2021 and SP2023 savings by 2024/25, however this presents a considerable challenge for directorates in addition to the £17.1m SP2025 savings due to be delivered next year. The report discusses the specific issues impacting delivery of the savings programmes for Corporate Services in Section H.
7. The report also provides an update on the business as usual financial position for the current year as at the end of September and the outturn forecast for the Directorate for 2023/24 is a balanced position. The revised budget is shown in Appendix 1.
8. The proposed budget for 2024/25 analysed by service is shown in Appendix 2.
9. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2023/24 and detailed service budgets for 2024/25 for Corporate Services. The report has been prepared in consultation with the Executive Member and will be reviewed by the Hampshire 2050, Corporate Services and Resources Select Committee. It will be reported to the Leader and Cabinet on 6 February 2024 to make final recommendations to County Council on 22 February 2024.

Section D: Contextual Information

10. In November 2023, Full Council approved the Medium Term Financial Strategy and Savings Programme to 2025 (SP2025) which set out the scale of the financial challenges which the Council currently faces and the proposed measures which will begin to address the budget gap of £132m to 2025/26. However, for the first time the Council finds itself in the position of being unable to close the budget gap through savings proposals alone, with a substantial

recurring shortfall of £41.6m remaining from 2025/26 after accounting for SP2025 savings.

11. As reported to Cabinet in December, the cost pressures facing the County Council have worsened further since the MTFs was set, most notably within Adult Social Care, Special Educational Needs and School Transport. Where the impact of these pressures is known, additional funding has been included in the provisional cash limits and allocated to services as part of the detailed budget setting process undertaken by directorates.
12. The provisional cash limits for 2024/25 include over £130m of inflation, pressures and growth added to budgets since 2023/24. This represents an average increase in directorate cash limits of over 12% in a single year, which is clearly an unsustainable position when set against a maximum increase in Council tax of 5%. It is therefore not surprising that the Council expects to draw some £86m from reserves to balance the budget for the forthcoming year.
13. Setting a budget in a high inflationary environment presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council, given the potential for the position to worsen or improve substantially throughout the year in line with changes in the economic picture. The budget for Corporate Services therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.
14. The Council's approach to planning and delivering savings over a two year period means that the 2024/25 cash limits do not include any new savings proposals. However, given that the balance of the Budget Bridging Reserve will be fully utilised in 2024/25, all SP2025 savings delivered in the forthcoming year will be transferred to the BBR at the end of the financial year.

Autumn Statement

15. The Government announced the 2023 Autumn Statement on 22 November. Disappointingly, the Statement didn't include any additional financial measures to ease the pressures facing local authorities, despite strong lobbying from the sector in the period leading up to the Statement, which attracted widespread press coverage.
16. Of particular significance for Local Government was the announced of a 9.8% increase in the National Living Wage for 2024/25 to £11.44 per hour. This significantly exceeds the previous central estimate of £11.16 published by the Low Pay Commission in May on which the current MTFs forecasts are based. This increase is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards.

17. The Economic and Fiscal Outlook published by the Office for Budgetary Responsibility alongside the Statement showed that Local Authority spending has fallen from 7.4% of GDP to just 5% since 2010/11 and the Government's current spending plans suggest that spending outside the NHS will fall further in real terms over the next five years. This sets a worrying backdrop for the medium term outlook for local government finance and suggests that there is unlikely to be sufficient scope to address the funding shortfalls faced by Councils within the government's current spending plans.

Operating model changes

18. The Council transitioned to a new operating model in January 2023 which established new directorates for the delivery of place shaping services and our Hampshire 2050 vision. When the 2023/24 budget was set, it was highlighted that further changes to budgets would be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. The 2023/24 original budget has therefore been restated to reflect the detailed work undertaken on the later phases of the restructure since the budget was set in February 2023.
19. In addition to the early delivery of some SP2025 savings, the Fit for The Future operating model reviews will continue to be progressed and will ensure that the Council's corporate enabling functions, transformation and administrative activity are delivered as efficiently as possible, and that our contact model takes full advantage of new technologies and the changing ways in which residents interact with the Council. It is anticipated that these reviews will identify some further efficiency savings, however these will not be sufficient to bridge the remaining budget gap.
20. Corporate Services has been developing its service plans and budgets for 2024/25 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Directorate are set out below.

Section E: Directorate Challenges and Priorities

Corporate Operations

21. Corporate Operations includes the following services:
 - Finance
 - Pensions, Investments and Borrowing
 - Integrated Business Centre (IBC) - providing transactional services such as payroll, payments to suppliers, and resourcing services including General Enquiries – providing General Enquiry telephone, web and email contact services on behalf of the County Council, Directorate contact is now embedded in each Directorate.
 - Information Technology

- Strategic Procurement
- Audit Services

In addition, the Director of Corporate Operations has oversight of some smaller corporate budgets including for example, the External Audit fee for the County Council.

22. The budget that was set for 2023/24 includes the removal of SP2023 savings totalling £3.6m, the majority of which have already been delivered this year with a delay for some savings within IT and the IBC linked to the de-commissioning of the current social care system. The replacement systems to Swift have been delayed to ensure that the new systems are fit for purpose and operating correctly before transitioning across and the temporary loss of savings will be met by Corporate Services cost of change funding in the meantime.
23. Hampshire Pension Services continues to perform well providing pensions administration for six different pension funds covering local government, police and fire. Changes arising from the McCloud judgement come into force this year creating additional complexity and work for the team, particularly given that final regulations did not come out in good time for the October 2023 implementation date.
24. Recruitment to vacant roles continues to present challenges for services across the whole Directorate which is driven by demand for the associated skillsets in the wider market and shortage of a suitably qualified workforce from which to draw upon. In line with the other Directorates, we continue to look at innovative ways of attracting new staff including 'growing our own' through apprenticeships and other training programmes and taking part in corporate initiatives to attract and retain our workforce. The flat rate pay awards for last year and this year has helped to bridge some of the pay gap between the Council and the private sector and is starting to help with staff recruitment and retention.
25. The constantly changing world of IT brings both opportunities in terms of new technologies that can support more efficient ways of working and also threats with cyber security being one of the biggest risks for the County Council with new tactics constantly being employed by cyber criminals and high profile cases of ransomware crippling large organisations for months at a time. In February this year Cabinet will be asked to increase the IT budget by over a £1m to meet service and price pressures and to increase resilience in this area and to ensure that we try, as far as possible, to stay ahead of the curve in countering cyber-attacks.
26. The IBC has been in place for Hampshire Partners since 2014, with new Partners joining in 2015 and 2018. As you would expect, Partners continue to review their operating models to ensure that the IBC and wider shared services meets their changing requirements and this has led to some changes this year across Police and Fire as they take back some of their professional support functions such as HR and Finance (for Police only) and the planned off-boarding of the Royal Borough of Kensington and Chelsea, who have decided

to pursue their own Enterprise Resource Planning system, which is due to be implemented later in 2024. Nevertheless, in terms of transactional shared services, the efficiencies and economies of scale of the partnership model remain valuable for the remaining six partners.

27. Strategic Procurement and Audit Services have set challenging targets to sustain and increase income generation to reduce their net service cost and deliver corresponding savings. This approach requires these services to actively seek appropriate opportunities to increase partnership working in addition to delivering business as usual support to the County Council. This has benefitted the Council and its partners through building a wide base of expertise and resources across multiple authorities, improving service efficiency and resilience. Audit Services now have 31 separate partners ranging from local authorities, universities, colleges and police forces, underlining the strength of their business model.

People and Organisation

28. The People and Organisation Directorate comprises:

- Democratic Services and Information Compliance
- Emergency planning and resilience
- Legal services
- Human Resources and Organisational Development services
- Health & Safety
- Communications & engagement
- Organisational Strategy
- Chief Executive's and Leader's offices

In addition, the Director of People and Organisation has oversight of some corporate budgets including Members expenses and Members devolved grants and provides a lead role for Corporate Risk.

29. The forecast outturn for 2023/24 for People and Organisation confirms the successful delivery of its Savings Programme to 2023 (SP2023). A balanced position is forecast for the year, and in addition, the Directorate is expecting to deliver early in-year savings. Some of these will be one-off in nature (for example as a result of higher levels of turnover and vacancies than budgeted for), whilst other additional savings achieved through broader efficiency measures implemented, are intended to support early delivery of the Directorate's future savings requirement for SP25, as we prepare for the expected funding challenges. Achievements so far place the new People and Organisation Directorate in as strong a position as is possible at this stage, to contribute towards these.

30. In addition to their business-as-usual activity, the directorate has provided a key role in supporting the Corporate Management Team to develop and shape the existing organisational model, to ensure that the County Council is 'Fit for the Future'. This has included work to develop our organisation vision, values and behaviours, continued review of our HR policies and practices, as well as developing the approach to the strategic review of our corporate enabling functions across the organisation and other key aspects of how we work as an organisation. The directorate has also continued to embed the organisation's Inclusion Strategy through a range of priority actions and continues to develop the wellbeing resources in place to support our workforce.
31. Our Leadership and Management Development programmes continue to be delivered and the completed review of our approach to development materials, matched against an up-to-date understanding of our developmental needs, stands us in good stead for the future. Significantly, the Service continues to progress, under the leadership of the Corporate Management Team, a Strategic Workforce Programme intended to support and improve the attraction in to and retention of our workforce, reflecting the extremely challenging labour market situation we continue to experience nationally.
32. Our Legal Services team continues to provide advice and guidance to our directorates on the full range of County Council services, including management of complex safeguarding cases in Children's Services and Adults Health and Care. The team also provides comprehensive legal support to the County Council in respect of contracting and procurement, data protection, property, planning, employment and litigation, and governance and decision making. As part of the County Council's ongoing savings programmes, Legal Services is aiming to reduce the net cost of legal support to the County Council. Legal Services does this by working with internal client directorates to manage and control their demand for legal support and then deploying the capacity released on external, income generating, activity. In this way, Legal Services aims to retain a large, resilient and expert practice for the County Council's benefit, whilst at the same time reducing the net cost.
33. Through our strategic approach to Communications and Engagement, the directorate continues to provide effective communication support to the organisation, enabling it to effectively communicate with residents and partners about the discharge of its democratic function, as well as the County Council's strategic priorities. This has included the development of key communication campaigns covering the themes of 'Serving Hampshire' (linked to the delivery of our Strategic Plan), the financial challenges we face and the approach to these through the 'Making the Most of Your Money' campaign, and the future vision for Hampshire the place through Hampshire 2050. More widely internal communications have heavily supported the cascading of important messages to our workforce, including the financial challenges we face, and changes we are making across the organisation as part of Fit for the Future work.
34. Of specific note is the contribution to the County Council's 'Making the Most of Your Money' budget consultation completed during the summer 2023 (which supported the development of the SP25 savings proposals considered in the

autumn 2023), and the related stage 2 consultations in early 2024, assisting both Officers and Members to take important decisions about future services. This work involves the close working of Communication and Engagement, Democratic Services and our Monitoring Officer.

35. In addition, the directorate has led work which has strengthened our digital communication channels, including a review of our website homepage and the creation of a new mobile digital app 'OurHants', both of which are intended to make it quicker and easier for residents, suppliers, and customers to access our services on-line.
36. Ensuring we can provide robust support around assurance, compliance and governance of the County Council remains a key priority. The directorate has continued to strengthen the organisations approach to Health and Safety and Risk Management, including facilitating a full review of our Strategic Corporate Risks and mitigating controls, and our approach to providing assurance of these. We have also continued to streamline processes and modernise systems which underpin our broader governance and democratic functions.
37. Looking to 2024/25, we continue to be focussed on delivery of our SP25 proposals, the ongoing work involved in overseeing and reporting on the Stage 2 consultation and ensuring that our communication and engagement strategy and plans continue to be fit for purpose, particularly considering the challenging financial circumstances.
38. As an 'enabling function', our Business as Usual work is ongoing and remains a priority, ensuring that we are delivering for our service directorates in support of their public facing duties.

Section F: 2023/24 Revenue Budget

39. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
40. The anticipated business as usual outturn forecast for 2023/24 is a balanced position. Within this, the savings from staffing vacancies pending recruitment and early delivery of SP25 savings are offsetting cost of change investments and any net savings will be transferred to the Budget Bridging Reserve in line with the new policy.
41. The budget for Corporate Services has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £1.9m made up of:
 - Budget transfers between directorates reflecting changes in management responsibility £1m

- Increase to IT budget from IT reserves for HPSN3 project (temporary) and relating to savings £1m
- Reduction in Shared Services income of £0.8m following offboarding changes from 1 October 2023, offset by reductions in expenditure in Finance and IBC.
- Net other adjustments -£0.1m

Section G: 2024/25 Revenue Budget Pressures and Initiatives

42. Given the nature of Corporate Services, which are generally made up of staffing costs, it is unusual for there to be any specific ongoing revenue pressures, although additional staffing is sometimes appointed on a temporary basis to deal with specific time limited problems or pieces of work.
43. The only exception to this is within IT where the budget includes a high proportion of other costs related to the maintenance and refresh of hardware and licenses for software and other system costs. Many of these costs can be influenced by relative exchange rates with other currencies and by the wider market in terms of inflationary costs or where products or components are in short supply, pushing up prices.
44. IT pressures of £638,000 have been identified for 2024/25 onwards and relate to a number of costs, by far the biggest of which is the additional support costs associated with the introduction of CareDirector and Mosaic as replacements to the Swift social care system. This level of support has been assessed for the first year as the systems bed down and will be reviewed at the end of the year to consider the ongoing requirement for support.
45. IT systems are now critical in supporting virtually all services that we provide, not just in the back office but in front line services too, where access to key systems and data is required on a day to day basis. Protecting these systems and data is therefore vital for the effective running of the organisation and ongoing investment in cyber security to help continue to protect systems as far as we are able is planned for next year, with £405,000 identified for new measures in this area.

Section H: Revenue Savings Proposals

46. The County Council's financial strategy is continuing with a two year approach to planning for savings. Consequently, no new savings are proposed for 2024/25 and savings proposals for 2025/26 have been developed through the Savings Programme to 2025 and were approved by Executive Members in September 2023, and by Cabinet and County Council in October and November 2023. In recognition of the size of the financial challenge which the Council faces, directorates were not issued with savings targets as per previous savings programmes but were instead instructed to review what savings might be achievable if we were to move towards a 'legal minimum' provision of services.

47. The total Savings Programme to 2025 is insufficient to meet the forecast budget gap for 2025/26 and taking account of the planned timing of savings delivery, a significant budget gap of £56.9m remains for 2025/26. Given the shortfall within the Budget Bridging Reserve beyond 2024/25, SP2025 savings delivered in 2024/25 will be transferred to the BBR at the end of the financial year.
48. Since transfers to the BBR will reflect actual savings delivered, the 2024/25 cash limits have not been adjusted in line with planned savings. For Corporate Services, total savings for 2025/26 are £7.123m of which £5.239m are currently anticipated to be delivered during 2024/25.
49. Delivery of these savings presents a significant challenge for the directorate, particularly against a backdrop of continued high inflation. Rigorous monitoring of the implementation of the programme will begin during 2024/25, to ensure that the Directorate is able to deliver its SP2025 savings in line with planned timescales.
50. This early action in developing and implementing the Savings Programme to 2025 means that the County Council is in the best possible position for setting a balanced budget in 2024/25 and that no new savings proposals will be considered as part of the budget setting process for the forthcoming financial year.
51. Additionally, it is anticipated that £0.41m of SP2023 savings will remain to be achieved in 2024/25. The main reasons for the delays to savings delivery relate to the delayed implementation of the replacement IT systems for Adults and Children's Social Care, with related implications for planned changes to system support requirements within IT and the IBC.

Section I: Budget Summary 2024/25

52. The budget update report presented to Cabinet on 12 December 2023 included provisional cash limit guidelines for each Directorate. The cash limit for Corporate Services in that report was £54.1m, a £0.9m increase on the previous year. The increase comprised:
 - An allocation for inflation on non-pay and income budgets -£1m
 - Budget transfers between directorates reflecting changes in management responsibility +£1m
 - Corporately funding allocations previously agreed by Cabinet +£0.4m
 - Increase to IT budget from IT reserves relating to savings +£0.5m
 - Reduction in Shared Services income of £3.4m following HIOWC & HIWFERS offboarding changes, offset by reductions in expenditure in HR, Finance and IBC.

53. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Corporate Services for 2024/25 and show that these are within the cash limit set out above. A summary is shown in the table below:

	2024/25	
	£'000	£'000
Corporate Operations		
Cash Limited Expenditure	79,018	
Less Income (Other than Government Grants)	(39,070)	
Net Cash Limited Expenditure – Corporate Operations		39,948
People & Organisation		
Cash Limited Expenditure	23,385	
Less Income (Other than Government Grants)	(9,238)	
Net Cash Limited Expenditure – People & Organisation		14,147
Total Net Expenditure – Corporate Services		54,095

Section J: Climate Change Impact

54. 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.
55. This report deals with the revenue budget preparation for 2024/25 for the Corporate Operations and People and Organisation Directorates. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2024/25 for the Corporate Operations and People and Organisation Directorates.

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:	
<p><u>Title</u> Corporate Services Savings Programme to 2025 – Revenue Savings Proposals (Leader and Executive Member for Hampshire 2050 and Corporate Services) https://democracy.hants.gov.uk/ielIssueDetails.aspx?Id=57856&Opt=3</p> <p>Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments</p> <p>Budget Setting and Provisional Cash Limits 2024/25 Financial Update and Budget Setting and Provisional Cash Limits 2024/25 (hants.gov.uk)</p>	<p><u>Date</u> 25 September 2023</p> <p>Cabinet – 10 October 2023 / County Council – 9 November 2023</p> <p>Cabinet – 12 December 2023</p>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
<p>Section 100 D - Local Government Act 1972 - background documents</p> <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 budget setting process for 2024/25 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and services changes which are part of the Savings Programme to 2025 Programme were considered in detail as part of the approval process undertaken in September, October and November 2023 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 7 of the October Cabinet report linked below:

<https://democracy.hants.gov.uk/mgAi.aspx?ID=62985#mgDocuments>

For proposals where a Stage 2 consultation is required, the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood. The results of these consultations and any changes to equality impacts will be reported to the relevant Executive Member as the savings proposals are further developed and implemented.

Budget Summary 2023/24 – Corporate Services

Service Activity	Original Budget 2023/24 ¹ £'000	Revised Budget 2023/24 £'000
Audit	812	812
Finance	7,026	6,392
Pensions, Investments & Borrowing	(23)	(23)
IBC ²	13,758	14,036
IT	31,684	35,571
Strategic Procurement	2,201	2,997
Shared Services Partnership Income ²	(18,841)	(19,328)
Other Central Management Costs ³	663	659
Cost of Change – Corporate Operations	0	(2,055)
Total Corporate Operations	37,280	39,061
Government Grants	0	0
Net Cash Limited Expenditure Corporate Operations	37,280	39,061

Service Activity	Original Budget¹ 2023/24 £'000	Revised Budget 2023/24 £'000
Democratic Services	973	1,002
Emergency Planning	297	297
Legal Services	3,153	3,548
HR Operational Services	6,228	6,879
Health & Safety	741	738
Communications & Engagement ⁴	1,560	2,767
Members & Other Central Management Costs ⁵	2,930	2,925
Cost of Change – People & Organisation	0	(2,106)
Total People & Organisation	15,882	16,050
Government Grants	0	0
Net Cash Limited Expenditure People & Organisation	15,882	16,050
Net Cash Limited Expenditure Corporate Serves	53,162	55,111

¹ The 2023/24 original budget has been restated to reflect final restructure changes associated with the directorate changes from January 2023.

² The net increases in the IBC budget and Shared Services Partnership Income take account of one-off funding for the Shared Services Development Programme.

³ Other Central Management Costs includes Audit fee, Contribution to Trading Units, Corporate & Democratic Representation and Other.

⁴ The increase in the Communications & Engagement budget reflects one-off funding from the Directorate Cost of Change reserve.

⁵ Members & Other Central Management Costs includes Chief Executives and Leaders Office, Members Support costs, Subscriptions to LGA and corporate hospitality.

Budget Summary 2024/25 – Corporate Services

Service Activity	Original Budget 2023/24⁶ £'000	Proposed Budget 2024/25 £'000
Audit	812	755
Finance	7,026	5,733
Pensions, Investments & Borrowing	(23)	(183)
IBC	13,758	13,444
IT	31,684	33,174
Strategic Procurement	2,201	2,986
Shared Services Partnership Income	(18,841)	(16,629)
Other Central Management Costs ⁷	663	668
Total Corporate Operations	37,280	39,948
Government Grants	0	0
Net Cash Limited Expenditure Corporate Operations	37,280	39,948

Service Activity	Original Budget¹ 2023/24 £'000	Proposed Budget 2024/25 £'000
Democratic Services	973	956
Emergency Planning	297	293
Legal Services	3,153	3,273
HR Operational Services	6,228	4,253
Health & Safety	741	738
Communications & Engagement	1,560	1,687
Members & Other Central Management Costs ⁸	2,930	2,947
Total People & Organisation	15,882	14,147
Government Grants	0	0
Net Cash Limited Expenditure People & Organisation	15,882	14,147
Net Cash Limited Expenditure Corporate Serves	53,162	54,095

⁶ The 2023/24 original budget has been restated to reflect final restructure changes associated with the directorate changes from January 2023.

⁷ Other Central Management Costs includes Audit fee, Contribution to Trading Units, Corporate & Democratic Representation and Other.

⁸ Members & Other Central Management Costs includes Chief Executives and Leaders Office, Members Support costs, Subscriptions to LGA and corporate hospitality.

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HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Hampshire 2050, Corporate Services and Resources Select Committee
Date:	22 January 2024
Title:	Work Programme
Report From:	Director of People and Organisation

Contact name: Louise Barker

Email: louise.barker2@hants.gov.uk

Purpose of the Report

1. The purpose of this item is to provide the work programme of future topics to be considered by this Select Committee and discuss any other items that may need to be added.

Recommendation

2. That the Select Committee discusses and agrees potential items for the work programme that can be prioritised and allocated by the Chairman of the Hampshire 2050, Corporate Services and Resources Select Committee in consultation with the Directors of Corporate Operations, Hampshire 2050 and People and Organisation.

REQUIRED CORPORATE OR 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

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

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- 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:

This is a scrutiny review document setting out the work programme of the Committee. It does not therefore make any proposals which will impact on groups with protected characteristics.

3. Climate Change Impact Assessment:

This is a scrutiny review document setting out the work programme of the Committee. It does therefore not make any proposals which will impact on climate change.

WORK PROGRAMME – HAMPSHIRE 2050, CORPORATE SERVICES AND RESOURCES SELECT COMMITTEE
 (Red = changes/additions since last meeting)

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2024	24 June 2024	27 June 2024	12 Sept 2024	24 Oct 2024	23 Jan 2025
Pre-scrutiny	Consideration of revenue budgets for H2050 and Corporate Services	To pre-scrutinise the budget proposals, prior to approval by the Executive Member	Considered annually in advance of Council in February. Saving Proposals pre-scrutiny alternate years at Sept meeting.	X					
Budget Monitoring		(a) End of Year Financial Report considered at summer meeting, to see how the budget was managed for the year compared to plan. (b) Medium Term Financial Strategy – considered when appropriate to provide longer term financial context	tbc tbc						

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2024	24 June 2024	27 June 2024	12 Sept 2024	24 Oct 2024	23 Jan 2025
Pre-scrutiny	SP25 Task & Finish Working Group Feedback	To receive a report from the SP25 Task & Finish Working Group providing their findings and feedback on the proposal			X				
Overview (annual)	Serving Hampshire - 2023/24 Year End Performance Report	To monitor how performance is managed corporately and consider the performance information to support identification of areas to focus scrutiny (within the Committee's remit).				X			
Overview (annual)	Crime & Disorder Duty to review, scrutinise, and report on the decisions made, and actions taken by 'responsible authorities' under	This duty passed from the Safe & Healthy People Select Committee to this committee in May 2014	Annual update on work of Hampshire Community Safety Strategy Group plus particular focus topic: Reducing Serious Violence - Nov 2019					X	

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2024	24 June 2024	27 June 2024	12 Sept 2024	24 Oct 2024	23 Jan 2025
	the Crime and Disorder Act.		County Lines – Nov 2021 Restorative justice – Nov 2022						
Overview (annual)	Collation of Annual Report of Select Committees activity To support oversight of the scrutiny function and the role of this committee to ensure scrutiny activity is having impact and being evaluated.	The Constitution requires that this committee report to Full Council annually providing a summary of the activity of the select committees	Annual report to this meeting (summer) for submission to Full Council in Autumn			X			
Overview	Scrutiny Protocol		First considered in Nov 2022 - Cttee agreed to review on an annual basis						
Overview	Local Enterprise Partnerships	Requested by Chairman	Introductory presentation Nov 2018. Chief Executive of both						

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2024	24 June 2024	27 June 2024	12 Sept 2024	24 Oct 2024	23 Jan 2025
			LEPs gave a presentation to Nov 2020 meeting. Retain for future meeting.						

Potential future items:

- Solent Cluster presentation on decarbonisation
- Learning, Skills, Improvement Plan (LSIP)

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