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NOTICE OF MEETING

Meeting	Cabinet
Date and Time	Tuesday, 9th February, 2021 at 10.30 am
Place	Remote Meeting
Enquiries to	members.services@hants.gov.uk

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

FILMING AND BROADCAST NOTIFICATION

This meeting is being held remotely and will be recorded and broadcast live via 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 - 22)

To confirm the minutes of the previous meeting

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. A PROGRESS REPORT OF THE COUNTY COUNCIL'S RESPONSE TO THE COVID-19 CRISIS (Pages 23 - 44)

To consider a report of the Chief Executive regarding the County Council's response to the Covid-19 crisis.

7. REVENUE BUDGET AND PRECEPT 2021/22 (Pages 45 - 172)

To consider a report of the Director of Corporate Resources regarding the 2021/22 Revenue Budget and Precept.

8. CAPITAL PROGRAMME 2021/22 TO 2023/24 (Pages 173 - 216)

To consider a report of the Director of Corporate Resources regarding the Capital Programme 2021/22 to 2023/24.

9. 2020 REVIEW OF THE HAMPSHIRE MINERALS & WASTE PLAN AND REVISED DEVELOPMENT SCHEME (Pages 217 - 226)

To consider a report of the Director of Economy, Transport and Environment regarding the 2020 review of the Hampshire Minerals & Waste Plan.

10. CLIMATE CHANGE WORK PROGRAMME 2021-2025 (Pages 227 - 270)

To consider a report of the Director of Economy, Transport and Environment regarding the climate change work programme 2020-2025

11. THE COUNTY COUNCIL'S INTERNAL CARBON REDUCTION PROGRAMME (Pages 271 - 280)

To consider a report of the Director of Culture, Communities and Business Services regarding the County Council's internal carbon reduction programme.

12. SCHOOL STREETS (Pages 281 - 296)

To consider a report of the Director of Economy, Transport and Environment recommending a limited trial of the "School Streets" initiatives in Hampshire during 2021, as part of the Active Travel programme.

13. WELBORNE, M27 JUNCTION 10 - PROJECT REVIEW (Pages 297 - 310)

To consider a report of the Director of Economy, Transport and Environment regarding the M27 Junction 10 Improvement Scheme.

14. SERVING HAMPSHIRE - 2020/21 HALF YEAR PERFORMANCE REPORT (Pages 311 - 348)

To consider a report of the Assistant Chief Executive regarding the County Council's performance during the first half of 2020/21.

15. CONSTITUTIONAL MATTERS (Pages 349 - 380)

To consider a report of the Chief Executive regarding a number of Constitutional matters.

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 view the public sessions of the meeting via YouTube. If you have any particular requirements 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 remotely on Tuesday, 24th November, 2020

Chairman:

* Councillor Keith Mans

- | | |
|-------------------------------|--------------------------------|
| * Councillor Rob Humby | * Councillor Andrew Joy |
| * Councillor Roz Chadd | * Councillor Stephen Reid |
| * Councillor Liz Fairhurst | * Councillor Patricia Stallard |
| * Councillor Judith Grajewski | * Councillor Seán Woodward |
| * Councillor Edward Heron | |

Also present with the agreement of the Chairman: Councillors Bennison, Glen, House, Huxstep, McNair-Scott, North and Oppenheimer.

213. **APOLOGIES FOR ABSENCE**

All Members were present and no apologies were noted

214. **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.

215. **MINUTES OF PREVIOUS MEETING**

The minutes of the meeting on 29 September 2020 were reviewed and agreed.

216. **DEPUTATIONS**

No deputation requests had been received.

217. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman highlighted the ongoing rapid evolution of the Covid-19 pandemic, noting that some elements in reports on the agenda had already been overtaken by events. He drew Cabinet's attention to the new Tier system and emphasised the importance of abiding by the rules in order that Hampshire could remain in

the lowest possible Tier. The progress on being able to begin vaccinations was promising but would amount to an enormous logistical exercise. The success in Hampshire of maintain high levels of school attendance and keeping the rate of infection below the national average was attributed to impressive co-operation and information sharing between partners, which it was important to maintain going forward.

218. A PROGRESS REPORT OF THE COUNTY COUNCIL'S RESPONSE TO THE COVID-19 CRISIS

Cabinet considered a report of the Chief Executive setting out progress on the County Council's response to the Covid-19 crisis.

The report was introduced and it was confirmed that this followed previous updates to Cabinet and therefore there was a focus on new developments.

Key elements of the report were drawn out and discussed by Members, in particular with relation to trends in infection rates, the County Council's role in the forthcoming roll out of the vaccination and the new levels of tiered restrictions. The role of the LOEB and the importance of engagement with the public was noted as were specific projects and developments within the respective departments. The opportunities for the County Council as a community leader as well as a major employer to support and encourage the uptake of the vaccine were discussed.

Cabinet welcomed the update and in particular recognised and thanked County Council staff for their hard work in achieving the response.

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

219. FINANCIAL UPDATE AND BUDGET SETTING AND PROVISIONAL CASH LIMITS 2021/22

Cabinet considered a report of the Director of Corporate Resources providing a financial update and an update on budget setting and provisional cash limits 2021/22.

At the invitation of the Chairman, Councillor House addressed Cabinet, raising the question of how to finance the significant unfunded net costs of the pandemic in the absence of government support.

The report was introduced and Cabinet's attention drawn to the scale of the financial impact of Covid-19. The County Council was at least £50m short of being financially viable in the medium term and this would include exhausting all unallocated reserves, meaning further vulnerability in the event of any further pressure. As a result of the crisis, a new baseline had been set for the Transformation to 2019 programme and the impact of this incorporated into the financial projections. The process of setting the budget was explained and it was noted that there would be no scope for any late delivery of future savings programmes.

Cabinet welcomed the comprehensive report and recognised the difficulty of the situation. The importance of explaining the impact to Government was recognised and it was confirmed that the Leader was meeting regularly with Hampshire's MPs to highlight the situation.

The proposed spend on health and safety items, in particular with regards to Ash die-back and the necessity of tackling it quickly was set out.

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

220. ANNUAL SAFEGUARDING REPORT – CHILDREN'S SERVICES 2019-20

Cabinet considered a report of the Director of Children's Services regarding safeguarding.

The annual safeguarding report was introduced and key points highlighted, in particular with relation to the impact of Covid-19 and subsequent increase in cases as well as the regional sector support that the department was engaged in and the benefit that this brought.

Members welcomed the report, which was positive and demonstrated all statutory deadlines being met despite the pressures being faced. The commitment of staff during the crisis was highlighted and Cabinet expressed their thanks to those who had gone above and beyond. It was noted that the increased number of children entering the care system during Covid would result in a long term impact.

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

221. ADULT SAFEGUARDING

Cabinet considered a report of the Director of Adults' Health and Care regarding safeguarding.

The annual report was introduced, highlighting the appointment of the independent scrutineer, the work of the Adults Safeguarding Board and the impact of Covid-19.

Members welcomed the report and thanked the Director for chairing the Board.

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

222. HAMPSHIRE COMMUNITY SAFETY STRATEGY GROUP

Cabinet considered a report of the Director of Adults' Health and Care providing an update on the work of the Hampshire Community Safety Strategy Group.

In introduction, the duty of the County Council and its partners to have oversight of risks to communities was set out and it was explained that the role of the Group was to receive assurance regarding actions that were reported to it. Cabinet noted the range of priority areas that the Group covered and welcomed the achievement of drawing such a comprehensive number of Partners together.

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

223. **ANNUAL PREVENT REPORT**

Cabinet considered a report of the Director of Adults' Health and Care providing information and assurance on the County Council's delivery of the PREVENT duties and responsibilities.

The report was introduced with reference to the sensitive work that was being undertaken across Hampshire's communities as part of a multi-agency approach. Furthermore that an internal PREVENT delivery group worked across all departments to ensure that key principles were incorporated into other activity. It was noted that UK risk levels had been increased following events in both France and Austria. Members recognised the role of PREVENT to avoid individuals being drawn into extremism and welcomed the update on how this was being achieved.

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

Chairman,

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	A Progress Report of The County Council's Response to the COVID-19 Crisis
Report From:	Chief Executive

Contact name: John Coughlan, Chief Executive

Tel: 01962 845252

Email: john.coughlan@hants.gov.uk

1. The decision:

That Cabinet

- 1.1 Note the contents of this report as a further summary of the exceptional events and responses by the County Council concerning the COVID-19 crisis, bearing in mind that this can only be a top-level assessment of what continues to be such a substantial and fast changing situation;
- 1.2 Note in particular the latest position with regard to the "second wave" of the pandemic in the UK as it affects the county, and support the steps being taken with regard to outbreak management, tracking and tracing and the application of controls to public events;
- 1.3 Acknowledge the initial impact of the second national lockdown which came into force at the end of the period covered by this report;
- 1.4 Also note the ongoing work in partnership with District Councils, MPs, regional and local NHS and other key stakeholders with regard to the decision-making process concerning the "Covid tier" for the county of Hampshire subject to national decision making following the anticipated end to the second lockdown;
- 1.5 Continue to recognise the on-going exceptional commitment and flexibility of the staff of the County Council as the crisis has progressed.

2. Reasons for the decision:

- 2.1 To note the ongoing response to the Covid 19 crisis and recognise the exceptional efforts of all involved.

3. Other options considered and rejected:

3.1 None

4. Conflicts of interest:

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

4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

24 November 2020

Chairman of Cabinet
Councillor Keith Mans

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	Financial Update and Budget Setting and Provisional Cash Limits 2021/22
Report From:	Deputy Chief Executive and Director of Corporate Resources

Contact name: Carolyn Williamson – Deputy Chief Executive and Director of Corporate Resources

Tel: 01962 847400

Email: carolyn.Williamson@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1 Notes the latest Covid-19 financial position for the current year as at the end of September compared to that reported to Cabinet in September, which was as at the end of August.
- 1.2 Notes the latest Medium Term forecast arising from Covid-19 as at the end of September and the County Council's response to it.
- 1.3 Notes the latest position in respect of the business as usual financial resilience monitoring for the current financial year.
- 1.4 Approves the mid-year report on treasury management activity at Appendix 1 and notes the action to be taken should we encounter negative interest rates as set out in paragraphs 83 and 84.
- 1.5 Notes the additional government funding of £1bn announced on 12 October of which the County Council will receive £8.8m.
- 1.6 Approve the revised baseline position for the Transformation to 2019 and Transformation to 2021 Programmes as outlined in Section G.
- 1.7 Approves funding of £3.82m to meet the critical one off health and safety priorities identified in Section I.
- 1.8 Approves the provisional cash limits for 2021/22 set out in Appendix 3.

- 1.9 Notes the announcement of a one year Spending Review and the impact on the County Council's medium term financial planning and therefore the timeline for the next successor savings programme.
- 1.10 Notes that the 2023 savings programme will need to be delivered in full by 1 April 2023.
- 1.11 Approves the capital guideline amounts for the next three years set out in paragraph 139.

Recommends to County Council that:

- 1.12 The updated position for the impact of Covid-19 in this year and for the medium term is noted.
- 1.13 The schemes detailed in Appendix 4 are added to the Economy, Transport and Environment Capital Programme
- 1.14 The updated departmental savings targets for a successor savings programme, as set out in paragraph 149, be approved.
- 1.15 The updated timetable for a successor savings programme, as set out in paragraph 150, be approved.

2. Reasons for the decision:

- 2.1 To note the financial position for the County Council in view of the impact of the Covid-19 pandemic.
- 2.2 To note the latest position in respect of the current financial year, as at the end of September, and also for the medium term, compared to that reported to Cabinet and County Council in July as part of the update of the Medium Term Financial Strategy (MTFS).
- 2.3 To receive an update on business as usual financial monitoring, including the transformation programmes (Transformation to 2019 and to 2021), and sets out the process and framework for the setting of the 2021/22 budget, together with the prospects for the medium term under a business as usual scenario.

3. Other options considered and rejected:

- 3.1 None

4. Conflicts of interest:

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

4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

24 November 2020

Chairman of Cabinet
Councillor Keith Mans

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	Annual Safeguarding Report – Children’s Services 2019-20
Report From:	Director of Children’s Services

Contact name: Stuart Ashley

Tel: 01962 846370

Email: stuart.ashley@hants.gov.uk

1. The decision:

- 1.1 That Cabinet notes the positive progress and continued consistently high performance with regards to safeguarding children in Hampshire
- 1.2 That Cabinet note the commitment of a wide range of Children’s Services officers in achieving this level of performance.
- 1.3 That Cabinet receives further updates on safeguarding on an annual basis.

2. Reasons for the decision:

- 2.1 This report provides an annual update to Cabinet on safeguarding children activity within Children’s Services during 2019/20.

3. Other options considered and rejected:

- 3.1 None

4. Conflicts of interest:

- 4.1 Conflicts of interest declared by the decision-maker: None
- 4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

24 November 2020

Chairman of Cabinet
Councillor Keith Mans

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	Adult Safeguarding
Report From:	Director of Adults' Health and Care

Contact name: Sue Lee, Strategic Safeguarding Partnership Manager, Adults' Health and Care

Tel: 07551152760

Email: susan.lee@hants.gov.uk

1. The decision:

- 1.1 That Cabinet receives this annual update report related to adult safeguarding.
- 1.2 That Cabinet note the positive progress with regards to safeguarding adults in Hampshire and the commitment of a wide range of Adult Services officers in achieving this level of performance.
- 1.3 That Cabinet note the developments and risks in relation to the remit of our local authority statutory duty to safeguard and keep vulnerable adults safe from abuse and/or neglect
- 1.4 That Cabinet note the contribution of the Hampshire Safeguarding Adults Board in leading the development of policy across the four local authority areas of Hampshire, Portsmouth, Southampton and the Isle of Wight, including the Hampshire Safeguarding Adults Board Annual Report for 2019/20.
- 1.5 That Cabinet receive a further update on adult safeguarding in 12 months' time.

2. Reasons for the decision:

- 2.1 This report provides an annual update in respect of the local authority statutory duty to safeguard vulnerable adults.

3. Other options considered and rejected:

- 3.1 None

4. Conflicts of interest:

- 4.1 Conflicts of interest declared by the decision-maker: None
- 4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

Chairman of Cabinet
Councillor Keith Mans

24 November 2020

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	Hampshire Community Safety Strategy Group
Report From:	Director of Adults' Health and Care

Contact name: Robert Ormerod

Tel: 0370 779 6752

Email: Robert.ormerod@hants.gov.uk

1. The decision:

1.1 That Cabinet note the progress on the work of the Hampshire Community Safety Strategy Group (HCSSG) and arrangements for establishing a Violence Reduction Unit.

2. Reasons for the decision:

2.1 This report provides an update on progress of the work of the Hampshire Community Safety Strategy Group in overseeing multi-agency collaboration at the county level in pursuit of agreed community safety priorities.

3. Other options considered and rejected:

3.1 None

4. Conflicts of interest:

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

4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

24 November 2020

Chairman of Cabinet
Councillor Keith Mans

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	24 November 2020
Title:	Annual PREVENT Report
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

Tel: 0370 779 5574

Email: Graham.allen@hants.gov.uk

1. The decision:

- 1.1 That Cabinet notes the contents of this report on updating PREVENT-related activity in Hampshire, including the work being undertaken by Hampshire County Council and its partners in the management and mitigation of issues related to duties under the Counter Terrorism and Security Act 2015.
- 1.2 That Cabinet receive a further update in 12 months' time.

2. Reasons for the decision:

- 2.1 The annual report provides information and assurance on the County Council's delivery of the PREVENT duties and responsibilities hosted within Adults' Health and Care.

3. Other options considered and rejected:

- 3.1 None

4. Conflicts of interest:

- 4.1 Conflicts of interest declared by the decision-maker: None
- 4.2 Conflicts of interest declared by other Executive Members consulted: None

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:

24 November 2020

Chairman of Cabinet
Councillor Keith Mans

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	9 February 2021
Title:	A Progress Report of The County Council's Response to the COVID-19 Crisis
Report From:	Chief Executive

Contact name: John Coughlan, Chief Executive

Tel: 01962 845252

Email: John.coughlan@hants.gov.uk

Purpose of this Report

1. This is the fifth in the series of regular reports to Cabinet, summarising the County Council's continuing responses to the COVID-19 pandemic. This report covers a period of exceptional activity sparked by the emergence of the "new strain" of the virus and including the introduction of additional tiers of restrictions prior to the current lockdown. It also covers the period of the first phase of national vaccination.

Recommendations

2. It is recommended that Cabinet should:
 - i. Note the contents of this report as a further summary of the exceptional events and responses by the County Council concerning the COVID-19 crisis, bearing in mind that this can only be a top-level assessment of what continues to be such a substantial and fast changing set of responses.
 - ii. Note the consideration of the impact of and response to the changes in national restrictions including the additional tiers of restrictions prior to Christmas and the introduction of full lockdown measures immediately after Christmas.
 - iii. Note the progress of the vaccination programme to date in Hampshire including its impact on Hampshire services and the County Council's support role.
 - iv. Continue to recognise the on-going exceptional commitment and flexibility of the staff of the County Council as the crisis has progressed.

Executive Summary

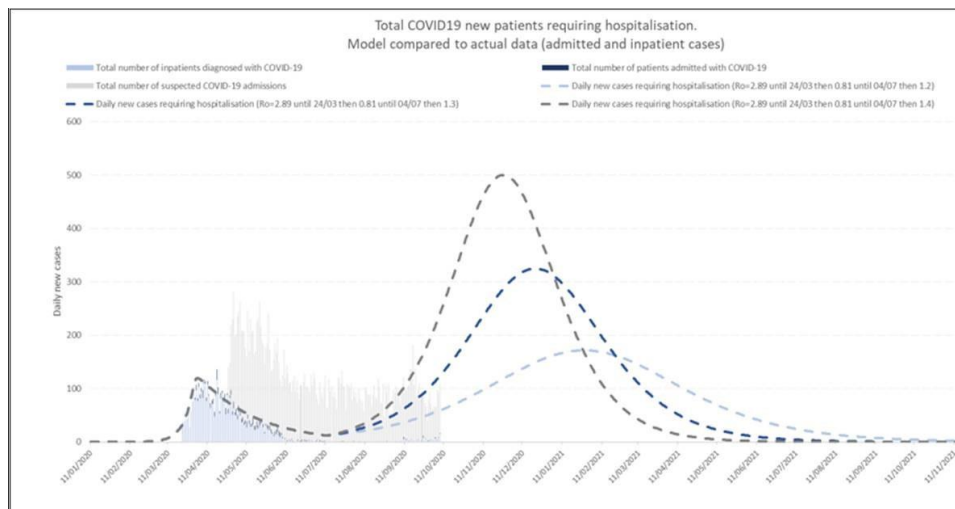
3. This report, as its predecessor reports, attempts to provide Cabinet with a general update on the Covid crisis as it is affecting the County Council, as an organisation and for the residents of the county. The construct of these reports no longer involves a detailed service by service analysis of the work of the County Council in terms of the pandemic. For the sake of clarity and brevity, those issues are drawn out here more on an exception's basis for issues or circumstances that need to be highlighted. That approach should not be misconstrued, however, as every function and service, and every member of staff in the organisation, continue to be deeply affected by the pandemic and continue to sustain the highest levels of professional practice against often extreme, if now more common place, conditions.
4. As before, but particularly in the light of the rapid development nationally of the "second wave" of infection, together with the rapidly changing nature of government response such as the second full lockdown, inevitably there will be dimensions of this report which will be increasingly out of date immediately after publication. Officers will ensure any such issues are highlighted in the presentation of the report at the Cabinet meeting. This will particularly apply to the latest data on the transmission of the virus and the latest position of national and local responses including the progress of the vaccination programme.
5. Since the last of these reports, the country has experienced a rapid progression of forms of restrictions of behaviour, including through the introduction of stronger tiers of control on an area-by-area basis, followed by the current lockdown arrangements which are very similar to those which pervaded at the earlier stages of the crisis in April 2020. That includes a near full closure of mainstream school places for all children other than the vulnerable and those of critical workers.
6. It is worth reflecting that in late 2020 when the tiered arrangements were introduced, one of the key determining factors, for an area moving to the highest tier was a rate of infection of around 100 per 100,000. Since the introduction of the current lockdown in early 2021 and as the second peak was, hopefully, at its zenith, parts of Hampshire, like elsewhere in the South East with the prevalence of the new variant strain of the virus, had exceeded 1000 cases per 100,000 population. That statistic alone shows the scale of infection challenge we are facing. This report will include further analysis of the current state of the virus, including with regard to NHS activity and its impact on HCC care services, but again it must be understood that with the pace of developments that analysis will need to be updated at the Cabinet meeting itself. The same applies to testing and tracing.
7. Of course, the other most significant development since the last of these reports has been the start of the national vaccination programme. That programme is working towards an ambitious initial target of vaccinating the first four groups including those most vulnerable to mortality from COVID and the health and social care staff groups, a national total of around 15 million people, by the

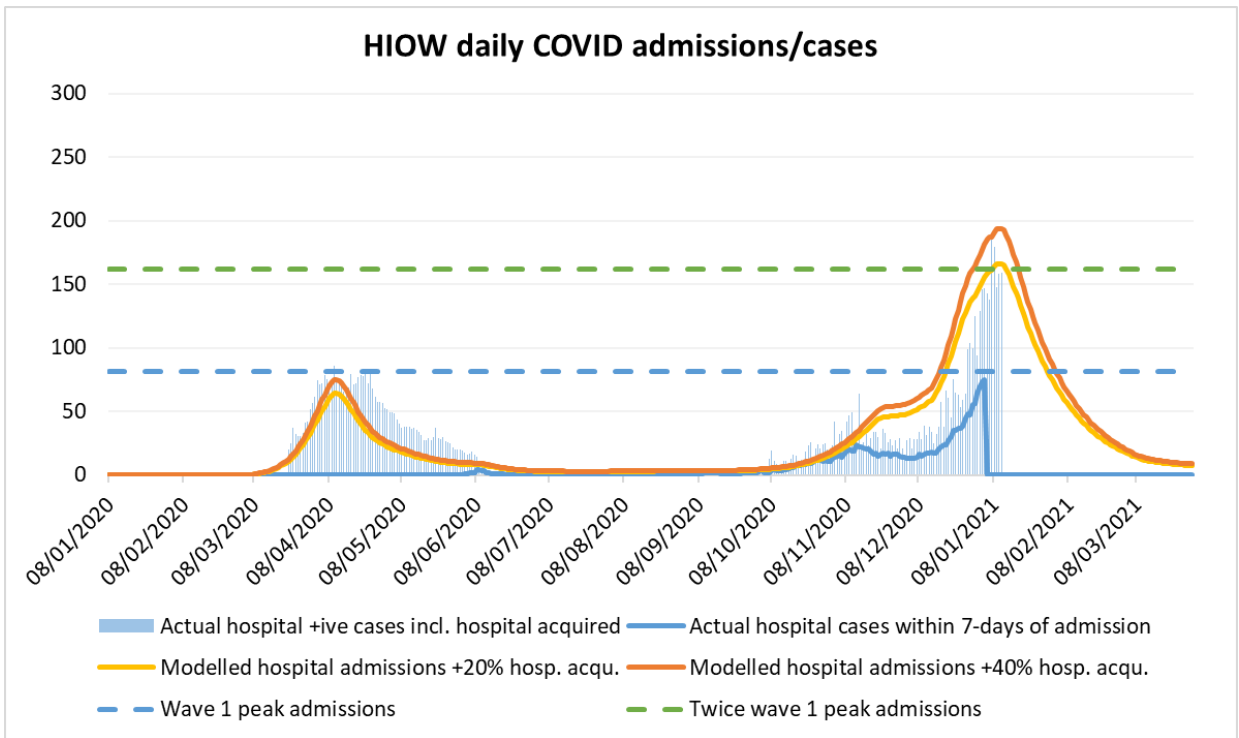
middle of February 2021. This report will focus on the progress towards that goal, subsequent vaccination targets, the impact on the pandemic so far especially with regard to hospital care, and the implications for particular groups of vulnerable staff in the County Council.

8. The report will again refer to the work of the County Council's Health Protection Board under the leadership of the Director of Public Health and in close liaison with the Leader-led Local Outbreak Engagement Board. That will include consideration of the now routine communications channels set between those boards and the leadership of district and borough councils within Hampshire County.
9. Cabinet will be aware that, while this report is taking an exceptions approach for the sake of clarity and to avoid repetition, the one general exception remains the unflagging commitment of the staff and managers of the County Council to sustain the highest levels of performance and service throughout this long and punishing crisis. As the crisis continues so too does the need for this commitment to be acknowledged and applauded.

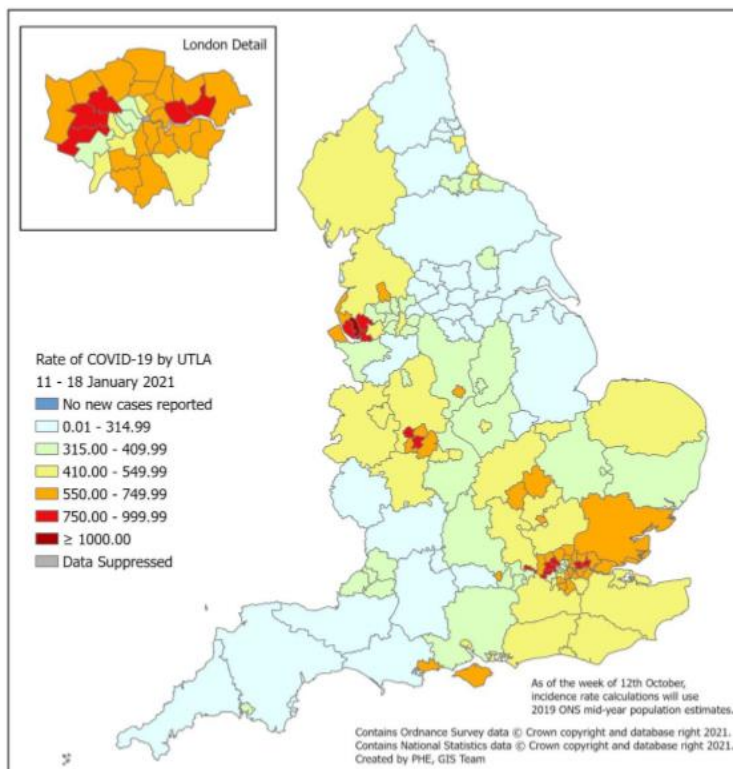
National Context

10. The well described "second wave" of the transmission of the virus may now be beyond its peak. We now know that this wave has been accelerated and exacerbated by the arrival of the new strain first found in Kent, which has proved to be substantially more transmissible than the original strain and which has rendered more limited forms of social restriction so much less effective. The graph below shows the previously local modelled wave with the subsequent graph showing the actual local data of how the virus has spread.





The map below shows the current spread of the virus across England as at Week 2 of the year.



Third National Lockdown

- On 4 January 2021, the Prime Minister announced his intention to introduce a further national lockdown in England. This proposal followed a number of weeks of local authorities being placed in different tiers of restrictions based on the rate of infection, over 60s infection rate, test positivity and NHS capacity. This

included a brief period when some individual districts in the county of Hampshire were at different tiers of restriction.

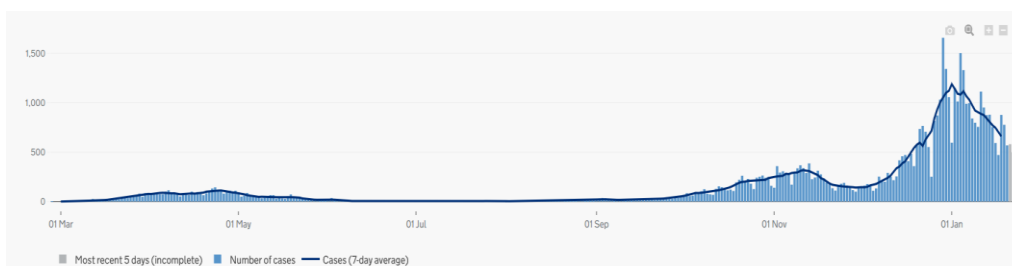
12. The rationale for this latest full national lockdown was that the rate of increasing spread of the virus was continuing unabated in many authorities, despite those authorities having moved into the third and highest tier of intervention. Further, there was evidence that the geographical range of these areas was spreading inexorably across the country. Perhaps the most important factor that helped determine this decision was the growing evidence of increasing and exponential pressure on NHS capacity in receipt of Covid infected patients. In relation to that decision there has been public debate about the efficacy of the data that fed the decision, as well as about the economic impact of further steps, especially the restrictions on the retail and hospitality industries, which some argue may have a more severe social and economic impact than the problem that is being attacked by these measures. However, it is probably fair to note that as the overwhelming evidence has developed of increasing pressure upon NHS acute services, and upon the care sector, that debate has shifted in support of lockdown measures.
13. It is not seen to be the role of this report to engage in that debate. There remains instead a fundamental responsibility for this major County Council as the local public health authority, to engage with the lockdown, adapt accordingly and provide community leadership in its implementation in the face of an undeniable and accelerating public health crisis.
14. As stated, it is the intention of the Government to review the application of the lockdown with a view of how to exit the restrictions subject to its impact on both the spread of the virus and the admissions to hospitals. Clearly, the better communities and organisations like HCC can implement the lockdown, the better the chances of the progress of the second wave being halted and that deadline being met. On 27 January, the Prime Minister announced that it would not be feasible for the substantive closure of mainstream education to be lifted at the end of the half term break in mid-February. Instead, he signalled that it might be feasible for that restriction to be lifted from 8 March at the earliest. This will, among other measures, be dependent on the progress of the vaccination programme and the impact of it and the general lockdown on hospital admissions and Covid related deaths. It must be understood however that as and when full lockdown restrictions start to be withdrawn this will be done gradually and be replaced by some form of local or regional tiered level of restrictions in place of lockdown. There will be a continued impact on our services, our communities and our economy.

Local Position

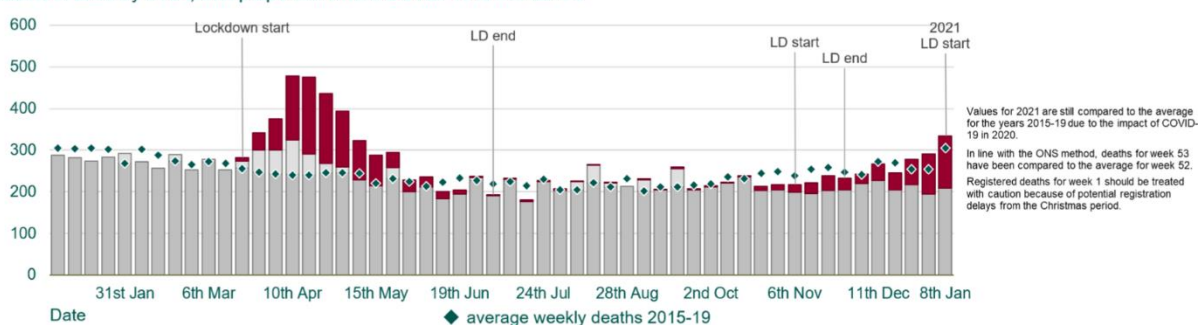
15. The following analysis gives more up to date detail in the rate of transmission in Hampshire County, the impact on the health and care sector and the mortality rates which now falling, though of course each death is a devastating event for the families concerned (see slide at paragraph 17). There continues to be pressure on the NHS in particular on acute and critical care.

16. Through the pandemic we have seen the scale of the variation in levels of infection numbers being stark. Using the simplest comparative analysis, the rate of known infections per 100,000 population, on 9 October Hampshire's rate was 28, against an England average rate of 109, whereas some northern cities were in the high 500s. During the second wave the variation in rates was even more stark. This has been caused by the new variant, ease of transmission and, to some extent, lockdown fatigue leading to the breaching of rules by individuals and groups. At times district-based rates within the county varied between 300 per 100,000 to over 1,300 per 100,000. Whereas local services and the approach to outbreak management in the county should be commended, it is clear that the significant determining factors around these variable rates are to do with demography, geography and adherence to lockdown measures. During this second wave, rates in Hampshire at times have tended to be just below the South East rates and similar to the England rate. At the peak of the second wave the 7-day new case rate was 600 per 100,000 in comparison to the South East of 775 per 100,000 and England rates 680 per 100,000. The current 7-day rate for Hampshire is 318 per 100,000 compared to an England rate of 386 per 100,000.

17. Daily Confirmed Cases and Weekly Numbers of Deaths in Hampshire



All deaths in 2020 by week, with proportion where COVID-19 is mentioned



18. These separate graphs show both the severity and pace of the “second wave” in Hampshire, and the sad implications for the subsequent rates of death. The relationship between hospital admissions and death rates has thankfully changed as treatments for severe Covid illnesses have improved. Nevertheless, this second graph charts the delayed but inevitable increase in death rates in Hampshire during the period when the total number of Covid related deaths nationally reached a distressing milestone of 100,000. At the time of writing there has been a welcome clear reduction in the rates of infection and that is just beginning to impact upon hospital admissions. Regrettably, it has not yet

impacted upon rates of death. This is an important signal of the likely end of the second wave, which had been exacerbated by the new strain of the virus. The potential now is for the programme of vaccination to prevent an equivalent third wave, and especially to prevent infections leading to hospitalisation, serious illness or death. That would be the route towards a gradual lifting of restrictions and eventual return to relative normality.

19. It should also be reported here that the increased death rates triggered the opening of the “Grayson suite”, that is the temporary mortuary facility situated in Basingstoke. Hampshire County Council has acted as lead agency for this facility on behalf of the local resilience forum (LRF), which is the statutory partnership for managing emergencies and civil contingencies by the lead agencies in the Hampshire and Isle of Wight sub region. A subgroup of the LRF is the excess deaths advisory group (EDAG) whose role it is, with the support and advice of the Coroner Service, to plan for excess deaths at times of major emergency. The temporary facilities have been based at this particular location because of its accessibility and because of its physical appropriateness for managing this sensitive task with discretion and respect. There were some political concerns that the site in question is too close to a residential area but the relevant officers including the Chief Executive were satisfied that the site was by far the most suitable in the circumstances. Good work has been done between the local community and local politicians, including the Member of Parliament, to allay the concerns of that community and ensure effective continuous communication. Obviously, all involved hope that the need for this facility should be kept to a minimum as the pandemic is brought under more control. While officers have ensured that any direct impact upon the local community has been negligible, it is appropriate here to thank that community of behalf of the County Council and the LRF partnership for their support and consideration.

Health Protection Board and Local Outbreak Engagement Board

20. The arrangements for oversight, management and community engagement are now securely in place in the County Council. The Director of Public Health is chairing the Health Protection Board on at least a weekly basis supported by a number of working groups including a daily data and outbreak review meeting. The membership of the board, which is an implementation arrangement staffed by officers, includes: other representatives of the department for public health; the Chief Executive, the Director of Adults’ Health and Care and the Director of Children’s Services; emergency planning; and district and NHS representatives.
21. The Leader chairs the Local Outbreak Engagement Board as a political sub-committee of this Cabinet which is also joined by members of the County Council’s main opposition party, representatives from district councils and an NHS non-executive director. The role of this board is to assist in setting local policy for the outbreak management arrangements, within the confines of national direction, and acting as the link between the arrangements and the local community. While the formal meetings of this Board are planned on a monthly basis, an approach to short-notice briefing meetings has been introduced to

ensure that the board can be quickly apprised of key developments as required. This is proving to be highly effective.

22. An important and positive development in the work of the LOEB has been the establishment of frequent briefings between the Leader of the Council and the Director of Public Health with the Leaders and Chief Executives of the district and borough councils within the county. These briefings, between the County Council as public health authority and the respective boroughs and districts, have also included in attendance representatives from the NHS, Police, Fire and the neighbouring unitary authorities within the LRF. The briefings have allowed for clear and timely dialogue between the partners (which has been facilitated by remote communications) which has further reflected the continuing strong partnership working between agencies at a strategic and operational level.

Testing

23. Testing of symptomatic people remains a priority for management of the pandemic locally, although responsibility for the delivery of the majority of the testing programme remains at a national level, The Council is gradually taking an increasing role in the organisation and oversight. We have increased, with national support, the local availability of testing sites across Hampshire to ensure local people can access testing venues. The laboratory capacity for analysis, highlighted previously, which had been a major impediment to maximising local testing capacity, is now available to manage demand.
24. A new development of asymptomatic testing has come online with Lateral Flow Devices (LFDs) which offer a faster result. The speed of result is balanced with less accuracy than the test used for symptomatic people. There is a number of nationally led programmes that the LFDs are considered suitable for despite this reduced accuracy including for care home visitors, secondary school and primary schools, and a number of other public sector organisations.
25. In early January, the Government announced that a community asymptomatic testing programme was available for all Upper Tier Authorities under the direction of the Director of Public Health. In line with the national announcement a bid is being developed to provide regular testing for 'front facing workers' i.e., those going out to work in the lockdown. This will include children's nursery workers, transport operatives, council staff who cannot work from home, retail including supermarkets and construction and maintenance.
26. The aim of the programme is to identify more people with the virus and to break the chain of transmission through targeted case finding. The programme will be an additional tool for testing asymptomatic individuals and for targeting specific occupational groups who cannot work from home and those living in areas of high prevalence.

Tracking and Tracing

27. Case testing investigation and contact tracing are fundamental public health activities in the management of all infectious diseases. This involves working with an individual (patient or resident) who is either symptomatic or asymptomatic and has been diagnosed with an infectious disease. The aim is to identify and provide support to people (contacts) who may have been infected through exposure to the infectious individual. This process prevents further transmission of the disease by separating people who have (or may have) an infectious disease from people who do not.
28. The National Contact Tracing Advisory Service (CTAS) started in May 2020 in response to Covid 19. It has three parts to it which rely on individuals playing their part in order to contain the spread of the virus.
29. The first Local Contact Tracing System LCTS was set up in Leicestershire during an outbreak there, to help that authority contact positive cases and trace their contacts. The feedback from the Leicestershire experience (and subsequently from many other local authorities who have since gone live with their own local systems), is that residents respond positively to a call from a local number and a call handler with a local voice.
30. Hampshire County Council took a phased approach to setting up LCTS which started on 3 December 2020. The process for the Local Contact Tracing System will include CTAS and will attempt to make contact with the index case and complete the information on-line within 24 hours. If the CTAS are unable to contact the index case within 24 hours of being notified of a positive case, the case will be passed to the LCTS to make contact by telephone. Where there are no, or incorrect, contact details, the LCTS call handlers will contact the relevant District Council Tax team to find the correct contact details (specific data sharing agreements are being put in place on the advice of Legal Services). Information gathered by the LCTS call handlers will be entered on to the local system and then uploaded to the CTAS.
31. For Hampshire County this started with Rushmoor Borough area. Following the rapid increase in cases other areas have been brought on board in a staged approach with the residents of the final areas of Hampshire being part of the local service from 26 January 2021. As of 25 January 2021, 87% of HCC cases and 86% of HCC contacts have been successfully contacted and followed up by CTAS. Evidence shows that at least 80% of contacts of an index case would need to be contacted for a system to be effective. This shows an improvement of over 10% in contacting the cases since October.
32. The LCTS call handlers will ask positive residents if they have any welfare needs (medicines, food etc) and will refer to relevant wrap around services. Call handlers will also establish whether positive residents are eligible for isolation payments.

Vaccination

33. The development and rollout of the vaccination for covid-19 is the most effective public health measure to prevent illness and transmission of the virus. There are two vaccines currently approved and being delivered to the UK population. The Pfizer vaccine was the first approved but is more complex logistically due to the very cold temperature storage required. The Oxford-AstraZeneca vaccine only requires fridge storage. With both vaccines it is possible to deliver an at scale programme for the population of Hampshire.
34. The vaccination programme is currently focusing on the rapid roll out of the Covid-19 vaccination to the first four priority groups identified by the Joint Committee on Vaccination and Immunisation (JCVI) and set out by the Prime Minister in his address to the nation on Monday 4th January. The JCVI state that the purpose of the first phase of the vaccination programme is to prevent death (i.e., to give direct protection) and to protect health and social care staff and systems. The JCVI made this decision based on the fact that vaccine supply is limited, and to interrupt transmission of the virus would require a large proportion of the population to be vaccinated with a vaccine that is highly effective at preventing infection (transmission). The JCVI has reviewed the evidence for groups of people at greater risk of mortality from Covid-19 infection and has based its prioritisation on this evidence. This process also led to the UK Government decision to delay second dose vaccinations from three to twelve weeks on the basis that the risks for such a delay of any potential reduced effectiveness were far outweighed by the benefits of a more rapid reach of first vaccinations.
35. The JCVI also considered whether vaccination for occupations other than frontline health and social care workers should be included in the first phase of vaccination. Reviewing the evidence, they concluded that the prioritisation in the first phase would capture almost all preventable deaths from Covid-19 including those associated with infection from occupational exposure. The JCVI states that secondary priorities could include vaccination of those at increased risk of hospitalisation and at increased risk of exposure, and to maintain resilience in essential public services. The JCVI has suggested that occupational prioritisation could form part of the second phase of the programme, which would include healthy individuals aged 16 up to 50 years of age. We expect to understand the priorities for the second phase from our national colleagues in the coming months.
36. The programme is led by the NHS with strong input and supportive leadership from The Council. This includes work on prioritisation (in line with the national criteria), logistics and communications. This will ensure the programme reaches those it needs to most effectively. Latest data at time of writing (and to be updated verbally at Cabinet) was that over 10% of the Hampshire population has received first vaccination including over 80% of over 80-year-olds and care home residents. At this stage the Government believes it is on track for delivery of its target, notwithstanding the complexities of location, pace and delivery, of the first four priority groups, some fifteen million people, to be vaccinated by 15

February 2021. The Hampshire experience has matched that progress and has been a substantial effort, led by NHS but fully supported by HCC.

Emergency Planning

37. In December 2020, the Hampshire and Isle of Wight LRF, through its strategic coordination group (SCG), declared a major incident within its powers under Civil Contingencies legislation in the light of the developing second wave. A major incident had been declared at the start of the crisis but was stood down after the first wave in the summer of 2020. The declaration conveys certain powers and duties upon the statutory partners of the LRF and is also a signal of the severity of the situation. Within the County Council emergency planning structures have remained in place throughout through Gold, Silver and Bronze planning and delivery mechanisms. Clearly it is a unique situation for the organisation to be working on a crisis footing for such an extended period of time.
38. The County Council is served by an exceptional emergency planning team which has been key to the strength of our collective response. It is also key to the County Council's relationship with the equivalent teams in the unitary authorities and our partners in Police, Fire and the NHS through the LRF. Given the demands of this long crisis two particular steps have now been taken to help reinforce the emergency planning team to see out the remaining crisis period. Firstly, the line management of the team has been moved to CCBS and particularly the oversight of the assistant director who also chairs the Silver Group for the County Council. This will ensure a stronger and clearer connection between the team and the corporate senior delivery leadership. It is not a reflection on the excellent oversight of emergency planning previously provided through Transformation and Governance. However, that department is more removed from operations and therefore less well equipped to sustain this long crisis work. Also, the longstanding Head of Emergency Planning is taking an extremely well-earned retirement following many years excellent service to the County Council and partners. There are effective succession arrangements in place which will ensure continued strong leadership at this critical time.

Elections

39. The County Council elections are currently scheduled to take place on Thursday 6 May 2021 together with the Police & Crime Commissioner elections and local elections in some district/borough areas that were deferred from May 2020 due to the Coronavirus pandemic. This is likely to be the most complex combination of elections that we have seen therefore we are working very closely with our district and borough partners and the Police Area Returning Officer (PARO) for Hampshire and Isle of Wight.
40. There has been inevitable speculation about the elections possibly being delayed due to the impact of the coronavirus pandemic. This speculation relates in part to the potential overlap between any lockdown measures and the formal pre-election period. There are then fundamental questions about how safely the election day can be conducted in the context of any likely restrictions on the day. That includes, for example, the substantial logistical challenge and cost in the likely need to deep clean

schools as polling stations both before and after the election day. There is bound to be a significant uptake of postal ballots which will impact on counting arrangements. A wide range of stakeholder and representative groups have lobbied for a postponement into the summer, autumn or even for a further year. At present the Government is standing by the original timetable. We are currently working to that timetable, but should there be any change to this, we will adapt accordingly in collaboration with our electoral partners.

41. When the election goes ahead, various aspects may look different to elections run prior to the pandemic but will nonetheless be in accordance with all relevant regulations and with Electoral Commission and Public Health guidance.
42. The Notice of Election for all elections across Hampshire and the Isle of Wight will be published on Monday 22 March, possibly with some exceptions for Neighbourhood Planning Referendums for example. The earlier than usual publication gives consideration to the nominations process and provides extra time for candidates in the current circumstances. Some members have raised concerns about collecting the required signatures in the context of the current restrictions. These concerns have been raised with the Electoral Commission who have confirmed that guidance on the nominations process in a Covid-related context is being prepared.
43. Also linked below is a letter dated 22 January from Chloe Smith, Minister of State for the Constitution and Devolution regarding doorstep campaigning during the national lockdown in England. The letter sets out a clear view from the Government that the current lockdown restrictions do not support door to door campaigning or leafletting.
The full letter can be viewed via this link:
<https://www.gov.uk/government/publications/letter-to-parliamentary-parties-panel-on-lockdown-campaigning>

Adults' Health and Care

44. Adults' Health and Care, through HCC's adult social care services, have continued to respond across a range of critical areas: supporting the admission avoidance and discharge of people from hospital settings; providing support to people across our communities with social care needs; working with NHS and other partners to support the wider social care sector on limiting and following advice and guidance on infection prevention and control measures; providing a range of welfare support to clinically extremely vulnerable (CEV) and vulnerable people; and since mid-January providing support and co-ordination for the wider social care sector as part of the national/local COVID-19 vaccination programme.
45. Since the end of second national lockdown in early December 2020 and the move to Tier 4 restrictions for some of Hampshire's districts and subsequent move back into national lockdown restrictions in early January 2021, Adults' Health and Care have implemented a welfare response to maintain contact, provide advice and continuity of support for those residents advised to shield. Through the dedicated welfare response HCC have successfully managed to

contact all residents through a variety of communication channels and working with partner agencies ensure that guidance and advice along with practical support has been available. By late January (for effectively the third time) contact has been undertaken with some 50,000 Hampshire residents. Arising from these contacts, the vast majority of people have not needed any support from us. However, we have provided 2,226 people with additional follow-up adult social care support and working with partners identified 1,344 people who have required practical support with issues such as shopping and medications.

46. Our direct care teams remain extraordinarily busy – particularly in our HCC Care home operations where specific Discharge to Assess capacity has been created, alongside Designated Settings which support people to leave acute settings who are COVID-19 positive and require self-isolating care to limit further infectious spread. Additionally, our hospital discharge and re-ablement services, working with NHS and other partners, continue to provide support to more than 150 people per week with care needs at the point of discharge (more than 6,000 people since April). This is funded through the NHS Discharge Fund. Alongside this, all our community teams across all our service areas remain extremely busy with high levels of need being seen, particularly our mental health and support services to younger adults. The work undertaken to create and support a range of alternative mechanisms capable of providing support, including the up-stream preventative and strengths-based approach developed over the preceding five years in the department, have proved themselves invaluable.
47. Through our care sector support HCC has continued to provide a range of specialist support to the private, voluntary and independent social care (provider) sector, including the rapid payment of Government infection prevention and control grant funding (some £35m will have been allocated by financial year-end in accordance with the strict grant conditions) across the Hampshire area. The work from a dedicated and untiring team across the Adults' Health and Care HQ function has been remarkable in providing this funding, in what has become an increasingly complex landscape of different grant funding streams.
48. Since early January 2021 we have seen the numbers of care home and wider care sector COVID-19 infections and outbreaks increasing. Again, the exemplary efforts of HCC staff working alongside NHS counterparts to tackle these situations, including the workforce challenges which are routinely resolved, often through evenings and at weekends at short notice, remain nothing short of outstanding. It is fair to say that through effective joint leadership and joint working the relations between NHS and HCC have never been stronger. It is unfortunate that public recognition of the heroic efforts of social care staff is perhaps not as clear.
49. From mid-January 2021, the role of local government in supporting the national vaccination programme has become clearer. Adults' Health and Care have created a co-ordination team in order to ensure that details of some 35,000 care staff across more than 2,500 different organisations are provided to enable the vaccination of this priority workforce, in line with the JCVI priority groups. This work is currently proceeding alongside the vaccination of priority groups of

residents. It is progressing extremely positively across care homes, the wider whole social care sector and for all our social care staff, Children's and Adults'. The complexity of the logistical challenge this represents and the ability of our staff and NHA partners to overcome it, cannot be over-stated.

Children's Services

50. All schools in Hampshire are open for the children of key workers and vulnerable children (ie. those with a social worker or those with special educational needs). All schools are also providing online learning in a variety of formats. Schools continue to face challenges with staffing brought about by continued infections and the need to self-isolate individuals within staff groups. This can have a knock-on effect on the capacity of the school for children in situ or the type of online learning available. On very rare occasions it may mean a temporary closure of the school. Hampshire County Council's Education and Inclusion teams are working hard to support, advise and challenge every school on a bespoke basis to ensure that they are able to maximise the staffing resource available to them whilst remaining safe environments for pupils and staff.
51. In terms of vulnerable pupils, there is effective work within the department to ensure that the maximum number of pupils can be supported safely within schools. Much has been written and speculated about schools and children's attendance. What has only recently started to gain more recognition is the impact of the pandemic on children's lives and mental wellbeing. A child who is just turning 10 years old may have spent 20% of their education to date under pandemic conditions and the impact of this is now being widely reported. This is leading to a call for the DfE to provide a roadmap out of lockdown for children and schools which, many are suggesting, involves vaccinations for school staff in order to free up children to resume some form of normality. As such vaccinations would be a means to end. Recent data from the Office for National Statistics indicates that teachers were not at significantly higher risk of death from Covid-19 than the general population or indeed other key occupational groups. <https://www.bbc.co.uk/news/health-55795608>
52. The latest data on attendance at schools (22 January) shows that 24% of pupils attended primary school (against 20% nationally), 60% of pupils open to a social worker attended primary school in Hampshire (51% nationally) and 52% of children with special needs (46% nationally). With regards to the secondary sector, only 6% of children are physically attending school in Hampshire (against only 4% nationally) of which 29% of children with a social worker attended and 24% of children with special needs were attending. All necessary home to school transport arrangements have been maintained.
53. Early Years providers have remained open for all children. Whilst this sector initially bounced back from the previous lockdown and there was good sufficiency at the start of the school term in September, concerns remain about the ability of the sector (which is mainly privately run nurseries and individual child-minders) to further bounce back from the latest financial shocks to the system. Funding for the sector for free childcare is largely determined by the

DfE through its Early Years funding formula and officers are in regular contact with DfE officials to monitor and highlight funding issues in the sector.

54. With regard to children's social care, the period from September until January was a picture of a consistently higher rate of referrals (10-15% above the figure for previous years) reflecting the strain that families have experienced. Also, within this figure, social workers are reporting a higher level of critical and distressing serious family breakdowns. This is further borne out by a sub-set of data which looks at the use of emergency powers to protect children *in extremis*. In Hampshire we pride ourselves on effective early social work intervention, but where families are in extreme distress and children are suffering immediate harm then emergency measures (known as Emergency Protection Orders and Police Protection powers) can be taken. In 2019 such emergency measures were taken 17 times (in the context of a rolling caseload of c10,000 children), in 2020 such measures were taken 83 times. Despite this, our social work teams and support functions, such as our foster carers, remain resilient and performance across a range of metrics remains high albeit that a significant proportion of visiting is now carried out virtually, in line with revised government guidance. Outbreaks in children's homes and other services have been managed and contained with the support of colleagues from Public Health although pressure remains severe on the availability of placements nationally.

Economy, Transport and Environment

55. The majority of staff in ETE continue to work remotely. However, much direct service delivery work is carried out through service contracts such as those with Skanska for highways maintenance and Veolia for waste management, including Household Waste and Recycling Centre (HWRC) operations.
56. Following a period of closure during the first lockdown, the County Council's HWRC sites re-opened on 11 May 2020 with provisions to ensure safe working and to enable social distancing requirements to be maintained on the sites. Initially the service offered 30,000 slots per week, and this was increased gradually over the summer months such that almost 45,000 appointments are now available weekly. On a general level, the system has proved very successful and consistently receives a number of unsolicited compliments from residents who find the customer experience improved. At a small number of sites with a large catchment area, demand for slots remains high. At these sites all available slots consistently get booked quickly, although demand has naturally reduced over the winter months. Meanwhile, there continues to be a careful management of 'no shows' which, whilst only a small proportion of visits, create an issue by taking up slots which could otherwise be used for those who wish to visit sites.
57. Highways Maintenance activity, for both planned and reactive work, has continued since initially re-starting in May following the first national lockdown. Maintenance work did not cease during the second and third lockdown restrictions due to robust and established response plans being in place. Productivity remains impacted however, due to the need for extra precautionary measures to ensure the safety and welfare of Skanska operatives. With a

significant increase in home working across society some urban maintenance activity, e.g., drainage cleansing, has become challenging due to the presence of more parked vehicles on the road network. That said, during periods of lockdown Highways have taken advantage of reduced traffic volumes on main roads to minimise the impact of planned works. Work continues across the County on Capital Programme projects, and the private sector construction industry has adapted well to the impact of Covid-19, albeit with restrictions in place on all sites to support safe working and social distancing. As a consequence, scheme costs, productivity and delivery programmes continue to be impacted.

58. Parking Services have been severely impacted by Covid-19 through 2020/21. During the first lockdown, Penalty Charge Notices (PCNs) for on-street parking violations across Hampshire were only issued for obstructive or dangerous parking that jeopardised road safety or restricted essential access for emergency services, disabled drivers and key workers, or the delivery of food and essential supplies. Income from the limited areas of on-street, pay-and-display parking in Hampshire was much reduced with parking charges suspended over the lockdown period. During subsequent tier restrictions and further lockdowns, limited enforcement activity continued to prevent unsafe parking, but PCNs issued are significantly below anticipated volumes. A number of areas of on-street, pay-and-display parking are affected by social distancing schemes and parking in these locations remains suspended.
59. The School Crossing Patrol (SCP) Service was suspended at the beginning of the first lockdown and subsequently re-started with the re-opening of schools. A high proportion of the SCP officers are older members of staff and a small cohort (<10) have had to refrain from work as they have fall into the clinically extremely vulnerable category and have had to 'shield'. As schools remained fully open through the second lockdown in November, the school crossing patrol service continued to operate except where staff were required to shield. Some further changes were required with the subsequent tier system. At the start of the current lockdown the SCP service was suspended with staff returning to site following a site audit, except those required to shield. Currently 82 SCP officers are working and 86 are not.
60. Public transport services have seen a fall in passenger numbers, particularly during lockdown periods. Outside of lockdown demand was recovering to between 60-70% of pre COVID-19 levels. Almost all services continue to run and are considered essential for key worker journeys to and from work and for those members of the population who do not have access to a private vehicle but still need to access essential services. The County Council has maintained support for subsidised bus service and community transport and is working with operators to develop recovery plans.
61. The County Council continues to maintain temporary measures to support social distancing and facilitate walking and cycling around towns and employment areas, e.g., increasing footway/cycleway capacity. The first tranche of Government funding from the Department of Transport has been received and fully spent on an ambitious programme that has been delivered at speed. This

programme supports the Town Centre recovery work being promoted by the Government and locally through the LEPs. The County Council has been successful in bidding for additional funding for new active travel schemes. A programme is being developed and design, engagement and consultation activity is taking place prior to delivery.

62. The Economic Development service continues to play a critical role in preparations for recovery and supporting local businesses. The local economy was hit harder than the national average at the outset of the recession caused by the Covid-19 pandemic, whilst the initial recovery in Hampshire was faster than nationally. As the economy entered a further lockdown this January, the risk of a double-dip recession has increased. The latest evidence suggests that employment in Hampshire has decreased by 1.4% to date and we have seen a sharp increase in unemployment and youth unemployment. The levels are still better than during the 2008/9 recession, but this is largely due to the Government's job support measures which at one point supported some 352,000 Hampshire residents in employment. Continued uncertainty around further lockdowns and restrictions continues to weigh down on labour demand, business sentiment and investment over the short-term. Whilst the economic impact on sectors such as hospitality and retail remain very significant in line with the rest of the UK, there are signs that ongoing investment in critical infrastructure and regeneration projects funded through private and public sources, e.g., Fawley Waterside and £55m investment in a new cruise terminal at Port of Southampton, signal investor confidence in the medium to longer term recovery. Retaining assets such as Southampton Airport and securing large, planned infrastructure improvements, such as M3 Junction 9, will be at the forefront of longer term thinking in supporting the economic recovery.
63. Finally, planning applications continue to be registered and processed. In environmental services, work continues, including site survey activities, where they can be carried out in full accordance with social distancing and safe working practices.

Culture, Communities and Business Services

64. Lockdown 3 has presented a new range of challenges for CCBS services as Government Guidance on what can or should stay open or close has been less prescriptive and in some cases contradictory. The country parks, nature reserves and the Sir Harold Hilliers Gardens are currently open, with ANPR running and takeaway food. The outdoor activity centres remain closed by the parking at Calshot spit is open. Numbers of visitors are manageable and mostly behaving sensibly. Recent spot check visits by the Health and Safety Executive have confirmed this. Registration services have had to prioritise death registrations due to the numbers involved and are currently not doing birth registrations although the law permits us to do so. They are not time-dependent, and the backlog can be quickly addressed once the other pressures ease. Weddings are obviously hugely affected, and Registration has done their utmost to reassure disappointed couples and re-schedule ceremonies. The libraries service has closed to browsing but continues to offer a 'click and collect' service, a huge digital book resource and access to the 'Go-Online' terminals through a

referral system with Adult Services and Job Centre Plus. Elsewhere the department will now continue to operate the PPE warehouse and distribution until July. The Coroner continues to chair the Excess Deaths Advisory Group (EDAG) which, in particular, is monitoring mortuary capacity and with Emergency Planning running the Grayson Site. FM continue significant daily work to ensure office accommodation for those who are using it remains cleaned and monitored to a very high standard.

Corporate Resources

65. The majority of services across Corporate Resources continue to be delivered to a high performance through working from home with a small number of staff rotating attendance in the office to deal with necessary 'paperwork' which cannot be dealt with remotely and also provide for necessary IT specialist support. A small number of staff are also supporting essential face-to-face activity such as HR casework, Occupational Health activity across our Police and Fire partners and some training and development activities across our schools.
66. Following a Covid related delay, Members will be pleased to note that by the end of January, as expected, the 2019/20 Annual Accounts were signed off by our External Auditors. That final formal audit included: -
 - An Unqualified Opinion on the accounts;
 - An Unqualified Conclusion for value for money;
 - No Adverse Comment related to our 'going concern' status until March 2022.

While this was the expected outcome, as previously verbally reported, it remains excellent news particularly during these exceptionally challenging times, albeit significant financial challenges remain ahead for all local authorities.

Human Resources – Our People

67. Despite the longevity of the situation we face, our people continue to resiliently demonstrate exemplary commitment to their work and the provision of our services to the Hampshire community.
68. That said, we continue to pay close attention to the well-being of the workforce both Departmentally and corporately. Against continued strong general evidence that shows the majority of the workforce is coping extremely well, there is occasional anecdotal evidence of individuals finding it harder to cope against the twin challenges of crisis working and crisis living. In specific cases we are supporting teams where particular needs are identified and individually, we continue to support and enable managers to pay attention to the well-being of their teams as well as the overall performance and delivery. Where needed we are using our Occupational Health provision and our Employee Assistance Programme to support individuals. More generally our well-being pages on the internet are regularly updated with new and topical information for our staff and

data suggests these are being well used. There is constant monitoring of the wellbeing of staff through a range of means.

69. A recent report to CMT focussed on the emerging high-level impacts of COVID-19 on our workforce over the past 6 months. This report followed the pattern of our most recent 'Annual Workforce Report' and considered data and insights across a range of indicators such as 'attraction', 'resourcing', 'on-boarding' and 'performance'. This report will be furthered considered at the EHCC meeting in March 2021 and will remain a focus for HR + OD colleagues over the months ahead.

Communications and community engagement

70. The Authority continues to prioritise communications and engagement which is targeted across external and internal audiences via a variety of channels, to secure the most effective 'reach'. Examples of the work and related impact is outlined below:

- Over 3,000 individual proactive COVID-19 communications messages and materials have been issued since the start of the pandemic. 16 specific marketing campaigns, including innovative animations, have been designed and produced which have reached over two million people. Under the continued use of the **Keep Hampshire Safe** brand, key campaign themes have centred around government announcements on national restrictions and Tier escalations (including a dedicated Christmas campaign), hands-face-space, testing, self-isolation, support bubbles and promotion of the local vaccination programme.
- Take-up of key messaging across all media (newspapers, online publications, radio and TV) remained consistently high, achieving 97% positive/neutral profile from over 1,000 items of news coverage.
- Regular updates, e-bulletins, protocols, and tailored digital assets for key stakeholders have been cascaded to support consistent, targeted communication for use at local / community level and across social media. Audiences include Hampshire's district, borough and parish councils, businesses, universities and in particular, high risk settings such as schools, educational settings (including early years) and care homes, to ensure that they have the detailed information and guidance required. In addition, the County Council has careful oversight of local and national events, commemorations and celebrations to ensure that these are managed safely and sensitively.
- Residents' feedback, via the County Council's online residents' forum 'Hampshire Perspectives', is capturing around 800 residents' experiences of the COVID-19 pandemic, each month. Since September, residents' views have helped the County Council to understand changing transport patterns; consider when and how to communicate information; monitor the pandemic's economic impact; review where services could adapt to enable online

access; and recognise where support for mental and physical wellbeing may be needed as a consequence of the third national lockdown. Specific engagement with BAME communities has also enabled the County Council to identify particular challenges and concerns to inform and improve targeted communications and support.

- The County Council's website continues to provide accessible, up to date information for residents and partners, including the latest COVID-19 statistics for Hampshire as well as detail on the local vaccine rollout programme.

Conclusion

71. This report is the latest in a series charting what is very nearly a full year of crisis management within the County Council alongside the wider community. That year has been punishing on so many levels – the scale of changes involved, the extent of risk management required and especially working directly with the tragic circumstances of this pandemic. That applies especially, though not only, within our own direct care services and our relations with the wider care sector and the NHS. What has been particularly challenging for all concerned is that the most recent weeks of this long crisis have represented the hardest aspects so far – a new tougher and dispiriting lockdown, an exponential infection rate and subsequent increasing deaths that have deeply affected the organisation as well as the community. The organisation and its people are being tested beyond expectation and recognition. That said, the organisation and its people are withstanding those tests with levels of resilience, commitment to the task and determination to serve the community which are quite inspiring. Against the continuing challenges recorded in this report, and which are likely to continue into the near future, we are also seeing and directly contributing to a range of initiatives, especially the vaccination programme, which are finally pointing the way through the crisis. It is to be hoped that the next of these reports will be able to build upon that theme of progress in controlling the worst effects of the pandemic and charting the beginnings of recovery.

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

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

Document

Location

None

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:

See guidance at <https://hants.sharepoint.com/sites/ID/SitePages/Equality-ImpactAssessments.aspx?web=1>

Insert in full your **Equality Statement** which will either state:

- (a) *why you consider that the project/proposal will have a low or no impact on groups with protected characteristics or*
- (b) *will give details of the identified impacts and potential mitigating actions*

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet County Council
Date:	9 February 2021 25 February 2021
Title:	Revenue Budget and Precept 2021/22
Report From:	Deputy Chief Executive and Director of Corporate Resources

Contact name: Carolyn Williamson

Tel: 01962 847400

Email: Carolyn.Williamson@hants.gov.uk

Section A: Purpose of this Report

1. The purpose of this report is to set out the County Council's proposals for the revenue budget and precept for 2021/22. It also provides an update on the financial position for 2020/21 including the impact of Covid-19, both in the current financial year and beyond.

Section B: Recommendation(s)

RECOMMENDATIONS TO CABINET

It is recommended that Cabinet:

2. Notes the current position in respect of the financial resilience monitoring for the current financial year.
3. Approves that £1.2m of existing corporate funding in 2022/23 is brought forward to 2021/22 to support resourcing within the Transformation Practice focussing additional resources necessary in support of Transformation to 2021.
4. Approves the Revised Budget for 2020/21 contained in Appendix 1.
5. Approves the updated cash limits for departments for 2021/22 as set out in Appendix 4.
6. Delegates authority to the Deputy Chief Executive and Director of Corporate Resources, following consultation with the Leader and the Chief Executive to

make changes to the budget following Cabinet to take account of new issues, changes to figures notified by District Councils or any late changes in the final Local Government Finance Settlement.

7. Recommends to County Council that:

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 8) be taken into account when the Council determines the budget and precept for 2021/22.
- b) The Revised Budget for 2020/21 set out in Appendix 1 be approved.
- c) The Revenue Budget for 2021/22 (as set out in Appendix 5 and Appendix 6) be approved.
- d) Funding for one-off revenue priorities totalling £11.6m as set out in paragraphs 113 to 128 be approved.
- e) The re-alignment of grant budgets as set out in paragraphs 135 to 141 be approved.
- f) The **council tax requirement** for the County Council for the year beginning 1 April 2021, be £707,046,869.
- g) The County Council's band D council tax for the year beginning 1 April 2021 be £1,350.45, an increase of 4.99%, of which 3% is specifically for adults' social care.
- h) The County Council's council tax for the year beginning 1 April 2021 for properties in each tax band be:

	£
Band A	900.30
Band B	1,050.35
Band C	1,200.40
Band D	1,350.45
Band E	1,650.55
Band F	1,950.65
Band G	2,250.75
Band H	2,700.90

- i) Precepts be issued totalling £707,046,869 on the billing authorities in Hampshire, requiring the payment in such instalments and on such date set by them previously notified to the County Council, in proportion to the tax base of each billing authority's area as determined by them and as set out overleaf:

Basingstoke and Deane	66,627.60
East Hampshire	51,407.07
Eastleigh	47,774.37
Fareham	43,804.50
Gosport	27,182.90
Hart	41,055.21
Havant	41,448.02
New Forest	71,538.70
Rushmoor	32,060.06
Test Valley	49,855.00
Winchester	50,810.47

- j) The Capital & Investment Strategy for 2021/22 (and the remainder of 2020/21) as set out in Appendix 9 be approved.
- k) The Treasury Management Strategy for 2021/22 (and the remainder of 2020/21) as set out in Appendix 10 be approved.
- l) An increase to the allocation targeting higher yields from £235m to £250m (as set out in the Treasury Management Strategy in Appendix 10) partly to reflect the investments taken out on behalf of Thames Basin Heath and to provide extra flexibility given the added risk of negative interest rates at the short term end of the market be approved.
- m) Authority is delegated to the Deputy Chief Executive and Director of Corporate Resources to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.

RECOMMENDATIONS TO COUNCIL

This single report is used for both the Cabinet and County Council meetings, the recommendations below are the Cabinet recommendations to County Council and may therefore be changed following the actual Cabinet meeting.

County Council is recommended to approve:

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 8) and take this into account when determining the budget and precept for 2021/22.
- b) The Revised Budget for 2020/21 set out in Appendix 1.
- c) The Revenue Budget for 2021/22 (as set out in Appendix 5 and Appendix 6).

- d) Funding for one-off revenue totalling £11.6m as set out in paragraphs 113 to 128.
- e) The re-alignment of grant budgets as set out in paragraphs 135 to 141.
- f) That the **council tax requirement** for the County Council for the year beginning 1 April 2021, be £707,046,869.
- g) That the County Council's band D council tax for the year beginning 1 April 2021 be £1,350.45, an increase of 4.99%, of which 3% is specifically for adults' social care.
- h) The County Council's council tax for the year beginning 1 April 2021 for properties in each tax band be:

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New Forest	71,538.70
Rushmoor	32,060.06
Test Valley	49,855.00
Winchester	50,810.47

- j) The Capital & Investment Strategy for 2021/22 (and the remainder of 2020/21) as set out in Appendix 9.
- k) The Treasury Management Strategy for 2021/22 (and the remainder of 2020/21) as set out in Appendix 10.
- l) An increase to the allocation targeting higher yields from £235m to £250m (as set out in the Treasury Management Strategy in Appendix 10) partly to reflect the investments taken out on behalf of Thames Basin Heath and to provide extra flexibility given the added risk of negative interest rates at the short term end of the market.
- m) The delegation of authority to the Deputy Chief Executive and Director of Corporate Resources to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.

Section C: Executive Summary

- 8. The purpose of this report is to set out the County Council's proposals for the revenue budget and precept for 2021/22. It also provides an update on the financial position for 2020/21.
- 9. The current year has clearly been dominated by the impact of Covid-19. Whilst in some areas (such as the initial costs and losses arising from the first lockdown) information has become clearer throughout the year, there are still some elements such as council tax base and collection fund deficits which up to now have been based on high level estimates.
- 10. Following the receipt of information from District Councils, we now predict total gross costs and losses in 2020/21 will reach nearly £176m. The recent announcements by the Government in the Spending Review and the provisional Local Government Finance Settlement means that we now predict the majority of the £176m will be met by government funding schemes,

together with around £31m of budgeted market underwriting costs and consequential savings as a result of the Covid pandemic (for example travel costs). This leaves a net deficit of £3.8m to be covered by the financial response package.

11. The medium term impact of Covid-19 has also been revised as a result of the latest information and government announcements and it is predicted that unfunded costs and losses will reduce from £210.7m to £88.3m due to additional government funding and revised forecasts, notably in relation to council tax and business rates. This significantly reduces the level of the financial response package that the County Council needs to provide and indicates that the Government has been responding to the forecasts that have been submitted to them. For clarity, the outlook therefore appears to be 'less negative' albeit it is important to note that we are still in financially negative territory to the tune of over £88m.
12. However, we remain extremely concerned at the continuing need to underwrite over £88m of costs and losses due to the financial consequences of Covid-19 from County Council resources and we must continue to impress upon the Government the need to make further provision to cover those costs. We must also be alert to the ongoing financial uncertainty and therefore the potential for the financial consequences to worsen further, particularly for council tax and business rate income where it is thought that the full financial consequences are yet to be felt.
13. Business as usual financial performance in the current year remains strong. Indications are that all departments will be able to manage the large-scale investment required to deliver their planned transformation activity and meet service pressures through the use of cost of change and other reserves, along with appropriate corporate funding.
14. The pressures within social care are well known but in 2020/21 Adult's Health and Care are likely to contribute around £12.9m on a one-off basis to cost of change reserves as a result of early delivery of savings and the impact of Covid on some activity levels, alongside a short term change in NHS funding supporting early discharges from hospital. Outside of this, the cumulative impact of numerous savings programmes, coupled with a relentless business as usual agenda and rising demand and expectations from service users, mean that pressures are being felt in all departments.
15. Savings targets for 2021/22 were approved as part of the Medium Term Financial Strategy (MTFS) in 2018 and detailed savings proposals have been developed through the Transformation to 2021 (Tt2021) Programme which were agreed by Cabinet and County Council during October and November 2019. The impact of the agreed savings has been reflected in the detailed budgets approved by Executive Members and presented in this report.
16. During January individual Executive Members have been considering their revenue budget proposals with the Leader and Cabinet and Select Committees who provide overview and scrutiny. This report consolidates these proposals

together with other items that make up the total revenue budget for the County Council in order to recommend a budget, precept and council tax to the meeting of full County Council on 25 February 2021.

17. On 25 November 2020 a further one year Spending Review was announced by the Government for 2021/22 which has provided additional resources to local government. Whilst the settlement was positive in terms of the continuation of temporary funding and the allocation of additional funding for social care growth and to cover the financial impact of Covid-19, in line with extensive lobbying, it is only for one year at this stage. The Spending Review also set out core council tax of 2% and a further 3% to fund growth in adult social care costs, in recognition of the demographic pressures local authorities are facing.
18. The provisional Local Government Finance Settlement was announced on 17 December 2020 and confirmed the grant figures and council tax thresholds for 2021/22 in line with the Spending Review.
19. In line with the MTFs, this report recommends that council tax is increased by 4.99% in 2021/22, of which 3% is specifically for adults' social care, reflecting government policy. This will generate around £35m additional income and it is likely that Hampshire will remain one of the lowest county level council tax in the country, certainly remaining well within the lowest quartile.
20. This report also considers a number of investment priorities. The key additions are shown in the following table and more detail is set out in paragraphs 113 to 128:

	£M
Increased investment in Operation Resilience	3.0
Funding for major highways project development	1.5
Children's Services Managing Placements Programme (MPP) and other pressures	5.0
IT Growth Pressures	2.1
Total	11.6

21. In addition, it is proposed to re-align grant budgets from 2021/22 that will re-instate on an ongoing basis the £8,000 devolved grant budget for each Elected Member, create a one-off funding pot of over £1.2m for County Council climate change initiatives and will over time generate substantial savings as part of the Savings Programme 2023 (SP23). More details are provided in paragraphs 135 to 141.
22. It should be noted that the figures in this report in respect of government grant levels and figures notified to the County Council by District Councils are provisional at this stage and will be subject to change. Revised figures will

therefore be presented to full County Council and this report seeks delegated authority for the Deputy Chief Executive and Director of Corporate Resources in consultation with the Leader and Chief Executive to make these changes as appropriate.

23. The County Council's Reserves Strategy, which is set out in Appendix 7, is now well rehearsed and continues to be one of the key factors that underpins our ability not only to provide funding for transformation of services, but also to give the time for the changes to be successfully planned, developed and safely implemented. Our prudent forward planning and level of reserves have been a key factor in being able to develop a Covid-19 financial response package.
24. In addition, this report includes both the County Councils Capital and Investment Strategy and the Treasury Management Strategy (TMS) for 2021/22 (and the remainder of 2020/21), set out in Appendix 9 and Appendix 10 respectively.
25. The Capital and Investment Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The TMS supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and investments, and the associated risks.
26. Longer term, the County Council is still in the position of having no confident visibility of its financial prospects beyond the 2021/22 financial year, which clearly makes any accurate financial planning difficult to achieve. Whilst there are some signs that the key messages on funding requirements are getting through, local government as a sector will continue to push the Government for a programme of multi-year rolling settlements that avoid the inevitable uncertainty that we face at the end of every Spending Review period.
27. The Treasurer's report under Section 25 of the Local Government Act 2003, which has to be taken into account when the Council determines the budget and precept for 2021/22, is set out in Appendix 8 and also considers the future financial resilience of the County Council in this context and in light of the current and ongoing impact of Covid-19.
28. Beyond 2021/22 we have consistently said that we face an additional year on year annual pressure of at least £40m, as a result of inflation and demand growth, and in the absence of a multi-year settlement which addresses that pressure it continues to be difficult to make any changes to these forecasts. Therefore, the requirement to deliver a 2023 Savings Programme by 1 April 2023 to bridge the forecast deficit of £80m remains.
29. In addition, it has been previously highlighted that if we are to remain financially sustainable beyond 2021/22 there needs to be a significant change in the way in which growth in adults' and children's social care is funded, since it is not possible to sustain that growth in demand and cost indefinitely.

Section D: Contextual Information

30. The financial landscape for this and future years has been dominated by the impact of Covid-19. Whilst the County Council already faced medium term financial challenges, the additional burden of Covid-19 threatened to speed up the impending financial 'cliff edge'.
31. With this in mind, the strategy that the County Council adopted was to deal with the impact of Covid-19 as a separate one-off event in order to leave the County Council in the same position it would otherwise have been to tackle the next savings programme after Transformation to 2021 (Tt2021). In essence, as a minimum this meant leaving sufficient funding within the Budget Bridging Reserve (BBR) to fund the interim year of the next savings programme.
32. This was consistent with the current financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the BBR and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
33. The County Council's strategy placed it in a very strong position to produce a 'steady state' budget for 2020/21 and safely implement the next phase of changes through the Tt2021 Programme to deliver further savings totalling £80m.
34. The Tt2021 Programme is progressing to plan (as revised in response to the delays as a consequence of the Covid-19 pandemic) but as we have repeatedly stressed bridging a further gap of £80m is extremely difficult and was always going to take longer to achieve in order to avoid service disruption. The anticipated later delivery of some elements of the programme has been factored into our medium term planning to ensure that enough one-off funding exists both corporately and within departments to meet any potential gap over the period.
35. Taking longer to safely deliver service changes rather than being driven to deliver within the two year financial target requires the careful use of reserves as part of our overall financial strategy and further emphasises the value of our Reserves Strategy. Furthermore, as reported in November, the impact of Covid-19 has meant that around £38.4m of the Transformation to 2019 (Tt2019) and Tt2021 Programmes have slipped, which will require further cash flow support, as part of the financial response package.
36. On 25 November 2020 a further one year Spending Review was announced by the Government for 2021/22 which has provided additional resources to local government. Whilst the settlement was positive in terms of the continuation of temporary funding and the allocation of additional funding for social care growth and to cover the financial impact of Covid-19, in line with extensive lobbying, it

is only for one year at this stage. The Spending Review also set out core council tax of 2% and the continuation of a further 3% to fund growth in adults' social care costs.

37. The provisional Local Government Finance Settlement was announced on 17 December 2020 and more detail about the provisional settlement is set out in Section H of this report.
38. The final grant settlement for 2021/22 is not due out until this report has been dispatched, however it is not anticipated that there will be any major changes to the figures that were released in December 2020.
39. In November 2020 Cabinet received a budget update report that set provisional cash limit guidelines for departments, taking into account inflation, savings and base changes. This report confirms the cash limits that will be applied to departments next year and the individual reports approved by Executive Members during January all show that the proposed budgets are within the cash limit guidelines that have been approved.
40. Beyond 2021/22 we have consistently said that we face an additional year on year annual pressure of at least £40m, as a result of inflation and demand growth, and in the absence of a multi-year settlement which addresses that pressure it continues to be difficult to make any changes to these forecasts. Therefore, the requirement to deliver a 2023 Savings Programme by 1 April 2023 to bridge the forecast deficit of £80m remains.

Section E: Covid Update

41. Throughout the year, updates have been provided to Cabinet and County Council on the impact of Covid-19 on our current and medium term financial position.
42. As the year has progressed, certain elements of this monitoring have become clearer, and ongoing government announcements have helped to reduce the overall impact on the County Council's bottom line. Some aspects however have been impossible to predict, in particular the impact on Business Rates (BR) income, the council tax base and the council tax collection fund deficit.
43. Based on the limited information received from Districts and the forecasts of other county councils a very high level estimate of 5% income losses in the current year and a 3% reduction in the council tax base from 2021/22 were built into the anticipated losses from very early on in the process. It is only in December that initial figures have been received from the District Councils (many of which have also come with a health warning given the difficulties of producing forecasts in such unprecedented times).
44. These figures show that losses on council tax in the current year are significantly lower than originally predicted and have been offset to some extent from gains made in previous years (2019/20). Similarly, the predicted decrease in the council tax base as a consequence of greater levels of council tax

support has not materialised, and in fact a small increase is predicted next year (albeit at much lower levels than would normally be expected).

45. In addition, announcements of further government funding have also helped to reduce the overall impact, and this is reflected in the updated tables shown below:

	September Return	December Return	Change
	£'000	£'000	£'000
Response and Recovery Costs	81,121	103,387	22,266
Lost Savings – 2020/21 only	10,421	10,421	0
Council Tax Losses – 2020/21 only	32,200	7,500	(24,700)
Business Rate Losses – 2020/21 only	2,400	2,400	0
Lost Sales Fees and Charges Income	14,164	14,197	33
Commercial / Other Income	11,129	11,267	138
Total Costs and Losses	151,435	149,172	(2,263)
<i>Add Back:</i>			
Market Underwriting Costs	26,184	26,554	370
Gross Costs and Losses for 2020/21	177,619	175,726	(1,893)

46. The increase in response and recovery costs relates to the spend associated with new government grants, namely Infection Control (Tranche 2 - £15.6m), Contain Outbreak Management Fund (first tranche - £11.1m) and CEV Response (for the November lockdown - £760,000). This has been offset by reductions in the anticipated costs of Home to School Transport (based on actual data) and social worker costs directly associated with the pandemic response.
47. The net position is shown overleaf and partly reflects the fact that the Government previously announced that it will fund 75% of collection fund losses arising from the pandemic in 2020/21. However, more recent clarification (mid-January) on what is eligible for this grant funding indicates that the criteria are limited, and this adds further complexity into what is already a very difficult year for billing authorities in terms of producing reliable forecasts.
48. Given this position and in the absence of detailed information from billing authorities on the likely level of grant claims for losses incurred in the current financial year, the table overleaf assumes that we will only receive 50% of the 75% grant funding towards the gross losses for council tax and business rates shown above:

	September Return	December Return	Change
	£'000	£'000	£'000
Gross Costs and Losses	177,619	175,726	(1,893)
Service Specific Funding (CCG's & Gov.)	(7,808)	(10,568)	(2,760)
Covid-19 Grant Allocations	(70,395)	(70,395)	0
Test and Trace, Infection Control and Emergency Assistance Grants	(24,174)	(51,704)	(27,530)
Income Reimbursement	(2,500)	(4,995)	(2,495)
Council Tax Grant (50% of 75%)		(2,813)	(2,813)
Business Rate Support (50% of 75%)		(900)	(900)
Forecast Savings	(6,860)	(4,037)	2,823
Market Underwriting (Budgeted)	(26,184)	(26,554)	(370)
Total Savings and Funding	(137,921)	(171,966)	(34,045)
Net Unfunded Costs and Losses	39,698	3,760	(35,938)

49. The additional grants of £27.5m offset the increased expenditure for these items outlined above and the income reimbursement scheme is based on the latest return submitted in December. The reduced savings are a result of the removal of £3m of assumed savings in highways maintenance works which are now not expected to be delivered due to the pressure on the network following several bouts of severe weather over the winter.
50. The table shows that in overall terms, the forecast position for 2020/21 is now only a deficit of £3.8m, accepting that some of the figures around council tax and business rates may still change significantly prior to County Council. Given the difficulties experienced over this year, the latest position shows that the Government appears to have responded to the requests from local government to meet the costs and losses associated with Covid-19 in full.
51. Turning to the medium term position, this has been updated to reflect the latest demand pressures, together with the announcements of new government funding.

	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000
Current Year Deficit	3,760				3,760
Slipped Tt2019 and Tt2021 Savings		22,714	4,688	596	27,998
Departmental Pressures		38,703	28,498	15,000	82,201
Business Rates		2,385			2,385
Lost Investment Income		2,500	1,500		4,000
Covid Grant - Tranche 5		(23,979)			(23,979)
Council Tax Support Grant		(8,060)			(8,060)
Updated Total Gap	3,760	34,263	34,686	15,596	88,305

52. The table shows that the net unfunded costs and losses are now expected to be £88.3m. This is a movement of £122.4m compared to the position reported in November and can be explained by the following changes, which have been split between those relating to additional government funding and those where revised forecasts have been prepared based on the latest information:

	Gov. Grant £M	Revised Forecast £M
Council tax and business rate losses are significantly lower than anticipated and the Government will meet 75% of current year eligible losses	3.6	24.7
There has been no reduction in the council tax base (originally expected to create losses over 3 years)		42.0
Reduced costs and additional sales fees and charges reimbursement	2.5	2.6
Increased specific grant funding (Bus services and cultural support grant)	2.8	
Reduced demand costs within adults' social care		8.0
SEN recurring pressure built into base budget		5.1
Additional Government grant for 2021/22	32.1	
Other Net Changes		(1.0)
Total	41.0	81.4

53. Whilst this overall position has changed significantly with the outlook now being less negative, it is important to note that we are still in financially negative territory to the tune of £88.3m. Therefore, this does still require the County Council to put in place a response package of over £88m in order to meet the

one-off impact of Covid-19 over the medium term. This does reduce our capacity to respond to any further financial shocks, but it does at least mean that the County Council's financial sustainability is much more assured than reported in November 2020.

54. However, the improvement in the council tax position has raised fears that there may be a lag in this area due to the support that has been put in place by the Government for businesses and individuals alike. It is possible therefore that this position (along with that for Business Rates) could decline as we move through 2021/22 and government support comes to an end. It is not possible to predict this at this stage, but it will be kept under review and could lead to an increase in the Covid figures as the next financial year progresses.

Section F: Business as Usual Financial Monitoring

55. The financial landscape in the year is obviously complicated by Covid-19. However, even after excluding this (as the impact will be managed through a separate financial response package) complexity remains due to a range of one-off impacts arising from transformation activity, previously planned late delivery of savings, use of cost of change and corporate cash flow support.
56. The business as usual (i.e. excluding Covid-19) forecast position for 2020/21 as at the end of November (Month 8) indicates that all departments will be able to manage the large scale investment required to deliver their planned transformation activity and meet service pressures through the use of cost of change (and other) reserves along with currently agreed corporate funding.
57. Key issues across each of the departments are highlighted in the paragraphs below and whilst pressures within social care departments are well documented, the impact of successive savings programmes along with other service pressures means that all departments are facing financial pressures.

Adults' Health and Care

58. The latest forecast is a net under spend of £12.9m, which is dependent on securing Tt2019 cash savings of £47.8m and Tt2021 early savings of more than £6.7m. This position is mainly the result of changes in activity levels for older person's services throughout the year due to Covid-19 and the impact of NHS funding supporting early discharges from hospital. At the end of the year £12.9m will be transferred to the Cost of Change reserve, bringing the reserve balance to £15.7m by the end of 2020/21. This sum will be utilised within the following years to help fund planned delays in savings and one-off project costs.
59. It should be noted that the Department continues to benefit in 2020/21 from the additional recurring funds announced in 2019/20 from the Improved Better Care Fund (IBCF), that now includes Winter Pressures, of £11.5m. Ordinarily however, these funds and the additional corporate support would still be insufficient to match the underlying pressure. For 2020/21 whilst this pressure

has been reduced negotiations are continuing with Clinical Commissioning Groups (CCGs) to see what extra support may be required and whether there are other joint initiatives that can be pursued for the remainder of the year to minimise pressure on the health and care system, which could see additional funds flow into the County Council.

60. The impact Covid-19 has had on transformation savings delivery for both Tt2019 and Tt2021 has been significant within Adults' Health and Care. This is primarily due to resources being redirected toward responding to the pandemic. In addition, the ability to affect care package prices and volumes into the long term, to which most of the planned saving relate, has been severely impacted by the need to support the NHS to discharge patients from hospital freeing sufficient acute capacity to cope with the demands of the pandemic.
61. The longer term position for the Department is likely to present greater challenges than have been forecast previously and this is, in the main, an indirect consequence of Covid-19. Whilst the current year position on care packages has been managed, this is largely due to additional financial support from the NHS in respect of discharges and reduced demand for Residential and Nursing care.
62. The budget for Public Health originally planned use of £0.7m of the Public Health reserve. The expected outturn forecast for 2020/21 is a saving of £0.7m against this position and it is for this reason that the planned draw from the Public Health reserve is no longer required.
63. A significant proportion of the forecast saving reported is due to the impact of Covid-19 on the volume of contracted services delivered. Where applicable it has been agreed to pay reduced contracted amounts to providers that recognises there has been a reduction in their service level whilst providing them with adequate support to meet a proportion of their costs to keep them financially viable during the pandemic.
64. After not drawing the £0.7m previously intended from the reserve in year and the expected saving of £0.7m, the latest forecast is that the reserve balance at year end will be more than £6.1m

Children's Services

65. The expected outturn for 2020/21 on the non-schools' budget is a balanced position following the additional corporate support provided to Children's Services. There has been significant focus on Children Looked After (CLA) numbers and costs over recent years and trends for average costs, numbers and the mix of placement type have been tracked. Based on this analysis and tracking, additional corporate support has been agreed to address the pressures arising from this growth.
66. Children's Services are facing a range of further pressures as follows.

- With regards to the pressure on staffing budgets in Children's Social Care the service continues to develop social workers through the Graduate Employment Trainee Scheme (GETS), although there is still a significant reliance on agency staff. This is being well managed in collaboration with Connect2Hampshire but plans to reduce agency numbers has been impacted by the Covid-19 pandemic.
- Home to School Transport (HtST) reflects a balanced budget in this financial year based on the activity levels since September 2020. Whilst no additional growth funding is required for 2020/21, pressures have been forecast in future years in relation to activity growth, mainly within Special Educational Needs (SEN), including unfunded post 19 growth. Whilst this is being monitored and is under regular review, the analysis has been further complicated by the pandemic which means further refinement is still required.
- Every new Education, Health and Care Plan (EHCP) has to be informed by advice from an Educational Psychologist and the increase in EHCPs has resulted in a need to direct staff towards providing this statutory advice. Consequently, there has been a decline in income from sold services to schools and the use of agency staff in order to address the increased volumes has exacerbated this pressure.
- Swanwick Lodge, our in-house secure unit, continues with its period of financial recovery following the refurbishment as planned, albeit with Covid-19 impacts. This remains under close review.

67. Proposals for additional support are set out in Section I to enable the Department to manage these issues in the year to come.

Corporate Services

68. Since 2010, Corporate Services have been required to deal with increasing work pressures at a time when staffing resources and other budgets are reducing significantly. Furthermore, as savings become harder and more complex to deliver (linked for example to IT system changes) the cost and timeframes to deliver savings increase, placing additional strain on the resources available to deliver business as usual.
69. The forecast position for 2020/21 is that savings will still allow a contribution to cost of change balances even after substantial transformation costs have been met in year. Early delivery of savings in the current year will help as part of the overall strategy for delivering savings in the longer term, but the continued need for additional resources against a backdrop of reducing budgets should not be underestimated.
70. This puts the Department in a strong position for next financial year to deliver good quality services to other departments within the County Council and to the many partner organisations who receive our services. In addition, Corporate Services teams will begin planning their savings programme for 2023 and continue to provide critical support to other departments during the delivery of

their own transformation programmes. It will be important for the Department to manage this further pressure to service delivery.

71. In particular, the Transformation Practice is supporting the large and complex Tt2019 and Tt2021 Programmes across Children's Services and Adults' Health and Care, both of which required significant resources to make the necessary progress, requiring additional resources to be brought forward from future years funding. Both departments have seen significant delays due to the Covid-19 pandemic and one-off corporate funding has also been provided to support the additional resources employed on the Programmes.
72. Given the complex nature of the Programmes coupled with delays, it is considered essential that a full complement of resources is in place throughout the year and it is therefore recommended that corporate funding of £1.2m approved in previous years be brought forward from 2022/23 to keep the team in place.

Culture, Communities and Business Services (CCBS)

73. CCBS delivers a wide range of services and business as usual activities have been affected by resources being diverted to deal with the Covid-19 response and recovery and the Department has been mindful of the need to avoid non-essential spending in the light of the County Council's overall financial position resulting from the pandemic response.
74. It is anticipated that in 2020/21 the Department will be able to contribute to cost of change balances, even after substantial transformation costs have been met in year, in line with the County Council's financial strategy, to be used to support the delivery of future savings programmes or offset service pressures. It is also proposed to use this funding to meet the anticipated deficit in the Repairs and Maintenance budget for next year as outlined in the last financial update report.

Economy, Transport and Environment (ETE)

75. The Department's long-standing approach of minimising non-essential spend, seeking to develop a broader client base for sold services and adopting a prudent approach to vacancy management has a heightened importance against the backdrop of the Council's current financial position and the increased delay in delivering the Department's Tt2021 savings from the Waste budget which will need cash flow funding from Cost of Change. This approach has therefore continued to feature strongly in the Department's overall financial management.
76. The majority of the Department's Tt2019 savings have been fully delivered with the balance of two programmes, Waste and Parking, still to be completed. The outstanding balance of £0.9m of the Parking saving is now expected to be achieved in 2021/22 with aspects of the programme having been delayed due to the pandemic. The balance on the Tt2019 Waste saving of almost £1.8m is

also expected to be fully achieved by 2021/22 following decisions taken by the Executive Member for Economy, Transport and Environment in October 2020. The cash flow impact of these timing shortfalls has been met from the Department's Cost of Change Reserve.

77. Despite the challenges of the Covid-19 response and recovery the Department has made progress in delivering the Tt2021 target of more than £11.7m with early achievement of over £1.0m now expected in 2020/21.
78. It is anticipated that at the end of the year the Department will be able to contribute to cost of change balances in line with the County Council's financial strategy to be used to support the delivery of future savings programmes or offset service pressures.

Schools

79. The financial pressures facing schools have been highlighted for some time, driven in part by an increasing requirement for pupils with SEN, which exceeds the available funding and is mirrored nationally. Pressures have mainly arisen due to significant increases in the number of pupils with additional needs and as a result of the extension of support to young people with high needs up to the age of 25. There are also increases in the amount of funding required due to increasing complexity of need, resulting in a pressure on the top-up budgets for mainstream schools, resourced provisions and Post 16 colleges. There is also significant pressure due to more pupils requiring placements in independent and non-maintained schools.
80. In 2020/21 the current forecast is for a further over spend of £13.6m, as reported to School's Forum in December, with the majority relating to the high needs pressure of £14.9m. The over spend will be added to the Dedicated Schools Grant (DSG) deficit reserve at the end of the year, increasing the cumulative deficit to £36.4m.
81. Whilst this sum sits as a 'negative reserve' on the County Council's balance sheet, it in effect represents an overdraft for schools which they (and the Government) need to address over the longer term.
82. The next section outlines the expected general outturn position for the current year in more detail.

Section G: Revised Budget 2020/21

83. During the current financial year there have been a number of changes to the original budget that need to be taken into account, some of which have already been reported to Cabinet. In addition, it is also timely to review some of the high level numbers contained within the revenue budget to assess the likely impact on the outturn position for the end of this financial year.

84. Appendix 1 provides a summary of the original budget that was set for 2020/21 together with adjustments that have been made during the year. The proposed Revised Budget for 2020/21 is then set out for information. The variance between the adjusted and revised budget gives an indication of any one-off resources which may be available at the end of the year and could be used to fund one-off investment or provide additional contributions to the BBR, although for this year all available funding has been diverted to the Covid-19 response package.
85. The following paragraphs explain the main adjustments that have been made to the budget during the year:

Adjusted Budget 2020/21

86. **Departmental Spending** – Budgeted departmental spending has increased by more than £104.2m and the reasons for this are highlighted in the following table:

	£M
Net increase in grants	58.7
Use of cost of change reserves	19.9
2020/21 Pay Award	8.9
In Year Adults' social care draw from central contingency	4.0
In Year Children's Service's draw from central contingency	1.7
Approved Winter Maintenance Funding	2.0
Approved funding for Major Schemes Development	2.2
In Year Corporate Service's draw from Corporate Policy and Invest to Save Reserve	0.7
Approved funding for Strategic Land Development and School Feasibility	5.7
Other Net Changes	0.4
Total	104.2

87. The increases in budgeted departmental spending are mainly because of increased government grants, the allocation of approved funding (for example from contingencies) or the one-off use of cost of change reserves. The true value of recurring increases is much smaller and relates to the allocation of funding from contingencies to Children's Services and funding for the pay award, but these reflect transfers rather than new unanticipated spend.
88. The paragraphs below outline changes to the other items that make up the overall revenue account.

89. **Capital Financing Costs** – The decrease reflects the latest estimates and the ongoing trend of a very prudent approach to capital financing costs and interest on balances and the continuing use of ‘internal borrowing’ to fund capital expenditure rather than taking out long term loans at this point. In addition, a profit of about £2.9m was generated on the Transport for London bond sale and this has been credited to the investment income budget.
90. Separately, Covid-19 has adversely affected investment income (£3.5m) and this will be addressed through the financial response package. Depending on the end of year position, there may be an option to add to the Investment Risk Reserve in line with the agreed strategy of seeking to reach 2.5% of the total amount invested.
91. **Revenue Contributions to Capital Outlay (RCCO)** – The increase in RCCO reflects changes made to the Capital Programme and its financing during the year but this is entirely offset by other funding changes in budgets or to earmarked reserves so that there is no bottom line impact in 2020/21.
92. **Contingencies** – The increase in contingencies is the result of building resources to provide for the financial response package to Covid-19 and reflects £70.4m of government emergency funding received to date. This will be utilised in line with the strategy of dealing with the Covid-19 pandemic as a one-off extraordinary event.
93. **Dedicated Schools Grant (DSG) and Specific Grants** – The increase in DSG reflects amendments that have been made to the final grant during the year. The increase in specific grants is mainly due to the receipt of a wide range of government funding in relation to Covid-19, including the Adult Social Care Infection Control Fund, the Test and Trace Service Support Grant, the School Catch Up Grant, the Covid Winter Grant Scheme and compensation for lost Sales Fees and Charges.
94. **Levies** – The increase reflects the full transfer of Inshore Fisheries from what was the Policy and Resources cash limited budget to be held corporately, adopting a consistent approach to the treatment of all levies.
95. **Coroners** – The increase largely reflects known changes in cost apportionment reported previously and changes to the structure of the service across the wider coronial area already provided for.
96. All of these changes have had no overall impact on the bottom line of the revenue account as they mainly represent transfers between different areas of the budget or represent matching changes to expenditure and income as is the case with specific grants.

Revised Budget 2020/21

97. The fourth column of figures shown in Appendix 1 outlines the proposals for the revised revenue budget for the County Council for 2020/21. At this stage, the revised budget for departments matches the adjusted cash limits that they have

been given for the year and therefore no variances are shown for the end of the year.

98. As set out in Section E it is anticipated that there will be early delivery of savings in the majority of departmental budgets by the end of the year. However, in line with current policy this can be transferred to departmental earmarked reserves to be used to fund the cost of change in future years and will therefore have no impact on the bottom line position of the revenue account.
99. For all departments the forecast position has been presented as break even against the revised cash limits reflecting this policy and the fact that departments are managing their bottom line positions to contain spending pressures and are using cost of change in the year as required.
100. At this time of year we normally review other budgets to assess whether any savings can be released, for example from contingencies. This year due to the impact of the Covid-19 pandemic we have already critically reviewed all budgets in order to develop a financial response package. In addition, due to the high level of financial uncertainty across all aspects of the County Councils areas of operation, it is not possible to release any further funding. Therefore, the revised budget matches the adjusted budget.

Section H: Local Government Finance Settlement

101. The Spending Review announcement took place on 25 November 2020 and the key elements were as follows:
 - For salaries set by the Government (such as teachers and police) there will be a public sector pay freeze in 2021/22. The exceptions are for those earning less than £24,000 (who will receive a minimum £250 increase) and the NHS. The Government does not set pay for most council staff.
 - Councils with social care responsibilities will be allowed to increase council tax by up to 5% in 2021/22 without holding a referendum. This consists of 2% for main council tax and 3% for the adult social care precept.
 - The business rates multiplier will be frozen in 2021/22 (with local authorities fully compensated for the lost income). Further Covid-19 business rates reliefs may be announced in the new year.
 - The Government expects to provide local authorities with over £3bn more to help with Covid-19 pressures in 2021/22. It comprises:
 - £1.55bn to help with expenditure pressures.
 - £670m additional funding for council tax support schemes (which reduce council tax bills for households on low incomes).
 - £762m (estimate) to compensate local authorities for 75% of council tax and business rates losses resulting from 2020/21.

- Extending the Covid-19 sales, fees and charges reimbursement scheme for three months until the end of June 2021.
 - An additional £300m for adults' and children's social care and continuation of the existing £1bn annual grant put into social care previously will be maintained, along with £2.1bn provided through the IBCF (pooled with the NHS). Proposals for reforming adults' social care will be brought forward next year.
 - The New Homes Bonus scheme will continue for a further year, with no new legacy payments. Reforms to the New Homes Bonus will be consulted on shortly, with a view to implementing changes in 2022/23.
 - The Chancellor also announced how the Government would deliver the next stages of its infrastructure investment plans to drive the UK's recovery with £100bn of capital spending next year and a £4bn Levelling Up Fund.
102. The provisional Local Government Finance Settlement was announced on 17 December. This set out in more detail the funding allocations for 2021/22 as follows:
- The business rates multiplier will be frozen in 2021/22 (rather than increase by CPI inflation), so business rates bills will not increase – County Council allocation £6.3m.
 - Funding to help meet Covid-19 pressures in 2021/22, comprising the following for Hampshire County Council:
 - £24.0m to help with expenditure pressures.
 - £8.1m additional funding for council tax support schemes (which reduce council tax bills for households on low incomes).
 - An additional £1.2m for social care, bringing the total to almost £26.2m. This is less than we were originally anticipating as most of the funding has been given to areas with low council tax bases.
 - £3.9m from the New Homes Bonus scheme.
103. At this stage, the 2021/22 pay award has yet to be agreed and the budget originally contained a 3% provision held within contingencies to cover the April 2021 pay award, including a factor to deal with any changes arising from the National Living Wage (NLW).
104. Following the Government's announced intention to implement a public sector pay freeze in 2021/22 this has been revisited. The Government does not set pay for most council staff but in previous years such a government announcement has resulted in similar outcomes for local authority pay bargaining. Given that it has been stated that those earning less than £24,000 will receive a minimum £250 increase, the provision held has been reduced to 1%, releasing £6m which has been applied as set out in Section I. This 1% provision will be held in contingencies until any pay award is agreed.

Council Tax

105. The provisional Settlement also reaffirmed the maximum permissible increases to council tax without the need for a referendum – namely 2% for main council tax and 3% for the adult social care precept.
106. In 2016/17 the Government implemented a clear shift in council tax policy following five years of freezing council tax, which was initially supported by the allocation of Council Tax Freeze Grant. The Government ended this support and have presumed that local authorities would increase their council tax by the maximum they are allowed each year since that point - that assumption is affirmed by the way it is built into the calculation of Core Spending Power.
107. The MTFs approved by the County Council in November 2019, and updated subsequently, assumes that council tax will increase by the maximum permissible without a referendum in line with government policy. This will mean a council tax increase of 4.99%, of which 3% will contribute towards the increased costs of adults' social care, as recommended in this report, in line with the Government's policy and as set out in the County Council's MTFs.
108. This additional 1% for adult social care will generate in the region of £7m which will be allocated against adult social care growth, for which we need to provide £13.5m per annum based on current forecasts. In total, the adult's social care precept will generate around £21m in additional revenue against total increased costs of £29.4m arising from growth and inflation.
109. Past financial updates to Cabinet and County Council have highlighted the need to make savings every two years to offset the costs of growth and inflation and the Chief Financial Officer has indicated that this is not a sustainable position and that new resources to help fund these costs are needed if we are to remain financially sustainable. The additional 1% council tax flexibility will help in this regard and the full 4.99% increase is therefore being recommended and is assumed within the content of this report.
110. This proposed increase will see the council tax for a Band D property increase by £64.17 per annum (approximately £1.23 per week) to £1,350.45.
111. This will generate around £35m of additional income but it is anticipated that Hampshire will continue to have one of the lowest levels of council tax in 2021/22 of any county across the country and with this position continues to maintain strong performance both within its financial management and service provision. The average council tax across all counties in 2020/21 was more than £1,361, more than £75 higher than Hampshire's level in that year. If the County Council set its council tax at this average amount, it would receive around £40m a year more income than current levels.
112. Total income from council tax in 2021/22 is expected to be more than £707m and represents 85.3% of the total funding of the County Council's net budget. This compares to 73.6% which was the position for 2011/12.

Section I: Unavoidable Revenue Pressures and Investment Priorities

113. The November financial update report highlighted a number of items that were either unavoidable revenue pressures or potential areas of investment that needed to be considered as part of budget setting for 2021/22. Very often it has been possible to meet these items from money released from contingencies in the latter part of the financial year. However, given the impact of Covid-19 on the County Council's finances it was not possible to fund them in this way and it was decided to postpone consideration of the unavoidable pressures and the future investment priorities (over which there is some choice) until after the provisional Settlement was announced.
114. The announcements in the Settlement, together with other changes in the budget position, means that there is now greater scope to fund these items, details of which are provided in the following paragraphs:
115. **Children's Services Pressures and Initiatives** – The November report outlined a number of pressures across Children's Services in HtST, Educational Psychology and social worker agency costs, together with an invest to save initiative around managing social care placements. Following the Spending Review announcement it was anticipated that Hampshire could receive around £5m of the £300m social care grant provided nationally. This would have provided the opportunity to passport these funds to Children's Services in order for them to address all of the spending pressures and give sufficient resources to fund the Modernising Placement Programme (MPP), more details of which are outlined in Appendix 2.
116. The Appendix highlights that whilst the programme is expected to generate savings in the medium term, building successfully on the foundations laid in both the Tt2019 and Tt2021 Programmes, there is the risk that if these were less than expected, the County Council could be left with an increased cost as it is not possible to revert back to the previous arrangements once the changes had been made. Sensitivity analysis suggests that the programme would break even if 60% of the expected additional foster carers were recruited. Whilst there is a financial risk it is felt that the overall potential benefits of the programme outweigh this.
117. As highlighted above, the distribution methodology for the social care grant was changed such that funding was heavily weighted towards low council tax base areas. As a result, Hampshire received only £1.2m of new funding. Despite this position it is considered that the strategy of enabling Children's Services to manage their pressures and take forward the MPP initiative, without the need to seek corporate support throughout the year would be a positive change in the approach to the financial management of the Department.
118. It is therefore proposed that the £1.2m social care grant together with £3.8m of the released pay award provision from next year is allocated to Children's Services on an ongoing basis.

119. **IT Pressures** – As in previous years it is necessary to increase the forward budget for the IT service to take account of several factors associated with the IT infrastructure and the provision of equipment. A total of up to £2.1m per annum is required to meet amongst other things, the future refresh of the new equipment provided to staff and Councillors to facilitate homeworking during Covid-19, increased resilience against cyber-attacks, renewals of vital software at an increased cost above inflation and growth in IT capacity in areas such as disk space and wireless networks. It is proposed to use £1.2m of the released pay award provision for next year (as mentioned above) together with £0.9m of existing contingency provisions to fund this expenditure on an ongoing basis.
120. **Coroner's Service** – There continues to be pressure within the Coroner's Service in the current year, partly driven by the impact of Covid-19, on the number of cases and delays in progressing inquests during the first lockdown. However, longer term there are further pressures associated with an increase in activity generally, the change in cost apportionment reported previously and changes to the structure of the service across the wider coronial area. Following a more detailed review of the pressures and predicted levels of activity it is anticipated that the increased costs can all be met from the additional funding that was previously set aside to cover the change in cost apportionment methodology.
121. **Corporate Estate Repairs and Maintenance** – The November report identified that there is a funding gap of £1.13m for the very highest priority critical works that need to be carried out in 2021/22 along with a longer term funding gap for other essential works in later years. Culture, Communities and Business Services (CCBS) have been looking at their current year monitoring and, on the assumption that Covid-19 costs and losses are met from government grant, they predict that they will have sufficient savings available to meet the costs in 2021/22.
122. Looking ahead, the changes to the funding of repairs and maintenance across the adults' services estate will hopefully free up some existing annual funding but it is still likely that additional resources will be required to meet essential liabilities in future years, and if possible further allocations for planned repairs to continue the previous programme would help to maintain assets to the appropriate standards. This will be considered as part of the next update of the MTFS.
123. **Strategic Land Programme** – An annual amount is usually provided to continue activity on this Programme. Following a review of the key sites that need to be taken forward and taking into account money that was previously committed to funding the forward programme for Manydown, it is expected that the key sites can be progressed from existing resources at this stage. Longer term, due to the nature of the programme an alternative funding solution will be put in place reflecting the multi-year profile of the programme and the need to flex resources as required to respond to market conditions or opportunistic approaches linked to specific sites.

124. **Operation Resilience** – In the current financial year an additional £3m was provided to this programme on a one-off basis to increase planned works and provide extra flexibility to transfer funding to the reactive maintenance programme in the face of rising demand. It was hoped that a multi-year settlement would have provided the opportunity to consider the increased funding on a longer term basis, but in the face of a single year settlement it is proposed to agree a further £3m for 2021/22 to be funded from the allocation for the New Homes Bonus which was previously expected to finish after the current year. It is also proposed to extend into 2021/22 the flexibility to transfer up to £3m of funds to reactive maintenance during the year if required.
125. **Major Schemes Development** – A recent feature of capital investment priorities has been to provide feasibility funding for highways schemes in particular so that detailed planning and design can be carried out for priority schemes that are then ‘oven ready’ to be submitted should there be a call for bids by the Government or Local Enterprise Partnerships (LEPs).
126. This methodology has proved very successful in the past at attracting major investment into the county (such as the Stubbington Bypass, Whitehill Bordon Green Grid Green Loop and A30 corridor improvements in Basingstoke) and protects the Council’s own capital resources. Funding of around £169m has been secured since 2018/19, highlighting the excellent return on investment that is created. In the past a sum of around £1.5m has been approved on an annual basis, although any activity would clearly need to be contained within whatever figure might be able to be provided.
127. There is £3.9m of New Homes Bonus funding for next year, £3m of which is proposed to be allocated to Operation Resilience, a further £0.4m is required to meet past prudential borrowing commitments, leaving £0.5m spare for next year. It is therefore proposed to allocate on a one-off basis, this £0.5m together with the balance of the released pay award provision of £1m in 2021/22 to enable further major scheme development to take place.
128. The importance of this allocation and the additional funding provided towards Operation Resilience is outlined in the Highways Status Update provided at Appendix 3.
129. The items detailed above address all of the pressures and initiatives that were outlined in the last financial update report presented to Cabinet and County Council. As part of the development of the final budget proposals there are two further areas of investment priority to consider.
130. **Climate Change** – The corporate Climate Change Team was allocated £600,000 from the Investing in Hampshire Fund which provided funding for the team for two years (2019 - 2021). A further £2m operational budget allocation was also made to support delivery of climate change actions based on the targets to reduce emissions and improve resilience across Hampshire as a place.

131. This demonstrates a clear commitment by the Council to this work and the high priority given to the agenda, despite the significant financial impact of the Covid-19 pandemic on the County Council and the ongoing savings programmes required to maintain overall financial sustainability in the context of reduced government funding and growing cost and demand pressures in adults' and children's social care services.
132. To date the £2m operational budget has been used to fund a number of key projects targeting the priority areas for actions as identified in the Strategy as follows:
- Work by the Carbon Trust to establish the baseline emissions for the County area, develop the two 'climate change impact assessment' decision tools, and to establish the Strategic Framework and accompanying carbon estimates.
 - Four climate change Community projects launched in July 2020.
 - The first year of the purchasing of a Corporate "green" electricity through the "Renewable Energy Guarantee of Origin" certificate (REGO).
 - A pilot scheme for residential on-street electric vehicle charge-points.
 - A commission with the New Economics Foundation to develop a Green Recovery framework and roadmap for Hampshire on a whole County basis.
133. Given the scale of the programmes identified in the Council's Climate Change Strategy, the climate change budget will continue to be prioritised to support preparatory and feasibility work to ensure that the Council is ready to take advantage of opportunities to secure government funding or to bid for other external funding that arises as the Government focusses on measures to deliver the UK's Climate Change commitments and targets. The budget will also continue to be used to fund demonstration / pilot projects that will help kick start activity within Hampshire promoting those that focus on proof of concept and scalability. It is recognised that the scale of resources needed to deliver the necessary large countywide programmes in areas like renewable energy, reducing transport or domestic property emissions will require significant external resources, and cannot be delivered through the County Council's budget alone.
134. That said, the County Council is keen to make resources available wherever it can even under the most difficult of circumstances and the item below outlines an opportunity to re-align existing grant funding to this priority area over the next two years to support the work the County Council needs to undertake as an organisation regarding its own Climate Change agenda.
135. **Community and Members Devolved Grant Budgets** – Members will be aware that the devolved grants budgets are due to decrease to £5,000 per member from 2021/22 in line with the savings that were approved by full Council as part of the Transformation to 2017 Programme. Since that decision was made reserve funding has been allocated on an annual basis, at the

request of Members, to keep the grant to £8,000 per member. That reserve funding is due to come to an end following County Council elections in May 2021. It should be stressed therefore that this is a longstanding formal Council decision that has yet to be put into effect, if for understandable reasons.

136. In addition, CCBS have been reviewing their own grant funding streams as part of the planning for the Savings Programme 2023 (SP23) and they have been looking at the types of awards that have traditionally been made. One of the grant streams is the Community Grants Fund, which totals £862,000 per annum, which has a very general criteria based on projects that provide a community benefit. Within Corporate Services, the Leader of the Council has a further grant stream totalling £217,000 per annum that is also directed towards one-off projects that provide some sort of community benefit.
137. Across all three of these areas there is a high degree of overlap and it is felt there is benefit in re-arranging these grants to maximise their effectiveness at the same time as creating savings for the SP23 Programme. A further issue to factor into this position is the fact that within the Policy and Resources Other budget, small savings in inflation allocations and other items have been accruing in recent years following the decision not to apply a savings target to this area from 2017/18 onwards. This has created an unallocated budget provision of £187,000 in 2021/22 that can be taken into account in re-aligning the grant streams.
138. An important factor to consider in looking at these grants streams is the local impact they have. Whilst there are criteria for the Community Grants, the decisions are either taken by Officers or the Executive Member based on the information submitted by the applicant. The application could be anywhere from within Hampshire and the local members are not always aware of these. There is also quite a significant overlap between the Leader's grants and the Community Grants as both have wide criteria that are generally aimed at creating community benefit.
139. Past representations through Policy and Resources Scrutiny Committee in particular have requested that the proposed reduction to the members devolved grants budget should not be implemented. This is at least in part because not only do the grants provide a community benefit, but they are better targeted based on the local members' knowledge of the area and the groups that operate within it. Arguably this local context means that the community benefit is more easily identified, has a more evident local democratic mandate and the allocation of devolved budgets to individual members mean that by default, there is a more even allocation of funding across the County. It would also not be appropriate to continue to off-set the 2017 decision to reduce this budget with a continued series of year-on-year decisions.
140. Taking all of these factors into account, together with the over-riding need to generate savings for the SP23 Programme, the re-alignment is based on the following proposals:

- The Community Grants funding of £862,000 be transferred from 2021/22 onwards to the Leader's grant pot with the exception of £32,000 that will be separately targeted towards a small number of community associations within particularly deprived areas and an established call against this fund.
- £234,000 of this amount be transferred to Members devolved budgets to re-instate on a permanent basis the grant level to £8,000 per member (thereby revoking the 2017 decision).
- Increase the Leader's grant budget to £400,000 per annum and amend the criteria to better include the current Community Grants stream.
- Retain £600,000 of funding for 2021/22 and 2022/23 and create a one-off fund of £1.2m targeted specifically at climate change initiatives which will make a difference to the County Council's organisational climate change agenda being overseen through CCBS.
- From 2023/24 onwards the £600,000 savings will be counted against CCBS's SP23 Programme.

141. This package of proposals achieves a number of objectives and better targets the limited funding we have going forward whilst at the same time contributing to the SP23 savings and the key County Council priority of climate change.

Section J: Service Cash Limits 2021/22

142. In November Cabinet considered a budget update report which set provisional cash limit guidelines for departments for 2021/22.

143. Appendix 4 sets out the cash limits agreed in November and provides information on adjustments that have been made subsequently, which are the result of changes to grants within the local government finance regime and an additional contribution from revenue reserves to fund capital expenditure.

144. Overall cash limits have increased by £31.8m, the majority of which reflects an increase in DSG and, in a similar way to the changes for 2020/21, this has not had a bottom line impact on the revenue budget for 2021/22 as it is the result of a change in a grant.

Section K: Savings Proposals

145. The County Council continues to implement the Tt2021 Programme (alongside the final stages of Tt2019) to deliver £80m of savings, which will bring the cumulative total to £560m since 2010. Given the size of the task, the lead in time required and the transformational nature of some of the proposals, the detailed savings to meet this target were approved by Executive Members and then by Cabinet and County Council in October and November 2019.

146. It is recognised that each successive transformation and savings programme is becoming harder to deliver and the challenges associated with the Tt2021 Programme have been made clear. Delivery was planned to extend beyond two years and provision has been made to ensure one-off funding is available both corporately and within departments to enable the Programme to be safely delivered. Taking time to safely deliver service changes, rather than being driven to deliver within the two year financial target, requires the careful use of reserves as part of our overall financial strategy to allow the time to deliver and to provide resources to invest in the transformation of services. This further emphasises the value of our Reserves Strategy.
147. Due to the Covid-19 pandemic the original assumption that departments were asked to work to was a six month delay in the delivery of the Programmes, albeit it was expected that it may take longer to re-capture lost momentum across the more complex areas of adults' and children's social care.
148. Following the initial Covid-19 response period, departments have been requested to re-commence delivery of their savings programmes wherever possible, but again recognising that the social care services were dealing with recovery activity and increased demand as a result of the pandemic which may further impact their ability to fully re-commence the delivery of savings. More recent escalation of the virus and the further national lockdown will also continue to have an impact.
149. Formal reporting activity across the Programmes was suspended during this 'pause' but the last report to Cabinet in November 2020 set out the results of a re-baselining exercise undertaken by departments for their Tt2019 and Tt2021 Programmes to facilitate a resumption of monitoring and reporting as part of the overall financial reporting process. This exercise indicated that increased cash flow support of £38.4m is required and this is included in the position set out in Section E to be met from the response package.
150. Rigorous monitoring of the delivery of the programme will continue during 2021/22, to ensure that departments are able to stay within the cash limited budget as set out in this report.
151. The early action taken by the County Council in developing and implementing the savings programme for 2021/22 means that the Authority is in a strong position for setting a balanced budget in 2021/22 and the full impact of the agreed savings has been reflected in the detailed budgets approved by Executive Members and presented in this report.

Section L: Service Budgets 2021/22

152. As explained in Section J, departments have been set cash limit guidelines for 2021/22 which include allowances for inflation, pressures and other agreed changes.

153. Appendix 5 provides a summary for each department of the main services under their control and shows the original budget for 2020/21, the revised budget for 2020/21 and the proposed budget for 2021/22. All departments are proposing budgets that are within their cash limits.
154. It is worth re-iterating at this stage that significant savings targets have been set since the period of austerity began. These have been applied on a straight line basis in accordance with the County Council's financial strategy as it maintains a strong corporate approach and discipline to delivering the required savings. There has always been a strong distinction made between savings targets and growth allocations which are made in recognition of growing demand and service pressures on a revenue or capital basis, for example social care, highways maintenance and waste disposal, and the County Council's gross expenditure is now more than £2.1bn.

Section M: 2021/22 Overall Budget Proposals

155. Whilst service budgets make up the clear majority of the total budget there are several other items that need to be taken into account before the overall budget and council tax can be set for the year.
156. Appendix 6 sets out a summary of the overall revenue account starting with the cash limited expenditure for departments discussed above. The following paragraphs outline the other items that make up the overall revenue account and provide explanations for any significant variances compared to the 2020/21 budget.
157. **Interest on Balances and Capital Financing Costs** – The increase of approaching £7.4m in capital financing costs primarily reflects the consequences of previous decisions in relation to the amount charged to the revenue budget for the repayment of debt, known as Minimum Revenue Provision (MRP).
158. Prior to 2015/16 the County Council calculated MRP for supported borrowing on a 4% reducing balance basis. It was agreed by Cabinet in December 2015 that the calculation of MRP from 2015/16 onwards would change to a 50 year straight line basis. Had the County Council been applying the new policy of a 50 year straight line calculation starting in 2008 it would have made £67m less in MRP payments by 31 March 2016. Therefore, starting in 2016/17 the County Council paused making MRP payments on supported borrowing until it realigned the total amount of MRP payments with the new policy. This realignment will be fully achieved during 2021/22 and so payments will resume, which was already factored into the MTFS.
159. **Revenue Contributions to Capital Outlay (RCCO)** – Each year, revenue contributions are made to help fund the Capital Programme. The decrease of just over £0.5m is due to planned changes in contributions which are offset by amounts in other sections of the revenue account and therefore this has no impact on the overall budget.

160. **Contingencies** – The budget for contingencies has increased by almost £55.3m compared to the 2020/21 original budget. This mainly reflects resources identified to provide the response package to manage the financial impact of Covid-19 (including specific government funding) and to cash flow delivery of the Tt2021 Programme.
161. Existing contingency provisions in respect of key risk items, notably inflationary pressures (including the 2021/22 pay award which has yet to be agreed), elements of the Covid-19 financial response package and further cash flow funding for the Tt2021 Programme, have been retained in the base budget. These provisions represent the recommendation by the Deputy Chief Executive and Director of Corporate Resources, as the Authority's Chief Financial Officer (CFO) of a prudent approach to budgeting given the potential pressures the County Council faces. In addition to these contingencies, the County Council has access to sufficient reserves as part of an on-going strategy for the management of the County Council's financial resources over the medium term.
162. **DSG** –The increase in the DSG reflects the increase in funding announced by the Government in the Spending Review, the detail of which was clarified in the subsequent schools' revenue funding settlement in December 2020.
163. **Specific Grants** – This income budget has been updated following grant notifications for 2021/22 and the increase is largely due government funding specifically to help meet Covid-19 pressures in 2021/22.
164. **Levies** – The increase reflects the full transfer of Inshore Fisheries from what was the Policy and Resources cash limited budget to be held corporately, adopting a consistent approach to the treatment of all levies.
165. **Coroners** – The increase largely reflects known changes in cost apportionment reported previously and changes to the structure of the service across the wider coronial area already provided for.
166. **Business Units** – The net trading position of business units has been updated, and the current estimate is a net trading surplus, in particular reflecting the good progress made with the financial recovery plan to reduce food and management costs and improve productivity in HC3S (the County Council's catering service). It is always difficult to predict at this stage future income generation but any gains or losses at the end of the year will be managed through the earmarked reserves that the trading units hold.
167. **Earmarked Reserves** – Changes to earmarked reserves mainly reflect changes to other budgets elsewhere in the revenue account.
168. The comprehensive Reserves Strategy was presented to Council as part of the MTFS in November 2019 and is set out in Appendix 7, updated to include the figures at the end of March 2020.

169. The County Council holds reserves for many different reasons, but not all of these are available for general usage. Schools' balances are for schools' exclusive use and other reserves such as the Insurance Reserve are set aside as part of the Council's overall risk management strategy or are already planned to be used as is the case with the BBR which helps the County Council to smooth the impact of budget deficits, allowing a planned approach to the delivery of savings.
170. The Reserves Strategy highlights the point that the majority of reserves are set aside for specific purposes and are not available in general terms to support the revenue budget or for other purposes. In reality just over 17% of reserves, as at the end of 2019/20, are truly available to be used to support revenue spending and to help fund the cost of the change programmes across the County Council. In addition, the BBR which comprises the majority of these 'Available Reserves', standing at £78.5m at the end of 2019/20, is in reality largely committed to cash flow the safe delivery of the County Council's transformation programmes and to balance the budget in the period to 2023/24.
171. It should also be highlighted that the strength of our reserves has been critical in developing the Covid-19 financial response package.
172. **Use of General Balances** – The 2020/21 original budget assumed a net contribution to general balances of £0.9m and this prudent annual amount has currently been continued for 2021/22 in order to maintain general balances at circa 2.5% of the County Council's net budget requirement; in line with the CFO's recommended level.
173. Appendix 8 represents the CFO's view of the overall budget and the adequacy of reserves which must be reported on as part of the main budget proposals in accordance with Section 25 of the Local Government Act 2003. In particular, it considers risks within the budget and in the MTFs going forward, referencing the financial resilience of the Authority against the backdrop of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Financial Resilience Index, and places this in the context of the recommended contingencies and balances set out in this report.
174. The Appendix also references the Financial Management Code that was published by CIPFA in October 2019. The Code has 17 Financial Management Standards, which authorities must be fully compliant with by 2021/22, albeit CIPFA are reviewing this requirement in light of the impact of Covid-19.
175. A high level review of our performance against each of the Standards has been carried out by the CFO and not unexpectedly we are compliant in most areas. There were three areas highlighted in last year's Section 25 report where improvements could be considered. One of these is in the process of being implemented and will therefore ensure compliance during 2021/22, and another cannot realistically be implemented until we have a multi-year settlement and can engage with stakeholders at that point about our longer term financial planning.

176. The final item concerned the monitoring by the Corporate Management Team of the elements of the Council's balance sheet which pose a significant risk to its financial sustainability. When the draft standards were consulted on Hampshire did not feel that this standard made sense, given that those particular risks were adequately covered off through other routes. Whilst the standard remained in the final version, a review of the more detailed guidance has been carried out and we are comfortable that we comply with this standard.

Section N: Budget and Council Tax Requirement 2021/22

177. The report recommends that council tax is increased by 4.99% in 2021/22, in line with the MTFs and with government policy which presumes that local authorities will raise up their council tax by the maximum they are allowed.

178. In addition to the recommended increase for council tax, there are other changes within the council tax calculation that have an impact on the budget. The council tax base represents the estimated number of houses eligible to pay council tax and the latest forecasts provided by the Districts, which take into account expected growth and any adjustments for the impact of their Council Tax Reduction Schemes, result in additional income of £3.4m over and above that assumed previously, albeit that these forecasts may change before the budget is finally set.

179. The County Council is also notified by Hampshire Districts, of the estimated level of collection fund surpluses or deficits that need to be taken into account in setting the council tax each year. In addition to the figures for council tax, Districts are required to provide estimates of their surplus or deficit on the business rates collection fund, following the introduction of Business Rates Retention in April 2013.

180. For 2020/21 the council tax and business rate collection funds have been hugely impacted by the Covid-19 pandemic. The current forecasts are included in the updated Covid position set out in Section E and partly reflect the fact that the Government previously announced that it will fund 75% of collection fund losses arising from the pandemic in 2020/21. However, more recent clarification (mid-January) on what is eligible for this grant funding indicates that the criteria are limited and this adds further complexity into what is already a very difficult year for billing authorities in terms of producing reliable forecasts.

181. Given this position and in the absence of definite collection fund figures and detailed information from billing authorities on the likely level of grant claims for losses incurred in the current financial year, the Covid gap of £88.3m assumes that we will only receive 50% of the 75% grant funding towards the gross losses for council tax and business rates that will flow through the collection fund.

182. The current predictions are very uncertain and could still be subject to change after this report has been dispatched. However, any impact due to the

pandemic in 2020/21 will be managed through the Covid-19 financial response package in line with the agreed strategy.

183. Similarly, Districts have yet to provide estimates of what business rate income they expect to receive for 2021/22 based on their experience during the current financial year, which is particularly challenging given the impact of the Covid-19 pandemic. Given these estimates have yet to be finalised and, in light of continuing experience about the risk and volatility surrounding this income, alongside the impact of the pandemic, at this stage the high level estimates as set out in Section E have been built into the budget position, but it is very likely they will change. We will await confirmation of final figures and any adjustment will be reported at County Council.
184. With the impact of the pandemic being managed as a one-off event through the use of the financial response package, taking account of all the budget changes outlined in this and previous sections of this report, the County Council can set a balanced 2021/22 budget as follows:

	£M
Tax Base Growth	3.4
Contribution to BBR	3.4
Balanced Budget	0.0

185. The table shows that in 2021/22, because of the changes, the County Council can make a contribution to the BBR to build the sum available for future years in line with the MTFS.
186. Local authorities are required to report a formal council tax requirement as part of the budget setting process and the recommendations to Council in this report show that the Council Tax Requirement for the year is £707,046,869.

Section O: Capital and Investment Strategy

187. Following consultation in 2017, CIPFA published new versions of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the Treasury Management Code of Practice. In England, the Ministry of Housing, Communities & Local Government (MHCLG) published its revised Investment Guidance which came into effect from April 2018.
188. The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council, covering capital expenditure and financing, treasury management and non-treasury investments. The MHCLG's guidance includes the requirement to produce an Investment Strategy. The County Council's Capital and Investment Strategy (Appendix 9) has been prepared for approval by full County Council.

189. The Treasury Management Strategy (TMS), as referenced below and set out in Appendix 10, supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and treasury investments, and the associated risks.
190. The Capital and Investment Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
191. The County Council has previously reported these matters in separate reports relating to the Revenue Budget, the Capital Programme and the MTFs. In line with the latest statutory guidance, these inter-related issues are now brought together in one Capital and Investment Strategy.
192. This Strategy covers:
- Governance arrangements for capital investment.
 - Capital expenditure forecasts and financing.
 - Prudential indicators relating to financial sustainability (see paragraphs 193 to 195).
 - MRP for the repayment of debt.
 - Treasury Management definition and governance arrangements.
 - Investments for service purposes, linked to the County Council's Commercial Strategy.
 - Knowledge and skills.
 - CFO's conclusion on the affordability and risk associated with the Capital and Investment Strategy.
 - Links to the statutory guidance and other information.

Prudential Indicators

193. The Prudential Code that applies to local authorities ensures that:
- Capital Programmes are affordable in revenue terms.
 - External borrowing and other long-term liabilities are within prudent and sustainable levels.
 - Treasury management decisions are taken in line with professional good practice.
194. Some of the limits have been altered to reflect the revised TMS and Capital and Investment Strategy although this does not expose the County Council to any greater levels of risk.

195. Appendix 9 also contains the Prudential Indicators required by the Code for the County Council which will now be submitted for approval by the full County Council in setting the budget for 2021/22.

Section P: Treasury Management Strategy for 2021/22

196. The CIPFA Treasury Management in the Public Services: Code of Practice 2017 (the CIPFA Code) requires authorities to determine their Treasury Management Strategy Statement (TMSS) before the start of each financial year.

197. The County Council's TMS (including the Annual Investment Strategy) for 2021/22; and the remainder of 2020/21 is set out in Appendix 10 for approval and fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

198. The TMS has been reviewed in light of current and forecast economic indicators and it remains broadly unchanged from last year, albeit that it is now complemented by the Capital and Investment Strategy (Appendix 9), which is explained in Section O.

Investments Targeting Higher Returns

199. Given the stability of the County Council's cash balances there was the opportunity during 2016/17 to increase the allocation for investments targeting higher returns, allowing further diversification, increasing the overall rate of return and the income contributed to the revenue budget. In February 2019 It was approved that the allocation targeting higher yields increase to £235m from £200m and a further increase to £250m is recommended for next year partly to reflect the investments taken out on behalf of Thames Basin Heath and to provide extra flexibility given the added risk of negative interest rates at the short term end of the market.

200. The County Council's higher yielding investment strategy continues to perform well and figures reported as at the end of Month 9 (December) are outlined in the table below:

	Amount Invested £M	Rate 30/12/2020 %
Fixed Deposits	21.5	4.31
Pooled Property Funds	75.0	3.51
Pooled Equity Funds	50.0	4.46
Pooled Multi-Asset Funds	48.0	3.69
Higher Yielding Investments	194.5	3.89

201. There continues to be national debate about local authorities investing directly in commercial property, brought into sharp focus by the Covid-19 pandemic and both CIPFA and the MHCLG have previously expressed concerns about the potential risks, which resulted in the revision of guidance.
202. The County Council utilises pooled investment vehicles as the most appropriate means to access asset classes such as property or equities. Pooled funds are managed by external specialist investment managers who are best placed to select the particular investments and then manage them, for example for property investments managing the relationship with tenants and maintenance of the building. This generates high returns without the need to prudentially borrow, without the risk of owning individual properties and with the security of a much larger and diverse portfolio than could be achieved by the County Council on its own, even with our scale of investments.
203. For the County Council our strategy towards external investments was clearly set out in the MTFS and in the TMS and our current approach is still considered to be appropriate and prudent and continues to deliver good returns.
204. Higher yields can be accessed through long-term cash investments (although this is currently less the case as yields have declined) and investments in assets other than cash, such as pooled property, equities and bonds. Non-cash pooled investments must be viewed as long-term investments in order that monies are not withdrawn in the event of a fall in capital values to avoid crystallising a capital loss. The table above shows that income yield has remained at a reasonable level despite the concern in the markets and the potential loss of income overall is already factored into our Covid costs and losses outlined in the earlier section.
205. 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. At the current time, given the medium to long term nature of the investments, it is unlikely that a capital loss would ever be realised, since the County Council would avoid selling investments that realised a capital loss.
206. Going forward however, changes to International Financial Reporting Standards means that capital gains and losses on investments need to be reflected in the revenue account on an annual basis. There is currently a statutory override in place for local authorities that exempts them from complying with this requirement for the next four years. However, given the greater future risk in this area it has been agreed that the County Council will continue to contribute towards the Investment Risk Reserve where possible to reach 2.5% of the total amount invested (in line with the recommendation of 2.5% for the general fund balance). The potential to make a further contribution will be reviewed at the end of the year.

Section Q: Consultation

207. A consultation was undertaken against the background of the next stage of the County Council's transformation and efficiencies programme, Tt2021, to inform the overall approach to balancing the budget by 2021/22 and making the anticipated £80m additional savings required by April 2021.
208. The '*Serving Hampshire – Balancing the Budget*' Consultation that was carried out between 5 June and 17 July 2019 sought residents' and stakeholders' views on options for managing the anticipated budget shortfall.
209. The findings from the Consultation were provided to Executive Members and Directors during September 2019, to inform departmental savings proposals, in order for recommendations to be made to Cabinet and the full County Council in October and November 2019 on the MTFs and Tt2021 Savings Proposals. The results were also reported to Cabinet and County Council as part of the final decision making process and a summary is contained in Appendix 11.
210. Following the '*Serving Hampshire – Balancing the Budget*' Consultation a series of more detailed consultations have been undertaken, on some of the savings proposals included within the Tt2021 Programme. This second round of consultation helped to inform further detailed Executive decisions. Whilst technically all savings have been removed from the budget for 2021/22, where final consultations or further Executive Member decisions are still required, funding has been set aside within departmental cost of change reserves or corporate contingencies to continue to fund the service pending the results of the consultation and final Executive Member decision.
211. Specific statutory consultation was carried out with the business community on the budget proposals for 2021/22 and a summary of the key issues arising from this can also be found at Appendix 11 to this report.

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>
Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals http://democracy.hants.gov.uk/ieIssueDetails.aspx?Ild=22267&PlanId=0&Opt=3#AI22852	Cabinet – 15 October 2019 / County Council – 7 November 2019
Medium Term Financial Strategy Update https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=6499&Ver=4	Cabinet – 14 July 2020 / County Council – 16 July 2020
Budget Setting and Provisional Cash Limits 2021/22 https://democracy.hants.gov.uk/documents/s60700/Nov%202020%20Financial%20Update%20Budget%20Setting%20-%20Cabinet%20FINAL.pdf	Cabinet – 24 November 2020 / County Council – 3 December 2020
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	

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 2021/22 does not contain any new proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2021 Programme were considered in detail as part of the approval process carried out in Cabinet and County Council during October and November 2019 and full details of the Equalities Impact Assessments (EIAs) relating to those changes can be found in Appendices 5 to 8 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/mgAi.aspx?ID=21194#mgDocuments>

In some cases, further Stage 2 consultations were required, and this was reflected in the EIAs that were published at the time.

REVENUE BUDGET – LIST OF APPENDICES

1. Revised Budget 2020/21
2. Modernising Placements Programme
3. Highways Status Update
4. Final Cash Limit Calculation 2021/22
5. Proposed Departmental Service Budgets 2021/22
6. Proposed General Fund Revenue Budget 2021/22
7. Reserves Strategy
8. Section 25 Report from Chief Financial Officer
9. Capital and Investment Strategy 2021/22 to 2023/24
10. Treasury Management Strategy Statement 2021/22 to 2023/24
11. Consultation

Revised Budget 2020/21

	Original Budget 2020/21 £'000	Adjustment £'000	Adjusted Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Variance £'000
<u>Departmental Expenditure</u>					
Adults' Health and Care	421,336	50,305	471,641	471,641	0
Children's – Schools	901,977	10,512	912,489	912,489	0
Children's – Non Schools	208,613	12,637	221,250	221,250	0
Corporate Services	54,218	4,537	58,755	58,755	0
Culture, Communities and Business Services	43,496	10,748	54,244	54,244	0
Economy, Transport and Environment	109,553	15,479	125,032	125,032	0
	1,739,193	104,218	1,843,411	1,843,411	0
<u>Capital Financing Costs</u>					
Committee Capital Charges	141,035	0	141,035	141,035	0
Capital Charge Reversal	(143,314)	0	(143,314)	(143,314)	0
Interest on Balances	(13,436)	(3,411)	(16,847)	(16,847)	0
Capital Financing Costs	42,101	(3,420)	38,681	38,681	0
	26,386	(6,831)	19,555	19,555	0
<u>RCCO</u>					
Main Contribution	6,839	3,096	9,935	9,935	0
RCCO from Reserves	1,045	157	1,202	1,202	0
	7,884	3,253	11,137	11,137	0
<u>Other Revenue Costs</u>					
Contingency	71,349	70,524	141,866	141,866	0
Dedicated Schools Grant	(813,368)	(270)	(813,638)	(813,638)	0
Specific Grants	(235,617)	(101,758)	(337,375)	(337,375)	0
Levies	2,428	334	2,762	2,762	0
Coroners	1,998	296	2,294	2,294	0
Business Units (Net Trading Position)	136	(52)	84	84	0
	(973,074)	(30,926)	(1,004,007)	(1,004,007)	0
Net Revenue Budget	800,389	69,714	870,096	870,096	0
<u>Contributions to / (from) Earmarked Reserves</u>					
Transfer to / (from) Earmarked Reserves	(4,807)	(69,609)	(74,416)	(74,416)	0
Trading Units Transfer to / (from) Reserves	5	52	64	64	0
RCCO from Reserves	(1,045)	(157)	(1,202)	(1,202)	0
	(5,847)	(69,714)	(75,554)	(75,554)	0
Contribution to / (from) Balances	900	0	900	900	0
NET BUDGET REQUIREMENT	795,442	0	795,442	795,442	0

	Original Budget 2020/21 £'000	Adjustment £'000	Adjusted Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Variance £'000
NET BUDGET REQUIREMENT	795,442	0	795,442	795,442	0
Funded by:					
Business Rates and Government Grant	(122,047)	0	(122,047)	(122,047)	0
Business Rates Collection Fund Deficit / (Surplus)	104	0	104	104	0
Council Tax Collection Fund Deficit / (Surplus)	(3,284)	0	(3,284)	(3,284)	0
COUNCIL TAX REQUIREMENT	670,215	0	670,215	670,215	0

Modernising Placements Programme

A - Hampshire County Council Fostering Services

1. Context

Children in care are one of the most vulnerable groups in society with national and local data showing that their needs are becoming more complex as societal influences change. The cost of care is also the most significant expenditure to Hampshire County Council's (HCC) Children's Services, influenced by market forces including high demand and limited supply in the national 'market' for external provider placements. Placements in Hampshire are a mixed economy between in-house provision and external, usually private, providers. It is a statutory requirement for Children's Services to ensure sufficient placements that meet the needs of its children.

2. Foster Care in Hampshire

Hampshire County Council recruits and approves its own foster carers (currently 486 foster carers) but currently 44% of children are living with foster carers approved by independent fostering agencies (IFAs). This is because recruitment of HCC foster care is struggling to keep up with demand, and Hampshire's foster carers are struggling to meet the needs of children presenting with the most challenging behaviours. This is resulting in:

- A reliance on the private sector (IFAs).
- Placement instability for some children.
- The use of more expensive placements.

The Modernising Placements Programme (MPP) will address these challenges by:

1. Changing the way that foster carers are paid to ensure HCC remain competitive in what is a highly distorted national marketplace.
2. Providing wrap around support to foster carers to build resilience and capacity to support children presenting with complex needs.
3. Delivering foster care services in a more efficient and effective way.

3. Changing the Way That We Pay Our Foster Carers

Payments to foster carers currently comprise two elements: an **age-related allowance** that is paid to all foster carers to cover the costs of caring for a child (food, household bills, pocket money etc); and a **skills fee** that reflects the foster carer's skill and experience. HCC foster carers are currently assessed against three categories: Skills Level 1, Skills Level 2, or Skills Level 3. Level 3 carers are those who have the most experience, who can care for children across the whole age range with complex needs and can commit to one carer fostering full time alongside providing support to the fostering community.

Comparisons with other local authorities and IFAs shows that Hampshire foster carer skills fees are currently only competitive at Level 3. This is resulting in the loss of potential foster carers to other agencies and local authorities who offer more financial

reward, especially those who would start at Level 1 in Hampshire (where HCC currently pays no skills fee).

Furthermore, analysis shows that there is a mismatch between the skills mix of carers and the needs of children. For example, the percentage of placements made at a Skill Level 3 (the most expensive placement) is 34%, but only 14% of children are assessed at having a need at that level. This mismatch is brought about in part through a lack of capacity within the in-house foster care system resulting in children being placed where there is an appropriate carer available, rather than a placement which is closely matched to their needs. It is evident that this is not optimising skills appropriately nor is it achieving best value for money.

MPP proposes to redesign the payments to foster carers to ensure that there is greater capacity to place children in-house and reduce the need for using more expensive IFA placements.

This change will:

- Attract more foster carers at Levels 1 and 2 where the greatest proportion of child need is.
- Be competitive with other local authorities and the private sector, increasing the number of fostering households in Hampshire.
- Support the care of children with higher needs (older children and children with challenging behaviours).

4. Providing Wrap Around Support to Hampshire's Foster Carers

MPP has shown that IFAs are providing a higher level of support to foster carers than HCC foster carers currently receive. For example: weekly contact, 24-hour telephone support from fostering professionals, clinical psychologist's consultations, regular respite, access to education and health professionals. Lack of support to carers can result in placement breakdown and can affect a carer's confidence to accept children into placement. It can also result in foster carers choosing to foster for agencies that offer more support. Increasing and improving the support offer will make HCC a more attractive fostering agency, help foster carers to build confidence to support children presenting with challenging behaviours and help increase placement stability. It is proposed to support foster carers in two ways:

A Psychological Service

The service will lead a change in how looked after children are parented by foster carers and residential care staff, by focusing on the systemic, cultural, and behavioural changes needed to implement trauma informed and therapeutically minded parenting. This will lead to an increase in carers' resilience, confidence and capability to support children with more challenging behaviour.

Trauma informed parenting will build on the foundation of the Hampshire Approach that has been successfully rolled out in our social work teams. It is an evidence-based approach that enables carers to:

- Understand the impact of trauma on a child.
- Recognise the signs and symptoms of trauma.

- Respond in a way that supports the child without causing further trauma.

Foster Carer Networks

A support network for HCC fostering families is proposed that is based around an extended family model for children in care. The bespoke Hampshire Hive model will bring together six to eight fostering households, offering mutual support in a natural extended family environment. Each Hive of fostering families will be supported by a Hive carer (an experienced foster carer) who in conjunction with support from the fostering service social workers, will provide coaching, training, social events, flexible telephone support and sleepovers. The aim of the fostering network is to increase the support available to foster carers, resulting in increased placement stability, and an increase in foster carers' confidence to support children presenting with challenging behaviours.

5. Delivering Hampshire's Foster Care Services in a More Efficient and Effective Way

In order to ensure that HCC are competitive and attractive to prospective foster carers in a competitive marketplace, it will be necessary for HCC to adopt a more business-like focus on marketing and recruitment. This will:

- Deliver a targeted marketing campaign which promotes the HCC Fostering Service as the 'go-to' fostering agency for prospective foster carers, drawing on our analysis of what works for IFAs.
- Optimise assessment and approval of foster carers – providing a more commercial approach to speed up and maximise fostering applications.
- Focus on efficient matching – optimising placement capacity.
- Ensure an efficient and effective use of resource.

Operating in this way will provide the autonomy for the HCC Fostering Service to develop its own identity, and the space for continuous innovation, efficiencies and improvements.

6. Costing

Initial investment to support the development of the HCC Fostering Service will be recouped through a reduction in IFA placements (moving into in-house fostering) and a reduction in Non County Placements (NCPs) (moving the placements into IFA / In-house fostering and HCC homes).

A summary of the investment and cost avoidance is set out in the table overleaf. Temporary corporate funding of £2.1m is required in the first year, and £873,000 in the second year. A saving of £873,000 is projected in the third year with the potential to deliver further savings (all things remaining equal) in future years.

Enhancing In-House Foster Care	2021/22	2022/23	2023/24	2024/25
Skills Fees (option 2, age level)	2,250,000	2,499,000	2,755,000	2,755,000
Supervising Social workers	108,000	239,000	387,000	387,000
Hampshire Hives	341,000	506,000	730,000	730,000
Psychological Service	242,000	738,000	930,000	930,000
Marketing	40,000	40,000	40,000	40,000
Communications Lead:	23,000	13,000	0	0
FosterTalk	24,000	27,000	31,000	31,000
Evaluation	0	0	15,000	0
Total Additional Cost	3,028,000	4,062,000	4,888,000	4,873,000
Cost Avoidance	(904,000)	(3,189,000)	(5,761,000)	(7,429,000)
Corporate Funding required	2,124,000	873,000	0	0
Saving	0	0	(873,000)	(2,556,000)

These forecasts are based on a realistic profile of increased numbers of foster carers over time that have a positive impact on the placement mix and leads to cost avoidance.

One of the key financial risks of the package of measures outlined above is that there are significant extra costs associated with changing the payments for foster carers and providing the wrap around support. Should the level of savings not reach the estimates as outlined above then there could be a net cost going forward since it is not a practical option to revert back to the previous arrangements once these changes have been implemented.

Sensitivity analysis has been carried out and it is estimated that as long as we can achieve just over 60% of the increase in foster carers then this will offset the full costs of the programme from 2023/24 onwards, albeit there may also be a one-off cost impact in the early years depending on the speed of take up.

Whilst this does still represent a financial risk, it is mitigated to some extent by the results of the sensitivity analysis, and in overall terms the wider benefits to foster carers and the children in care of the proposed measures make it worthwhile even if only a cost neutral position is achieved.

B - Urgent and Extended Care

7. Context

There is a small (but significant) number of children who come in to care each year that Children's Services struggle to place. These are the children who present with the most challenging behaviours including:

- Complex mental health problems, self-harm, and aggression to others.
- Danger of exploitation (including County Lines).

- Fire starting behaviours.

These children can end up being placed in the most expensive placements include welfare secure units, and single placements in the private sector (NCPs).

8. Urgent and Extended Care Service

The Urgent and Extended Care Service has been designed to address the needs of this group and to prevent the escalation to more expensive placements. The service will deliver **urgent care** in the form of a 12-week assessment placement which will stabilise the children, providing the opportunity to effectively assess their needs and plan a move to a permanent placement. **Extended care** will be delivered as an outreach service which will support the transition to a permanent placement - including transition back to family (where appropriate) and time-unlimited support to prevent the placement breaking down. The extended care service will also provide support to HCC's seven other children's homes to prevent placements breaking down, and "stepdown" to less expensive placements (where appropriate) including fostering and supported living.

The Urgent and Extended Care Service will benefit from the Psychological Service (see above) which will provide consultations and training for staff to help them support, understand and respond to the behaviour of children and their families in a trauma informed way.

9. Costing

Initial investment to support the development of the HCC Urgent and Extended Care Service will be recouped through an increase in bed utilisation and a reduction in NCPs (moving the placements into IFA / In-house fostering and HCC homes).

A summary of the investment and cost avoidance is set out in the table below. Temporary corporate funding of £552,000 is required in the first year. A saving of £964,000 is projected in the third year with the potential to deliver further savings (all things remaining equal) in future years.

Urgent and Extended Care	2021/22	2022/23	2023/24	2024/25
Cypress Lodge Hub	510,000	457,000	464,000	464,000
Psychological Service	74,000	144,000	146,000	146,000
Total Additional Cost	584,000	601,000	610,000	610,000
Cost Avoidance	(32,000)	(790,000)	(1,574,000)	(2,068,000)
Corporate Funding required	552,000	0	0	0
Saving	0	(189,000)	(964,000)	(1,458,000)

10. Sensitivity analysis

Sensitivity analysis has also been carried out for the urgent and extended care proposals and indicates that the breakeven position is around 30% of the expected

savings. The difference with this proposal is that there is the option to reduce the additional expenditure should the proposal not work as planned and therefore this represents a lesser financial risk, albeit there would be one-off costs that could not be recovered.

Highways Status Update

1. Introduction

- 1.1 It is recognised that a good transport network is essential for a successful economy and society for Hampshire. Our roads provide access to; jobs, services, schools, get goods to the shops and allow us to make the most of our free time. Our local roads are at the heart of the transport network and have a key role to play in ensuring that transport in Hampshire delivers the services our residents both want and need.
- 1.2 Hampshire is responsible for maintaining 5,300 miles of roads and highway queries have doubled in the last 10 years to over 100,000 per annum. Satisfaction with the road network in Hampshire has in the past consistently been one of the best of any County Council and we continue to have significant success in attracting new investment from developers, Local Enterprise Partnerships and the Government through our forward thinking approach.
- 1.3 Like most highway authorities though, the relentless increase in traffic levels coupled with extremes of weather both in the summer and the winter are having a severe impact on the highway network leading to a position of 'managed decline' that is being reflected in residents' views of the network as outlined below.

2. Funding Streams

- 2.1 There are a range of revenue and capital funding streams that are available to maintain and improve the highway network on a prioritised basis. The table below outlines the key funding and its purpose:

Activity	Funding
Revenue	Revenue
Routine / Reactive Maintenance, Environmental Maintenance, Winter Service, Emergency Response	£'000
Staffing to deliver both revenue & capital work	Core revenue budget 18,006
	Uplift – Winter Maintenance saving plus corporate contingencies 2,000
	20,006
£'000	
Capital	Capital
Operation Resilience (Planned Maintenance) 27,576	Local resources 11,823
Other structural maintenance 7,869	DfT - Local Transport Plan grant (maintenance) 21,584
Bridges 4,000	DfT - Incentive Fund 4,495
	DfT - Pothole Fund 1,543
39,445	39,445

2.2 Operation Resilience was established in 2010/11 and was originally due to run for seven years. However, the pace of decline on the network and the mounting pressures on the reactive maintenance budget prompted the County Council to continue the funding. 2021/22 will be the twelfth year of Operation Resilience and the main budget report recommends a further temporary increase by £3m to £13m for 2021/22 as was applied in the current financial year.

3. Highways Status

3.1 The highway network was in a state of gradual decline before the financial impacts of the 'decade of austerity' saw significant reductions in staffing levels and operational revenue maintenance budgets. Whilst the establishment of Operation Resilience has provided significant local investment by the County Council to support the improvement of the worst affected parts of the network, the restrictions on revenue maintenance activities over an extended period have had an impact on overall road condition.

3.2 The policy of managed decline of the highway network has resulted in a visible and accelerating deterioration of the road network, which is particularly apparent on the classified and unclassified roads (making up 83% of the network). The annual revenue funding gap is now estimated at £3 to 5m per annum. The National Highways and Transport Network (NHT) 2020 survey showed that, against a backdrop of falling overall scores nationally, Hampshire's score for highways condition has slipped from the top quartile last year to the second quartile this year.

3.3 The ongoing investment from the County Council in structural improvements through 'Operation Resilience' has helped reduce the rate of decline, albeit that the annual value has remained at £10m since it was introduced which is why the one-off increase to £13m in 2020/21, agreed by Cabinet and the County Council in February 2020, and the proposed increase for next year is particularly welcome, alongside additional one-off government grant funding such as the Pothole Fund.

3.4 However, the revenue budget provision available for reactive maintenance and safety defects continues to be under significant pressure. It is worth noting that the issue also extends to structures with major bridges such as Redbridge and Langstone, built during a programme of road expansion in the 1960s, all currently requiring major structural works at a similar time.

3.5 The revenue pressures in highways maintenance have been eased in the current financial year by an additional one-off sum of £3m for the Operation Resilience programme to increase planned works and provide extra flexibility to transfer funding to the reactive maintenance programme. This same flexibility is being recommended for the additional £3m proposed in the main budget report and will help to manage maintenance pressures next year if approved.

3.6 The additional funding together with the flexibility to use it to support essential reactive maintenance and safety defects work has already been of benefit in the current financial year with £2m of one-off funding transferred to revenue.

4. Looking to the Future

- 4.1 The primary objective will be to reverse, or at the very least arrest, the declining trend in network condition but this requires a targeted and sustained investment in the highway asset. This will not be a short term fix and it will require additional funding over a number of years, which we will look to the Government to provide.
- 4.2 The Highway Service has a robust asset management framework and dataset in place for managing the whole highway asset and this is already used to target those parts of the network where the best return on investment can be secured, both in economic terms and also in terms of maximising the lifecycle of the asset. This will continue but new and innovative digital techniques are currently being explored to capture asset data more effectively; and the multi-layering of this data can be used to precisely target spend, taking into account factors such as road condition, level of usage, damage / injury claims history, surface water flooding risk, and complaints. These datasets can provide a good evidence base to demonstrate the positive impact that continued and sustainable investment can have.
- 4.3 A particular focus needs to be rural roads (2,540 miles or just over 50% of the entire network) where there is tangible evidence of widespread accelerated deterioration. Many of these roads are not engineered roads in the true sense and are simply historic track routes that have evolved over hundreds of years, most only being thinly surfaced during the 20th century. These roads require further significant investment from Government to make them more resilient to the effects of extreme weather events, and whilst Operation Resilience has obviously helped to provide a degree of longevity on the minor roads treated over the past 11 years that the programme has been running, this is only a very small percentage of the network. A high proportion remain in a less than satisfactory condition having only had ad-hoc reactive repairs as resources allow.
- 4.4 Another area of focus will be the County Councils highway drainage assets. Effective and well maintained surface water drainage underpins the fabric of the highway network and ensures the road structure remains resilient and better able to withstand increasing traffic demands. Poorly maintained gullies, chambers and carrier drains can lead to an increased risk of surface water flooding and premature failure of the road structure. A decade of budget cuts has necessitated a managed reduction in routine cleansing and a broader implementation of the risk based approach endorsed by the current version of the national Highways code of practice. Whilst this reduction has not compromised the County Councils statutory duty as Highway Authority, there is strong evidence that the incidence of damage, blockages and localised structural failure is increasing and it is highly probable that this can, at least in part, be attributed to the reduced maintenance regime.
- 4.5 In addition to reintroducing multiple routine cleanses each year, a smarter, more intelligent approach to highway drainage management is required, embracing new and emerging remote sensor technology where appropriate, to more effectively identify those areas with the highest risk factors and to proactively target interventions accordingly. With climate change already altering weather patterns and increasing the incidence of more severe weather events, drainage systems are under increasing pressure, and optimal operation is essential as universal increases in drainage system capacity are unlikely to be affordable or practical. This enhanced

maintenance will require sustained investment in order to realise any significant benefit.

Final Cash Limit Calculation 2021/22

	November Cash Limit Guideline £'000	Grants £'000	Other £'000	Final Cash Limit 2021/22 £'000
Adults' Health and Care	409,545			409,545
Children's – Schools	909,121	33,427		942,548
Children's – Non Schools	215,457	(601)		214,856
Corporate Services	52,518			52,518
Culture Communities and Business Services (CCBS)	43,116		(1,003)	42,113
Economy, Transport and Environment	103,667			103,667
	1,733,424	32,826	(1,003)	1,765,247

Notes:**Grants**

- The increase for Children's – Schools is due to an increase in Dedicated Schools Grant (DSG) as first announced in the Spending Review in 2020 and then clarified in the subsequent revenue funding settlement in December 2020. It reflects the announcement of an increase in funding for Schools and High Needs nationally, with the national school's budget due to rise by £7.1bn over 3 years to £52.2bn.
- The reduction for Children's – Non-Schools reflects a fall in the Step Up to Social Work grant, as whilst the cohort numbers remain broadly in line with previous years only three months of placements costs are expected in 2021/22 as it is a 15 month rolling programme.

Other

- The reduction for CCBS reflects the transfer of revenue funding to make a contribution to capital.

Adults' Health and Care Budget Summary 2021/22

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Director	1,511	2,573	1,620
Strategic Commissioning and Business Support	14,614	15,656	14,889
Transformation	4,013	5,676	3,871
Older Adults Community Services	120,407	126,669	124,667
Reablement	9,455	9,966	9,891
Older Adults	129,862	136,635	134,558
Learning Disabilities Community Services	116,115	118,559	116,927
Physical Disabilities Community Services	31,399	32,555	32,288
Mental Health Community Services	18,576	18,881	18,905
Contact Centre	2,530	2,983	2,485
Younger Adults	168,620	172,978	170,605
HCC Care	43,885	46,978	44,120
Governance, Safeguarding and Quality	3,650	3,702	3,511
Centrally Held	4,962	30,185	(15,977)
Total Adults' Services Budget	371,117	414,383	357,197
Public Health:			
Drugs and Alcohol	8,576	8,536	8,273
Sexual Health	9,130	9,359	9,099
Mental Health and Wellbeing	346	333	333
Public Health Happy	18,052	18,228	17,705
Nutrition, Obesity & Physical Activity	515	514	472
Tobacco	2,209	2,198	2,249
Health Check	1,211	1,187	1,187
Public Health Healthy	3,935	3,899	3,908

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Community Safety & Violence Prevention	1,653	1,513	1,446
Older People	866	598	250
Public Health Communities	2,519	2,111	1,696
Central	2,814	5,086	6,115
Campaigns	30	30	30
Public Health Central	2,844	5,116	6,145
Information & Intelligence	17	17	17
Infection Prevention & Control	5	5	5
Dental	180	63	0
Public Health Protect	202	85	22
Children and Young People 5-19	3,905	3,724	3,542
Children and Young People 0-5	18,762	19,305	19,330
Public Health Resilient	22,667	23,029	22,872
Public Health Covid-19 Specific		4,790	
Total Public Health Budget	50,219	57,258	52,348
Adults' Health and Care Cash Limited Budget	421,336	471,641	409,545

Children's Services Budget Summary 2021/22

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Early Years	81,673	83,691	84,112
Individual Schools Budgets	584,200	586,128	633,687
Schools Delegated Items	2,171	2,160	2,181
Central Provision Funded by Maintained Schools	2,894	2,889	2,905
Growth Fund	5,280	4,977	4,550
Schools Block	594,545	596,154	643,323
High Needs Block Budget Shares	34,711	34,793	36,073
Central Provision Funded by Maintained Schools	63	63	66
High Needs Top-Up Funding	85,037	80,941	97,027
SEN Support Services	5,073	5,321	5,245
High Needs Support for Inclusion	3,075	3,075	3,092
Hospital Education Service	1,370	1,779	1,681
High Needs	129,329	125,972	143,184
Central School Services	7,821	7,821	8,224
Other Schools Grants	88,609	98,851	63,705
Total Schools Budget	901,977	912,489	942,548
Young People's and Adult & Community Learning	405	504	442
Asset Management	88	90	90
Central Support Services	60	163	(77)
Educational Psychology Service	1,842	2,137	2,012
Home to School Transport	33,340	35,869	32,940
Insurance	33	33	33
Monitoring of National Curriculum Assessment	46	46	46
Parent Partnership, Guidance and Information	270	270	274
Pension Costs (includes existing provisions)	2,412	2,629	2,629
School Improvement	1,838	1,917	1,892

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
SEN Administration, Assessment, Co-ordination & Monitoring	1,829	3,584	3,535
Statutory / Regulatory Duties	881	444	455
School Place Planning	58	58	58
Service Strategy & Other Education Functions	42,697	47,240	43,887
Management & Support Services	2,156	2,396	1,978
Early Achievement of Savings	8,122	8,122	
Other Education & Community	53,380	58,262	46,307
Services for Young Children	1,406	1,510	1,481
Adoption Services	4,029	4,492	4,127
Asylum Seekers	4,961	3,346	3,346
Education of Children Looked After	157	358	187
Fostering Services	16,187	19,494	19,881
Independent Fostering	16,129	21,155	24,830
Leaving Care Support Services	7,164	8,819	9,051
Other Children Looked After Services	8,483	8,501	9,906
Residential Care	39,850	31,829	38,530
Special Guardianship Support	5,812	5,766	5,847
Children Looked After	102,772	103,760	115,705
Other Children & Families Services	1,098	1,076	1,105
Direct Payments	2,271	2,220	2,225
Other Support for Disabled Children	250	250	255
Respite for Disabled Children	3,315	3,230	2,610
Targeted Family Support	4,850	6,098	5,195
Universal Family Support	38	44	44
Family Support Services	10,724	11,842	10,329
Youth Justice	1,021	1,222	877
Safeguarding & Young People's Services	26,785	30,367	27,949
Services for Young People	1,041	1,312	1,405

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Management & Support Services	9,983	11,401	9,581
Early Achievement of Savings	281	381	
Non-Distributed Costs	122	117	117
Children's Social Care	155,233	162,988	168,549
Total Non-Schools Budget	208,613	221,250	214,856
Children's Services Cash Limited Budget	1,110,590	1,133,739	1,157,404

Corporate Services Budget Summary 2021/22

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Finance	3,694	4,021	3,958
HR and WFD	2,905	3,563	2,971
IT	24,316	25,235	24,255
Audit	713	780	761
Integrated Business Centre	6,044	5,544	5,276
Corporate Resources Transformation	1,157	1,490	893
Corporate Resources Other	(13)	(689)	(831)
Corporate Resources	38,816	39,944	37,283
Strategic Procurement	1,742	1,800	1,740
Legal Services	3,019	3,189	3,168
Transformation Practice	1,788	2,513	1,822
Governance	3,097	3,189	2,718
Transformation and Governance	9,646	10,691	9,448
Communication, Marketing & Advertising	648	700	729
Insight & Engagement	746	781	612
Chief Executive's Office & Leadership Support	569	588	596
Customer Engagement Service	1,963	2,069	1,937
Total Corporate Services Budget	50,425	52,704	48,668
Corporate & Democratic Representation	66	66	66
Grants to Voluntary Organisations	237	201	217
Grants & Contributions to Voluntary Bodies	765	765	776
Local Resilience Forum	0	922	0
Members Devolved Budgets	390	780	390
Other Miscellaneous	374	432	400
Corporate Non-Departmental Budgets (Direct) ¹	1,832	3,166	1,849
Members Support Costs	1,621	1,621	1,674
Contribution to Trading Units	0	931	0
Audit Fee	128	128	150

¹ Original Budget restated to reflect changes in Executive Member portfolios

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Subscriptions to LGA etc	182	182	175
Other Miscellaneous	30	23	2
Corporate Non-Departmental Budgets (Central) ²	1,961	2,885	2,001
Total Other Corporate Budgets	3,793	6,051	3,850
Corporate Services Cash Limited Budget	54,218	58,755	52,518

² Original Budget restated to reflect changes in Executive Member portfolios

Culture, Communities and Business Services Budget Summary 2021/22

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Transformation	577	1,031	997
Rural Broadband	307	314	130
CCBS IT Budget	80	80	81
Business Development Team	610	762	671
Corporate Estate	(205)	(205)	(205)
County Farms	(495)	(495)	(493)
Development Account	(346)	(346)	(345)
Sites for Gypsies and Travellers	29	37	39
Property Services	3,579	4,724	3,816
Facilities Management	3,371	3,562	3,757
Hampshire Printing Services	(50)	(35)	(14)
Net Contribution to / (from) Cost of Change	(25)	359	(25)
CSHRPS ³ Budget	7,432	9,788	8,409
Manydown and Other Miscellaneous	(36)	(36)	(23)
Feasibility	1,035	1,035	1,035
Strategic Land	1	4,988	
Strategic Land Disposal of Sites	228	228	231
Office Accommodation	3,990	3,896	4,040
Repairs & Maintenance	8,635	8,812	8,127
CSHRPS Managed Expenditure Budget	13,853	18,923	13,410
Total CSHRPS Budget	21,285	28,711	21,819
Regulatory Services	924	948	815
Community Grants	938	1,002	862
Energise Me Grant (Sport)	133	133	116
Library Services	11,553	11,580	10,356
Business Support	454	577	634
Scientific Services	123	152	177
Asbestos	25	43	111

³ Commercial Strategy, Human Resources and Performance Services

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Countryside – Country Parks, Countryside Sites, Nature Reserves	1,717	2,080	1,967
Countryside – Rights of Way	1,001	970	848
Outdoors Centres	377	440	474
Arts and Museums (including HCT Grant)	2,434	2,434	2,326
Archives	689	761	659
Risk, Health and Safety	27		
Rural Affairs	275	259	268
Net Contribution to / (from) Cost of Change	881	4,136	663
RHCRAS⁴ Budget	21,551	25,515	20,276
Sports Bursaries	18	18	18
RHCRAS Managed Expenditure Budget	18	18	18
Total RHCRAS Budget	21,569	25,533	20,294
CCBS Policy & Resources Services	642		
Total CCBS Cash Limited Budget	43,496	54,244	42,113

⁴ Recreation, Heritage, Countryside and Rural Affairs Services

Economy, Transport and Environment (ETE) Budget Summary 2021/22

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Highways Maintenance ⁵	17,075	21,895	18,006
Street Lighting	10,651	10,898	10,739
Winter Maintenance	5,677	5,677	5,820
Concessionary Fares	13,212	13,212	13,142
Other Public Transport ⁶⁾	4,092	4,329	4,378
Traffic Management and Road Safety ⁷	2,268	3,167	2,573
Strategic Transport ⁸	1,780	5,205	1,480
Highways, Traffic and Transport	54,755	64,383	56,138
Waste Disposal ⁹	48,699	51,710	41,656
Environment	619	539	554
Strategic Planning	932	1,095	997
Waste, Planning and Environment	50,250	53,344	43,207
Economic Development	879	1,029	1,027
Departmental and Corporate Support	3,319	5,242	3,295
Early Achievement of Savings	350	1,034	
ETE Cash Limited Budget	109,553	125,032	103,667

⁵ The Highways Maintenance revised budget includes £2m additional funding for maintenance, which each year is met from any savings against the Winter Maintenance budget in the previous financial year topped up from corporate contingencies as necessary. The proposed budget for 2021/22 does not yet include this £2m as the amount of funding from each source will not be clear until the year end. The revised budget also includes £2m additional one-off funding transferred from Operation Resilience.

⁶ The revised and forward budgets for these two areas reflect the transfer of a team from Strategic Transport to Other Public Transport. The revised budget for Strategic Transport also includes one-off budget provision of almost £2.2m major schemes development funding and more than £1.5m Active Travel funding

⁷ See footnote 6.

⁸ Revised budget includes one-off cash flow support covering the delayed Tt2019 parking saving, and both the revised and forward budget now include funding for the HantsDirect Blue Badge Team transferred across to ETE

⁹ Revised budget includes one-off cash flow support to cover the delayed Tt2019 waste savings and transformation projects required to achieve the Tt2021 savings.

Revenue Budget 2021/22

	Original Budget 2020/21 £'000	Adjustment £'000	Proposed Budget 2021/22 £'000
<u>Departmental Expenditure</u>			
Adults' Health and Care	421,336	(11,791)	409,545
Children's – Schools	901,977	40,571	942,548
Children's – Non Schools	208,613	6,243	214,856
Corporate Services	54,218	(1,700)	52,518
Culture, Communities and Business Services	43,496	(1,383)	42,113
Economy, Transport and Environment	109,553	(5,886)	103,667
	1,739,193	26,054	1,765,247
<u>Capital Financing Costs</u>			
Committee Capital Charges	141,035	0	141,035
Capital Charge Reversal	(143,314)	0	(143,314)
Interest on Balances	(13,436)	485	(12,951)
Capital Financing Costs	42,101	6,860	48,961
	26,386	7,345	33,731
<u>RCCO</u>			
Main Contribution	6,839	516	7,355
RCCO from Reserves	1,045	(1,045)	0
	7,884	(529)	7,355
<u>Other Revenue Costs</u>			
Contingency	71,349	55,253	126,602
Dedicated Schools Grant	(813,368)	(64,363)	(877,731)
Specific Grants	(235,617)	(16,207)	(251,824)
Levies	2,428	436	2,864
Coroners	1,998	393	2,391
Business Units (Net Trading Position)	136	(551)	(415)
	(973,074)	(25,039)	(998,113)
Net Revenue Budget	800,389	7,831	808,220
<u>Contributions to / (from) Earmarked Reserves</u>			
Transfer to / (from) Earmarked Reserves	(4,807)	24,218	19,411
Trading Units Transfer to / (from) Reserves	5	558	563
RCCO from Reserves	(1,045)	1,045	0
	(5,847)	25,821	19,974
Contribution to / (from) General Balances	900	0	900
NET BUDGET REQUIREMENT	795,442	33,652	829,094

	Original Budget 2020/21 £'000	Adjustment £'000	Proposed Budget 2021/22 £'000
NET BUDGET REQUIREMENT	795,442	33,652	829,094
Funded by			
Business Rates and Government Grant	(122,047)	0	(122,047)
Business Rates Collection Fund Deficit / (Surplus)	104	(104)	0
Council Tax Collection Fund Deficit / (Surplus)	(3,284)	3,284	0
COUNCIL TAX REQUIREMENT	670,215	36,832	707,047

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Reserves Strategy

1. Introduction

- 1.1 The level and use of local authority reserves has been a regular media topic over a number of years, often fuelled by comments from the Government that these reserves should be used to significantly lessen the impact of the measures to reduce the deficit that have seen a greater impact on local government than any other sector.
- 1.2 The County Council has continually explained that reserves are kept for many different purposes and that simply trying to bridge the requirement for long term recurring savings through the use of reserves only serves to use up those reserves very quickly (meaning that they are not available for any other purposes), and merely delays the point at which the recurring savings are required.
- 1.3 Six out of ten respondents (61%) to the County Council's public consultation called *Serving Hampshire – Balancing the Budget*, which ran for six weeks from 5 June to the 17 July 2019, agreed with the position that reserves should not be used to plug the budget gap.
- 1.4 In some respects, the Covid-19 pandemic has tested in real terms the financial resilience and stability within the local government sector. For Hampshire, the decision was taken very early on that any financial response to the pandemic could not be at the expense of the existing medium term financial strategy and the need to continue to provide resources for the challenges that existed prior to Covid-19. Therefore, a financial response package was developed by the County Council that looked at what reserves and other funding could be applied to offset the impact of the pandemic. This demonstrated very clearly the value of our reserves and shows that the level of reserves held by the County Council provides options and flexibility in addressing financial challenges, including those created by such an exceptional event as the Covid-19 crisis, which are not available to other authorities.
- 1.5 At the end of the 2019/20 financial year the total reserves held by the County Council together with the general fund balance stood at more than £643.1m a decrease of more than £26.3m on the previous year. The decrease in reserves is largely due to the use of departmental Cost of Change reserves as planned draws have been made in 2019/20 to fund transformation and cash flow safe delivery of Transformation to 2019 (Tt2019) savings over an extended time frame.
- 1.6 This is in line with the Medium Term Financial Strategy (MTFS) and reflects the continued strategy of achieving savings early and then using those savings to fund the next phase of savings delivery. However, this decrease in reserves was offset in part by a contribution to the Budget Bridging Reserve (BBR) of £11.9m at the end of the financial year. This contribution was possible due to savings in non-cash limited budgets and was approved in preparation for any future draw required beyond 2020 as set out in the MTFS.
- 1.7 In addition, in view of the impact of the Covid-19 crisis on the County Council's financial position it was judged to be even more important that we continued to make contributions to reserves as in the short term, in the absence at that time of definite commitments from the Government, the County Council needed to ensure that existing reserves would be available to meet any potentially unfunded costs.

1.8 This Appendix sets out in more detail what those reserves are for and outlines the strategy that the County Council has adopted.

2. **Reserves Position 31 March 2020**

2.1 Current earmarked reserves together with the General Fund Balance totalled £643.1m at the end of the 2019/20 financial year. The table overleaf 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 2018/19.

2.2 The narrative beneath the table explains in more detail the purpose for which the reserves are held and in particular why the majority of these reserves cannot be used for other reasons.

	Balance 31/03/2019 £'000	Balance 31/03/2020 £'000	% of Total %
General Fund Balance	21,398	22,298	3.5
<u>Fully Committed to Existing Spend Programmes</u>			
Revenue Grants Unapplied	14,251	38,112	5.9
General Capital Reserve	120,428	112,357	17.4
Street Lighting Reserve	27,006	27,527	4.3
Public Health Reserve	7,535	5,480	0.9
Other Reserves	937	1,070	0.2
	170,157	184,546	28.7
<u>Departmental / Trading Reserves</u>			
Trading Accounts	9,218	6,725	1.0
Departmental Cost of Change Reserve	118,895	85,492	13.3
	128,113	92,217	14.3
<u>Risk Reserves</u>			
Insurance Reserve	35,860	40,955	6.3
Investment Risk Reserve	2,957	4,958	0.8
	38,817	45,913	7.1
<u>Corporate Reserves</u>			
Budget Bridging Reserve	65,001	78,509	12.2
Invest to Save	29,201	22,290	3.5
Corporate Policy Reserve	6,397	6,852	1.1
Organisational Change Reserve	3,626	3,442	0.5
	104,225	111,093	17.3
<u>HCC Earmarked Reserves</u>			
	441,312	433,769	67.4
EM3 LEP Reserve	4,657	5,081	0.8
DSG Deficit Reserve	(13,746)	(22,754)	(3.5)
Schools' Reserves	40,614	38,109	5.9
Total Revenue Reserves & Balances	494,235	476,503	74.1
Total Capital Reserves & Balances	175,228	166,637	25.9
Total Reserves and Balances	669,463	643,140	100.0

General Fund Balance

- 2.3 The General Fund Balance is the only reserve that is in effect not earmarked for a specific purpose. It is set at a level recommended by the Chief Financial Officer

(CFO) of around 2.5% of the net budget requirement and it represents a working balance of resources that could be used at very short notice in the event of a major financial issue.

- 2.4 The balance at the end of the 2019/20 financial year stood at £22.3m which was 2.8% of net expenditure at the beginning of 2020/21; as projected in the budget setting report approved in February 2020, and this is broadly in line with the current policy.

Fully Committed to Existing Spend Programmes

- 2.5 By far the biggest proportion of revenue reserves are those that are fully committed to existing spend programmes and more than £112.4m of this funding is required to meet commitments in the Capital Programme. These reserves really represent the extent to which resources, in the form of government grants or revenue contributions to capital, are received or generated in advance of the actual spend on projects.
- 2.6 These reserves increased significantly in recent years following a change to International Financial Reporting Standards which required unapplied government grants to be shown as earmarked reserves, and due to the fact that significant revenue contributions were made to fund future capital investment using the surplus funds generated from the early achievement in savings (a deliberate strategy that is explained in more detail later in this Appendix).
- 2.7 Specifically, the Street Lighting Reserve represents the anticipated surplus generated by the financial model for this Public Finance Initiative scheme that is invested up front and then applied to the contract payments in future years, and the Public Health reserve represents the balance of the ring-fenced government grant carried forward for future public health expenditure.
- 2.8 These reserves do not therefore represent 'spare' resources in any way and are being utilised as planned in the coming years, as evidenced by the draw of approaching £15.3m in 2019/20, once the receipt of almost £29.7m of emergency Covid-19 government funding allocated in March 2020 is taken into account.

Departmental / Trading Reserves

- 2.9 Trading services within the County Council operate as semi-commercial organisations and as such they do not receive specific support from the County Council in respect of capital investment or annual pressures arising from spending or income fluctuations.
- 2.10 Given this position, any surpluses generated by the trading services are earmarked for their use to apply for example to equipment renewal, service expansion, service improvement, innovation and marketing. They are also used to smooth cash flows between years if deficits are made due to the loss of the customer base and to provide the time and flexibility to generate new revenues to balance the bottom line in future years.
- 2.11 Departmental reserves are generated through under spends in annual revenue expenditure and Council policy was changed in 2010 to allow departments to retain all of their under spends in order to provide resources to:

- Meet potential over spends / pressures in future years without the need to call on corporate resources.
 - Manage cash flow funding issues between years where specific projects may have been started but not fully completed within one financial year.
 - Meet the cost of significant change programmes.
 - Meet the cost of standard redundancy and pension payments arising from the downsizing of the work force.
 - Invest in new technology and other service improvements, for example the IT enabling activity associated with the Tt2019 and Transformation to 2021 (Tt2021) Programmes.
 - Undertake capital repairs or improvements to assets that are not funded through the existing Capital Programme where this is essential to maintain service provision or maximise income generation.
- 2.12 Utilising reserves in this way and allowing departments and trading services to retain under spends or surpluses, encourages prudent financial management as managers are able to ensure that money can be re-invested in service provision without the need to look to the corporate centre to provide funding. This fosters robust financial management across the County Council and is evidenced by the strong financial position that the County Council has maintained to date.
- 2.13 All departments will be utilising their reserves to fund the activity to deliver the remaining elements of the Tt2019 and Tt2021 Programmes and to fully cash flow the later delivery of savings if needed, alongside corporate cash flow support, provision for which has made within the MTFs. These reserves will also be used to manage in year pressures and to provide investment needed to underpin the development of the successor Savings Programme to take us to 2023.

Risk Reserves

- 2.14 The Council holds specific reserves to mitigate risks that it faces. The County Council self-insures against certain types of risks and the level of the Insurance Reserve is based on an independent valuation of past claims experience and the level and nature of current outstanding claims.
- 2.15 Each year the County Council sets aside an insurance provision to meet claims resulting from incidents that have occurred during the year, along with reserves to cover potential claims arising from incidents in that year but where the claims are received in the future.
- 2.16 Regular actuarial reviews on the overall Insurance Fund have provided assurance that the County Council has been setting aside appropriate levels of funding against future liabilities to date. However, the conclusions of the previous review were that there was a need to adopt a long term approach to increasing that fund going forward, and the intention was to regularly review the Insurance Reserve and to make year end contributions that move the County Council towards the level outlined in the latest actuarial assessment.
- 2.17 To begin this, in 2017/18 £6.25m was added to the Insurance Reserve resulting in a net increase of £5m after the provision for that year, totalling £1.25m, was set aside

and in 2018/19 the provision reduced and there was a resulting net increase in the reserve of almost £10.3m. In 2019/20 the net increase in the Insurance Reserve was a further £5.1m, again due to changes in the provision required and therefore in light of this, and the fact that a further actuarial review had been commissioned, no additions to the Insurance Reserve were made in 2019/20. This position will be reviewed at the end of 2020/21.

- 2.18 The Investment Risk Reserve was established in 2014/15 to mitigate the slight additional risk associated with the revised approved investment strategy as a prudent response to targeting investments with higher returns. Following changes to the accounting treatment of some investments going forward it has been approved that we will make additional contributions to this reserve with the longer term aim of increasing it to 2.5% of the total higher yielding investment portfolio. The potential to make a contribution in 2020/21 will be reviewed at the end of the year.

Corporate Reserves

- 2.19 The above paragraphs have explained that most reserves are set aside for specific purposes and are not available in general terms to support the revenue budget or for other purposes.
- 2.20 This leaves other available earmarked reserves that are under the control of the County Council and totalled almost £111.1m at the end of last financial year. Whilst it is true to say that these reserves could be used to mitigate the loss of government grant, the County Council has decided to take a more sophisticated long term approach to the use of these reserves, that brings many different benefits both directly and indirectly to the County Council and the residents of Hampshire. In addition, the availability of these reserves has been critical to the ability of the County Council to develop a financial response package to manage the impact of the Covid-19 pandemic, thereby avoiding some of the immediate issues facing other local authorities and the possibility of a Section 114 Notice. These reserves are broken down into four main areas:
- 2.21 **Budget Bridging Reserve (BBR)** – This reserve, previously named the Grant Equalisation Reserve (GER), was set up many years ago to deal with changes in government grant that often came about due to changes in distribution methodology that had an adverse impact on Hampshire compared to other parts of the country.
- 2.22 In 2010/11, the County Council recognised that significant reductions in local government spending were expected and built in contributions as part of the MTFS over the Comprehensive Spending Review (CSR) 2010 period from the GER to smooth the impact of the grant reductions.
- 2.23 It has become clear that the period of tight financial control will continue and the County Council continues to take every opportunity to increase the reserve to be able to continue the sensible policy of smoothing the impact of funding reductions and service and inflationary pressures without the need to make ‘knee jerk’ reactions to deliver a balanced budget.
- 2.24 The net impact of the changes in the revenue account during 2019/20 mean that the BBR stood at just over £78.5m at the end of the 2019/20 financial year. This is in line with the financial strategy of supporting the revenue position as savings are developed and delivered on a two year cycle; or longer where appropriate.

- 2.25 It has been agreed that where possible, the County Council will continue to direct spare one-off funding into the BBR to maintain what is part of this successful strategy which has served it very well to date. Consequently, as part of budget setting in February 2020, a number of additions were approved, notably following the savings resulting from both the favourable 2019 Pension Fund revaluation (which saw the eradication of the deficit and the removal of the need for the past service payments that we were making and assumed would be needed in the future), and also the pre-payment of pension contributions to the Pension Fund.
- 2.26 Building the provision within the BBR will support the revenue position in future years, as set out in the MTFs, in order to give the County Council the time and capacity to implement the Tt2021 Programme and to develop the successor Savings Programme through a two year savings cycle which enables safe delivery of change in the medium term.
- 2.27 Further additions have been included as part of developing the budget for 2021/22 and the table below summarises the latest forecast position for the BBR taking into account these additions and the requirement to balance the budget in the interim year of 2022/23 and to begin to make provision for the period beyond, particularly as we have no confident visibility of the financial landscape until the CSR later in the year:

	£'000
Balance at 31 March 2020	78,509
MRP Holiday	10,500
Remaining Cash Flow for Tt2019	(16,000)
Cash Flow for Tt2021	(32,000)
Interim Year 2020/21	(28,400)
Additions from valuation saving (3 Years)	45,000
Additions from pension pre-payment (3 Years)	9,000
Additions from 2020/21 Budget Setting	6,995
Additions from 2021/22 Budget Setting	3,396
Interim Year 2022/23	(40,200)
Forecast Balance 31 March 2023	36,800
Interim Year 2024/25	(44,100)
Forecast Deficit 31 March 2025	(7,300)

- 2.28 This position does not include the impact of the Covid-19 pandemic as the County Council's approved strategy is to deal with this as a separate one-off event in order to leave the County Council in the same position it would otherwise have been to tackle the next savings programme after Tt2021.
- 2.29 The forecast balance at 31 March 2023 begins to make provision for the medium term as part of the County Council's overall longer term risk mitigation strategy. Whilst this amount is not insignificant it must be considered in the context of the size and complexity of the County Council's activities and both the level of uncertainty

associated with the financial position beyond 2020 and scale of the complex and challenging transformation activity that is still to be implemented in full.

- 2.30 It is important to note that the table includes no allowance for IT investment or cash flow funding for the Savings Programme for 2023, hence the focus on leveraging the benefits from the investment made to date and on ensuring delivery by 1 April 2023. Despite this a deficit is forecast and further contributions will therefore need to be made.
- 2.31 **Invest to Save** – This reserve is earmarked to provide funding to help transform services to make further revenue savings in the future. Rather than just prop up the budget on a short term basis, the County Council feels it is a far more sensible policy to use available reserves to generate efficiencies and improve services over the longer term, by re-designing services and investing in technology and other solutions that make services more modern and efficient.
- 2.32 **Corporate Policy Reserve** – This small reserve is available to fund new budget initiatives that are agreed as part of the overall budget. It offers the opportunity to introduce specific service initiatives that might not have otherwise gained funding and are designed to have a high impact on service users or locations where they are applied.
- 2.33 **Organisational Change Reserve** – The County Council is one of the largest employers in Hampshire and inevitably reductions in government funding, leading to reduced budgets, alongside the need to deal with service and inflationary pressures means that there is an impact on the number of staff employed in the future.
- 2.34 The County Council, as a good employer, has attempted to manage the reduction in staff numbers as sensitively and openly as possible and introduced an enhanced voluntary redundancy scheme back in 2011. The scheme offered an enhanced redundancy rate for people who elected to take voluntary redundancy. This has been a highly successful way of managing the reductions in staff numbers, whilst maintaining morale within the rest of the workforce who are not required to go through the stress and uncertainty of facing compulsory redundancy and since the scheme was introduced, voluntary redundancies account for the vast majority of the total number of staff that have left the organisation because of specific restructures and service re-design.
- 2.35 A scheme is in place, albeit adapted since first introduced, to enable the continued reduction and transformation of the workforce required to deliver the significant savings needed in the medium term with the aim of minimising compulsory redundancies.
- 2.36 Departments are still responsible for meeting the ‘standard’ element of any redundancy package, but the Organisational Change Reserve was put in place to meet the ‘enhanced’ element of the payment. The reserve has been reviewed in the context of the new scheme and the requirement for future organisational change and this will be revisited periodically in line with the implementation of the Authority’s change programmes and the consequent requirement for future organisational change.
- 2.37 This reserve also funds aspects of management development approved under the Workforce Development Strategy to support a range of middle and senior management developmental work which has been critical to the delivery of

transformation and has also been a key factor in the County Council's ability to recruit and retain the best senior staff.

- 2.38 It should be highlighted that the total 'Corporate Reserves' outlined above accounted for approximately 17.3% of the total reserves and balances that the County Council held at the end of the 2019/20 financial year, and these have largely been set aside as part of a longer term strategy for dealing with the significant financial challenges that have been imposed on the County Council. In addition, the BBR which comprises the majority of these 'available' Corporate Reserves, standing at more than £78.5m at the end of 2019/20, is in reality committed to balance the budget in the medium term, as set out in paragraph 2.27, as well as providing crucial cash flow support as part of the Covid-19 response package.
- 2.39 The reserves detailed above represent the total revenue reserves of the County Council and amounted to £476.5m at the end of the 2019/20 financial year, as shown in the table on the second page of this Appendix. Within this amount, the County Council is required to show other reserves as part of its accounts which are outlined below.

Enterprise M3 Local Enterprise Partnership (EM3 LEP) Reserve

- 2.40 The County Council is the Accountable Body for the funding of the EM3 LEP and has therefore included the EM3 LEP's income, expenditure, assets and liabilities, (including reserves) in its accounts. Prior to 2015/16 the County Council did not include transactions relating to the EM3 LEP in its accounts.
- 2.41 The County Council does not control the level or use of the EM3 LEP Reserve.

Schools' Reserves

- 2.42 Schools' reserves accounted for more than £38.1m or 5.9% of total reserves and balances at the end of the 2019/20 financial year.
- 2.43 These reserves must be reported as part of the County Council's accounts, but since funds are delegated to schools any surplus is retained by them for future use by the individual school concerned. Similarly, schools are responsible for any deficits in their budgets and they maintain reserves in a similar way to the County Council to smooth fluctuations in cash flow over several years.
- 2.44 The County Council has no control at all over the level or use of schools' reserves.

Dedicated Schools Grant (DSG) Deficit Reserve

- 2.45 Schools are facing increasing financial pressure, in particular relating to high needs for children with special educational needs and or disabilities (SEND), both at an individual school level and within the overall schools' budget. These pressures are outside the County Council's core budgets, but the County Council retains an active role and interest as the local education authority. In 2019/20 the overall position was once again balanced through the use of the Dedicated Schools Grant (DSG) Reserve, as allowed by the Department for Education (DfE).
- 2.46 The resulting DSG deficit of approaching £22.8m (up from £13.7m last year) will be funded from future years DSG funding. A DSG Deficit Recovery Plan was produced

last year, at the request of the DfE, and the local authority continues to develop this and implement strategies to reduce the pressure on the High Needs Block.

- 2.47 The overall cumulative deficit in the DSG Deficit Reserve (which was included within overall schools' reserves for presentational purposes only in 2018/19) is expected to be £36.4m at the end of 2020/21. The Department for Education (DfE) have consulted on changes to the DSG to clarify that it is a ring-fenced specific grant separate from the general funding of local authorities and that any deficit is expected to be carried forward and does not require local authorities to cover it with their general reserves. Therefore, whilst this sum sits as a 'negative reserve' on the County Council's balance sheet, it in effect therefore represents an overdraft for schools which they (and the Government) need to address over the longer term.

Capital Reserves

- 2.48 The Capital Grants Unapplied Reserve holds capital grants that have been received in advance of the matched spending being incurred. They are not available for revenue purposes.
- 2.49 A sum of more than £166.6m was held within capital reserves and balances at the end of the 2019/20 financial year, although of this approaching £25.8m related to the EM3 LEP which is included in the annual accounts, as the Council is the Accountable Body. EM3 LEP capital grants unapplied have increased as part of a deliberate strategy to ensure that major projects are approved based on the outcomes they will deliver rather than the speed at which funding provided by the Government can be spent.

3. Reserves Strategy

- 3.1 The County Council's approach to reserves has been applauded in the past by the Government and the External Auditors as a sensible, prudent approach as part of a wider MTFs. This has enabled the County Council to make savings and changes in service delivery in a planned and controlled way rather than having to make urgent unplanned decisions in order to reduce expenditure.
- 3.2 This approach is well recognised across local government and a previous article in the Municipal Journal by the Director of Local Government at the Chartered Institute of Public Finance and Accountancy stated
- “What reserves do allow authorities to do is to take a more medium term view of savings and expenditure and make decisions that give the best value for money. This is better than having to make unnecessary cost reductions in the short term because they do not have the money or funding cushion to allow for real transformation in the way they provide services.”*
- 3.3 We are in an extended period of tight financial control which will last longer than anyone had previously predicted, and the medium term view highlights a continued need for reserves to smooth the impact of reductions in funding and enable time for the planning and implementation of change to safely deliver savings.
- 3.4 The County Council's strategy for reserves is well established and operates effectively based on a cyclical pattern as follows:

- Planning ahead of time and implementing efficiencies and changes in advance of need.
- Generating surplus funds in the early part of transformation programmes.
- Using these resources to fund investment and transformation in order to achieve the next phase of change.

3.5 This cycle has been clearly evident throughout the decade, with surplus funds generated in advance of need as part of budget setting and then supplemented by further resources released in the year. Achievement in advance of need within departments and efficiencies in contingency amounts due to the successful implementation of change has meant that the Council has been able to provide material funding including the following:

- Departmental reserves to pay for the cost of change associated with their own transformation programmes and to manage service pressures.
- Funding within the Invest to Save Reserve to help support the Tt2019 and Tt2021 Programmes and substantial IT enabling investment that will underpin many aspects of the next phase of transformation and savings.
- Additional funds to help smooth the impact of grant reductions, and safely manage the implementation of change, giving the County Council maximum flexibility in future budget setting processes.

3.6 It is recognised that each successive change programme is becoming harder to deliver and the challenges associated with the Tt2019 and Tt2021 Programmes are well known. The MTFs has made clear that delivery will extend beyond two years and provision has been made to ensure one-off funding is available both corporately and within departments to enable the programmes to be safely delivered. Taking longer to deliver service changes, rather than being driven to deliver within the two year financial target, requires the careful use of reserves as part of our overall financial strategy to allow the time to deliver and also to provide resources to invest in the transformation of services. This further emphasises the value of our Reserves Strategy.

3.7 Beyond 2021 the financial landscape will be significantly different, and the County Council will no doubt face the biggest ever challenge to its overall financial sustainability which on top of both the immediate and longer lasting effects of the Covid-19 pandemic will be impacted one way or another by government policy on fair funding, business rate retention, Brexit and the future for adults' social care and the growing pressure nationally on children's services.

3.8 This increases the potential necessity to use reserves to alleviate the ongoing financial pressures in the coming years and we will continue to review all reserves regularly to ensure that there is sufficient financial capacity to cope with the challenges ahead.

3.9 In addition, while the overall level of reserves currently exceeds £0.6bn, it is also important to consider the level of the available resources in the context of the scale and scope of the County Council's operations, and it is a stark fact that when expressed in terms of the number of days that usable reserves would sustain the authority for, it would now be around 14. This highlights once again that reserves offer no long term solution to the financial challenges we face. Correctly used

however, they do provide the time and capacity to properly plan, manage and implement change programmes as the County Council has demonstrated for many years now.

Section 25 Report from Chief Financial Officer

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (the Deputy Chief Executive and Director of Corporate Resources) to report to the County Council when setting its council tax on:

- the robustness of the estimates included in the budget, and
- the adequacy of the financial reserves in the budget.

The County Council is required to have regard to this report in approving the budget and council tax. It is appropriate for this report to go first to Cabinet and then be made available to the County Council in making its final decision.

Section 25 concentrates primarily on the risk, uncertainty and robustness of the budget for the next financial year rather than the greater uncertainties in future years. Given the significance of the funding reductions announced to the end of the decade and the uncertainty surrounding the outcome of the next Comprehensive Spending Review (CSR), this report considers not only the short term position but also the position beyond 2021/22 in the context of the County Council's current Medium Term Financial Strategy (MTFS) and in light of the impact of the Covid-19 pandemic.

Robustness of Estimates in the Budget

The budget setting process within the County Council has been operating effectively for many years and is based on setting cash limits for departments each year allowing for pay and price inflation and other marginal base changes in levels of service whether these be the increasing cost of social care or the requirement to make savings to balance the budget.

Individual departments are then required to produce detailed estimates for services that come within the cash limits that have been set. More recently, the requirement to make savings has dominated the budget setting process and major transformation programmes have been put in place to effectively and corporately manage the delivery of savings within the required timescales, or as is more recently the case, to provide cash flow funding to support a longer delivery timescale for the more complex elements of the Programme.

Appropriate provisions for pay and price inflation are assessed centrally with departmental input and are allocated to departmental cash limits. Specific inflationary pressures within the financial year are expected to be managed within a department's bottom line budget but contingencies are still held centrally in the event that inflationary pressures have a severe impact in any one area (for example, energy costs).

Separate work is also undertaken to assess the demand led areas of service provision, which mainly relate to:

- Adults' Social Care.
- Children's Social Care.
- Waste Disposal.

Any requirement to increase budgets in these areas is considered corporately and may require additional savings to be made across the board to meet the increased

demand. This is seen as a more effective way of managing cost pressures and enables strategic decisions to be made about resource allocation and the impact on service provision, rather than these decisions potentially being made in isolation by each department.

Budget management within the County Council remains strong as demonstrated by the outturn position each year since funding reductions began and as reflected in the annual opinion of the External Auditors who have given an unqualified opinion on the annual accounts and in securing value for money / financial resilience.

A further £80m of savings will be removed from the budget in 2021/22 and whilst some of this is expected to be delivered in later years, supported by corporate cash flow provisions, around £50m of the savings directly impact on the budget for this financial year. The current business as usual (i.e. excluding Covid-19) forecast outturn for 2020/21 as detailed in the main budget report shows that all departments are expected to be able to manage expenditure within the budgets that have been set, with previously agreed corporate support where required. This provides a stable financial base for the further challenges that lie ahead and is a good indicator that the savings that have been put in place to date are working as intended.

Budget 2021/22

The budget for 2021/22 has been produced in line with the process outlined in the section above and therefore I am content that a robust, council wide process has been properly followed and driven through our Finance Business Partners working with the Operational Finance Team. Further oversight is then provided by the Head of Finance and myself, in presenting the final budget and council tax setting report to Cabinet and County Council.

As part of the budget setting process this year a further £80m has been removed from detailed budgets and this is reflected in the departmental summaries contained in Appendix 5. However, it has repeatedly been reported to Cabinet and County Council as part of the MTFS and updates on the Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) Programme that delivery of these savings in some areas will extend beyond this financial year and in some cases on to 2022/23 and 2023/24; before the full value of savings can be achieved.

This reflects the complexity of the savings programmes in the social care services in particular, and the fact that some of the changes will take time to implement and fully bed in and will not start to have a major impact until new cohorts of clients come into the service. Funding to meet the later delivery of these savings must first come from departmental cost of change reserves, but corporate cash flow, supplemented by the Covid-19 response package, has been provided for to support this position.

The overall budget position for 2021/22 was less negative following the announcements made in the one year Spending Review in respect of social care funding and more importantly Covid-19 financial support, albeit that longer term this does not improve the expected two year gap to 2023/24 as a result of the continued growth in both adults' and children's social care services. This was set out in full in the update of the MTFS that was presented to County Council in July and then also in November last year.

Once again, the robustness of the budget is underpinned by adequate contingencies for volatile areas such as social care as well as by the existence of departmental

cost of change reserves, which can be used to meet unforeseen costs during the year as well as providing funding for investment to achieve transformational savings.

Risks in the Budget 2021/22

In some respects, the significant changes to local government finance since 2010 have changed the profile of risk faced by most authorities. In reality the biggest financial risks now relate purely to reductions in government funding, changes in government policy and social care demand and cost pressures. These items together with other traditional risks and the impact of Covid-19 are outlined below:

- a) **Covid-19 Pandemic** – In some respects the Covid-19 pandemic has tested in real terms the financial resilience and stability within the local government sector. For Hampshire, the decision was taken very early on that any financial response to the pandemic could not be at the expense of the existing medium term financial strategy and the need to continue to provide resources for the challenges that existed prior to Covid-19.

It was therefore agreed to treat the financial impact of Covid-19 as a one-off issue and to draw together a financial response package to deal with the medium term impact of the pandemic. Prior to the Spending Review and provisional Local Government Finance Settlement announcements, it was predicted that medium term unfunded costs and losses would reach £210m.

To counter this, a financial response package was developed by the County Council that looked at what reserves and other contingency funding could be applied to offset the impact of the pandemic. A total of £160m was pulled together, which meant that a minimum of £50m of further Government funding was required to protect the County Council's financial position.

To be clear, this did not represent spare funding, it literally would have stripped out every last bit of financial capacity that the County Council possesses coupled with a reduction in in-year budget contingency levels for three years, leaving the Council extremely vulnerable to any financial shocks in the future.

Following the Government announcements of new funding and the provision of information on council tax and business rates by billing authorities, the forecast of medium term unfunded costs and losses has now reduced to £88.3m, which is clearly 'less negative' than the previous estimate but still does mean that over £88m of County Council resources has needed to be expended on the pandemic response at a time when it still faces significant financial challenges going forward. The package includes the use of contingency budgets in future years which does therefore increase the risks in the budget for those years, albeit efforts will be made to re-instate them.

At the time of writing this report, the country is in another full lockdown and rates of infection are at an all-time peak. Whilst the roll out of the vaccine offers hope in the coming months, further financial impact cannot be ruled out at this stage.

In overall terms, I am content with the County Council's response to the pandemic and its decision to protect existing funding for the Transformation and Savings Programmes currently in train, but the overall outcome is that the

underlying financial strength of the County Council is weaker as a result of the pandemic.

- b) **Government Funding and Policy** – The expectation within the public sector was that there would be a multi-year Spending Review over the Summer of 2020 that would provide funding announcements to government departments and local government alike.

As a result of the Covid-19 pandemic once again a one year Spending Round was announced. Whilst this has given greater certainty for the 2021/22 budget setting process it still leaves the public sector on a ‘cliff edge’ in respect of future years and makes the question of longer term financial sustainability difficult to assess.

The provisional Local Government Settlement was announced on 17 December 2020 and broadly confirmed the funding announcements contained in the Spending Review the month before and these are reflected in the budget and council tax decisions contained in the main budget report. Disappointingly, the methodology for distributing social care grant was changed once again and heavily weighted towards those authorities with a low tax base. As a result, only £1.2m of the £300m was received by Hampshire compared to an expectation of around £5m. The continuation of the New Homes Bonus into 2021/22 was welcomed and has enabled the £3m extra investment into the Operation Resilience Programme to continue for another year.

Other significant changes to funding or policy during the year would have to be covered by contingencies or general balances, but generally once grant levels have been set in the final settlement due in January they do not change, although there have been in year changes implemented previously, for example reductions to the Public Health grant. At this stage therefore there is not thought to be any significant risk in this area for 2021/22 but it does have a major impact on future financial sustainability as discussed later in this Appendix.

- c) **Social Care Demand Pressures** – By far the biggest impact in recent years has been the accelerating increase in the number and cost of Children Looked After. Despite the Covid-19 pandemic, the Transforming Social Care Programme has still created some positive results and longer term it is still hoped that the delivery of these Tt2019 savings can be achieved, although they do still represent a key risk in the budget.

Similarly, whilst adequate provision has been provided for children’s social care growth in 2021/22, the impact of Covid-19 on the overall numbers is not known and could be adversely impacted by the latest lockdown and closure of schools. Furthermore, the medium term position assumes that Covid-19 will create a peak of temporary new cases that will drop out of the system in later years. Should this not prove to be the case then this will add further pressure on the budget in future years.

For adults’ social care services, following a long period of relative stability the annual growth figure was increased from £10.0m to £13.5m each year from 2020/21 onwards, reflecting in particular the complexity and needs of clients at the point they present for care.

Whilst there is no evidence to change this assumption at the moment, the impact of Covid-19 on the adults' social care market has obviously been profound as has been the interaction with the NHS on the way in which clients are managed at the point of discharge from hospital.

It is far too early to understand what the forward impact of these changes will be, but at the moment there is still expected to be a worsening of the position for next year as health funded clients revert back to the County Council and there is the potential for 'pent up' demand to be released given the reluctance of people to go into care homes during the pandemic period. This impact is included within the medium term Covid projections and similar to children's services is expected to produce a peak in demand that reduces over time.

Despite the uncertainties presented by Covid-19 I am content that the budget for 2021/22 contains a realistic assessment of the likely growth we will face in the year, backed up by further contingency amounts and reserves if growth should be higher than forecast.

- d) **Council Tax** – The ability to increase council tax specifically to fund the growing cost of adults' social care continues to be a key element of the funding package that has been put in place by the Government and includes flexibility to apply an extra 1% in total between the financial years 2021/22 and 2022/23.

The measure of core spending power assumes that local authorities will increase council tax by the maximum permitted by the referendum thresholds and on this basis the recommended increase is 4.99%, of which 3% relates to adults' social care, in line with the thresholds included in the provisional Local Government Finance Settlement released on 17 December last year.

This additional 1% was not included in past forecasts and therefore provides additional funding of £7m towards the increased cost of adults' social care for next financial year, which is positive in terms of our original forecasts.

- e) **Pay and Price Risk** – The budget forecast originally contained a 3% allowance for the April 2021 pay award, which was also set to deal with any changes arising from the National Living Wage (NLW).

Following the Government's announcement that there should be a public sector pay freeze next year, with the exception of health workers and an allowance for the low paid, 2% of the allowance has been removed from the budget and directed towards to other pressures and initiatives. The remaining allowance will be used to deal with the award for the low paid and the NLW.

Any deviations from this position will be managed in year and reflected in future forecasts, however the impact of variances in this area now tend to be immaterial compared to the growth in social care costs that we face every year.

Similarly, the impact of price inflation has been considered in setting the budget and it would take a major departure from the Council's assumptions to create a financial problem that we could not deal with.

- f) **Treasury Risk** – The County Council has limited exposure to interest rate risk as most long term borrowing is undertaken on a fixed rate. At the present time we are not undertaking any new or replacement long term borrowing due to the significant 'cost of carry' involved and our ability to internally borrow given our high level of reserves and cash balances. However, we do need to be mindful

of the fact that we do not want to store up a large value of external borrowing that needs to be taken out in less favourable circumstances as our reserves reduce. Given current predictions on base rate levels and the fact that long term borrowing rates are based on the price of gilts rather than the underlying base rate, this is still considered low risk at this stage.

On the investments side, the absolute value of estimated income for 2021/22 is circa £10m per annum excluding the impact of Covid-19, which is minimal against the County Council's overall budget, however, the change in investment strategy which moved part of the portfolio to medium term investments has increased the risk in the portfolio overall. This has been mitigated by the creation of an Investment Risk Reserve which will deal with any changes in valuations of investment and provide a buffer against any significant drop in returns. Contributions to this reserve are regularly reviewed at year end to ensure adequate provision is made and the medium term aim is to increase the reserve to match 2.5% of the higher yielding investment portfolio.

More recently the market has experienced negative interest rates and the investment strategy has been amended to reduce the likelihood of needing to invest at negative rates, albeit the primary need to protect capital may necessitate this under certain market conditions.

Covid-19 has obviously had a de-stabilising impact on investment markets with a big dip being seen early on in the crisis. Whilst markets have recovered to some extent the latest lockdown and spread of the virus could undermine the recovery during this year.

The loss of investment income resulting from Covid-19 is covered by the medium term financial response package that has been put in place and does not have an impact on the forward budget. However, as with other factors, it is assumed that investment income levels will return to normal over the medium term and if this is not the case then this will impact on the budget going forward. Having said this, as mentioned above, the total level of investment income is relatively small compared to the overall net budget.

The Adequacy of Reserves

The County Council's policy on general balances is to hold a minimum prudent level which based on the previous risk assessment is around 2.5% of net expenditure. The projected level of general fund balances will be 2.8% of net expenditure at the beginning of 2021/22.

Overall, the level of earmarked reserves and balances that the County Council holds stood at £643.1m (including schools and the Enterprise M3 Local Enterprise Partnership Reserve) at the end of March 2020 and these reserves, the majority of which are held for specific purposes as set out in the Reserves Strategy in Appendix 7, underpin the overall MTFs and the Capital Programme.

The Reserves Strategy sets out clearly that the bulk of reserves are earmarked for a specific purpose and are not available to fund other things. This is reflected in the Covid response package which currently anticipates the use of only £18.3m of reserves to meet the £88.3m deficit; and £3m of this amount reflects bringing the General Fund Reserve back to the 2.5% recommended by the CFO.

However, what has been demonstrated throughout the pandemic is that the level of reserves held by the County Council provides options and flexibility in addressing the financial challenges created by Covid-19. For example, at one point the response package included using the General Capital Reserve to help meet the deficit by borrowing to provide replacement funding for the Capital Programme. Whilst this would have had a financial impact in the longer term it did provide a 'last resort' option to the County Council which would not have been available to other authorities who do not have the value of reserves that the County Council does.

As mentioned above, the County Council's strategy for dealing with Covid-19 was to protect resources that have already been set aside to support the various Transformation and Savings Programmes currently in train. In line with that strategy, those reserves remain available to support the ongoing revenue position are used sensibly to manage change and provide the time and capacity to properly implement savings plans that seek to minimise the impact on service users. Cash flow funding to support the Tt2019 and Tt2021 Programme is already included in our financial plans and sufficient funding also exists to meet the 'interim year' for 2022/23 as part of the planning for the next Savings Programme to 2023. Whilst this stabilises the position up until 2023/24, it does not provide sufficient firepower to cashflow savings beyond 1 April 2023 and this is reflected in the change from a Transformation to a Savings Programme for 2023 as proposals would need to be fully implemented by that date, since there is no provision made for slippage at this stage.

Whilst the majority of reserves are allocated for a specific purpose, as outlined in the Reserves Strategy, and highlighted by the Covid-19 pandemic, this does still provide flexibility in being able to manage the finances of the County Council going forward, compared to some County Councils whose total reserves stand at less than the BBR which we currently hold. I am therefore satisfied that the level of reserves is adequate to support the agreed financial strategy over the medium term.

CIPFA Financial Resilience Index

Following the events in Northamptonshire and a heightened national focus on the finances of local government more generally, the Chartered Institute of Public Finance and Accountancy (CIPFA) produced a Financial Resilience Index (FRI). The index uses a range of financial information and other factors to generate a series of measures against which all authorities are 'stress tested', although clearly Covid-19 has created a very real and more complex stress test than we would ever want to consider in theory.

There is currently no update on the Index for this year as the majority of the datasets in the Resilience Index are based upon the Revenue Outturn (RO) forms that are usually published annually by Ministry for Housing, Communities and Local Government (MHCLG) in November. Due to the coronavirus, the final RO forms for 2019/20 are not now due to be published by MHCLG until the end of January 2021 and therefore the FRI is unlikely to be available until February.

That said, the data used for the Index is not likely to change significantly for Hampshire and it is likely that the same issues will be flagged once again. The summary below indicates the low and high risk areas identified in the Index from last financial year:

Lower Risk Areas:

- The County Council scored well on most indicators relating to reserves, in fact Hampshire has the highest level of reserves of any County Council.
- The rate of use of its reserves and the reserves depletion time also came out as low risk.
- The council tax requirement as a proportion of total funding was also positive meaning that a high proportion of resources was generated locally and was therefore low risk as a continued income source.
- Hampshire has an outstanding children's social care Ofsted judgement and an unqualified External Auditors value for money assessment.

Higher Risk Areas:

- The level of unallocated reserves was flagged as high risk, which reflects the commentary in the Reserves Strategy in Appendix 7 that the majority of our reserves are set aside for a specific purpose. We are fully aware of this fact and the MTFs already provides for specific future funding that is essential to maintain our financial sustainability. The Covid-19 response package also highlighted that there were limited unallocated reserves but as mentioned above the value of Hampshire's reserves provides options and flexibilities that are not open to others.

I do not expect there to be any new issues arising from the FRI once it is published but should information become available before Cabinet or County Council an update will be provided if there are any significance deviations.

CIPFA Financial Management Code

The following statement was issued by CIPFA on the Financial Management Code:

"The first full year of compliance with the new Financial Management Code is due for 2021/22. CIPFA recognises that the coronavirus crisis has seen local authorities and their finance teams placed under extreme pressure which is ongoing.

CIPFA are considering the potential impact of these additional burdens on authorities and their ability to fully implement the FM Code from 2021/22 and whether 'working towards' full implementation from 2022/23 might be an appropriate response to these resourcing issues (alongside the evident risks and financial challenges in the sector, which arguably make earlier implementation more important).

The ultimate decision will rest with MHCLG (as with the Prudential and Treasury Management Codes, CIPFA set the FM code on behalf of MHCLG) and we plan to make an announcement in the new year, following consultation with ALATS."

The following table outlined the areas where improvements were identified last year together with the latest update (in italics):

Code Section	Financial Management Standard	Hampshire County Council Position
Section 5: Stakeholder engagement and business plans	L – The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	<p>Whilst the County Council has regular contact with its key stakeholders in developing service priorities and collaborative working and consults widely in respect of changes to service provision, it is not systematic in engaging stakeholders in respect of strategic financial planning and budget setting and consideration could be given to how this could be improved and incorporated into the financial planning and budget setting cycle if appropriate.</p> <p><i>Whilst this has not been progressed during this year, the plan is to engage with stakeholders as part of the development of the updated Medium Term Financial Strategy once a multi-year settlement has been provided by the Government.</i></p>
Section 5: Stakeholder engagement and business plans	M – The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<p>The County Council's feedback in respect of this Financial Management Standard is that it would not want to dictate a specific documented option appraisal methodology across the whole Council as many of the more theoretical models are not appropriate for some of the decisions that are taken and are often disproportionate in terms of the effort required to complete them.</p> <p>Instead, we ensure that all relevant decisions are supported by a clear business case that should be proportionate to the size and complexity of the matter being considered.</p> <p><i>An E-Learning module is being developed for managers to assist them with drawing up business cases and option appraisals on a consistent basis and will be available next financial year.</i></p>

Code Section	Financial Management Standard	Hampshire County Council Position
Section 6: Monitoring financial performance	O – The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.	<p>Again, the feedback provided to CIPFA on the Standard was that it was inappropriate to concentrate on the balance sheet as a single issue and that this was not something that generally happened in practice.</p> <p>The draft guidance quoted various specific areas covered by this Standard including:</p> <ol style="list-style-type: none"> 1. Capital investment and the maintenance of assets. 2. Long and short term investments. 3. Debt collection. 4. Cash flow management. 5. Borrowing. 6. Reserves. <p>The County Council already has appropriate arrangements in place through other means to manage these risks and it is therefore not considered necessary to group them in this way for consideration by the leadership team. A review of the more detailed guidance will be undertaken to ensure that we are not missing anything.</p> <p><i>Having reviewed the more detailed guidance the CFO has concluded that the arrangements that we already have in place are sufficient to ensure appropriate focus in these areas and no further action is necessary.</i></p>

Budget 2021/22 – Conclusion

Given the details outlined above, provided that the County Council considers the above factors and accepts the budget recommendations, including the level of earmarked reserves and balances, a positive opinion can be given under Section 25 on the robustness of the estimates and level of reserves for 2021/22.

The Position Beyond 2022

The latest MTFs was approved by County Council in July and updated in November last year and extended the planning horizon to 2023/24. After the announcement of another one year spending round for 2021/22, the next Comprehensive Spending

Review (CSR) is due to take place this year and will set the framework for public spending; hopefully over the next four years.

Reference has already been made about the anticipated medium term impact of Covid-19 and how this is being dealt with as a separate, one-off issue in order to leave other resources intact to support existing and future Transformation and Savings Programmes. Given this approach it is not anticipated that Covid-19 will have a major impact on future medium term forecasts and the budget setting process.

The delay in the CSR and the postponement of the Fair Funding Review and the extension of Business Rate Retention, mean that there is very little information on which to base forecasts beyond the next financial year. This is further exacerbated by the fact that both the economy and public finances at a national level have been so heavily impacted by Covid-19 which has seen government debt levels rise well above those that followed the economic crash in 2008, which triggered a pro-longed period of austerity.

It is therefore difficult at this stage to predict what the financial landscape will look like for the County Council after 2021/22, and in reality, we will probably need to wait until December 2021 before we are in a position to understand our longer term financial prospects, but it is clear we cannot wait to progress with the next savings programme and that this must be delivered in full by April 2023. Work has therefore already started on delivering the Savings Programme for 2023 based on the past forecasts of a £40m per annum deficit each year after allowing for a 3.99% council tax increase.

Clearly trying to make further savings on top of the £560m that will have been removed from the budget by April 2021 will be extremely challenging particularly as there is no flexibility on the delivery timescales, however our tried and tested approach will mean that proposals will be considered in good time for implementation by April 2023 and our forecasting approach means that there may be some additional grant funding that could be applied to savings targets in Adults' Health and Care and Children's Services.

The MTFs has highlighted for many years the fact that over the medium term, without a significant change in the way in which growth in adults' and children's social care is funded, the County Council is unlikely to be financially sustainable, since it is not possible to continually cut some services to fund growth in others.

At this stage however, in the absence of the outcome of the CSR and other changes to the local government finance regime, the County Council must focus on delivery of the remaining Tt2019 and Tt2021 Programme the development of the Savings Programme for 2023 and I believe it is well placed to do that underpinned by departmental reserves and the corporate funding that is already in place.

Carolyn Williamson

Deputy Chief Executive and Director of Corporate Resources

27 January 2021

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Capital and Investment Strategy 2021/22 to 2023/24

1. Introduction

- 1.1 This Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2 This Strategy covers:
 - Governance arrangements for capital investment.
 - Capital expenditure forecasts and financing.
 - Prudential indicators relating to financial sustainability.
 - Minimum Revenue Provision (MRP) for the repayment of debt.
 - Treasury Management definition and governance arrangements.
 - Investments for service purposes, linked to the County Council's commercial strategy.
 - Knowledge and skills.
 - Chief Financial Officer's conclusion on the affordability and risk associated with the Capital and Investment Strategy.
 - Links to the statutory guidance and other information.

2. Governance

- 2.1 The County Council's Medium Term Financial Strategy (MTFS) ensures that we continue to invest wisely in our existing assets and deliver a programme of new ones in line with overall priorities and need. This is kept under review by the Corporate Infrastructure Group (CIG) which is chaired by the Director of Economy, Transport and Environment and includes representatives from his department, together with Officers from Children's Services, Adults' Health and Care, Property Services and the Head of Finance. The aim of the group is to ensure a co-ordinated approach to capital investment and major developments across the County Council.
- 2.2 In accordance with the MTFS, each year the Cabinet sets cash limit guidelines for a three year capital programme funded by local resources. Executive Members propose capital programmes within these cash limits together with schemes funded by government grants and other external sources. The proposed programmes are scrutinised by the relevant Select Committee. The final Capital Programme is then presented to Cabinet and to County Council in February each year as part of the formal budget approval.

3. Capital Expenditure and Financing

- 3.1 Capital expenditure is spending by the County Council on assets, such as land, property, the highway network or vehicles, that will be used for more than one year.

In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy or enhance assets.

- 3.2 The estimated level of capital expenditure (or 'payment') flows each year, together with forecasts of financing resources, are two of the factors considered in determining the size of the cash limit guidelines for the Capital Programme.
- 3.3 Capital expenditure may be funded directly from revenue, however the general pressures on the Council's revenue budget and council tax levels limit the extent to which this may be exercised as a source of capital funding. Prudential borrowing does provide an option for funding additional capital development but one which then results in costs that have to be funded each year from within the revenue budget or from generating additional ongoing income streams.
- 3.4 Given the pressure on the Council's revenue budget in future years, prudent use has been made of this discretion to progress schemes in cases where there was a clear financial benefit. Such schemes focus on clear priorities, and those that generate revenue benefits in future financial years, in the form of clear and measurable revenue savings or longer term income generation, either directly or through council tax or business rate yield.
- 3.5 Expenditure flows in 2020/21 and the following three years will result from works in progress (schemes started in 2020/21 and earlier years) plus those arising from the proposed programme for 2021/22 to 2023/24, as Table 1 below shows:

Table 1: Forecast Capital Expenditure Flows

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Works in Progress at 31 March 2020 and Schemes starting in 2020/21	231,699	174,426	71,963	25,529
Programmes starting in 2021/22, 2022/23 and 2023/24	0	102,160	99,092	106,821
Land Acquisition	4,437	12,296	649	646
Total Expenditure Flows	236,136	288,882	171,704	132,996

- 3.6 In practice, expenditure flows in the years after 2020/21 may vary from those shown in Table 1 if further developer and other external contributions become available to fund additional capital schemes, or if the levels of government support differ from those currently assumed in the Capital Programme, which is presented in a separate report elsewhere on this Agenda.

Table 2 - Resources to Fund Capital Expenditure

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Prudential borrowing	40,994	34,775	19,122	11,386
Less repayments from capital	(7,256)	(4,531)	(18,750)	(1,144)
Capital grants	139,699	174,565	85,117	75,331
Contributions from other bodies including developers	34,350	43,195	43,126	27,197
Capital receipts	92	4,128	14,319	0
Revenue contributions to capital	9,935	7,355	6,244	6,055
New Resources in the Year	217,814	259,487	149,288	118,825
Draw From / (Contribution to) the Capital Reserve:	18,322	29,395	22,416	14,171
Total Resources Available	236,136	288,882	171,704	132,996

4. Prudential Indicators

- 4.1 The framework for the use of prudential borrowing, as updated by Cabinet in February 2006, includes:
- Borrowing for which loan charges are financed by virement from the Executive Member's revenue budget, including invest-to-save schemes that will generate revenue savings or additional revenue income.
 - 'Bridging' finance that will be repaid by eventual capital receipts, capital grants or contributions, provided that the cost of interest and the statutory minimum revenue provision is met by services in the years that such costs are incurred.
 - Capital investment by business units, to be funded by business unit reserves.
 - Temporary borrowing to accommodate shortfalls in general capital resources.
- 4.2 As the loan repayments and interest charges must be financed by the County Council from its own resources, it is important that the use of prudential borrowing is very closely controlled and monitored.
- 4.3 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). In order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence.

Table 3: Ensuring Borrowing is Only for Capital Purposes

	31/03/21 Revised £M	31/03/22 Estimate £M	31/03/23 Estimate £M	31/03/24 Estimate £M
CFR	800	805	774	752
Debt				
Borrowing	292	282	274	266
PFI Liabilities	141	133	124	115
Total Debt	433	415	398	381

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

Affordable Borrowing Limit

4.5 The County Council is legally obliged to set an Authorised Limit for the maximum affordable amount of external debt. In line with statutory guidance, a lower 'Operational Boundary' is also set as a warning level should debt approach the limit. The Operational Boundary is based on the County Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the County Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

Table 4: Affordable Borrowing Limits

	2020/21 Revised £M	2021/22 Estimate £M	2022/23 Estimate £M	2023/24 Estimate £M
<i>Authorised Limit:</i>				
Borrowing	800	810	790	780
PFI and Leases	180	170	160	150
Authorised Limit	980	980	950	930
<i>Operational boundary:</i>				
Borrowing	730	740	720	710
PFI and Leases	150	140	130	120
Operational Boundary	880	880	850	830

Ratio of Financing Costs to Net Revenue Stream

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

Table 5: Ratio of Financing Costs to Net Revenue Stream

	2020/21 Revised	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Ratio	2.5%	4.1%	4.7%	4.6%

- 4.7 A low proportion is forecast, demonstrating that the cost of financing is minimised and the proportion of the revenue budget available for delivering services is maximised.

Incremental Impact of Capital Investment Decisions

- 4.8 This is an indicator of affordability that shows the impact of capital investment decisions on council tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved Capital Programme and the revenue budget requirement arising from the Capital Programme proposed for the next three years.

Table 6: Incremental Impact of Capital Investment Decisions

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£	£	£
General Fund - increase in Annual Band D Council Tax	1.51	3.90	1.45

5. Minimum Revenue Provision (MRP) for Debt Repayment

- 5.1 Where the County Council finances capital expenditure by debt, statutory guidance requires it to put aside revenue resources to repay that debt in later years, known as MRP. Statutory guidance requires the County Council to approve an Annual MRP Statement each year, and whilst it provides a range of options for the calculation of MRP, the guidance also notes that other options are permissible provided that they are fully consistent with the statutory duty to make prudent revenue provision.

MRP in 2021/22

- 5.2 Prior to 2015/16 the County Council calculated MRP for supported borrowing¹ on a 4% reducing balance basis. It was agreed by Cabinet in December 2015 that the calculation of MRP from 2015/16 onwards would change to a 50 year straight line basis. To be more prudent the 50 years has been started from 2008 and the actual calculation is 1/43's. Had the County Council been applying the new policy of a 50 year straight line calculation starting in 2008 it would have made £67m less in MRP payments by 31 March 2016.

¹ Borrowing or use other forms of credit to finance capital expenditure, for which central government previously provided a revenue stream to support repayment of principal and interest.

- 5.3 As agreed in 2016/17 the County Council has paused in making MRP payments on supported borrowing until it has realigned the total amount of MRP payments with the new policy, which will be during 2021/22. This policy continues the County Council's prudent approach of repaying expenditure financed by borrowing sooner, on a straight line basis.
- 5.4 The County Council will continue to apply the Asset Life or Depreciation Method (which are Options 3 and 4 from the range provided by the Guidance) in respect of unsupported capital expenditure funded from borrowing. Where the borrowing is in effect a bridging loan from a guaranteed future income source, such as Section 106 Developers Contributions, MRP will not be applied.
- 5.5 MRP in respect of leases and Private Finance Initiative (PFI) schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.
- 5.6 Capital expenditure incurred during 2021/22 will not be subject to an MRP charge until 2022/23.
- 5.7 Based on the Authority's latest estimate of its CFR on 31 March 2021, the budget for MRP has been set as follows:

Table 7: MRP Budget

	31/03/2021 Estimated CFR £M	2021/22 Estimated MRP £M
Supported Capital Expenditure	455	6
Unsupported Capital Expenditure After 31/03/2008	177	10
Finance Leases and PFI	141	8
Transferred Debt	27	1
Total General Fund	800	25

6. Treasury Management

- 6.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 6.2 The County Council has potentially large exposures to financial risks through its investment and borrowing activity, including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy (TMS).

- 6.3 The County Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs 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.
- 6.4 The County Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. It therefore invests its funds prudently and has regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
- 6.5 The County Council's TMS, included as Appendix 10, to this report is scrutinised by the Audit Committee and approved by the County Council each year. Actual performance is reviewed by the Audit Committee and reported to Cabinet and County Council.

7. Investments for Service Purposes

- 7.1 The County Council's Commercial Strategy was set out in the update of the MTFS presented to Cabinet and County Council in October and November 2019. A summary of the Strategy is outlined below.
- 7.2 There are four main areas where the County Council has sought to generate additional income to help close the budget deficit:
- Charging users for the direct provision of services.
 - Investing money or using assets to generate a return.
 - Expanding traded services to other organisations.
 - Developing Joint Ventures (JVs) that yield additional income or generate a return.
- 7.3 The second and fourth approaches listed above directly relate to this Capital and Investment Strategy, although it is the first and third approaches that contribute the most income on an annual basis to support the County Council's financial position. This is a deliberate outcome of the overall strategy and has been achieved through the pursuit of a range of initiatives targeting increased income generation but without overexposing the Council to excessive risk or considering radical changes that take the County Council into areas that are not its core business, or indeed pursuing more niche opportunities that simply do not offer with any confidence anything like the scale of income to merit the effort and upfront investment.

Pooled Funds

- 7.4 Faced with a historically low interest rate environment, the County Council decided, as part of the 2014/15 strategy, to earmark £90m of its cash balances for investments appropriately targeting a higher yield of around 4%. The County Council agreed to increase this amount to £200m in 2017 and to £235m in 2019 and a further increase to £250m is now proposed. This is in addition to £15m of long term investments that had been made for the Street Lighting PFI scheme. Higher yields can be accessed through investments in assets other than cash, such as equities,

bonds and property. The County Council has made investments in property, equity and multi-asset funds, as well as long term investments with other local authorities and as part of the Manydown programme.

- 7.5 The principal mitigation for risk is ensuring that investments in non-cash assets are held as long-term investments. This will enable the initial costs of any investment and any periods of falling capital values to be overcome. In order to be managed as long term investments, the amounts invested need to be taken from the County Council's most stable cash balances. The allocation of £250m has been based on a prudent assessment of the Council's investment balances and liquidity requirements.
- 7.6 The selection of investments to target higher yields is carefully managed with the assistance of Arlingclose, the County Council's treasury management advisor, who recommend that the County Council diversifies its investments targeting a higher return between asset classes. This is to mitigate the loss of capital value, so that there is no over exposure to an event that impacts the value of investments in a particular asset class, such as a fall in property prices.
- 7.7 The County Council utilises pooled investment vehicles as the most appropriate means to access asset classes such as property or equities. The County Council could build its own direct portfolios of these investments, such as property, however, its total allocation of £250m for a diversified portfolio would not enable this to be done efficiently and effectively with the appropriate risk mitigation. Pooled funds are managed by external specialist investment managers who are best placed to select the particular investments and then manage them, for example for property investments managing the relationship with tenants and maintenance of the building.

Utilising Property Assets

- 7.8 The County Council utilises its own property to make a return. In areas where we already own buildings we are working with partners to utilise this space more effectively from a joint service provision point of view and at the same time making a return on the space we have provided. Further work is being undertaken to maximise the usage of space in existing buildings with a view to potentially offering whole buildings on the commercial market for lease. This approach enables the County Council to use existing assets to generate income with minimal risk, compared to buying additional property using prudential borrowing purely to try to make a financial return.
- 7.9 In addition to property rationalisation, the County Council is also making more efficient use of its existing office space. Investment in new technology as part of the Enabling Productivity Programme together with improved fire safety measures have increased the capacity of the Castle complex. The strategy for office accommodation is currently under review in the light of changing ways of working, partly driven by the response to the coronavirus pandemic.

Developing Joint Ventures

- 7.10 There are a number of opportunities that the County Council can pursue either through its land holdings or through the relationships it has with partners or contractors that look at new and innovative ways of generating a financial return. To date the County Council has been helpful in responding to Borough Council Local

Planning Authority requests for the potential use of its public land holdings for potential residential development. This will continue the stream of substantial capital receipts the County Council has benefitted from over recent decades to enable it to reinvest in existing services and ongoing transformation initiatives.

- 7.11 In addition, an alternative avenue that the County Council is currently actively pursuing in two cases is to become even more active and influential in the market of delivering homes across the county on some of its key sites. This will have the benefit of not only giving greater influence and certainty in the types and rates of homes, neighbourhoods and infrastructure and facilities being developed on its land but also the potential for greater certainty in the programming of development and receipts through economic cycles. Furthermore, it will also offer the County Council the advantage of considering whether it wishes to benefit from capital or revenue receipts from development and residential assets or combinations of the two, depending on individual sites and its own circumstances.
- 7.12 The largest site is Manydown in Basingstoke and in May 2016 the County Council, along with joint landowner Basingstoke and Deane, secured the allocation of the initial Manydown Phase 1 development for up to 3,520 dwellings to be provided in the period up to 2029. Following public consultation that has enabled the finalisation of a development masterplan, planning approval is now being sought to take the site forward.
- 7.13 Another area that the County Council can look to exploit is the relationships it has with its partners and contractors. There is already a long standing relationship with our waste disposal contractors Veolia that includes innovative ways of generating income for both parties. The long term contract allows the use of surplus capacity at our waste facilities for commercial purposes for which the County Council receives an income share. Similarly, provisions are in place for working with our highways maintenance contractor Skanska to develop joint ventures linked to the existing contract that will yield additional income for both parties. A third example is the superfast broadband contract with BT Openreach that includes mechanisms that provide a rebate to the County Council when take up is greater than the original estimates in Openreach's commercial bid. To date, rebates and savings have added a further £6.3m of delivery to the programme without requiring additional capital funding from the County Council and further rebates are expected in the next few years.
- 7.14 With the primary aim of improving economic prosperity and related infrastructure within Hampshire, the County Council may consider granting loans to other organisations. To date, loans totalling £9.5m at market rates of interest have been approved to the Enterprise M3 Local Enterprise Partnership (EM3 LEP) and Farnborough International Ltd.
- 7.15 The development of all these opportunities is reported to Cabinet and, if additional capital schemes are proposed, County Council approval is sought to add them to the Capital Programme.

8. Knowledge and skills

- 8.1 The County Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions in accordance with the approved strategies. Performance

against targets and learning and development needs are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

- 8.2 Staff attend training courses, seminars and conferences provided by the Chartered Institute of Public Finance and Accountancy (CIPFA), Arlingclose and other providers. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
- 8.3 CIPFA's Code of Practice requires that the County Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. All Members were invited to a workshop presented by Arlingclose in December 2020, which gave an update of treasury matters. A further Arlingclose workshop has been planned for 2021.

Investment Advisers

- 8.4 The County Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Deputy Chief Executive and Director of Corporate Resources, her staff and Arlingclose.

9. Chief Financial Officers Conclusion on the Affordability and Risk Associated with the Capital and Investment Strategy

- 9.1 This Capital and Investment Strategy has been developed alongside the TMS (Appendix 10) and the Reserves Strategy (Appendix 7). Together, they form an integrated approach adopted by the County Council to balance the need for capital investment to support service priorities with consideration of affordability and the consequent impact on the revenue budget, whilst recognising and managing risk to an acceptable level.
- 9.2 The forward planning of capital investment and its funding, including being in a position to maximise the use of external grants, contributions and capital receipts, together with the process of regular monitoring of actual income, expenditure, and project progress, provides assurance to the Deputy Chief Executive and Director of Corporate Resources that the proposed Capital Programme is prudent, affordable and sustainable.

10. Links to Statutory Guidance and Other Information

- 10.1 The Local Government Act 2003, Section 15(1) and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] require Local Authorities to have regard to the following guidance:
 - Ministry of Housing, Communities & Local Government (MHCLG) - Local Government Investment* [MHCLG Investment](#).
 - CIPFA's Prudential Code 2017
 - CIPFA's Treasury Management Code 2017

(*Where a local authority prepares a Capital Strategy in line with the requirements of the Prudential Code, and a TMS in line with the requirements of the Treasury Management Code, the Investment Strategy can be published in those documents instead of as a separate document).

- 10.2 The County Council includes its non-treasury management Investment Strategy within this Capital Strategy. The TMS is a separate document reported to Cabinet and County Council, (Appendix 10).
- 10.3 The proposed Capital Programme is a separate document presented to Cabinet and County Council in a separate report elsewhere on this Agenda.

Treasury Management Strategy Statement 2021/22 to 2023/24

1. Summary

- 1.1. The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 (the CIPFA Code) requires authorities to determine their Treasury Management Strategy Statement (TMSS) before the start of each financial year.
- 1.2. This Strategy fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3. The purpose of this TMSS is, therefore, to present for approval the Treasury Management Strategy (including the Annual Investment Strategy) for 2021/22 to 2023/24; and the remainder of 2020/21

2. Introduction

- 2.1. In 2018 the Ministry of Housing, Communities & Local Government (MHCLG) produced new Investment Guidance including the requirement to produce an Investment Strategy. The County Council's Capital and Investment Strategy (Appendix 9) sets out the Council's broad approach to investment, including its capital programme, how this is funded, and investments held for service purposes or for commercial profit.
- 2.2. This Treasury Management Strategy (TMS) supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and investments, and the associated risks.
- 2.3. 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 financial risk are therefore central to the County Council's prudent financial management.
- 2.4. Treasury risk management at the County Council is conducted within the framework of the CIPFA Code which requires the County Council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. This Strategy fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 2.5. Investments held for service purposes or for commercial profit are considered in the Capital and Investment Strategy (Appendix 9).

3. External Context

- 3.1. The following paragraphs explain the economic and financial background against which the TMS is being set.

Economic Background

- 3.2. The impact of the Covid-19 pandemic and the UK's exit from the European Union will continue to be a major influence on the County Council's TMS for 2021/22.

- 3.3. The Bank of England's (BoE) Monetary Policy Committee (MPC) met in December 2020 and voted unanimously to hold Bank Rate at 0.10% and to maintain its Quantitative Easing asset purchase programme at £895m. The MPC identified that the successful trialling of some Covid-19 vaccines was likely to reduce the downside risks to the economic outlook, but that economic activity had been affected by the increase in Covid-19 cases and reimposition of restrictions resulting in an unusually uncertain outlook for the economy, an outlook that will have been further affected by the subsequent national lockdown in January 2021.
- 3.4. Gross Domestic Product (GDP) grew by 16.0% in Quarter 3 after suffering a fall of 18.8% in the previous quarter, reflecting the easing of restrictions throughout the summer of 2020, although this had already slowed to 1.1% in September and 0.4% in October, leaving it 8% below its level in Quarter 4 of 2019.
- 3.5. UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month and well below the BoE's target of 2%.
- 3.6. The most recent labour market data for the three months to October 2020 showed the unemployment rate was 4.9%, up 0.7% on the previous quarter. The government's employment support schemes may limit near term rises in unemployment, but the BoE predicts a substantial further increase is still likely. The employment rate fell to 72.5% in October and the three month average annual growth rate for wages was 2.1% for regular pay in real terms.

Credit Outlook

- 3.7. After spiking in late March 2020 due to the onset of the global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Bank profitability in 2020 is likely to be significantly lower than in previous years as a result of significant provisions for potential losses resulting from the pandemic.
- 3.8. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 3.9. Looking forward there remains the potential risk for bank losses to be greater than expected when government and central bank support starts to be removed and Arlingclose therefore advises a cautious approach to bank deposits in 2021/22.

Interest Rate Forecast

- 3.10. The Council's treasury management adviser Arlingclose is forecasting that the Bank Rate will remain at 0.10% until at least the end of 2023. Downside risks remain, however, and may be heightened in the short term as the UK reacts to the escalation in coronavirus infection rates and the end of the Brexit transition period, therefore cuts to 0% or even into negative territory cannot be completely ruled out.
- 3.11. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

4. Balance Sheet Summary and Forecast

- 4.1. On 31 December 2020, the County Council held £306m of borrowing and £482m of investments. This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below:

Table 1: Balance Sheet Summary and Forecast

	31/03/20 Actual £M	31/03/21 Estimate £M	31/03/22 Forecast £M	31/03/23 Forecast £M	31/03/24 Forecast £M
Capital Financing Requirement	783	800	805	774	752
Less: Other Long-term Liabilities					
- Street Lighting PFI	(100)	(96)	(91)	(86)	(81)
- Waste Management Contract	(49)	(46)	(42)	(38)	(34)
Borrowing CFR	634	658	672	650	637
Less: External Borrowing					
- Public Works Loan Board	(229)	(218)	(208)	(200)	(192)
- Other Loans (incl. LOBOs)	(45)	(41)	(41)	(41)	(41)
- Other Short-term Borrowing	(33)	(33)	(33)	(33)	(33)
Internal Borrowing	327	366	390	376	371
Less: Reserves and Balances	(643)	(641)	(647)	(615)	(615)
Less: Allowance for Working Capital	(227)	(79)	(154)	(230)	(230)
Resources for Investment	(870)	(720)	(801)	(845)	(845)
(Treasury Investments) / New Borrowing	(543)	(354)	(411)	(469)	(474)

- 4.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The County Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 4.3. It is forecast that the County Council will continue to take advantage of internal borrowing, which will increase through until 2021/22, whilst paying off Public Works Loan Board (PWLB) debt as maturities arise.
- 4.4. Reserves and balances are forecast to reduce over the period due to the anticipated funding of the Capital Programme and use of the Budget Bridging Reserve (BBR) as part of the Council's Reserves Strategy as set out in Appendix 7. The County Council's investment balances are due to rise over the forecast period, however, as all employer's Local Government Pension Scheme (LGPS) pension contributions were paid early in April 2020 for the period to March 2023.

- 4.5. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the County Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the County Council expects to comply with this recommendation during 2021/22.

5. Borrowing Strategy

- 5.1. The County Council currently holds £305.6m of loans, including amounts held on behalf of others for governance or administrative purposes. The loans are predominantly as a result of the County Council's strategy for funding previous years' Capital Programmes. The balance sheet forecast in Table 1 shows that the County Council does not expect to need to take on new external borrowing in 2021/22. The County Council has the option to borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £980m, but does not currently expect to do so.

Objectives

- 5.2. The County Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs 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.

Strategy

- 5.3. Given the significant cuts to public expenditure and in particular to local government funding, the County Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, the County Council expects to continue its approach of internally borrowing instead of taking on additional external borrowing.
- 5.4. By internally borrowing, the County Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Arlingclose will assist the County Council in regularly monitoring the benefits of this approach against taking on short term external borrowing and the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
- 5.5. The County Council has previously raised the majority of its long-term borrowing from the PWLB. The County Council does not expect to take on any new long-term borrowing in 2021/22, however alternatives to the PWLB should the County Council need to borrow any long-term amounts include banks, pension funds and local authorities, as well as the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. A further alternative to internal borrowing would be for the County Council to use short term borrowing if necessary. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield however, the County Council intends to avoid this activity.

- 5.6. The County Council may also arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 5.7. In addition, the County Council may borrow short-term loans (normally for up to one month) to cover unplanned cash flow shortages.

Sources

- 5.8. The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board).
 - Any institution approved for investments (see below).
 - Any other bank or building society authorised to operate in the UK.
 - Any other UK public sector body.
 - UK public and private sector pension funds (except Hampshire Pension Fund).
 - Capital market bond investors.
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

Other Sources of Debt Finance

- 5.9. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- Leasing.
 - Hire purchase.
 - Private Finance Initiative (PFI).
 - Sale and leaseback.

LOBOs

- 5.10. The County Council holds £20m 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.
- 5.11. All of these loans have options during 2021/22, and although the County Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The County Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to the current level of £20m.

Short-term and Variable Rate Loans

- 5.12. These loans leave the Council exposed to the risk of short-term interest rate rises. This risk is monitored through the indicator on interest rate exposure in the treasury management indicators in this report.

Debt Rescheduling

- 5.13. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The County Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

6. Investment Strategy

- 6.1. The County Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the County Council's investment balance has ranged between £335m and £648m.
- 6.2. These balances have been lower than the County Council would typically hold due to the decision to pay employer's LGPS pension contributions in advance on 1 April 2020 for the three year period to March 2023 at a cost of approximately £225m. This payment was made without impacting liquidity and with the additional benefit of reducing counterparty risk.

Objectives

- 6.3. 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 rate of return, or yield. The County Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Negative Interest Rates

- 6.4. The Covid-19 pandemic has increased the risk that the BoE will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options, and in some instances negative interest rates are already being seen. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

- 6.5. Given the increasing risk and very low returns from short-term unsecured bank investments, the County Council aims to continue to be diversified in more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £350m that is available for longer term investment.

- 6.6. Approximately 82% of the County Council's surplus cash at 31 December 2020 is invested so that it is not subject to bail-in risk, as it is invested in local authorities, secured bank bonds and pooled property, equity and multi-asset funds.
- 6.7. Of the 18% of cash that was subject to bail-in risk at 31 December 2020, 23% was held in very short-term notice accounts providing a comparatively favourable rate of interest in exchange for a short notice period within the 35-day maximum recommended by Arlingclose, 49% was held in overnight money market funds and cash plus funds which are subject to a reduced risk of bail-in, and 28% was held in overnight bank call accounts for liquidity purposes. This diversification is a continuation of the strategy adopted in 2015/16. Further detail is provided at Annex B.

Business Models

- 6.8. Under the new IFRS 9, the accounting for certain investments depends on the 'business model' for managing them. The County Council aims to achieve value from its internally managed treasury investments through a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Investments Targeting Higher Returns

- 6.9. The County Council agreed in 2019 to increase the amount of its cash balances earmarked for investments targeting higher yields of around 4% to £235m. As set out in the Capital and Investment Strategy, it is now felt appropriate to increase this to £250m.
- 6.10. 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.
- 6.11. Higher yields can be targeted through longer term cash investments and by investing in asset classes other than cash. Following advice from Arlingclose, the County Council has constructed an investment portfolio that is diversified across asset classes and regions. This has been achieved by investing in pooled investment vehicles (pooled funds) alongside long term lending to other local authorities and loans relating to the Manydown development project. This diversification helps to mitigate the risk of overexposure to a single event affecting a specific asset class.
- 6.12. The use of pooled funds also enables the County Council to achieve a greater degree of diversification than could effectively be achieved by directly owning individual assets. Pooled funds are managed by specialist external fund managers who are best placed to select and manage investments, for example with property investments in selecting appropriate buildings and then managing the relationship with tenants and the maintenance of those buildings.

- 6.13. Diversification in itself does not guarantee positive outcomes. The selection of pooled funds is carefully managed to target funds with a strong performance track record and objectives that are well aligned to the County Council's aim of achieving income returns of around 4% per annum without putting its initial investment at undue risk over the longer term. The County Council is therefore currently invested in pooled funds that specialise in providing income returns to support the revenue budget. As a result of their income focus these funds may not achieve the same capital growth and therefore total return, as other more general investment funds, however they are likely to deliver significantly greater income returns than cash investments, particularly in the current interest rate environment.
- 6.14. The investible universe for pooled funds is vast and part of the service provided by Arlingclose as treasury advisors is to conduct research and suitable due diligence on pooled funds prior to making recommendations to their clients.
- 6.15. Past performance does not guarantee that funds can replicate successful outcomes in future and knowing which funds will perform well is not an exact science. The County Council will therefore continue to conduct its own ongoing review and scrutiny of the performance of its pooled fund investments. The County Council will also discuss these investments regularly with Arlingclose, who provide advice based on regular meetings with representatives from the pooled funds and their own ongoing due diligence on areas such as performance and investment style, strategy and process.
- 6.16. Just over £200m of the allocation to higher yielding investments has now been invested, with the remaining balance earmarked. The total amount invested includes £6m 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.
- 6.17. The increase in the amount earmarked for higher yielding investments to £250m set out in the Capital and Investment Strategy will allow the County Council to continue to invest its investment balances appropriately and also to invest balances held on behalf of the TBH JPSB in line with their instructions.
- 6.18. The current portfolio of investments targeting higher yields is summarised in Table 2:

Table 2: Investments Targeting Higher Yields Portfolio

	Amount Invested (*)	Market Value at 31/12/2020	Gain / (Fall) in Capital Value
	£M	£M	%
Fixed Deposits	21.5	21.5	0.0
Pooled Property Funds	75.0	73.2	(2.4)
Pooled Equity Funds	50.0	47.0	(5.9)
Pooled Multi-Asset Funds	48.0	46.5	(3.2)
Total	194.5	188.2	(3.2)

* Excludes £6m invested in pooled funds on behalf of TBH JSPB

- 6.19. The County Council's investments in pooled funds bring significant benefits to the revenue budget, with over £25m of dividends earned since it first made these investments. Capital values have shown a strong recovery since the lows experienced in March 2020 as a result of the coronavirus pandemic and even though capital values remain below the amount originally invested, the dividends earned mean the total return is significantly positive. The total return for pooled funds since purchase was 14.31% at 31 December 2020.
- 6.20. At the current time, given the medium to long term nature of the investments, it is unlikely that a capital loss would ever be realised, since the County Council would avoid selling investments that realised a capital loss.
- 6.21. In addition to the risk of realising a capital loss, changes to IFRS 9 mean that capital gains and losses on investments need to be reflected in the revenue account on an annual basis, although there is currently a statutory override in place for local authorities that exempts them from complying with this requirement for the next three years.
- 6.22. 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 approximately £5m. This equates to about 2.5% of the amount invested, or 2.0% of the total earmark of £250m. The County Council intends to continue to contribute towards the Investment Risk Reserve when required to ensure 2.5% of the total amount invested is held in reserve (in line with the recommendation of 2.5% for the general fund balance).
- 6.23. In the short term the County Council continues to take a prudent approach to forecasting income returns from its investments targeting higher yields, anticipating lower percentage returns than in previous years, due to the ongoing impacts of the coronavirus pandemic on property rents, company dividends and other sources of income being sought by its pooled fund investment managers.
- 6.24. However, even if the target of 4% per annum is not delivered in the short term, the County Council expects to achieve significantly greater income returns from these investments than from the rest of its investment portfolio and has achieved an average income return of 4.51% per annum from its pooled fund investments since purchase. Table 3 provides an example of the difference in the annualised average income return from the higher yielding strategy at 31 December 2020 and the returns being achieved on the County Council's other investments at that date.

Table 3: Weighted Average Returns and Indicative Annualised Income

	Cash Balance 30/12/20 20 £M	Weighted Average Return %	Annualised Income £M
Short-term and Long-term Cash Investments	281.6	0.44	1.24
Investments Targeting Higher Yields	200.5	3.89	7.80
Total	482.1	1.88	9.04

- 6.25. The annualised average returns for pooled funds shown in Table 3 include the period prior to the coronavirus pandemic and the County Council is taking a more prudent approach when forecasting income returns for 2020/21. This is following advice from Arlingclose on the potential impact that the pandemic has had and will continue to have on the ability of pooled funds to deliver against their income targets in the short term. Any shortfall at the end of the year to the budgeted income will be met from the Covid-19 financial response package.

Investment Limits

- 6.26. The maximum that will be lent to any one organisation (other than the UK Government) will be £70m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers as shown in Table 4:

Table 4: Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£70m each
UK Central Government	Unlimited
Any group of pooled funds under the same management	£175m per manager

Approved Counterparties

- 6.27. The County Council may invest its surplus funds with any of the counterparty types in Table 5 overleaf, subject to the limits shown:

Table 5: Sector and Counterparty Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	30 years	Unlimited	N/A
Local authorities & other government entities	25 years	£70m	Unlimited
Secured investments *	25 years	£70m	Unlimited
Banks (unsecured) *	13 months	£35m	Unlimited
Building societies (unsecured) *	13 months	£35m	£70m
Registered providers (unsecured) *	5 years	£35m	£70m
Money market funds *	N/A	£70m	Unlimited
Strategic pooled funds	N/A	£70m	£350m
Real estate investment trusts	N/A	£35m	£70m
Other investments *	5 years	£35m	£70m

This table must be read in conjunction with the notes below

Minimum Credit Rating

- 6.28. Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant known factors including external advice will be taken into account.
- 6.29. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Government

- 6.30. Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 30 years.

Secured Investments

- 6.31. Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and Building Societies (Unsecured)

- 6.32. Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered Providers (Unsecured)

- 6.33. Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds

- 6.34. Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the County Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds

- 6.35. Shares or units in diversified investment vehicles consisting of bond, equity and property investments. These funds offer enhanced returns over the longer term but are more volatile in the short term and allow the County Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. This sector also includes cash plus funds which are also a type of pooled fund, but are used for short-term funds, with a lower risk appetite. Because strategic pooled funds have no defined maturity date but are available for withdrawal after a notice period; their performance and continued suitability in meeting the County Council's investment objectives will be monitored regularly.

Real Estate Investment Trusts (REITs)

- 6.36. Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other Investments

- 6.37. This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the County Council's investment at risk.

Operational Bank Accounts

- 6.38. The County Council may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept low. The County Council's operational bank account is with National Westminster and aims to keep the overnight balances held in current accounts positive, and as close to zero as possible. The BoE has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the County Council maintaining operational continuity.

Risk Assessment and Credit Ratings

- 6.39. Credit ratings are obtained and monitored by the County Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 6.40. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

- 6.41. The County Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the County Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 6.42. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the County Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the County Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt

Management Office, or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Liquidity Management

- 6.43. The County Council has due regard for its future cash flows when determining the maximum period for which funds may prudently be committed. Historic cash flows are analysed in addition to significant future cash movements, such as payroll, grant income and council tax precept. Limits on long-term investments are set by reference to the County Council's medium term financial position (summarised in Table 1) and forecast short-term balances.
- 6.44. The County Council will spread its liquid cash over at least four providers (for example bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider, except in cases of extreme market stress whereby the County Council will be able to invest all of its liquid cash in one provider only, being the Debt Management Office.

7. Treasury Management Indicators

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

Interest Rate Exposures

- 7.2. The following indicator shows the sensitivity of the County Council's current investments and borrowing to a change in interest rates. Fixed rate investments maturing during the year are assumed to be variable for the remainder of the year.

Table 6: Interest Rate Risk Indicator

	31 December 2020	Impact of +/- 1% Interest Rate Change
	£M	£M
Sums Subject to Variable Interest Rates		
Investment	429.9	+ / - 4.3
Borrowing	20.0	+ / - 0.2

Maturity Structure of Borrowing

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

Table 7: Refinancing Rate Risk Indicator

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	75%	0%
20 years and within 30 years	75%	0%
30 years and above	100%	0%

- 7.4. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer Than a Year

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

Table 8: Price Risk Indicator

	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£350m	£330m	£300m

8. Related Matters

- 8.1. The CIPFA Code requires the County Council to include the following in its TMSS.

Financial Derivatives

- 8.2. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (for example interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (for example LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 8.3. The County Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the County Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

- 8.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit. The use of financial derivatives is not planned as part of the implementation of the TMSS and any changes to this would be reported to Members in the first instance.
- 8.5. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Investment Advisers

- 8.6. The County Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Deputy Chief Executive and Director of Corporate Resources, her staff and Arlingclose.

Markets in Financial Instruments Directive

- 8.7. The County Council has opted up to professional client status with its providers of financial services, including advisers, brokers, and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the County Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status

Annex A - Arlingclose Economic & Interest Rate Forecast December 2020

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Artinclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r.													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Artinclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Artinclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artinclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artinclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artinclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Artinclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Annex B - Existing Investment & Debt Portfolio Position at 31 December 2020

Investment Position (Treasury Investments)

<u>Investments</u>	Balance 30/09/2020 £M	Movement £M	Balance 31/12/2020 £M	Rate 30/12/2020 %	WAM (*) 31/12/2020 Years
Short Term Investments					
- Banks and Building Societies:					
- Unsecured	23.5	21.7	45.2	0.03	0.0
- Money Market Funds	58.6	(25.8)	32.8	0.01	0.0
- Local Authorities	105.0	28.0	133.0	0.41	0.6
- Cash Plus Funds	10.0	0.0	10.0	1.23	0.0
	197.1	23.9	221.0	0.31	0.4
Long Term Investments					
- Banks and Building Societies:					
- Secured	30.6	0.1	30.7	0.35	1.7
- Local Authorities	25.0	4.9	29.9	1.51	1.3
	55.6	5.0	60.6	0.92	1.5
Long Term Investments – high yielding strategy					
- Local Authorities	21.5	0.0	21.5	4.31	12.8
- Pooled Funds					
- Pooled property**	77.0	0.0	77.0	3.51	N/A
- Pooled equity**	52.0	0.0	52.0	4.46	N/A
- Pooled multi-asset**	46.0	4.0	50.0	3.69	N/A
	196.5	4.0	200.5	3.89	12.8
Total Investments	449.2	32.9	482.1	1.88	1.1

* WAM - Weighted Average Maturity

** The rates provided for pooled fund investments are reflective of the average dividend return over the last 12 months.

	Balance 31/12/2020	Average Rate 31/12/2020
	£M	%
<i>External Borrowing</i>		
PWLB Fixed Rate	(223.5)	(4.73)
Other Loans (including LOBO Loans)	(41.3)	(4.34)
Other Short-term Borrowing (*)	(40.8)	N/A
Total External Borrowing	(305.6)	(4.67)
<i>Other Long-Term Liabilities:</i>		
Street Lighting PFI	(95.6)	
Waste Management Contract	(45.9)	
Total Other Long-Term Liabilities	(141.5)	
Total Gross External Debt	(447.1)	
Investments	482.1	1.88
Net (Debt) / Investments	35.0	

* Includes balances held by the County Council on behalf of others for governance or administrative reasons.

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Consultation

The County Council has been planning for the next round of budget savings for some time and during 2019 developed a range of savings options that were designed to balance the estimated £80m deficit in the 2021/22 budget. These proposals were consulted on during the summer of 2019.

The Medium Term Financial Strategy (MTFS) report was presented to Cabinet on 15 October 2019 and contained a summary of the headline findings from the '*Serving Hampshire – Balancing the Budget*' Consultation which ran for six weeks from 5 June to the 17 July 2019.

The Consultation was undertaken against the background of the next stage of the County Council's transformation and efficiencies programme, Transformation to 2021 (Tt2021) in order to inform the overall approach to balancing the budget by 2021/22 and making the anticipated £80m additional savings required by April 2021.

The public consultation sought residents' and stakeholders' views on options for managing the anticipated budget shortfall. The options necessarily extended beyond cost reduction and income raising possibilities to areas such as council tax increases, possible legislative changes and the organisation (structure) of local government in Hampshire.

These additional options could help to inform the approach the County Council takes to delivering savings beyond 2021/22. With the squeeze on public finances anticipated to extend further into this decade following the impact of Covid-19 and the general uncertainties that surround Brexit, the County Council has already started work on the Savings Programme for 2023 to address the anticipated shortfall in the budget..

The consultation sought residents' and stakeholders' views on several options that could contribute towards balancing the revenue budget, and any alternatives not yet considered – as well as the potential impact of these approaches. The consultation was clear that a range of options would be needed to meet the required £80m savings by 2021. For example, the Information Pack illustrated the amount of savings that would still be required even if council tax was increased by up to 10%.

The options were:

- Reducing and changing services.
- Introducing and increasing charges for some services.
- Lobbying central government for legislative change.
- Generating additional income.
- Using the County Council's reserves.
- Increasing council tax.
- Changing local government arrangements in Hampshire.

Information on each of the above approaches was provided in an Information Pack. This set out the limitations of each option, if taken in isolation, to achieving required savings. For

example, supporting information explained that the £80m estimated budget shortfall took into account an assumed increase in 'core' council tax of 4.99% at that time in both 2020/21 and 2021/22. The Pack also explained that if central government were to support changing local government arrangements in Hampshire, savings would still take several years to be realised. Residents were similarly made aware that the use of reserves would only provide a temporary fix, providing enough money to run services for around 27 days at that time.

Therefore, whilst each option offers a valid way of contributing in-part to balancing the budget, plugging the estimated £80m gap in full would inevitably require a combination of approaches.

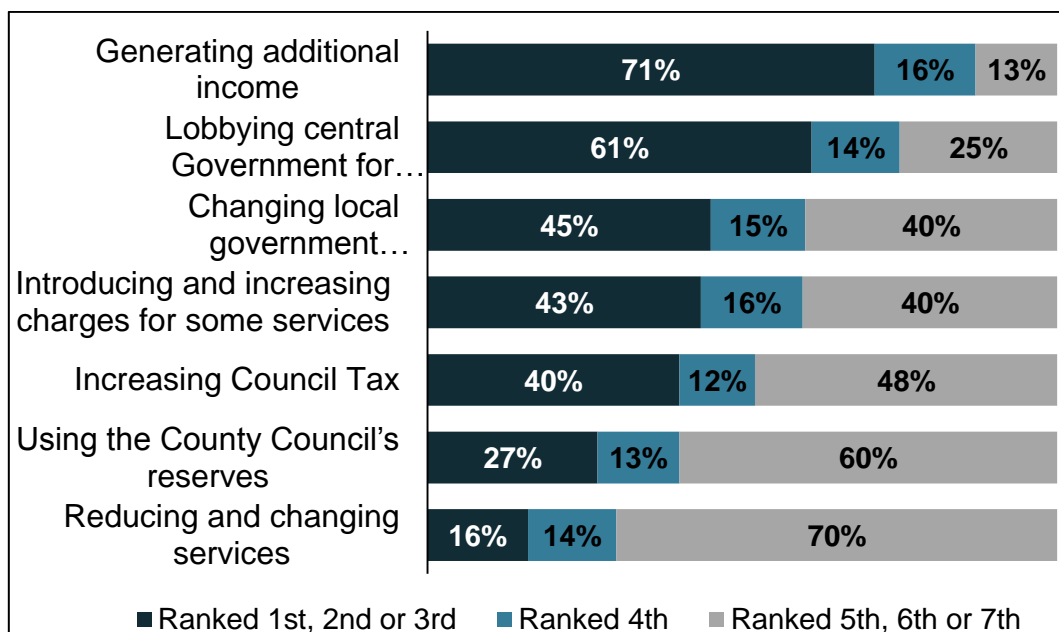
A total of 5,432 responses were received to the consultation – 4,501 via the Response Forms and 931 as unstructured responses through email, letter and social media.

Headline findings from the consultation are set out below and the full findings [report](#) is also available:

- The majority of respondents (52%) agreed that the County Council should continue with its current **financial strategy**. This involves **targeting resources on the most vulnerable** people; **planning ahead** to secure savings early and enable investment in more efficient ways of working; and the **careful use of reserves** to help address funding gaps and plug additional demand pressures e.g. for social care.
- Achieving the required savings is likely to require a multi-faceted approach. However, respondents would prefer that the County Council seeks to explore all other options before pursuing proposals to reduce and change services – in particular, opportunities to **generate additional income** and **lobby central government for legislative change**.
- Just over one in three respondents (37%) agreed with the principle of **reducing or changing services** - but the proportion who disagreed was slightly higher (45%) - Of all the options, this was respondents' **least preferred**.
- Around half of respondents (**52%**) agreed with the principle of **introducing and increasing charges** to help cover the costs of running some local services, but over one-third (39%) felt that additional charges should not be applied.
- Respondents were in favour of **lobbying central government** to allow charging in some areas:
 - 66% agreed with charging for issuing Older Person's Bus Passes.
 - 64% agreed with charging for Home to School Transport (HtST).
 - 56% agreed with diverting income from speeding fines or driver awareness courses.
- However, in other areas, opinions were more mixed:
 - 42% agreed and 43% disagreed with recouping 25% of concessionary fares.
 - Most did not feel that it would be appropriate to lobby for charges relating to library membership (60% disagreement) or Household Waste Recycling Centres (HWRCs) (56% disagreement).

- Overall, lobbying for legislative change to enable charging was respondents' **second preferred option**.
- Of all the options presented, generating additional income was the **most preferred option**. Suggestions included:
 - Improving the efficiency of council processes.
 - Increasing fees or charges for services.
 - Using council assets in different ways.
 - Implementing new, or increasing existing, taxes.
 - Lobbying central Government for more funding.
- Six out of ten respondents (61%) agreed with the position that **reserves should not be used** to plug the budget gap.
- Most respondents (55%) preferred the County Council to raise **council tax** by less than 4.99%. This compared to 34% of respondents whose first choice was to raise council tax by 4.99%. There was limited support for a rise in council tax above this level (14%).
- More than half of those who responded (**61%**) **agreed** that consideration should be given to **changing local government arrangements in Hampshire**.
- One in three (36%) respondents noted **potential impacts** on poverty (financial impacts), age (mainly older adults and children), disability and rurality.
- Staffing efficiencies were the most common focus of **additional suggestions** (31%).
- The 931 unstructured **other responses** to the consultation primarily focused on ways to reduce workforce costs (26% of comments), the impact of national politics on local government (8%), the need to reduce inefficiency (6%) and both support and opposition to council tax increases (7%).

An important element of the consultation was seeking residents and stakeholders' views on the strategy for closing the County Council's budget deficit to 2021/22. The consultation outlined seven options for making anticipated savings and asked respondents to rank these in order of preference. The options were ranked as follows:



The findings from the Consultation were provided to Executive Members and Directors during September 2019, to inform departmental savings proposals, in order for recommendations to be made to Cabinet and the full County Council in October and November 2019 on the [MTFS and Transformation to 2021 \(Tt2021\) Savings Proposals](#).

In some cases, further Stage 2 consultations were required, and this was reflected in the Equality Impact Assessments that were published at the time.

Business Consultation

Feedback has been sought from the business community in relation to the County Council's budget proposals for 2021/22, with a focus on issues of significance to the business community.

The consultation acknowledges the status of the 2021/22 budget in that key decisions in respect of savings proposals had already been taken and were agreed by Cabinet and Full Council during November 2019, in order to provide the time and capacity for the savings to be implemented as part of the Tt2021 Programme.

An update on any feedback / responses received will be provided at the meeting.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	9 February 2021
Decision Maker:	County Council
Date:	25 February 2021
Title:	Capital Programme 2021/22 to 2023/24
Report From:	Deputy Chief Executive and Director of Corporate Resources

Contact name: Rob Carr

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Email: rob.carr@hants.gov.uk

Purpose

1. This report collates the service capital programmes prepared by Executive Members and presents for approval the proposed capital programme for the County Council for 2021/22 and the provisional programmes for the subsequent two financial years.

Recommendation(s)

2. The following decisions are sought, based on the recommendations of the Leader and Cabinet to the County Council, for the capital programme for 2021/22 to 2023/24 and the revised capital programme for 2020/21.
3. A recommendation by Cabinet to County Council that the capital programme for 2021/22 and the provisional programmes for 2022/23 and 2023/24 as set out in Appendix 1 be approved.
4. A recommendation by Cabinet to seek County Council approval for an increase in the value of the Stubbington Bypass scheme from £34.495 million to the value of £39.295 million, noting that the increase of £2 million associated with the impact of Covid-19 is to be funded from the allocation previously approved for that purpose by the County Council in July 2020, with the balance to be funded from a mix of Section 106 developer contributions and local resources.
5. A recommendation by Cabinet to seek County Council approval to add further decarbonisation schemes up to the value of £5.64 million to the CCBS capital programme for 2020/21 funded by grants from the Public Sector Decarbonisation Fund.

6. That, subject to County Council approval to add the decarbonisation schemes to the 2020/21 capital programme, Cabinet give approval to spend in line with the project appraisals in Appendix 2, totalling £2.812 million, for the transition from oil to gas schemes within the schools and corporate estates.
7. That authority is delegated to the Deputy Chief Executive and Director of Corporate Resources to allocate as appropriate the remaining balance of £1.49 million from the approved capital underwriting of up to £5 million to enable existing schemes to continue where there are increased costs resulting from Covid-19.
8. That, within the 2020/21 capital programme, an increased value of £757,250 is approved, for addition to the existing named scheme for Testbourne school in 2020/21, the additional cost relates to the impact of Covid-19 and is funded from the Schools Condition Allocation grant (scheme total now £3.26 million).

County Council is recommended to:

9. Approve the capital programme for 2021/22 and the provisional programmes for 2022/23 and 2023/24 as set out in Appendix 1.
10. Approve an increase in the value of the Stubbington Bypass scheme from £34.495 million to the value of £39.295 million, noting that the increase of £2 million associated with the impact of Covid-19 is to be funded from the allocation previously approved for that purpose by the County Council in July 2020, with the balance to be funded from a mix of Section 106 developer contributions and local resources.
11. Approve the addition of further decarbonisation schemes up to the value of £5.64 million to the CCBS capital programme for 2020/21 funded by grants from the Public Sector Decarbonisation Fund.

Executive Summary

12. This report sets out for approval the proposed capital programme for 2021/22 to 2023/24 of £418 million. It also includes the schemes for the current financial year giving a total programme of some £744 million, one of the largest anywhere in the country.
13. Overall, the proposals in this report are in line with the Medium Term Financial Strategy (MTFS) which ensures that we continue to invest wisely in our existing assets and deliver a programme of new ones in line with overall priorities and need. The County Council's Capital and Investment Strategy is included as Appendix 9 of the revenue budget report and meets the requirements of statutory guidance, revised in 2017 by the Minister for Housing, Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

14. This report collates the service capital programmes prepared by Executive Members based on the existing cash limit guidelines for the locally resourced programme, together with schemes funded by Government grants and other external sources.
15. The programme delivers schemes totalling £418 million over the three years from 2021/22 to 2023/24. This follows a revised programme of £326 million for 2020/21, providing a total capital programme of £744 million over the four years, providing a big boost for the local economy through jobs and construction materials. This is a very significant investment in the infrastructure of Hampshire. The proposed programme includes:
- £68 million of investment in new and extended school buildings in Hampshire in the period 2021/22 to 2023/24 to ensure there is a school place for every child in Hampshire
 - £118 million for structural maintenance and improvement of roads and bridges in Hampshire over the next three years
 - £91 million for integrated transport schemes including over £18 million specifically focused on walking and cycling improvements
 - £141 million for major improvement of school and other County Council buildings and land holdings over the next three years
 - £33 million for decarbonisation schemes covering solar PV, single to double glazing window replacements, transition from oil to gas and the implementation of heating controls.
16. The detailed capital programmes are included in Appendix 1. A summary of the programme is shown in Table 1:

Table 1 - Proposed capital programme

	Revised				Total
	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000
Adults' Health & Care	25,376	15,588	481	481	41,926
Children's Services	67,733	39,048	17,417	53,071	177,269
Environment & Transport	127,476	69,368	94,970	45,021	333,629
Culture, Communities and Business Services	105,511	38,232	21,971	21,971	187,685
Total	326,096	162,236	134,839	120,544	743,715
		417,619			

17. The report shows that the projected payments arising from the capital programme can be financed within the resources available to the County Council including the planned use of prudential borrowing.
18. The proposals take account of the County Council's Capital and Investment Strategy and the Prudential Code for Capital Finance in Local Authorities including the capital financing position, the level of debt outstanding and the consequences for the revenue budget and council tax. The prudential indicators are included in the Capital and Investment Strategy, Appendix 9 of the report on this Agenda on the Revenue Budget.
19. The capital programme is supported by Government grants for schools, highways, transport and disabled facilities. The Secretary of State has yet to announce details of individual local authority basic need capital allocations for the years 2022/23 and 2023/24 and School Condition Allocation (SCA) for the year 2021/22. However, indications are that the 2021/22 SCA allocation will be equal to 2020/21. Devolved Formula Capital (DFC) has yet to be confirmed for 2021/22 but again, expectations are that it will be at a similar level to the 2020/21 allocation.
20. The Department for Transport (DfT) has yet to confirm future allocations for Integrated Transport, Structural Maintenance, Pothole Fund and Band 3 (highest band) recipients of its Incentive Fund. For planning purposes, it is assumed that these allocations will total £32.9 million for each of the next three years. The County Council has historically had a great deal of success in securing Local Growth Funding (LGF) from both the EM3 and Solent Local Enterprise Partnerships (LEPs). Due to the lack of additional Local Growth Funding being made available to the LEPs by central government, the total value of funding from this source has reduced from recent years to £0.7 million. However, £34.6 million has been awarded from the second tranche of the Transforming Cities Fund over the next two years and confirmation has recently been received of £3.28 million of DfT Tranche 2 Active Travel Fund.
21. The Disabled Facilities Grant (DFG) forms part of the Better Care Fund (BCF) – Pooled budget which is overseen by the Hampshire Health and Wellbeing Board. The Secretary of State has not yet announced details of individual local authority capital allocations for 2021/22. For planning purposes, the 2021/22 programme assumes £12.56 million in line with the 2020/21 allocation.
22. The other main technical points of this report are:
 - The capital programmes proposed by Executive Members are in line with the guidelines for the locally resourced capital programme.
 - Prudential borrowing will total £318 million by 2024/25. The repayment of the 'bridging loans' (pending capital receipts) included in this total will depend in part on the continued recovery of the property market. The current assumptions are that the bridging loans will be fully repaid by 2024/25.

- The prudential borrowing agreed to date and now proposed is in accordance with the framework for the use of prudential borrowing under the Prudential Code for Capital Finance
- The capital receipts assumed for this report are primarily for the sale of sites already earmarked to rationalisation schemes or to repay previously approved prudential borrowing.

Contextual Information

23. The cash limit guidelines for the new capital programme for 2021/22 to 2023/24 have been set at the same level as the current capital programme.
24. Executive members have now prepared proposals for:
 - A locally resourced capital programme for the three-year period from 2021/22 to 2023/24 within the guidelines set and other resources available to services.
 - A programme of schemes supported by Government capital grants.
25. ‘Locally resourced’ schemes are those financed from the County Council’s own resources such as capital receipts, contributions from the revenue budget, prudential borrowing, reserves and other funds. They do not include schemes supported by capital grant from the Government.
26. In general, the programmes proposed by Executive Members have been developed in accordance with the priorities and timescales of the capital strategy as reviewed by the corporate infrastructure group.

Guideline Cash Limits for the Capital Programme

27. The guidelines for the locally resourced programme were set by Cabinet in November 2020 based on existing levels with no uplift for inflation. The guidelines and use of reserves proposed by Executive Members and other adjustments are shown in Table 2.

Table 2 Guidelines for locally resourced capital programme

	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Adults' Health and Care				
Original guideline	481	481	481	1,443
Carry forward from previous years	855			855
Adults' Health and Care Total	1,336	481	481	2,298
Children's Services				
Original guideline	100	100	100	300
Developers' contributions	487	4,000	23,654	28,141
Capital receipts	665	2,110	0	2,775
Carry forward from previous years	1,350	1,250	6,750	9,350
Children's Services Total	2,602	7,460	30,504	40,566
Environment and Transport				
Original guideline	11,929	11,929	11,929	35,787
Developers' and other contributions	8,623	12,815	2,906	24,344
Carry forward from previous years			414	414
Environment and Transport Total	20,552	24,744	15,249	60,545
Culture, Communities and Business Services (CCBS)				
Original guideline	4,559	4,559	4,559	13,677
Contribution from revenue & reserves	1,003			1,003
Carry forward from previous years	4,519			4,519
CCBS Total	10,081	4,559	4,559	19,199
Overall Total	34,571	37,244	50,793	122,608

Government Supported Programme

28. The Government has issued all its support for local authorities' capital expenditure in the form of capital grants and not as borrowing allocations. It is expected to continue that arrangement for 2021/22 onwards.
29. For schools, the Secretary of State has previously announced details of individual local authority Basic Need allocations for 2020/21 and 2021/22. Hampshire received a favourable Basic Need allocation for 2021/22 of £40.9 million. There is the potential for a zero or low capital allocation in

2022/23 and 2023/24 as the Department for Education (DfE) assess the impact of the free school places they directly fund. At this stage, it is considered prudent to assume a zero allocation for those two years.

30. Allocations to date for School Condition Allocation (SCA) and the formula allocation for Devolved Formula Capital (DFC) only cover 2020/21. For planning purposes, SCA is assumed to continue at the current level of £17.4 million and expectations are that DFC will be at a similar level to the 2020/21 allocation of £3.3 million.
31. The DfT has not yet confirmed the Integrated Transport and Structural Maintenance allocations for future years. For planning purposes, these grants are assumed to continue at a similar level to previous years: £5.296 million and £21.584 million per year. The DfT is yet to confirm that Band 3 (highest band) recipients of its Incentive Fund such as the County Council will be awarded £4.495 million (the maximum available) each year until 2021/22. It is assumed in this report that Hampshire County Council will retain its Band 3 status and that funding remains at this level through to 2023/24 inclusive.
32. Further, at the time of writing, the DfT has not confirmed the Pothole fund, but for planning purposes, it is assumed that £1.543 million will be received each year for the next three years.
33. The County Council has historically had a great deal of success in securing Local Growth Funding (LGF) from both the EM3 and Solent LEPs. Due to the lack of additional Local Growth Funding being made available to the LEPs by central government, the total value of funding from this source has reduced from recent years with only £0.07 million within the starts programme in the next three years. This represents a significant reduction from last year's three-year value of just under £10 million and the £27 million three-year value the year before.
34. To mitigate the reduced opportunity for LGF funding, the ETE department has worked hard to identify other sources and has been successful in securing significant competitive funding from DfT. This includes over £40 million in a forward package of works funded across the Tranche 2 Transforming Cities Fund and Tranche 2 Active Travel Fund (mix of capital and revenue). These schemes have entered the capital programme in 2020/21, 2021/22 and 2022/23.
35. From 2016/17, the Government has discontinued the Social Care capital grant and consolidated funding within the DFG. The anticipated funding for 2021/22 is £12.56m and is allocated as part of the BCF – Pooled budget which is overseen by the Hampshire Health and Wellbeing Board. However, grant conditions prevent the use of this funding for anything other than awarding grants for changes to a person's home.

The Programmes Submitted

36. The total starts value of the three-year programme submitted by Executive Members is £418 million, as shown in Table 3. It includes £295 million of schemes supported by Government grants.

Table 3 - Starts programmes proposed 2021/22 to 2023/24

	Land	Works etc			Total
		Locally Resourced	Supported by Govt Allocations	Total	
	£'000	£'000	£'000	£'000	£'000
2021/22	646	33,925	127,665	161,590	162,236
2022/23	646	36,598	97,595	134,193	134,839
2023/24	646	50,147	69,751	119,898	120,544
Total	1,938	120,670	295,011	415,681	417,619

37. The proposed programmes are in line with the cash limit guidelines, as adjusted in table 2, for the capital programme. The programmes themselves are set out in detail in Appendix 1, with key themes outlined below.

Adult's Health and Care

38. The proposed capital programme for Adults' Health and Care focuses on health and safety, compliance, and operational priorities within the residential and nursing building portfolio. As the highest risk buildings in the corporate estate, and in line with the requirements of the Care Quality Commission (CQC) registration and corporate health and safety procedures, there is a rigorous regime of surveys, inspections, testing and monitoring in place to manage building related health and safety risks in these buildings. The proposed programme of essential health and safety works will progress while the wider review of bed-based provision is paused given the current financial constraints and uncertainty regarding the future operating model.
39. However, capital investment continues in respect of previously approved schemes to update and improve the estate supporting Adult Learning disability services and also the extra care housing programmes for older persons and younger adults.
40. The locally resourced capital programme is supported by Government funding for the Disabled Facilities Grant. The Secretary of State has not yet announced details of individual local authority capital allocations. For planning purposes, the 2021/22 programme assumes £14.252 million in line with the 2020/21 allocation. The funding is passed to Housing Authorities to award grants for changes to a person's home in accordance with the grant conditions.

Children's Services

41. The proposed three-year programme continues an exciting investment by the County Council for Hampshire children that will not only help raise educational standards, but also create many additional local employment opportunities within its delivery. During the period 2013 to 2020 the County Council will have delivered 13,693 new school places, with projects contained within the 2021/22 to 2023/24 programme totalling a further 4,620 places giving a total of 18,313 new school places by September 2024.
42. The current presumption (by the DfE) is that every new school will be an academy/free school. Barton Farm Primary Academy in Winchester and Stoneham Park Academy in Eastleigh both opened in September 2020. A further ten schools are on the planning horizon to September 2025, however, the pace of development will be largely dictated by completion of new housing developments.
43. The overall increase in pupil numbers also impacts on the need for SEND places with 3.4% of our school population having a SEND Education Health and Care Plan. This increase alongside advances in medical technology is giving rise to some schools having very specific accommodation needs to meet the specialist and often complex requirements of individual pupils. The forward capital programme includes a variety of special school projects, including proposed provision for 90 Social, Emotional and Mental Health (SEMH) places for pupils with SEMH needs and a significant refurbishment of a school for pupils with Severe Learning Difficulties (SLD) and complex needs.
44. As part of the Early Years Sufficiency Strategy, it is proposed to allocate £3 million of resources to create new places and improve the condition of existing provision. Part of this funding will support existing operators to operate more efficiently and therefore remain in the market. The funding will be spread over the financial years 2021/22 – 2023/24.
45. The focus of capital investment in recent years has been on Basic Need and Capital Maintenance. In addition, the County Council has allocated £5 million (including fees) of County Council resources for a programme of investment to ensure facilities are fit for purpose and continue to provide good quality learning environments. The first tranche of projects in 2019/20 focused on improving lighting and toilets. The second tranche of projects in 2020/21 focused on improving special school environments. For 2021/22, the third year of the programme has allocated £2.4 million towards projects that focus on improvements to science laboratories, food technology spaces, general teaching spaces and toilets.
46. The proposed programme includes other improvement and modernisation projects relating to access to schools, SEN improvements, health and safety, adaptations to properties of foster carers and disabled children and schools' devolved formula capital totalling £36 million over three years.
47. To manage the demand for schemes and the resources available, the Executive Lead Member for Children's Services proposes to carry forward resources between the years of the capital programme. In most cases the

need for school places is driven by the speed of housing delivery on certain major sites, something which is clearly outside of the County Councils control and therefore requires flexibility in the way that the capital programme is delivered.

48. The Children's Services capital programme has reached a balanced position between income and expenditure over the proposed three-year period of the programme. However, the ongoing primary pressure and secondary impact indicates a deficit of resources over a five-year period beyond the scope of this report. Some of the forecast financial challenges have reduced as a result of extensive negotiations to secure developer contributions and the work undertaken to reduce the cost of school building design while minimising the detrimental effect on the teaching spaces and environment. Alongside this, the strategy to pursue free schools has also helped reduce the forecast deficit.
49. The County Council has a local and national reputation for the quality of its school buildings and significant work continues to be undertaken to successfully deliver better value buildings. The County Council is continuing to lead the national study to benchmark the cost of schools across the country. This study is endorsed by the DfE and provides invaluable information on the 'true' cost of providing school places. This evidence is being used to benchmark value for money for Hampshire schools and to inform negotiations with Government, local planning authorities and developers to maximise funding for the provision of additional pupil places across Hampshire.

Environment and Transport

50. Proposals of the Executive Member for Economy, Transport and Environment amount to just over £209 million over the next three years. The programme includes £118.3 million of new investment in structural maintenance, £90.7 million in the Integrated Transport programme and £0.3 million in flood and coastal defence projects.
51. The Structural Maintenance budget is used to extend the life of an existing asset. It is split across all highway assets for example, carriageways, footways, drainage, structures, traffic signals, pedestrian crossings and cattle grids. The Bridges and Structures programme consists of works to County Council owned Highway structures, which includes road bridges, footbridges, culverts (1.5m span or more), subways and retaining walls, as well as works on pumps at subways and low spots in the carriageway. Budgets are allocated in line with the County Council's Asset Management principles and needs based budgeting and programmes are developed based on various factors including, condition, remaining life, lifecycle planning including whole life costs.
52. The proposed integrated transport programme (ITP) includes schemes that have now been successfully awarded funding from DfT's Tranche 2 Transforming Cities Fund. The package of measures for Portsmouth City Region consists of 8 schemes (£19.6million) and a further 12 schemes in the Southampton City Region (£18million). In addition, confirmation has

recently been received that £3.28 million has been awarded from the DfT Tranche 2 Active Travel Fund (capital and revenue mix). This will allow Hampshire County Council to provide a range of measures to create better spaces for people walking and cycling.

53. The three-year capital programme has a range of scheme types, including a sub-programme of schemes which are mainly concerned with walking and/or cycling improvements. The current value of this sub-programme is over £18 million, an increase of £8 million from 2020/21. It is noted however that this is the value of schemes mainly focused on walking and cycling improvements, there are many other schemes in the programme that include walking and cycling elements, which are not included in this sub-programme
54. Future investment in the waste programme is being considered including upgrading the current infrastructure of the Materials Recycling Facility (MRF) as well as the associated Waste Transfer Station (WTS) network to meet the change in service driven by legislation and the need to improve performance. This includes a feasibility study of the options for the collection and sorting of different materials either at the kerbside or using the Waste Transfer Stations. Business case modelling continues including the identification of funding options and outputs from both the collections and infrastructure work will be presented at a waste summit on the preferred recycling system across Hampshire, Portsmouth and Southampton.
55. Several flood risk reduction schemes have been delivered across the County despite the delays and costs associated with high ground water levels and Covid-19 lockdown restrictions during the last financial year. The estimated value of the programme is £24 million. The County Council is projected to spend just over £14 million of local resources (including structural maintenance), 60% of the total with the remaining 40% anticipated to be drawn from other sources including Flood Defence Grant in Aid (FDGiA), Regional Flood and Coastal Committee (RFCC) Local Levy, other local authorities and the private sector.

Culture Communities and Business Services (CCBS)

56. The former Policy and Resources capital programme is now presented as the CCBS capital programme. This change recognises that the majority of the programme, both in value and number of schemes, is delivered by CCBS, however, from time to time, the programme may also need to include one-off proposals from Corporate Services / Corporate Resources. The proposed capital programme for CCBS totalling £82 million, is largely based on the priorities for capital investment established in previous years, relating to the County Council's built estate (including schools), vehicles, country sites and parks and county farms.
57. The annual School Condition Allocation from Government is included in the CCBS programme to allow the funding to be prioritised to ensure that school buildings are kept safe and in good working order. Officers from Children's Services and Property Services continue to work closely

together to identify the highest priority strategic building condition issues along with the need for modernisation improvements to improve the operational efficiency and quality of the learning environment in the schools estate.

58. Within the 2020/21 capital programme, there is a need to increase funding for the Schools Condition Allocation project at Testbourne School. This is a result of cost impacts directly linked to the Covid crisis including extended time to facilitate Covid-secure delivery as well as the associated cost in materials driven by manufacturing challenges. Cabinet are asked to approve the increase of £757,250 resulting in a revised total project cost of £3.26 million. The additional funding will be drawn from the Schools Condition Allocation grant.

County Council Revised Capital Programme 2020/21

59. During the current financial year, the capital programme has been revised to reflect additional funding sources, including grants and contributions, and also to reflect revised timescales for some schemes. As expected, the progress and cost of some capital schemes have been impacted by the pandemic. For some schemes, for example, school condition improvement projects, external grant funding has been used to offset the additional costs. However, there is a need to use part of the £5 million capital underwriting fund that was approved by the County Council in July as part of the medium term financial strategy to enable existing schemes to continue. Owing to additional cost for contractors to implement social distancing and extra hygiene measures, together with the impact of delayed tendering, the following allocations are required:

	£'000
Children's Services programme:	
Deer Park School	350
ETE programme:	
Stubbington Bypass	2,000
Redbridge causeway phase 2	180
Woodhouse Lane South	589
CCBS programme:	
Uplands Development Infrastructure	391
Total	3,510

60. If required, up to £1.49 million remains to be allocated to enable existing schemes to continue where there are increased costs resulting from Covid-

19. It is recommended that authority is delegated to the Deputy Chief Executive and Director of Corporate Resources to allocate this funding as appropriate.

Stubbington Bypass

61. The costs and designs of schemes on the scale of Stubbington Bypass are regularly reviewed to ensure the scheme remains resilient against external changes post initial approval. A recent review of this scheme has identified several adaptations and enhancements that will benefit the outcome of the scheme. These include additional ecological activities and remediations, additional ground stabilisation work, additional street lighting at the junction with Peak Lane and higher contractor costs. These changes, which could result in an increase of £2.8 million representing 8% from the original approved value, will be funded from a mix of S106 developer contributions and local resources. Considering the premium needed to cover the additional Covid-19 related costs as shown in the table above, the overall value of the scheme is now forecast at £39.295 million.

Decarbonisation Scheme

62. The Public Sector Decarbonisation Scheme (PSDS) announced at the end of September 2020 is a Government scheme offering grants for public sector bodies to fund energy efficiency and heat decarbonisation measures. The £1 billion scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment, which aims to boost the UK's economic recovery from Covid-19 as well as the Government's net zero and clean growth goals, supporting skilled jobs in the low carbon and energy efficiency sectors.
63. Aligned to the County Council's declaration of a Climate Emergency in 2019, which reinforced its commitment to continuing to mitigate climate change through reducing carbon emissions, five grant applications totalling £33 million have been submitted, with schemes covering solar PV on the corporate and schools' estates; single to double glazing window replacements to increase energy efficiency; projects to transition corporate and school sites from oil to gas; and the implementation of heating controls in schools. The range and scale of these bids was possible as a result of forward planning and the use feasibility funding that was put into the programme to enable proposals to be developed and ready to gain maximum advantage of external funding as it becomes available.
64. Following a detailed technical appraisal, the first two grant applications for solar PV and windows upgrade schemes were confirmed as successful, resulting in a grant of £26.9 million. This was reported to the Executive Member for Commercial Strategy, Human Resources and Performance in January. Subsequently, two further grant applications for transitioning from oil to gas in the schools and corporate estates have been approved and the outcome of the remaining grant application for the implementation of heating controls in schools is expected imminently. It is recommended that these remaining schemes, with a value up to £5.64 million are added to the 2020/21 capital programme.

65. This is a significant success, made possible by the County Council's forward planning and early drafting of potential schemes and makes a positive contribution to the stated objective of the Council to be carbon neutral by 2050 and supports the Climate Emergency declared in 2019.
66. The timescale of the Government scheme requires projects to be progressed quickly with a final delivery deadline of 30 September 2021, thus detailed project planning is progressing at pace. Appendix 2 sets out the project appraisals for the two programmes to transition from oil to gas. It is recommended that Cabinet gives approval to spend for these programmes, subject to the formal approval of County Council to add them to the capital programme.

Capital Financing

67. The size of the capital programme takes account of forecast financing resources and the forecast level of capital expenditure (or 'payment') flows to be financed each year.
68. The sources of finance to support the capital programme are:
- Government capital grants – since 2011/12, the Government has issued all its support for local authorities' capital expenditure in the form of capital grants and not as borrowing allocations.
 - Prudential borrowing – loans that the County Council may decide to raise in the knowledge that it will have to meet the principal repayment and interest charges from its own resources without any additional support from the Government. The County Council would need to consider the impact of such loans on the revenue budget and prudential indicators.
 - Contributions from other bodies, which can include developers, the health service, other local authorities and the national lottery.
 - Capital receipts from the sale of land, buildings and other assets.
 - Contributions from the revenue budget including those held in the capital reserve and departmental reserves.
69. The planned sources of funding to meet the forecast capital payments in each year are set out in the table below. The forecasts are likely to change as schemes within the programme progress and the position will be reassessed at the next review of the capital programme.

Table 4 - Resources to fund capital expenditure

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Prudential borrowing	40,994	34,775	19,233	11,386
less repayments from capital	-7,256	-4,531	-18,750	-1,144

Capital grants	139,699	174,565	85,117	75,331
Contributions from other bodies including developers	34,350	43,195	43,126	27,197
Capital receipts	92	4,128	14,319	0
Revenue contributions to capital	9,935	7,355	6,244	6,055
New resources in the year	217,814	259,487	149,288	118,825
Use of the capital reserve: added to the reserve (-) or taken from the reserve (+)	18,322	29,395	22,416	14,171
Total resources available	236,136	288,882	171,704	132,996
Forecast capital payments	236,136	288,882	171,704	132,996

70. Most of the capital receipts forecast in Table 4 are required to repay prudential borrowing for school and other rationalisation schemes started in advance of the site disposals.
71. Progress during the remainder of 2020/21 and throughout 2021/22 on all capital payments and resources will be closely monitored and reported to the Leader during the year. Executive members will also review progress on their capital programmes at regular intervals during the year.

Prudential borrowing

72. Prudential borrowing agreed to date and now proposed is in accordance with the framework for the use of prudential borrowing under the Prudential Code for Capital Finance and is set out in the Capital and Investment Strategy (Appendix 9 of the Revenue Budget report elsewhere on this Agenda).
73. The planned prudential borrowing will total £ 318 million, after deducting repayments to 31 March 2020. The schemes funded by these advances are summarised in Table 5.

Table 5 – Summary of outstanding and planned prudential borrowing advances **£000**

Financed from savings in the revenue budget	212,187
‘Bridging’ loans on specific projects to be repaid from capital receipts and developer contributions	61,787

Capital investment to be financed from future charges to services	44,477
Total	<u>318,451</u>

Capital reserve

74. The capital reserve shown in Table 6 holds the approved local resources until they are required to fund actual capital payments as schemes progress. The County Council's approach is to apply grants and other contributions before using its own resources.

Table 6 – Capital reserve

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Opening balance	112,357	94,035	64,640	42,224	28,053
Used in year	-18,322	-29,395	-22,416	-14,171	-13,078
Added in year					
Closing balance	<u>94,035</u>	<u>64,640</u>	<u>42,224</u>	<u>28,053</u>	<u>14,975</u>

Revenue implications

75. The revenue implications of the new programme are shown in the following Table.

Table 7 – Revenue effects

	Running costs £000	Capital charges £000	Total £000
2021/22 starts	417	5,371	5,788
2022/23 starts	776	5,883	6,659
2023/24 starts	77	3,659	3,736
Total	<u>1,270</u>	<u>14,913</u>	<u>16,183</u>

76. The capital charges represent depreciation over the estimated life of the asset for most schemes and provide an accounting estimate for the cost of using assets to deliver services. The capital charges do not impact the County Council's overall budget requirement as the charges to services will be counter-balanced by a corresponding credit to the centrally managed capital adjustment account.

77. However, the budget requirement is increased by the capital financing costs on the loans raised to finance the programme. The full year revenue impact of the additional prudential borrowing over the proposed three-year programme will be £1.9 million.

Conclusions

78. Executive Members have proposed capital programmes for the next three years in line with the Corporate Strategy and County Council priorities. The locally resourced guidelines set by Cabinet in November 2020 have been supplemented with contributions from reserves and developers and adjusted by transfers between programme years and supplemented by Government grants of £295 million, giving a total programme for the next three years of £418 million.
79. Regular monitoring will take place during the year on the implementation of the programme, including the progress of major projects, the level of capital expenditure and resources in 2021/22 and the progress on obtaining the capital receipts necessary to finance the capital programme.

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Cabinet - Financial Update and Budget Setting	24 November 2020
Executive Member for Adult Social Care and Health capital programme report	11 January 2021
Executive Lead Member for Children's Services and Young People capital programme report	13 January 2021
Executive Member for Economy, Transport and Environment capital programme report	14 January 2021
Executive Member for Commercial Strategy, Human Resources and Performance capital programme report	19 January 2021
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:

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.

Equalities Impact Assessment:

Equalities impact assessments will be considered when individual project appraisals are developed for the schemes included in the approved capital programme.

Climate Change:

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

All relevant developments within the capital programme are subject to specific, detailed assessments. Energy conservation, and where applicable enhancing biodiversity, are priorities for all major building schemes.

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

Where appropriate capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling, solar shading, sustainable urban drainage and rainwater harvesting systems in building projects where technically feasible and deliverable within budget constraint.

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Schemes							
Schemes Supported from Local Resources							
1	Maintaining Operational Buildings including Residential and Nursing Care	975	161	200	1,336	-	43
2	Disabled Facilities Grant	-	-	14,252	14,252	-	-
Total Programme		975	161	14,452	15,588	-	43

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	1
N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes	2
+ Projects to be partly funded from external contributions.				

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2022/23 Schemes						
	Schemes Supported from Local Resources						
3	Maintaining Operational Buildings including Residential and Nursing Care	241	40	200	481	-	26
	Total Programme	241	40	200	481	-	26

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	3
			+ Projects to be partly funded from external contributions.	

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
	2023/24 Schemes	£'000	£'000	£'000	£'000	£'000	£'000
	Schemes Supported from Local Resources						
4	Maintaining Operational Buildings including Residential and Nursing Care	241	40	200	481	-	26
	Total Programme	241	40	200	481	-	26

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	<i>Qtr</i>	<i>Months</i>		
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	4
			+ Projects to be partly funded from external contributions.	

Children's Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2021/22 Schemes						
	Children's Social Care						
1	Foster Carers	86	14	-	100	-	0
2	Adaptation Equipment	-	-	250	250	-	25
3	Early Years/Childcare sufficiency	858	142	-	1,000	-	20
	Primary School Improvements						
4	Poulner Infant, Ringwood	418	69	-	487	-	10
5	South Farnborough Junior, Farnborough	193	32	-	225	-	5
6	Stanmore Primary, Winchester	429	71	-	500	-	10
	Secondary School Improvements						
7	Andover Secondary places	5,150	850	-	6,000	-	120
8	Swanmore College, Swanmore	142	23	-	165	-	3
9	Special School Improvements	858	142	-	1,000	-	20
10	Icknield School, Andover	2,146	354	-	2,500	-	50
	New Special School Provision						
11	Samuel Cody Specialist Sports College Farnborough	11,159	1,841	-	13,000	-	260
12	Other Improvement Projects	1,717	283	-	2,000	-	40
13	School Suitability Programme	2,575	425	-	3,000	-	60
14	Purchase of modular classrooms	1,852	148	-	2,000	-	67
15	Health and Safety	343	57	-	400	-	8
16	Schools Devolved Capital	3,317	-	-	3,317	-	66
17	Access Improvements in Schools #	429	71	-	500	-	10

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	Various	Various	Improvements to foster carers' homes where necessary	1
N/A	Various	Various	Access improvement equipment for homes	2
N/A	Various	Various	Improvements to Early Years facilities	3
Owned	2	6	Site improvements.	4
Owned	2	6	Hall expansion.	5
Owned	2	6	Reception and site improvements.	6
Owned	2	12	1fe/2fe expansion	7
Owned	2	3	Site improvements.	8
Owned	Various	Various	Rebuild and refurbishment of special schools.	9
Owned	2	12	Major refurbishment.	10
Owned	2	15	New 90 place special school.	11
Owned	Various	Various	Various projects to meet identified needs.	12
Owned	Various	Various	Various projects to meet identified needs.	13
N/A	Various	Various	Various projects to be identified.	14
Owned	Various	Various	Improvements to address health and safety issues.	15
N/A	Various	Various	Allocations to schools through devolved formula capital.	16
N/A	Various	Various	Improvements to school's buildings to improve accessibility.	17

Children's Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Schemes (continued)							
18	Furniture and Equipment #	-	-	250	250	-	25
19	Contingency	1,720	284	-	2,004	-	40
Total Programme		33,392	4,806	500	38,698	-	839

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	Various	Various	Provision of furniture and equipment for capital schemes	18
N/A	Various	Various		19
			# controlled on an accrued expenditure basis	

Children's Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2022/23 Schemes						
	Children's Social Care						
20	Foster Carers	86	14	-	100	-	-
21	Adaptation Equipment	0	-	250	250	-	25
22	Early Years/Childcare sufficiency	858	142	-	1,000	-	20
	Primary School Improvements						
23	Bordon Infant & Junior, East Hants	3,433	567	-	4,000	-	80
24	Special School Improvements	858	142	-	1,000	-	20
25	Other Improvement Projects	1,717	283	-	2,000	-	40
26	Purchase of modular classrooms	1,852	148	-	2,000	-	67
27	Health and Safety	343	57	-	400	-	8
28	Schools Devolved Capital	3,317	-	-	3,317	-	66
29	Access Improvements in Schools #	429	71	-	500	-	10
30	Furniture and Equipment #	-	-	250	250	-	25
31	Contingency	2,232	368	-	2,600	-	52
	Total Programme	15,125	1,792	500	17,417	-	413

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	Various	Various	Improvements to foster carers' homes where necessary	20
N/A	Various	Various	Access improvement equipment for homes	21
N/A	Various	Various	Improvements to Early Years facilities	22
Owned	2	12	Expansion to 3fe	23
Owned	Various	Various	Rebuild and refurbishment of special schools	24
Owned	Various	Various	Various improvements to meet identified needs	25
N/A	Various	Various	Various projects to be identified	26
Owned	Various	Various	Improvements to address health and safety issues	27
N/A	Various	Various	Allocations to schools through devolved formula capital	28
N/A	Various	Various	Improvements to school buildings to improve accessibility	29
N/A	Various	Various	Provision of furniture and equipment for capital schemes	30
N/A	Various	Various		31
			# controlled on an accrued expenditure basis	

Children's Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2023/24 Schemes						
	Children's Social Care						
32	Foster Carers	86	14	-	100	-	0
33	Adaptation Equipment	-	-	250	250	-	25
34	Early Years/Childcare sufficiency	858	142	-	1,000	-	20
	Primary School Improvements						
35	Overton CE Primary, Basingstoke	1,888	312	-	2,200	-	44
36	Whitchurch CE Primary, Basingstoke	1,888	312	-	2,200	-	44
	New Primary School Provision						
37	Berewood Primary, Havant	6,524	1,076	-	7,600	-	-
38	Hartland Village, Fleet	7,442	1,228	-	8,670	-	-
39	Hounsme Fields, Basingstoke	4,893	807	-	5,700	-	-
40	Special School Improvements	858	142	-	1,000	-	20
	New Special School Provision						
41	New SEMH/SLD Provision	12,017	1,983	-	14,000	-	280
42	Other Improvement Projects	1,717	283	-	2,000	-	40
43	Purchase of modular classrooms	1,852	148	-	2,000	-	67
44	Health and Safety	343	57	-	400	-	8
45	Schools Devolved Capital	3,317	-	-	3,317	-	66
46	Access Improvements in Schools #	429	71	-	500	-	10

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	Various	Various	Improvements to foster carers' homes where necessary	32
N/A	Various	Various	Access improvement equipment for homes	33
N/A	Various	Various	Improvements to Early Years facilities	34
Owned	2	6	Expansion to 2.5fe	35
Owned	2	6	Expansion to 2.5fe	36
Owned	2	12	New 1.5fe primary school to meet housing demand.	37
Owned	2	12	New 2fe primary school to meet housing demand.	38
Owned	2	12	New 1fe primary school to meet housing demand.	39
Owned	Various	Various	Rebuild and refurbishment of special schools.	40
Owned	2	15	New 90-125 place special school.	41
Owned	Various	Various	Various projects to meet identified needs.	42
N/A	Various	Various	Various projects to be identified.	43
Owned	Various	Various	Improvements to address health and safety issues.	44
N/A	Various	Various	Allocations to schools through devolved formula capital.	45
N/A	Various	Various	Improvements to school's buildings to improve accessibility.	46

Children's Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2023/24 Schemes (continued)							
47	Furniture and Equipment #	-	-	250	250	-	25
48	Contingency	1,617	267	-	1,884	-	38
Total Programme		45,729	6,842	500	53,071	-	687

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	Various	Various	Provision of furniture and equipment for capital schemes	47
N/A	Various	Various		48
			# controlled on an accrued expenditure basis	

Economy, Transport and Environment

Ref	Project	Construction Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Schemes							
Schemes Supported from Local Resources							
1	Structural Maintenance of Non Principal Roads #	10,641	1,182	-	11,823	-	591
2	Flood and Coastal Defence Management	88	18	-	106	-	2
Total Programme Supported by Local Resources		10,729	1,200	-	11,929	-	593
Schemes Supported by the Government and Other External Bodies							
3	Manydown Cycle Routes, Basingstoke*	900	300	-	1,200	-	60
4	Whitehill Bordon GGGI - Station Road Crossroads*	975	325	-	1,300	-	65
5	SCR - Redbridge Viaduct+	757	252	-	1,009	-	50
6	SCR - Eling to Holbury Cycle Route*	2,581	860	-	3,441	-	172
7	SCR - Rushington Roundabout*	1,832	611	-	2,443	-	122
8	PCR - Local Transport Hub - Havant Park Road South*	787	263	-	1,050	-	53
9	PCR - Enhanced MM Corridor - Ladybridge R/A VE Bus Priority and Pedestrian/Cycling Enhancements*	1,017	339	-	1,356	-	68
10	PCR - Gosport Bus Station, taxi rank and Cross Street improvements*	4,425	1,475	-	5,900	-	295
11	PCR - Enhanced MM Corridor - Rusty Cutter Bedhampton *	2,194	731	-	2,925	-	146
12	North Test Valley LCWIP, Andover*	525	175	-	700	-	35
13	Whitehill Bordon GGGI - Route towards Lindford*	431	144	-	575	-	29
14	Andover - B3400 Andover Down Pedestrian Improvements*	487	163	-	650	-	33
15	West End High Street - Access Improvements*	187	63	-	250	-	13
16	Trade Street, East Woodhey - Accessibility*	255	85	-	340	-	17
17	SCR - Eastleigh Mobility Hub*	239	80	-	319	-	16
18	SCR - Totton Junction Road*	565	189	-	754	-	38

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Structural maintenance to improve road conditions.	1
N/A	-	-	Provision for works and strategies for coastal sites and flood defence including match funding for joint funded schemes with external bodies	2
N/A	4	12	Cycle improvements.	3
N/A	4	4	Pedestrian and cycle improvements	4
N/A	2	6	Parapet improvements	5
N/A	3	6	New cycle route and cycle improvements	6
N/A	4	7	Bus priority measures	7
N/A	2	8	Capacity enhancements	8
N/A	1	5	Bus corridor improvements	9
N/A	4	13	Bus station improvements	10
N/A	2	13	Full roundabout signalisation	11
N/A	4	7	Sustainable accessibility improvements	12
N/A	2	12	Pedestrian and cycle improvements	13
N/A	4	6	Pedestrian improvements	14
N/A	3	4	Accessibility Improvements	15
N/A	4	10	Safety and pedestrian improvements	16
N/A	4	3	Mobility hub	17
N/A	4	2	Bus priority measures	18

Economy, Transport and Environment

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Schemes (continued)							
19	PCR - Local Access Zones - Havant - Secondary*	740	247	-	987	-	49
20	PCR - Local Transport Hub - A27 Enhanced Safety Scheme, Portchester+	651	217	-	868	-	43
21	Schemes Costing Less than £250,000+	1,125	375	-	1,500	-	75
22	Safety Schemes #	1,125	375	-	1,500	-	75
23	Minor Improvements (part #) +	563	187	-	750	-	38
24	Structural Maintenance of Roads and Bridges #	24,860	2,762	-	27,622	-	1,381
Total Programme Supported by the Government and other bodies		47,223	10,216	-	57,439	417	2,873
Total Programme					69,368	417	3,466

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	9	Walking and cycling enhancements	19
N/A	3	9	A27/Castle Street Roundabout	20
N/A	1	12	Local Improvements Sub-programme	21
N/A	1	12	Casualty reduction programme.	22
N/A	1	12	Improvement schemes costing less than £70,000 each.	23
N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges.	24

Projects controlled on an accrued expenditure basis
+ Projects partly funded from external contributions
* Projects externally funded

Economy, Transport and Environment

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2022/23 Schemes							
Schemes Supported from Local Resources							
25	Structural Maintenance of Non Principal Roads #	10,641	1,182	-	11,823	-	591
26	Flood and Coastal Defence Management	88	18	-	106	-	2
Total Programme Supported by Local Resources		10,729	1,200	-	11,929	-	593
Schemes Supported by the Government and Other External Bodies							
27	A323 High St/Ash Rd, Aldershot - Cycleway/Footway*	750	250	-	1,000	-	50
28	SCR - Marchwood Bypass+	981	327	-	1,308	-	65
29	SCR - Bishopstoke Road, Eastleigh*	3,112	1,037	-	4,149	-	207
30	SCR - Providence Hill Cycle Route*	1,716	572	-	2,288	-	114
31	Fleet Station Roundabout*	5,625	1,875	-	7,500	-	375
32	Hamble Lane Improvements*	11,250	3,750	-	15,000	-	750
33	Lynchford Road, Farnborough, Phase 2 *	4,950	1,650	-	6,600	-	330
34	PCR - Enhanced MM Corridor - Delme to Downend Bus and Cycle Scheme*	6,772	2,258	-	9,030	-	452
35	Andover Railway Station Improvements*	244	81	-	325	-	16
36	Andover - Walworth RAB/A3093/A3057*	637	213	-	850	-	43
37	A339/B3349 Junction Improvements, Alton*	727	243	-	970	-	49
38	Whitehill & Bordon GGGL – Hogmoor Road Cycle & Associated Traffic Measures*	300	100	-	400	-	20
39	SCR - Airport Parkway Travel Hub*	335	112	-	447	-	22
40	A27 Barnes Lane, Fareham - Junction Improvements+	600	200	-	800	-	40
41	North Baddesley: Firgrove Rd to Castle Lane Cycleway+	388	129	-	517	-	26
42	Schemes Costing Less than £250,000+	1,489	496	-	1,985	-	100

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Structural maintenance to improve road conditions.	25
N/A	-	-	Provision for works and strategies for coastal sites and flood defence including match funding for joint funded schemes with external bodies	26
N/A	4	8	Pedestrian and cycle improvements	27
N/A	1	6	Bus priority measures	28
N/A	1	7	Bus priority measures	29
N/A	2	6	New cycle route	30
N/A	3	20	Roundabout improvements	31
N/A	4	18	Carriageway widening and junction improvements	32
N/A	4	18	Capacity improvements & accessibility for pedestrians and	32
N/A	1	14	Bus and cycle improvements	34
N/A	4	6	Access improvements and environmental enhancements	35
N/A	4	9	Roundabout signalisation, pedestrian and cycle improvements	36
N/A	3	16	Junction improvements	37
N/A	1	12	Traffic and cycle improvements	38
N/A	3	3	Travel hub	39
N/A	4	10	Junction improvements	40
N/A	4	5	Provision of missing cycle link	41
N/A	1	12	Local Improvements Sub-programme	42

Economy, Transport and Environment

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2022/23 Schemes (continued)							
43	Safety Schemes #	1,125	375	-	1,500	-	75
44	Minor Improvements (part #) +	563	187	-	750	-	38
45	Structural Maintenance of Roads and Bridges #	24,860	2,762	-	27,622	-	1,381
Total Programme Supported by the Government and other bodies		66,425	16,616	-	83,041	776	4,153
Total Programme					94,970	776	4,746

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Casualty reduction programme.	43
N/A	1	12	Improvement schemes costing less than £70,000 each.	44
N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges.	45
# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions * Projects externally funded				

Economy, Transport and Environment

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2023/24 Schemes							
Schemes Supported from Local Resources							
46	Structural Maintenance of Non Principal Roads #	10,641	1,182	-	11,823	-	591
47	Flood and Coastal Defence Management	88	18	-	106	-	2
Total Programme Supported by Local Resources		10,729	1,200	-	11,929	-	593
Schemes Supported by the Government and Other External Bodies							
48	Whitehill Bordon - Sleaford Lights Junction - A325/B3004*	750	250	-	1,000	-	50
49	Andover - London Street/Eastern Avenue*	229	77	-	306	-	15
50	Botley Bypass - Village Enhancements	310	104	-	414	-	21
51	Safety Schemes #	1,125	375	-	1,500	-	75
52	Minor Improvements (part #) +	563	187	-	750	-	38
53	Schemes Costing Less than £250,000+	1,125	375	-	1,500	-	75
54	Structural Maintenance of Roads and Bridges (part #)	24,860	2,762	-	27,622	-	1,381
Total Programme Supported by the Government and other bodies		28,963	4,129	-	33,092	77	1,655
Total Programme					45,021	77	2,248

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Structural maintenance to improve road conditions.	46
N/A	-	-	Provision for works and strategies for coastal sites and flood defence including match funding for joint funded schemes with external bodies	47
N/A	4	12	Junction improvements	48
N/A	4	4	Junction improvements & bus priority measures	49
N/A	4	12	Footway widening, crossing improvements, cycle improvements	50
N/A	1	12	Casualty reduction programme.	51
N/A	1	12	Improvement schemes costing less than £70,000 each.	52
N/A	1	12	Local Improvements Sub-programme	53
N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges.	54

Projects controlled on an accrued expenditure basis
+ Projects partly funded from external contributions
* Projects externally funded

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2021/22 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
1	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
2	Winchester Discovery Centre	429	71	-	500	-	10
3	County Farms - Lyde Green Farm	381	63	-	444	-	9
4	County Farms - Hollam Hill Farm	564	93	-	657	-	13
5	Country Farms Improvement Projects	1,063	175	-	1,238	-	25
6	Corporate Estate	861	142	-	1,003	-	20
7	Office Accommodation	1,588	262	-	1,850	-	37
8	Rights of Way	283	47	-	330	-	7
	Corporate Services						
9	Contingency	13	-	-	13	-	-
	Total Programme Supported by Local Resources	5,182	853	3,400	9,435	-	460

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	1
N/A	1	12	Planned Improvements at Winchester Discovery Centre	2
N/A	1	12	Planned Building Upgrade at Lyde Green Farm	3
N/A	1	12	Planned Building Upgrade at Hollam Hill Farm	4
N/A	1	12	Planned improvements across the County Farms Estate	5
N/A	1	12	Planned improvements across the Corporate Estate	6
N/A	1	12	Planned improvements to Office Accommodation	7
N/A	1	12	Planned improvements to Rights of Way	8
N/A	-	-		9

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2021/22 Schemes (continued)						
	Schemes Supported by the Government						
	Schools Condition Allocation (SCA)						
10	Hart Plain Junior School, Waterlooville	750	124	-	874	-	17
11	Nightingale Primary, Eastleigh	1,300	215	-	1,515	-	30
12	Crookhorn College, Waterlooville	1,200	198	-	1,398	-	28
13	St John the Baptist, Waltham Chase	250	41	-	291	-	6
14	Henry Beaufort, Winchester	1,250	206	-	1,456	-	29
15	Cranborne School, Basingstoke	1,550	256	-	1,806	-	36
16	Hiltingbury Junior School, Eastleigh	1,327	219	-	1,546	-	31
17	Warblington School, Havant	1,570	259	-	1,829	-	37
18	Horndean College, Horndean	250	41	-	291	-	6
19	Swanmore College, Swanmore	330	54	-	384	-	8
20	Redbarn Primary, Fareham	601	99	-	700	-	14
21	Wavell School, Farnborough	250	41	-	291	-	6
22	Vyne Community School, Basingstoke	225	37	-	262	-	5
23	Portchester Community School, Portchester	225	37	-	262	-	5
24	Marnel Junior School, Basingstoke	1,202	198	-	1,400	-	28
25	Wavell School, Farnborough	2,275	375	-	2,650	-	53
26	Samuel Cody Sports College, Farnborough	250	41	-	291	-	6

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
Owned	-	-	- SCOLA Recladding	10
Owned	-	-	- SCOLA Recladding	11
Owned	-	-	- SCOLA Recladding	12
Owned	-	-	- Window Upgrade	13
Owned	-	-	- SCOLA Recladding	14
Owned	-	-	- SCOLA Recladding	15
Owned	-	-	- SCOLA Recladding	16
Owned	-	-	- Recladding	17
Owned	-	-	- Boiler Upgrade	18
Owned	-	-	- External Works	19
Owned	-	-	- Upgrade Roof	20
Owned	-	-	- Boiler Upgrade	21
Owned	-	-	- Boiler Upgrade	22
Owned	-	-	- Boiler Upgrade	23
Owned	-	-	- SCOLA recladding	24
Owned	-	-	- SCOLA recladding	25
Owned	-	-	- Roof Upgrade	26

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
27	2021/22 Schemes (continued)						
	Schools Condition Allocation (costing less than £250,000)	9,361	1,544	-	10,905	-	218
	Total Schemes Supported by the Government	24,164	3,987	-	28,151	-	563
	Total Excluding Land				37,586		1,023
	Advance and Advantageous Land Purchases				646		
	Total Programme				38,232		1,023

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
Owned	-	-	Major improvements to school buildings	27

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2022/23 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
28	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
29	CCBS Capital	328	-	-	328	-	7
30	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	513	-	3,400	3,913	-	350
	Schemes Supported by the Government						
31	Schools Condition Allocation	14,946	2,466	-	17,412	-	348
	Total Schemes Supported by the Government	14,946	2,466	-	17,412	-	348
	Total Excluding Land				21,325		698
	Advance and Advantageous Land Purchases				646		
	Total Programme				21,971		698

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	28
N/A	1	12	Provision of minor works across the department including Library and Countryside services	29
N/A	-	-		30
Owned	-	-	Major improvements to school buildings	31
			# controlled on an accrued expenditure basis	

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2023/24 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
32	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
33	CCBS Capital	328	-	-	328	-	7
34	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	513	-	3,400	3,913	-	350
	Schemes Supported by the Government						
35	Schools Condition Allocation	14,946	2,466	-	17,412	-	348
	Total Schemes Supported by the Government	14,946	2,466	-	17,412	-	348
	Total Excluding Land				21,325		698
	Advance and Advantageous Land Purchases				646		
	Total Programme				21,971		698

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	32
N/A	1	12	Provision of minor works across the department including Library and Countryside services	33
N/A	-	-		34
Owned	-	-	Major improvements to school buildings	35
			# controlled on an accrued expenditure basis	

HAMPSHIRE COUNTY COUNCIL

Project Appraisal

Decision Maker / Committee / Panel:	Cabinet
Date:	9 February 2021
Title:	HCC Estate Oil to Gas Conversion
Report From:	Director of Culture, Communities and Business Services

Contact name: James Williams

Tel: 07900 908367

Email: James.williams@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to seek spend approval for a HCC Estate Oil to Gas Conversion programme across the Schools and Corporate Estate funded through the Public Sector Decarbonisation Scheme Grant.

Recommendations

2. That Cabinet grants spend approval to the proposal for a HCC Estate Oil to Gas Conversion programme at the total cost of £2.045m.

Executive Summary

3. In September, The Government announced a new £1 billion Public Sector Decarbonisation Scheme (PSDS) providing grant funding for De-Carbonisation of buildings. This is a scheme offering 100% funded grants for public sector organisations to fund energy efficiency and heat decarbonisation projects across their estates. The scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment, which aims to boost the UK's economic recovery from Covid-19, as well as the Government's net zero and clean growth goals, aimed at supporting skilled jobs in the low carbon and energy efficiency sectors.
4. Hampshire County Council (HCC) has always been proactive in managing the energy use and Carbon reduction across its estate buildings and supporting its partners by delivering solutions and installing low-cost measures that have allowed the authority to gradually reduce its energy and Carbon consumption. However, without investing in significant energy efficiency measures across all the County Council's estate, it is unlikely to meet targets to be carbon neutral by 2050.

5. The County Council's recent declaration of a Climate Emergency on 7 June 2019 has reinforced its commitment to continuing to mitigate climate change through reducing carbon emissions and reflects the work undertaken through the Hampshire 2050 commission.
6. Hampshire County Council's corporate and school's estate carries a significant energy bill. With the expectation of fuel prices' continuing to increase consistently in the future, the emphasis on efficiency and savings is increasing.
7. A PSDS grant application had been submitted for Oil to Gas Conversions and is expected to be successful. The grant will allow for heating systems to be converted from Oil to Natural Gas fuelled and the associated installations of new high efficiency boiler plant.
8. This programme looks at converting existing oil fired heating boilers to gas fired and includes upgrading the gas infrastructure on site and installing gas safety equipment within the plant room. Gas is a cleaner fuel and therefore means lower carbon emissions and a decrease in our greenhouse gas (GHG) emissions. We also anticipate that the replacement of the boilers will improve efficiency and decrease the energy use by 20%.
9. Heating controls incorporating optimiser and compensation and intelligent building management systems (BMS) shall be incorporated with the boiler replacement works.
10. Conversion works to be completed to 6 HCC Schools and 9 Corporate Sites with an overall programme value of £2.045m.
11. This proposal creates an opportunity to realise energy savings and reduce carbon. It also looks to further improve carbon credentials in conjunction with the works already carried out and future carbon reduction projects.
12. Site locations have been identified based on those currently with oil fired boilers with high fuel consumption and gas mains in the locality.
13. It is anticipated the works will commence in March 2021 and complete by 30 September 2021.
14. Once completed, this programme is expected to save 286 tonnes of carbon per year and reduce the Councils overall fuel costs.
15. The anticipated costs and funding for this scheme are as follows:

Funding	Buildings £	Fees £	Total Cost £
Public Sector Decarbonisation Scheme	1,755,365.00	289,635.00	2,045,000.00
Total	1,755,365.00	289,635.00	2,045,000.00

16. The sites included in the programme are as follows:

- Fernhill School
- Foxhills Infant School
- Glenwood School
- Chandlers Ford Infant School
- Court Moor School
- Swanmore College
- Bar End Warehouse Store
- Hampshire Museum
- Waterlooville Library
- Hayling Island Library
- Andover Day Services
- Green Meadows
- Petersfield HTM
- The Mead
- The Aviary CS

HAMPSHIRE COUNTY COUNCIL

Project Appraisal

Decision Maker / Committee / Panel:	Cabinet
Date:	9 February 2021
Title:	Calshot Activity Centre Oil to Gas Conversion
Report From:	Director of Culture, Communities and Business Services

Contact name: James Williams

Tel: 07900 908367

Email: James.williams@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to seek spend approval for an Oil to Gas Conversion at Calshot Activity Centre funded through the Public Sector Decarbonisation Scheme Grant.

Recommendations

2. That Cabinet grants spend approval to the proposal to complete an Oil to Gas Conversion at Calshot Activity Centre at the total cost of £766,636.

Executive Summary

3. In September, The Government announced a new £1 billion Public Sector Decarbonisation Scheme (PSDS) providing grant funding for De-Carbonisation of buildings. This is a scheme offering 100% funded grants for public sector organisations to fund energy efficiency and heat decarbonisation projects across their estates. The scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment, which aims to boost the UK's economic recovery from Covid-19, as well as the Government's net zero and clean growth goals, aimed at supporting skilled jobs in the low carbon and energy efficiency sectors.
4. Hampshire County Council (HCC) has always been proactive in managing the energy use and Carbon reduction across its estate buildings and supporting its partners by delivering solutions and installing low-cost measures that have allowed the authority to gradually reduce its energy and Carbon consumption. However, without investing in significant energy efficiency measures across all the County Council's estate, it is unlikely to meet targets to be carbon neutral by 2050.
5. The County Council's recent declaration of a Climate Emergency on 7 June 2019 has reinforced its commitment to continuing to mitigate climate

change through reducing carbon emissions and reflects the work undertaken through the Hampshire 2050 commission.

6. Hampshire County Council's corporate and school's estate carries a significant energy bill. With the expectation of fuel prices' continuing to increase consistently in the future, the emphasis on efficiency and savings is increasing.
7. A PSDS grant has been confirmed for the Oil to Gas Conversion at Calshot Activity Centre. The grant will allow for the heating systems at Calshot Activity Centre to be converted from Oil to Natural Gas fuelled and the associated installations of new high efficiency boiler plant. Conversion works to be completed to an overall value of £766,636.

Background

8. Calshot Activity Centre is Hampshire County Council's biggest oil user by a considerable margin. Sitting on Calshot Spit, the conversion of oil to gas will have a huge benefit on the environment and mitigate risk due to the sea level rise and flooding.
9. This will be a complex project. Gas infrastructure will be required down the spit from the gas supply in Calshot village. Recent works here routed a drainage pipe along the spit and the gas mains can run adjacent to this.
10. This project looks at converting the existing oil fired heating boilers to gas fired and includes upgrading the gas infrastructure on site and installing gas safety equipment within the plant room. Gas is a cleaner fuel and therefore means lower carbon emissions and a decrease in our greenhouse gas (GHG) emissions. We also anticipate that the replacement of the boilers will improve efficiency and decrease the energy use by 20%.
11. There are a wide range of benefits with oil to gas conversions which will not only benefit the council but our site users as well. For example:
 - No fuel shortages
 - Lower energy bills
 - Convenient – no access issues or the need for deliveries
 - Better for the environment.
12. The project will include installing a new 180mm Gas main from the existing medium pressure gas supply in the Calshot Village. Distance of this is approximately 1000m. This site sits on the Calshot spit so there will also be environmental benefits in converting from oil to gas and to also mitigate the risk of flooding and the sea level rise.
13. Condensing boilers rigs with offsite construction where possible shall be used to streamline the installation process and costs. Heating controls incorporating optimiser and compensation and intelligent building management systems (BMS) shall be incorporated with the boiler replacement works. Gas pipework shall be moled where possible to ensure minimum site disruption and accelerated programme of works.

14. This proposal creates an opportunity to realise energy savings and reduce carbon. It also looks to further improve carbon credentials in conjunction with the works already carried out and future carbon reduction projects.
15. The Site location has been identified due to it being the largest consumer of fuel oil in the HCC Estate.
16. It is anticipated the works will commence in March 2021 and complete by 30 September 2021.
17. Once completed, this programme is expected to save 110 tonnes of carbon per year and reduce the Councils overall fuel costs.

Finance

18. The anticipated costs and funding for this scheme are as follows:

Funding	Buildings £	Fees £	Total Cost £
Public Sector Decarbonisation Scheme	658,057	108,579	766,636
Total	658,057	108,579	766,636

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	9 February 2021
Title:	2020 Review of the Hampshire Minerals & Waste Plan and revised Development Scheme
Report From:	Director of Economy, Transport and Environment

Contact name: Melissa Spriggs

Tel: 0370 779 7153

Email: melissa.spriggs@hants.gov.uk

Purpose of this Report

1. The purpose of this paper is to provide the reasons why a partial update of the Hampshire Minerals & Waste Plan (2013) is required following the completion of the 2020 Review as required by the National Planning Policy Framework (NPPF) and to set out the timetable for completing the update.

Recommendations

2. That Cabinet approves the conclusions of the 2020 Review of the Hampshire Minerals & Waste Plan as set out in the report and recommends that County Council endorses this and also approves its publication following agreement by the plan-making Authorities.
3. That Cabinet recommends that County Council resolves that the Hampshire Minerals & Waste Development Scheme which sets out the timetable and programme for the partial update of the Hampshire Minerals & Waste Plan comes into effect from March 2021, and authorises the work required to undertake this, subject to agreement by the plan-making partner Authorities.

Executive Summary

4. This paper seeks to
 - Provide the background to why a Review of the Hampshire Minerals & Waste Plan is required;
 - Highlight the findings of the 2020 Review;
 - Outline the financial status of the Hampshire Minerals & Waste Plan (2013) and budgeting implications of a partial update to the Plan; and
 - Set out the timetable and programme of work to be undertaken to support a partial Plan update.

Background to the Review

5. The National Planning Policy Framework (2018) requires that Local Plans should be reviewed to assess whether they require updating at least once every five years¹. The Hampshire Minerals & Waste Plan (the 'Plan') was adopted in October 2013.
6. The Plan was produced in partnership with Portsmouth and Southampton City Councils and the New Forest and South Downs National Park Authorities. Since adoption, there has been an on-going relationship between Hampshire County Council and these Authorities regarding the monitoring and implementation of the Plan. Therefore, a decision on the future of Hampshire Minerals and Waste Plan needs to be made by each authority.
7. A Review was undertaken in 2018 based on the data obtained through annual Monitoring Reports. The 2018 Review concluded that an update of the Plan was not required at that time. The reasons given were that the development management policies were functioning well to protect communities and the environment. Whilst some issues were identified in the delivery of minerals and waste development, the policies were considered to enable suitable development to come forward. However, the 2018 Review also concluded that some of the issues should be kept under review and a commitment was made to undertake a workshop to explore the issues and a further review of the Plan in 2020.
8. The 2020 Review of the Hampshire Minerals & Waste Plan (see Appendix 1) follows the approach taken for the 2018 Review including a 'RAG' (Red, Amber, Green) status for the policies but also takes into account the guidance provided by the Planning Advisory Service toolkit (published in 2019). Therefore, the 2020 Review includes a review of compliance of the Plan with national policy (National Planning Policy Framework and National Planning Policy for Waste) and a review of the Plan Vision, Plan Objectives and Spatial Strategy.

Findings of the 2020 the Review

9. The 2020 Review not only takes into account the monitoring data and compliance with national policy but also the raft of policy documents which have been issued by Government since the Plan was adopted. This includes, but is not limited to, the 25 Year Environment Plan, the Industrial Strategy and Waste & Resources Strategy as well as other policy drivers such as the Environment Bill and the current 'Planning for the future' White Paper.
10. The 2020 Review not only considers national policy drivers but also local agendas such as the climate change emergencies that have been declared by

¹ National Planning Policy Framework (Para. 33) - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf

Hampshire County Council and partners as well as the 2050 Commission of Inquiry.

11. In addition, the 2020 Review outlines the key messages from the Review Workshop held on 25th September 2019.

12. The 2020 Review concludes the following:

Development Management Policies

13. The monitoring data suggests that most of these policies are performing well with Policy 14 (Community benefits) as the exception. However, reviewing national policy compliance highlights that the policies would benefit from a light touch update in their terminology and in some cases, their delivery. In addition, Policy 2 (Climate change – mitigation and adaptation) needs to be strengthened and Policy 9 (Restoration of minerals and waste developments) needs to ensure that climate change is suitably embedded in its implementation.

Minerals Policies

14. The 2018 Review highlighted that the required 7-year landbank for sand and gravel (for both sharp sand and soft sand) was not being met along with other mineral requirements. The situation remains in 2020 as well as an increasing risk to recycled and secondary aggregate delivery and capacity issues at the wharves.

15. The aggregate delivery requirements (Policy 17 (Aggregate supply – capacity and source) would benefit from being updated. This would help ensure the requirements of national policy were being met.

16. Whilst the policies are enabling suitable development to come forward, they would benefit from outlining any additional sustainable opportunities to help meet requirements and provide certainty to industry and communities.

Waste Policies

17. The 2020 Review shows that in general, the waste forecasts continue to be relatively accurate and additional capacity is coming on stream albeit focused more on recovery than recycling. However, to ensure compliance with the national policy, they would benefit from an update to enable greater alignment with the waste hierarchy and the emerging national waste strategy.

18. Whilst landfill is a last resort, there remains a need to landfill some wastes and current landfill capacity continues not to meet the forecasted need. Therefore, the policy would benefit from considering possible sustainable options alongside other sites for waste management.

Monitoring Indicators

19. The 2020 Review has not assessed these in detail but it is recognised that not all indicators obtain the information required to monitor the effectiveness

of the Policies. However, any update of the policies should include a further review of the monitoring indicators to ensure that they are SMART².

Vision, Plan Objectives, Spatial Strategy and Key Diagram

- 20. The issues identified through this Review could suggest that the economy was not being supported adequately. The current Vision could also be considered to be lacking in spatial identity and specificity in its aims in relation to minerals and waste.
- 21. The Plan Objectives generally align with the policies and would help achieve the current Vision. As some of the Policies are currently not delivering their aim, this would suggest the Plan Objectives are not being met. An update of the Policies and/or Vision would need to include a review of the Plan Objectives to ensure they align.
- 22. Any update to the Policies would need to be reflected in both the Spatial Strategy and Key Diagram. To ensure compliance with national policy, the Policies, Spatial Strategy and Key Diagram need to be unambiguous.

2020 Review recommendations

- 23. The 2020 Review recommends that an update of the HMWP is undertaken to ensure compliance with national policy but also to ensure that the Plan is delivering a steady and adequate supply of minerals and enabling sustainable waste management provision.
- 24. In addition, the Vision, Plan Objectives, Spatial Strategy and Key Diagram will need to be further reviewed to ensure that all requirements of the Plan are delivered but also that the Vision aligns with the 2050 principles for Hampshire and the climate change agenda.
- 25. To support the Plan update, an assessment of mineral and waste site options would ensure any suitable sites for enabling sustainable minerals and waste development are included in the Plan helping provide certainty to the industry and local communities.

Partial Plan update Timetable

26. The timetable for the partial update set out in the new Development Scheme (see Appendix 2) is outlined as follows:

HMWP Key Milestones	Timescale	Description
Regulation 18 (Preparation)	March 2021 – Sept 2021	Call for Sites (Fixed period) Preparation of Evidence Base
Regulation 18 (Consultation)	Oct 2021 – Dec 2021	Consultation on the Draft Plan Update and Evidence

² Specific, Measurable, Achievable, Realistic and Timely.

Regulation 19 (Proposed Submission Document Preparation)	Jan 2022 – March 2022	Update Evidence Base Revise Plan based on Evidence Base and Consultation
Regulation 19 (Proposed Submission Document Consultation)	April 2022 – June 2022	Consultation on the Updated Plan to be submitted to the Secretary of State
Regulation 22 (Preparation)	July 2022 – Oct 2022	Update Evidence Base Proposed Modifications based on Evidence Base and Consultation
Regulation 22 (Submission to SoS)	Winter 2022	Submitting the Plan to the Secretary of State who appoints a Planning Inspector
Regulation 24 (Public Examination)	Spring 2023	Pre- Examination Hearing Planning Inspector examines the Plan
Regulation 25 (Inspector's Report)	Summer 2023	Planning Inspector delivers his report on the Plan
Regulation 26 (Adoption)	Autumn 2023	All authorities adopt the Plan, as modified by Planning Inspector

27. The consultations will be carried out in line with the Statement of Community Involvement³ (2017).
28. It is recognised that the recent consultation on the 'Planning for the future' White Paper outlines proposed changes to plan-making and timescales. The timetable for the Plan update sits within the proposed 30-month period and it is expected that submission by Winter 2022 will also be within any transition period relating to changes to the planning system.

Programme of work

29. To support the partial update of the Plan, several studies and assessments will need to be undertaken. These include the following:
- Waste Background Study
 - Minerals Background Study
 - Wharves & Depots Needs Assessment
 - Climate Change Topic Paper
 - Aggregate Recycling Topic Paper
 - Restoration Topic Paper
 - Minerals and Waste Proposal Studies

³ Statement of Community Involvement (2017) - <https://documents.hants.gov.uk/planning-strategic/HampshireStatementofCommunityInvolvementAdoptedNovember2017.pdf>

- Sustainability Appraisal (incorporating Strategic Environmental Assessment)
 - Habitats Regulations Assessment
 - Strategic Flood Risk Assessment
 - Strategic Technical Assessments on issues such as Transport, Landscape, Ecology and Heritage.
30. A call for minerals and waste site nominations will commence immediately that the update is approved, to explore suitable site options for allocation.
31. It is intended that the studies and assessments will be prepared in-house where possible to make use of skills and resources within the Council, minimise costs and develop officers.

Financial Implications

32. Hampshire County Council has contractual arrangements with the plan-making partner Authorities regarding the monitoring and implementation of the Plan. The partners pay 8% each of the yearly cost for these services, with Hampshire County Council covering the remaining 68%.
33. Final budgetary arrangements are yet to be agreed with partners. However, an initial total budget estimate for the partial Plan update is approximately £816,750k. Based on the current distribution of costs, partner authorities would be contributing approximately £261,360 to the estimated total budget. The remaining £555,390 would be paid by Hampshire County Council.
34. The cost of the partial Plan update would be funded from monies previously identified and earmarked for a Plan update (£230,000 which remained from the preparation of the adopted (2013) Plan) with the remaining resource requirements met through re-prioritisation of work programmes and activities within ETE Planning budgets, subject to appropriate contributions being secured from the partner authorities.
35. Hampshire County Council will lead the technical preparation of the partial Plan update working with officers from each of the partner Authorities, as required.

Next Steps

36. The findings of the Review need to be published and it is proposed to do this by making the '2020 Review of the Hampshire Minerals & Waste Plan' public as soon as possible.
37. The Development Scheme outlines the programme for the partial update of the Plan and will come into effect following resolution by each partner Authority.
38. Due to the focused nature of the update, it is not expected that the outcome of the current consultation on the 'Planning for the future' White Paper will impact the timetable.

39. It is necessary for all partner Authorities to agree to carrying out a partial Plan update, and contribute the required funding, before the work can proceed. Discussions with partner Authorities are positive and on-going.
40. Once completed, the decision to agree and adopt the updated Plan will be taken to Full Council.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>2018 Review of the Hampshire Minerals & Waste Plan</u> https://democracy.hants.gov.uk/documents/s25501/Report.pdf	<u>13 November 2018</u>
Direct links to specific legislation or Government Directives	
<u>National Planning Policy Framework</u> https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf	<u>February 2019</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>
2020 Review of the Hampshire Minerals & Waste Plan	Appendix 1
Hampshire Minerals & Waste Development Scheme	Appendix 2
2018 Review of the Hampshire Minerals & Waste Plan	https://www.hants.gov.uk/landplanningandenvironment/strategic-planning/hampshire-minerals-waste-plan

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:

The 2020 Review recommends that a partial update to the Plan is required but does not contain the detail. The new Development Scheme sets out the programme and timetable for the partial Update but not the outcomes. Therefore, any impacts are unknown at this stage and are considered neutral. The update will be supported by an Equalities Impact Assessment.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	9 February 2021
Title:	Climate Change Work Programme 2021-2025
Report From:	Director of Economy, Transport and Environment

Contact name: Chitra Nadarajah

Tel: 03707 797514

Email: Chitra.nadarajah@hants.gov.uk

Purpose of this Report

1. To update the Cabinet on the latest position on reducing UK emissions following the publication by Government of the Ten Point Plan for a Green Industrial Revolution and the publication by the Climate Change Committee (CCC) of the 6th Carbon Budget - the next phase in the transition of the UK to net zero by 2050.
2. To present to Cabinet for approval the climate change work programme 2020-2025 for the key areas of the Strategic Framework that will help to deliver the climate change targets set by the Council (Appendix 1).
3. To present to Cabinet for approval the proposals for the allocation of the climate change budget to support the ongoing delivery of the climate change activity.
4. To update Cabinet on the ETE pilot of the two decision-making tools to assess the impact of decisions on carbon emissions and on resilience to climate change.
5. To update Cabinet on key areas of activity since September 2020 on climate change across the organisation.

Recommendations

6. That Cabinet approves the climate change work programme 2020-2025 for the key areas of the Strategic Framework as set out in Appendix 1.
7. That Cabinet approves the proposals for the allocation of the climate change budget to support the ongoing delivery of the climate change activity as set out in this report.
8. That Cabinet notes the key areas of activity since September 2020 on climate change across the organisation.

Executive Summary

9. This paper seeks to set out the work programme for 2020-2025 in line with the Strategic Framework agreed by Cabinet in September 2020. This work programmes sets out significant new areas for action to help the Council meet its 2050 targets.

10. Following completion of the climate change strategic framework and action plan, consideration of the proposed work programme (2020-2025) will mark the end of the first developmental phase of the County Council's Climate Emergency response. In the next phase the emphasis will need to move to delivery, and to encompass reducing emissions for wider Hampshire, rather than the County Council itself.
11. As previously agreed, climate change actions and responsibilities will sit with mainstream programmes of work and activity across the County Council, such as transport or economic development, but the focus of the corporate Climate Change team and budget will be the delivery of the work programme for residential emissions and energy generation and distribution, as these key areas do not sit within existing services within the County Council. The Climate Change team will also be responsible for work on the overall co-ordination, reporting and monitoring of the Climate Change Strategy and Action Plan.
12. This report sets how it is proposed to utilise the current climate change budget to support the ongoing delivery of the work programme and to outline what the budget has funded to date.
13. Significant activity on Climate Change is taking places across the Council, the full detailed extent of which is not reflected in this report. This paper provides an update on the key areas of relevance at this stage:
 - the ETE pilot of the decision-making tools;
 - update on the Government Green Homes Grants;
 - progress on the four community projects launched in July 2020;
 - the first meeting of the Climate Change Expert Stakeholder Forum; and
 - update on communications activity.

National Context

14. In November 2020, the Government set out its Ten Point Plan - the foundations for a Green Industrial Revolution. It sets out the approach Government will take to build back better, support green jobs, and accelerate our path to net zero. It will mobilise £12billion of government investment, and potentially 3 times as much from the private sector, to create and support up to 250,000 green jobs. The ten points focus on the following areas:
 - advancing offshore wind;
 - driving the growth of low carbon hydrogen;
 - delivering new and advanced nuclear power;
 - accelerating the shift to zero emission vehicles;
 - green public transport, cycling and walking;
 - 'jet zero' and green ships;
 - greener buildings;
 - investing in carbon capture, usage and storage;
 - protecting our natural environment; and
 - green finance and innovation.
15. The UK was the first major economy to embrace a legal obligation to achieve net zero carbon emissions by 2050. The Government has also committed to establishing a Task Force Net Zero to take forward this national priority.

Through the UK's Presidency of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties 26 (COP26) in Glasgow in 2021, the UK will urge ambitious action from countries, businesses, cities, and investors alike.

- a) On 9 December 2020, the Climate Change Committee (CCC) released the 6th Carbon Budget, the next phase in the transition of the UK to net zero by 2050 at the latest. The CCC recommends a 78% reduction in carbon emissions when comparing 1990 to 2035 – speeding up the UK's net zero plans by 15 years.
- b) The report is supposed to act as a blueprint for how the UK can effectively achieve net zero, making sure that the suggestions are at the upper end of what is feasible for the nation.
- c) The Sixth Carbon Budget can be met through four key steps:
 - take up of low-carbon solutions - people and businesses will choose to adopt low-carbon solutions, as high carbon options are progressively phased out. By the early 2030s all new cars and vans and all boiler replacements in homes and other buildings are low-carbon – largely electric. By 2040 all new trucks are low-carbon;
 - expansion of low-carbon energy supplies – by expanding the UK's already extensive low-carbon energy supplies, the UK can produce more of its energy in a sustainable way;
 - reducing demand for carbon-intensive activities - the UK can ensure that it does not waste energy by reducing its dependence on carbon-intensive tasks such as driving, food consumption and building more energy efficient homes; and
 - land and greenhouse gas removals - there is a transformation in agriculture and the use of farmland while maintaining the same levels of food per head produced today. By 2035, 460,000 hectares of new mixed woodland are planted to remove CO₂ and deliver wider environmental benefits. 260,000 hectares of farmland shifts to producing energy crops. Woodland rises from 13% of UK land today to 15% by 2035 and 18% by 2050. Peatlands are widely restored and managed sustainably.
- d) The annual net cost across the 30 years to 2050 is projected as £10billion, or about 0.5% of GDP, and does not include the benefits of new jobs or better health as air pollution and damp, cold homes are reduced.
- e) The CCC has also set out that National Government policy must also join up with local, regional, and devolved policy to create a just transition and protect those that are vulnerable from the costs of the transition.
- f) The CCC report still supports a 2050 target and also sets out that if there is comparable action from other developed countries, with developing countries following slightly later (i.e., where they generally adopt low-carbon measures later, achieve lower percentage reductions to 2030 and reach Net Zero emissions after 2050) this would limit warming well below 2°C. This reinforces the County Council's climate change targets for net zero by 2050 and building resilience to a 2 degree rise in temperature.

- g) The priorities set out in the County Council's Strategic Framework also align with the proposals set out in both the Government's Ten Point Plan and the CCC's 6th Carbon Budget, in particular the focus on reducing residential and transport emissions and generating low carbon/renewable energy.
- h) In Hampshire it is recognised that these new pathways to 2050 will need to be delivered in partnership with both the public and private sector. Key to this will be to ensure that Hampshire's economic recovery from COVID19 is aligned to this agenda through the development of a green recovery framework for the whole Hampshire area. To deliver this the County Council will be working with The New Economics Foundation (NEF), a think-tank that aims to create a "new model of wealth creation, based on equality, diversity and economic stability".
- i) The green recovery framework will build on the Hampshire 2050 recommendations, aligning them with the national climate change pathway and working with our Hampshire 2050 Partnership to ensure that Hampshire is prepared to lead and respond.
- j) The Partnership for South Hampshire is also developing 'A Greenprint for South Hampshire' for the South Hampshire sub-region, which the County Council is actively involved in. This work will support the County Council's aspirations for the whole Hampshire area.
- k) The national context on climate change is rapidly developing and sets out an ambitious and challenging commitment and prioritisation of this agenda across all sectors of the economy, society, and environment. Hampshire County Council's Climate Change Strategy and Strategic Framework demonstrates clear alignment with these agendas and sets us on the right pathway for delivery.

Framework for Strategic Programmes

- 16. In July 2020, Cabinet approved the Climate Change Strategy 2020-2025 which set out how the Council would meet the two targets of becoming carbon neutral by 2050 and to build resilience to a two-degree rise in temperature. An extensive Action Plan was included with the Strategy which represents the significant amount of activity being undertaken across the Council to mitigate against and build resilience to climate change across each of the strategic priorities set out in the Strategy.
- 17. In September 2020, Cabinet also approved an additional section of the Action Plan referred to as the "Framework for Strategic Programmes" which sets out significant new areas for action to help the Council meet its 2050 targets.
- 18. The Framework is based on the Strategic Priorities within the Climate Change Strategy - Transport, Residential, Buildings & Infrastructure, Energy Generation & Distribution, Waste & Circular Economy, Natural Environment and Business & Green Economy and identifies the key gaps and areas for action which will be required to meet our targets.
- 19. Since the previous Cabinet update on 29 September 2020, further work has been undertaken to develop more detailed milestones and establish the scale of ambition and carbon savings that each of the programmes could achieve by 2050. This work has been done with the Carbon Trust and provides a clearer understanding of what actions are needed to deliver against our 2050 targets

and the detailed planning for implementation. This work programme is set out in Appendix 1.

20. This paper focuses specifically on the main programmes for reducing carbon emissions in wider Hampshire as this is the most significant challenge to meeting the 2050 target. It is worth noting that the Framework does also cover the resilience areas needed and work on this will be undertaken in parallel.
21. The carbon savings set out in the Framework are based on estimates from the Carbon Trust using a range of information such as established data, where available, or proxies and case studies from across the UK.
22. The carbon metrics for some programmes such as the green economy and skills (for example including retrofit training) is not easily quantifiable so other metrics such as green jobs creation, skills development and technological developments are being developed as appropriate.
23. For programmes, such as Transport, Residential, Buildings & Infrastructure and Energy Generation & Distribution wider factors will also need to be considered as they will play a very significant role such as the national de-carbonisation agenda. Recent announcements from Government on the Ten Point Plan included commitments such as a ban on new combustion engine sales by 2030, a ban on gas boilers in new-build homes by 2023 and retrofit schemes to improve energy efficiency of existing households. For context, the initial £2billion Government funding in 2020 for improving energy efficiency of households, is expected to result in 650,000 warmer homes across the UK (for context, there are 800,000 homes in Hampshire alone). This shows the reliance there will necessarily be on national policy and funding to deliver significant emissions savings.
24. The Climate Change team is working with colleagues across the County Council to ensure that the new actions set out in the Framework are incorporated within existing services and work programmes where appropriate.
25. As per the carbon emissions baseline, the breakdown of Hampshire's emissions has driven how the work programmes within the Framework have been developed. Two of the top emissions profiles – Commercial & Industrial and Transport – will be led by Economic Development and the Transport teams. The third highest emissions came from the Residential sector which alongside the Energy Generation and Distribution will be led by the Climate Change team. Energy Generation and Distribution cuts across a number of areas and has a key objective of increasing the amount of renewable energy generated in Hampshire, thereby reducing the dependency on fossil fuels, and creating greater energy resilience.
26. For the Commercial and Industrial area, significant new work is needed to support businesses in the transition to low carbon. The programmes focus on supporting the development of a green economy and the necessary skills required for this. This work is in its early stages of development, including work with the New Economic Foundation on developing a green recovery framework and roadmap covering the whole County, alongside initiatives led by other key organisations and partnerships like the Partnership for South Hampshire and the LEPs, which typically cover parts of Hampshire. Further updates on this will be provided in future reports.

27. For Transport, the Local Transport Plan 4 will define the over-arching pathway to reducing carbon emissions from the transport sector, though the rail system and Highways England's strategic road network will also have critical roles to play. This work is developing rapidly with significant steps already being delivered in recent months.
28. As set out in Appendix 1 work programmes for each area are presented as five-year programmes in line with our Strategy. The milestones for the first five years are set out, alongside the key dependencies.
30. For the Residential programme, the work programme focuses on delivering a large-scale energy efficiency and retrofit programme for private households across Hampshire that fall below the Band D¹ Energy Performance Rating (EPC). Actions in the first five years would include working closely with the District and Boroughs (who have lead responsibility for most retrofit programmes) to map the energy efficiency of Hampshire housing stock, understand the potential for improvement and target energy efficiency solutions, design a retrofit programme and identify potential sources of funding.
31. The recent announcements from Government on Grant funding to improve energy efficiency of homes will play a role in this programme and the County Council is in discussions with Government on how to best make use of those grants in Hampshire. The funds are being targeted to District and Borough councils (as set out in the section on National Funding) however Hampshire County Council could play a role in providing a more strategic approach. It is also acknowledged that the current grant funding provision will not deliver significant outcomes and other options will still need to be explored.
32. The second priority programme for the Climate Change team is the Renewable Energy programme. This area is split into two programmes:
 - renewable energy accelerator; and
 - community energy support and scale.
33. In the renewable energy accelerator programme, actions in the first five years would include mapping of opportunities for renewable energy generation across the County, identifying key stakeholders, partners, and business decision-makers for opportunities for joint working, liaising with the LEP's, Energy Hubs and others to identify funding opportunities, partnerships and expertise, plus setting up monitoring and reporting structures to identify how many feasibility studies are converted into firm proposals and how many are delivered.
34. For the Community energy support and scale actions for the first five years would include continuing to support the four community pilot projects (see Section on Progress with Community Projects), reviewing the outcomes of Community Energy South project to identify opportunities for new community energy projects, designing a targeted technical support programme around the findings, building awareness for community groups, and providing information on financing routes.

¹ An EPC rates a property in bands from A (most efficient) to G (least efficient) and is valid for 10 years from the date it is issued.

35. As the strategic programmes within the Residential and Energy Generation & Distribution areas are not covered by any existing services or departments within the Council, these two areas are the least developed.
36. Given the complexity and magnitude of these programmes, it is critical that the Council takes a robust approach to how these will be planned and delivered, alongside the other major priorities and issues over which the Council has direct responsibility, and in light of the financial pressures, including COVID19.
37. Officers will continue to consider how the County Council can progress the wider areas of activity including prioritising programmes, identifying who will be responsible for delivery and identifying dependencies, options for external funding, challenges, and opportunities.

Climate Change Budget

38. The corporate Climate Change Team is funded for 2 years through the Investing in Hampshire Fund.
39. There is a further £2million allocation for climate change actions. To date the £2million has been used to fund a number of projects (see below) leaving approximately £1.6million in the budget (see Appendix 2). Projects funded to date include:
 - the work by the Carbon Trust to establish the baseline emissions for the County area, develop the 2 decision tools, establish the Strategic Framework and accompanying carbon estimates;
 - the four climate change Community projects launched by Cabinet on 14 July 2020;
 - the first year of the purchasing of a Corporate “green” electricity through the “Renewable Energy Guarantee of Origin” certificate (REGO);
 - a pilot scheme for residential on-street electric vehicle charge-points; and
 - a commission with the New Economics Foundation to develop a framework and roadmap for Green Recovery on a whole County basis (cost tbc).
40. The Climate Change team has several responsibilities which enable the County Council to deliver against its commitments on climate change. These include, but are not limited to:
 - developing the Climate Change Strategy, Action Plan and Strategic Framework and ensuring these are regularly reviewed and kept up to date;
 - annual progress reporting to Cabinet on all activity by the County Council towards meeting its two targets;
 - working across the Council to engage services to ensure climate change is embedded into every aspect of the County Council’s work, including the management of the internal governance arrangements;
 - developing the two innovative climate decision tools and managing the corporate roll-out as of 1 April 2021;
 - leading on the delivery of the Residential and Energy programmes in the Strategic Framework as set out in that
 - of the report;

- managing the delivery of the existing four community projects and the development of new projects and initiatives;
 - developing and delivering communications and marketing activity and campaigns to support delivery of actions and engage with residents;
 - managing the Hampshire public sector climate change networks;
 - engagement with and representing Hampshire on key stakeholder boards, networks and groups at national government, regional and local levels; and
 - management of the newly established Expert Forum.
41. The Climate Change team is also responsible for the ongoing management and delivery of the Hampshire 2050 work.
42. As the Climate Change team is only funded until 2022, funding beyond this timeframe will be required to support the significant activity required to meet the targets as set out in this paper.
43. Given the scale of the programmes identified in the Framework, the climate change budget will be prioritised to support preparatory and feasibility work to ensure that the Council is ready to take advantage of any opportunities to bid for external funding that arise such as Government programmes. The budget will also continue to be used to fund demonstration/pilot projects that will help kick start activity within Hampshire promoting those that focus on proof of concept and scalability at County scale.
44. It is recognised that the scale of resources needed to deliver the large countywide programmes will require significant external resources and cannot be delivered within the County Council's own budgets. This position is further reinforced by the financial impact of the coronavirus pandemic on the County Council and the recently announced savings programme to be delivered by 2023.
45. To continue to deliver at the quality and pace to date, and recognising the scale of the developing work programmes, it is proposed that the Climate Change team is funded for a further two years from April 2022-April 2024 from the remaining £1.6million budget. The total budget allocation required to fund the Climate Change team for a further two years is £500,000 which would leave approximately £1.1million in the climate change budget for the activities set out above (see Appendix 2).

Decision-Making Tools

46. As outlined in the previous Cabinet report of 29 September 2020, to support an evidenced based and transparent monitoring and reporting process, two decision-making tools have been developed to assess the carbon emissions and resilience impact for all "significant" decisions.
47. These tools provide the County Council with a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the climate change targets. The objective is for the tools to begin to be used at the project initiation stage, building in climate change right from the start, allowing for mitigations and adjustments to be made to achieve the best outcomes.
48. The tools will also act as a way of raising awareness of staff on how to take account of climate change within every part of the organisation. Alongside this

an e-learning package on climate change is also in development which will provide a broader understanding of climate change and why the County Council is responding to this issue.

49. The tools will support the decision-making process within the Council by being a mandatory element of all Executive Member Decision Days, Committees, Scrutiny, Cabinet and Full Council. All reports going to these meetings will be required to complete both tools.
50. To support the implementation of the tools, and as a trial ahead of Council-wide mandatory rollout in April 2021, the tools are being trialled within ETE. This has begun by retrospectively applying the tools to a selection of the Decision reports going to the November and December ETE Executive Member Decision Days to test and refine how they will be represented within decision reports.
51. The tools have now been embedded within the templates of ETE Decision Day Reports from January 2021, whereby the written outputs from the tools will be published from this point onwards for ETE.
52. The Climate Change team provided training sessions on the tools to the authors, showcasing how the tools work and how they can be applied to their projects. This process allowed for feedback to be gathered, ahead of wider rollout, which helped the Climate Change team make refinements to the tools with the Carbon Trust. This included aesthetic changes and the development of additional guidance on how climate variables can impact projects.
53. Case study examples from the initial piloting phase were used to support the authors of ETE Decision Day Reports for January 2021 to complete the tools and write outcomes for their projects. To ensure consistency and high-quality reporting, the Climate Change team has reviewed the written outcomes of all reports in close liaison with democratic services, who the Climate Change team has also been working with closely to update reporting templates.
54. Communications are also underway, such as via senior management briefings, to raise awareness that moving forward the tools should ideally be completed at the project initiation stage and be used to enable carbon mitigations and adaptations to be embedded within projects where possible. Materials are also being pulled together to brief members under the new administration in the spring about the tools and outputs.
55. For the corporate implementation beyond ETE, further case studies are being gathered from across other departments within Hampshire County Council, with the support of democratic services. This will test a variety of projects, policies and initiatives through the tools and will provide a wide-ranging collection of examples of completed tools and outputs to support the whole organisation roll-out from April 2021. The tools and associated how-to guides, tutorial videos and case study examples are now on a dedicated SharePoint site for users to download.

Response to Energy Efficiency and Government Grants

55. In the summer of 2020 Government announced that £3billion would be spent on improving energy efficiency in the next year, £1billion on public buildings such as schools and hospitals and the rest in vouchers of up to £10,000 for households, which is expected to result in 650,000 warmer homes and support 140,000 jobs.

Green Homes Grant

56. In July 2020, the Chancellor announced a £2billion Green Homes Grant to upgrade homes across England which covered two schemes as set out below.

Local Authority Delivery Scheme (LAD)

57. Under this, £500million funding was allocated to local authorities through the Local Authority Delivery (LAD) scheme, to improve the energy efficiency of homes of low-income households, helping reduce fuel poverty, phasing out high carbon fossil fuel heating, and delivering progress towards the UK's commitment to net zero by 2050.
58. In the initial competition (Phase 1A), launched in August 2020 with a delivery deadline of March 2021, the Department for Business, Energy, and Industrial Strategy (BEIS) allocated £76million of funding to 57 LA projects.
59. In the second phase (Phase 1B) BEIS has invited LAs, working with their local partners, to apply for funding.
60. For both phases 1A and 1B, BEIS is targeting District and Borough Councils, trying to build on their knowledge of their local housing stock, local housing providers, low-income households and building a more direct relationship with residents. The numbers are thought to be more manageable at that scale as only households with a gross income below £30,000 and lower energy performance ratings (EPC bands D-G only) are eligible.
61. BEIS is also planning however to allocate a further £300million through Local Energy Hubs for regional delivery commencing in 2021 in LAD Phase 2 (LAD2).
62. LAD2 will not be a bidding process, instead funding will be allocated to the Energy Hubs to be distributed to Local Authorities. The allocation by the Hubs will be based on which local authorities they have worked with to develop viable programmes.
63. BEIS has requested that each of the Energy Hubs put together a Sourcing Strategy for the Green Homes Grant LAD Phase 2. The Sourcing Strategy will set out the high-level requirements for delivery, for example, the number of homes, the range of property types, and how the retrofit might be delivered.
64. Hampshire County Council has been working closely with BEIS and the Energy Hubs towards supporting a County-wide programme for Phase 2, bringing together as many of the Hampshire Districts and Boroughs thereby providing a more effective, comprehensive, and scaled programme.

Homeowners and Landlords Green Homes Grant

65. BEIS also launched the £1.5billion Green Homes Grant scheme in September 2020, which allows homeowners and landlords in England to apply for vouchers to pay for green improvements, such as insulation and draught proofing. The grant covers two-thirds of the cost up to £5,000 per household. For households on low incomes, the scheme can fully fund energy efficiency measures of up to £10,000.
66. Hampshire County Council has been supporting this through communications and working with community projects.

Progress with Community Projects

67. Nearly 24% of Hampshire's total carbon emissions come from domestic energy, and energy bills are a significant outgoing for most households.
68. As part of the wider climate change programme therefore, the County Council launched four residential projects in July that will address this and support Council's efforts in reducing residential emissions and Hampshire-wide carbon emissions.
69. The four projects not only support the Council in delivering against its carbon and adaptation targets but also work together creating a cohesive programme of activity around residents and communities/community groups.
70. To capture progress and maximise the effectiveness of all projects, the Climate Change team are establishing monitoring processes with each of the project suppliers which will also seek to include carbon savings, where possible.

Greening Campaign

71. Hampshire County Council is supporting the roll-out of this grassroots climate change campaign for Hampshire residents "The Greening Campaign". This campaign offers a 'blueprint' for community groups to develop community engagement, behaviour change, community sustainability and adaptation to the changing climate through a phased and locally driven approach.
72. The roll out has received significant support from Parish, Town, District and Borough Councils who are actively engaging with their communities on this. The Greening Campaign has adapted to the needs of the communities and, despite COVID19, is proving extremely popular. Since adapting to hosting events online throughout 2020, the Greening Campaign has been gaining greater attendance, extending its reach, and becoming more accessible. Five Hampshire communities (Crookham, Herriard, Clanfield, Hursley and Hambledon) are currently active, and a further (approximate) 25 communities have outlined their interest.
73. Communities have also expressed their interest in moving into more detailed action particularly around retrofit, energy efficiency, behaviour change and renewable energy which has coincided with the Government grants set out above. The Greening Campaign also links well with the other projects set out below, and work is underway to ensure the projects work together to complement each other and maximise opportunities (such as grant funding) and co-benefits.
74. In addition, the Greening Campaign also continues to gain interest nationwide, for which the model adopted for rollout and engagement in Hampshire is being showcased.

Telephone and Online Advice for Residents on Climate Change and Sustainability

75. Based on previous experiences with the Greening Campaign, residents can sometimes become frustrated if they do not know who to approach for advice and support that they can trust on how to take action in their homes on climate change and wider sustainability. This could be anything from energy efficiency advice to insulation etc. Insights into changes in lifestyle and behaviour have also shown that the easier it is to make a change the more likely it is to happen.

76. Based on this evidence, and in support of the Greening Campaign, Hampshire County Council funded the Environment Centre to set up a freephone advice line (launched on 5 October 2020) to provide simple straightforward advice and support to residents, available for two days per week, with an answerphone service available 24/7.
77. This service will be gradually phased out through the development of online resources such as a website, webchat, and chat bots and the work could also grow to support other initiatives and offer advice on more complex areas such as renewable energy, travel and other key areas of lifestyle change needed to transition to a low carbon future.
78. In addition, this project is also being used to support the Green Homes Grant, complementing with the other projects where suitable, aimed at homeowners by providing residents with a trusted source on how to apply for and benefit from the available grants. In further support of this, the County Council also created a bespoke marketing campaign to support the Green Homes Grant to ensure that we are getting the message out to Hampshire residents.
79. Through recent discussions with the Greening Campaign, the Environment Centre is now also looking to develop further tailored, practical and timely advice for communities at the further stages of the Greening Campaign, particularly around retrofit and energy efficiency. This advice is likely to be provided via an online webinar to outline what options may be available for communities to progress to installation once at this point.

Establishing a Community Energy Network across Hampshire

80. One of the major gaps in Hampshire is the limited amount of renewable energy generated in the County, which is currently less than 3%. The opportunity to generate our own energy that is low carbon and local is significant. However, the path to viable, funded schemes is complicated and not that simple to navigate without extensive experience. For the County to reach carbon neutrality, local renewable energy will be essential, and it would also build energy resilience in Hampshire.
81. Hampshire County Council will not be able to fill this gap on its own, it does not have the financial or technical resources to do so at the scale required. The County Council can support and enable renewable energy in Hampshire and one way of doing this is through supporting community energy.
82. Based on this information, Hampshire County Council has funded Community Energy South (CES) to deliver a project to stimulate the growth of a Community Energy Sector across Hampshire. The overarching project would consist of two work streams:
 - the CES Pathways to Community Energy;
 - a village wide community energy pilot project;
83. The emphasis is on enabling local communities to build their own self sustainability capacity to achieve on-going, ground level emissions reductions and CES will act as a support mechanism to establish and support a network of community energy groups. The pilot project will work alongside this to identify start-up projects for community groups which can then be used as a test case for county-wide project development support.

84. To date, an initial online survey, 'Enabling Community Led Renewable Energy', was sent by CES, via Hampshire County Council, to all approximately 350 Hampshire Parishes and interested community groups.
85. The survey was designed to engage with local groups and individuals in Hampshire that are interested in community energy and to begin to understand the current renewable energy and energy efficiency project opportunities. Specifically, information was also collected for CES to undertake a high-level assessment on current projects and existing skills, and to identify what support individuals and groups may need to further develop the community energy sector in Hampshire.
86. The survey was open from 14 September - 23 October 2020 to allow Parishes to report back after their monthly meetings and received 80 replies (23% response rate).
87. Key messages returning from the survey were that the overwhelming number of respondents wanted to contribute to local actions on climate change, less than half had been involved in or had any plans for local community energy projects, most respondents would be interested in receiving guidance on funding and technical assistance in order to develop a community led renewable energy projects and the majority of responses also indicated a lack of existing skills and training relating to energy amongst communities.
88. The next stage of the pathway project is for CES to host a community energy start-up 'master class' via a webinar with those who were interested in receiving further information. This will provide practical support to interested groups and individuals on essential advice to progress their group / scheme. Topics will include, amongst others, identifying the optimum legal structure, providing a technical advice, and advising on governance and funding options.
89. This project is also complementing the work of the Greening Campaign by supporting those communities that are ready to take the step towards developing community energy, and tEC will also be engaged to ensure residents can access a trusted source of advice where needed.
90. In support of its work, CES has also been proactively engaging established Hampshire groups such as the West Solent Renewable Energy Coop, Energy Alton and Climate Strategy for Petersfield (PeCAN) and potential regional partners such as Southern Gas Networks (SGN) and Southern and Scottish Electric (SSE).

Targeted Solar Group Buying Scheme for Hampshire

91. The County Council is working with iChoosr to deliver a targeted 'Solar Together' group-buying scheme in Spring 2021, to give residents, homeowners and non-domestic small and medium-sized enterprises the opportunity to buy high quality solar panels and optional battery storage at a highly competitive price.
92. Targeted to around 125,000 able to pay residents, the auction is a reverse auction, meaning the lowest bid wins and the winning bid sets the price for all solar systems. All suppliers will be pre-vetted and must comply with criteria to guarantee the quality of the offer.

93. The Climate Change team is currently working with iChoosr, the Hampshire District and Borough Councils and Hampshire County Council's Corporate Communications and Marketing teams to deliver a communications plan to raise awareness of the scheme prior to and during the registration period from 15 February to 23 March 2021 (in addition to the targeted letters). This will include leaflets, print ready posters and social media content which will also be aimed at wider groups not targeted by letter.
94. This scheme also works well with all the projects outlined above, maximising opportunities to engage with residents on energy savings, efficiencies, cost savings and generating local renewable energy.

Climate Resilience and Mitigation Projects

95. There are a large number of projects and activities underway across the Council delivering outcomes on either mitigation or resilience, however two projects have been highlighted in this section that are tackling both issues simultaneously – tree planting on the highway and coastal restoration.
96. Hampshire Highways has deployed new and enhanced tree planting as part of a wider approach to tackling climate change to both help sequester carbon and to support the reduction of impacts of climate change such as heat and flooding.
97. To date, the planting of standard trees on the highway (a standard tree is normally approximately 5 - 10 years old at planting stage, subject to species) has increased by 90% this year compared to last year, with 1240 new standard trees.
98. Based on information provided by Forest Research, a 10/12 standard tree will have absorbed around 36kg of carbon dioxide to reach its current dimensions at the time of planting. On this basis, this year's 1240 trees will have absorbed around 44000 kgs of co2 to date and, again based on Forest Research calculations, assuming each one of these trees reaches 40cms diameter (an estimated 20 years growth) the 1240 new trees will have absorbed 17,386,331.4 kgs of co2. Many are expected to live far longer than this and therefore will continue contributing to carbon sequestration beyond this time.
99. The trees will also provide multiple additional benefits including helping to reduce the impact of increased temperatures in the summer through shading, improved air quality and reduced impacts from flooding. The trees will also help increase biodiversity by supporting a range of wildlife. All these benefits are critical in building our resilience to climate impacts.
100. Early scheme involvement in relation to the protection of existing trees and opportunities for new trees is a priority and liaison with our engineers and developers in this regard is continuing positively.
101. In November 2020, the Environment Agency launched the new Flood and Coastal Resilience Innovation Programme. The programme is seeking applications from Lead Local Flood Authorities and Coastal Protection Authorities across England to fund projects demonstrating how practical innovative actions can work individually and in combination to improve resilience to flooding and coastal erosion. The Flood and Coastal Resilience Innovation Programme has allocated £150 million and it is expected that 25 selected partnership projects will receive on average £6 million between 1 April 2021 and 31 March 2027. Applications for the programme will close on the 15 January

2021 and the successful projects will be announced in spring 2021. The County Council is working with partners on the preparation of two potential expressions of interest.

102. As the Lead Local Flood Authority, the County Council is proposing a project that will trial innovative ways of monitoring and understanding the interrelationship of watercourses, natural and man-made, in the River Itchen catchment area. The approach will encompass the whole water cycle taking a water stewardship approach. In demonstrating innovative practical resilience actions, the project will include not only flooding but water use, water quality and biodiversity. The County Council has also offered its support as a partner to a proposed coastal resilience and adaptation project - Phase 3 of the Beneficial Use of Dredgings (BUDS3). More information about this project can be found at http://www.solentforum.org/services/Current_Projects/buds/, however, in summary, the project seeks to deliver habitat restoration and increased resilience in the Western Solent (Keyhaven / Lymington area) through the application of beneficial use of dredging's. Improving the internationally designated but failing saltmarsh in this location will deliver a range of benefits such as coastal protection, carbon sinks, fish nursery areas and amenity, through a nature-based solution.
103. It is intended that the Solent Forum will manage the project if the bid is successful. The County Council is a founding member of the Solent Forum and the organisation is hosted by the Economy, Transport and Environment Department. The department has therefore been closely involved with the Forum, and as a member of the Solent Forum Steering Group, in the development of the BUDS project so far and will continue to lead this area of work on behalf of the County Council should BUDS3 be successful at expression of interest stage.

Climate Change Expert Stakeholder Forum

104. As set out in the 29 September 2020 Cabinet report, a Climate Change Expert Stakeholder Forum has been established following a very successful wider stakeholder engagement event in August 2020.
105. Significant action will be required by the whole Hampshire community, to meet the challenging climate change targets. To support the County Council, an Expert Stakeholder Forum has been established to help challenge and inform our approach and to bring together experts to help with engagement and delivery of actions across Hampshire. Councillor Jan Warwick is the Chair of this Forum.
106. The Forum is made up of representatives from each of the organisations listed below:
- Community Energy South;
 - The Greening Campaign;
 - Extension Rebellion;
 - Hampshire Climate Action Network;
 - Southern Gas Networks;
 - The Environment Centre;
 - The Sustainability Centre;
 - Solent University;

- Southampton University;
- Friends of the Earth Hampshire;
- Hampshire Chamber of Commerce;
- Hampshire & Isle of Wight Wildlife Trust;
- Hampshire National Farmers Union;
- Hampshire Youth Parliament;
- Scottish and Southern Electricity;
- Portsmouth University; and
- Winchester University.

107. The role of the forum is to:

- advise the County Council on its progress in delivering against its targets and commitments within the Climate Change Strategy and Action Plan;
- provide an opportunity for meaningful engagement and challenge to inform the County Council's approach;
- support the County Council in delivering actions across the County, through members' own activities; and
- disseminate information and engage with members' communities and networks to enable better awareness and involvement across the County.

108. The group will meet up to 4 times per year, with one of these meetings joining up with an annual wider stakeholder event like the one held in August 2020.

109. The first meeting of the Forum took place on 8 December 2020 and was extremely well attended. The event focussed on agreeing the key priorities for the work programme and exploring opportunities for joint working and pilot projects.

110. Several key areas emerged from the discussions, which will be explored and developed further, including:

- developing a clear message around attracting private sector investment into Hampshire towards green and renewable energy which aligns with the Strategic Framework priority around energy and the national context.
- a statement from each partner about what unique skills/expertise/networks they bring to the partnership and how they can use that to respond to our Strategy, what actions they can take, including identifying common ground and lobbying for change with gatekeepers in government/industry and other key players.

Climate Change Communication

111. To engage with residents, staff and partners, a regular flow of communications is programmed. For example, the climate change website has undergone recent extensions, including the creation of dedicated webpages about the community projects, the Environment Centre's page now also includes information about the Green Homes Grant to support residents in applying for funding and a page titled 'who are we working with' has also been created to highlight our partnerships and the outcomes from the Climate Change Expert Consultative Forum.

112. A campaign in early November also promoted the launch of tEC's advice line centred around 'preparing for winter' to help residents consider ways to save on

their energy bills and a Facebook advert, consisting of an animated video depicting an energy metre in the snow, was live for two weeks and linked through to the climate change website.

113. To complement these actions, information about tEC's phone line, the Green Homes Grant and energy saving tips were also shared in a press release and via internal staff communications.
114. Work is now focussing on the next campaign which will focus on the natural environment, highlighting the extensive work across the Council on this (e.g., tree planting, carbon sequestration, habitat and biodiversity management and enhancement etc.) and to engage residents to play a part.

Climate Change E-learning

115. Work is also currently being undertaken to provide all Hampshire County Council staff with an e-learning package on climate change.
116. The e-learning will be an animated package including a summary of the Hampshire 2050 Commission of Inquiry, the climate change strategy and action plan, each individual's responsibilities in embedding the principles of climate change and will also link to the climate change decision making tools.
117. The e-learning is being developed with colleagues in the Workforce Development and Marketing teams and it is planned that it will be rolled out from April 2021.

Conclusions

118. The national context on climate change is rapidly developing with the recent publications of the Government's Ten Point Plan for a Green Industrial Revolution and the Climate Change Committee's 6th Carbon Budget. These announcements set out an ambitious and challenging commitment and prioritisation of this agenda across all sectors of the economy, society, and environment. Hampshire County Council's Climate Change Strategy, Targets and Strategic Framework demonstrate clear alignment with these agendas and sets it on the right pathway for delivery.
119. The actions set out to deliver against the "Framework for Strategic Programmes" for the next five years have been developed at a detailed level setting out the key steps needed to enable the Council to meet its targets. This work represents a significant step change in the authority's approach to climate change and also highlights the resource requirements.
120. The County Council will need to focus its resources on the County-wide programmes and initiatives set out in the Framework which will benefit the whole Hampshire area. The Climate Change team will be instrumental in both co-ordinating activity across the whole Council and leading two of the key areas of residential emissions and energy generation and distribution. As the Climate Change team is only funded until 2022, funding beyond this timeframe will be required to support the significant activity required to meet the Council targets and to continue to deliver at the quality and pace to date.
121. The two decision-making tools are also a significant achievement and will ensure that climate change is truly embedded within our decision-making processes in a transparent and robust way and demonstrate Hampshire's leadership approach and commitment to the climate change agenda. These

tools will also help to upskill the County Council staff's ability to take account of climate change, resulting in embedding climate change considerations at the beginning of our projects/policy development and at the core of everything we do.

122. Significant activity is taking place across the Council, the full extent of which is not reflected in this report. The report highlights some key areas of particular relevance around the county-wide emissions. The annual progress report due to be presented to Cabinet in October 2021 will reflect the full breadth of activity and progress.
123. A separate report from CCBS is being presented to this Cabinet which covers the progress being made against the County Council' own emissions (i.e., Scope 1 and 2) which represents approximately 1% of the total emissions within the Council's target.

Appendix 1 Strategic Framework 2020-2025



Appendix 1 Strategic
Framework 2020 202

Appendix 2 Climate Change Budget



Appendix 2 Climate
Change Budget Cabin

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> Climate Emergency Motion	<u>Date</u> June 2019
Hampshire 2050 Commission of Inquiry	September 2019
Direct links to specific legislation or Government Directives	
<u>Title</u> Climate Change Act National Adaptation Programme	<u>Date</u> 2008 2018

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:


The Climate Change work programmes will include actions which are likely have both positive and potentially negative impacts on persons sharing a relevant protected characteristic. These include, but are not limited to, social justice in terms of carbon and climate resilience and fuel poverty. The strategy has a key principle that states that action taken must be proportionate, affordable and equitable. As a local authority it is important to recognise our wider role to society in delivering public services for the public good. Any actions taken on climate change must be in line with this and would therefore have to adhere to the principles of proportionality, affordability and be equitable. A key strand of implementing the Framework will be to fully assess the potential impacts of the actions and incorporate mitigation measures, as necessary at the action level. At this stage, no impacts have been identified.


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Climate change strategic framework of programmes


Climate change strategic framework for programmes – Carbon mitigation


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Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Transport 	Local Transport Plan 4	<ol style="list-style-type: none"> Carbon from transport research complete – Identify measures most likely to achieve carbon reduction. Deliver tranche 2 emergency active travel scheme if bid is successful. All districts to have local Cycling Walking and Implementation plans. Agree new Active Travel design principles and implement. Develop an Electric vehicle strategy and action plan. Deliver Transforming Cities programmes. 		<ul style="list-style-type: none"> National-level policy developments, for example centralised EV charging point or hydrogen refuelling station roll-out by government. Through Point 4 of the Government’s 10-point plan for a green industrial revolution, plans to ban the sale of petrol, diesel or hybrid cars have been brought forward again to 2030 at the latest. This ambitious target tees up further significant policy developments to support its realisation in the short term. £1.9bn funding has already been allocated as part of SR20 for charging infrastructure and consumer incentives. Post-Covid step-change to active transport or ‘bounce back’ to the use of private cars. Importance of connectivity and access considerations for new developments, to ensure the ‘baking in’ of car use is avoided where possible. 	2,368.92	<p>75% reduction against 2019 transport sector.</p> <p>28% reduction against 2019 total.</p> <p>In order to deliver the ‘high EE’ scenario, by 2030 there need to be: Petrol cars (485,531), Petrol LGVs (4,801), Petrol motorcycles (34,866), Diesel cars (288,342), Diesel LGVs (146,455), Diesel HGVs (17,924), Diesel buses and coaches (4,269), Electric cars (137,149), Electric LGVs (5,821), Electric motorcycles (24,602), Electric HGVs (250), Electric buses and coaches (129), Hydrogen HGVs (35), Hydrogen buses and coaches (9).</p>	<p>The impact estimate followed the emissions reduction pathway of the Clean Growth Strategy (CGS) between 2019-2032. This trend over the 13 year period was then extrapolated for a 29 year period – 2021-2050. The impact estimate is for the decarbonisation of transport (in line with the CGS) from LTP4 up until 2050.</p>


Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Residential 	Hampshire housing retrofit accelerator	<ol style="list-style-type: none"> 1. Map energy efficiency of Hampshire-owned housing stock and understand potential for improvement and target energy efficiency solutions. 2. Establish framework for identifying which properties to prioritise focusing on EPC rated E, F, G properties. 3. Design retrofit programme, making use of existing successful approaches (e.g. Energiesprong), and identifying potential pots of funding i.e. incentivising retrofit through council tax or business rate reduction. 	Funding National policy	<ul style="list-style-type: none"> • Continuation of Government funding beyond Green Homes Grants and other Post-Covid stimulus packages. This includes potential for further government funding flowing from the £100bn capital expenditure allocated to the 'infrastructure revolution' in the Spending Review 20. • Through Point 7 of the Government's 10-point plan for a green industrial revolution, there are plans for the wide scale retrofitting of residential buildings. £1.1bn funding has already been allocated as part of SR20 for making homes and buildings net-zero ready. • Roll out of demonstrator projects as part of the Governments Social Housing Decarbonisation Fund. • Rapid decarbonisation of the grid will accelerate the case for heat pump roll-out over very high energy efficiency retrofit. Point 7 of the 10-point plan aims for 600k heat pump installations per year by 2028. • Transition from focus on Hampshire-owned stock to owner-occupied. How can Hampshire accelerate a self-sustaining market in the county? 	885.11	<p>44% reduction against 2019 domestic sector.</p> <p>10% reduction against 2019 total.</p> <p>In order to deliver the 'high EE' scenario, by 2030 there need to be this many homes fitted with: solid wall insulation (82,920), cavity wall insulation (31,892), loft insulation (267,894), underfloor insulation (232,813), double glazing (22,325), new condensing boiler (162,650), LED lights (328,993), air source heat pump (28,963).</p>	We took the average electricity and gas consumption for an EPC Band D house in Hampshire, and compared it against an EPC Band B house to establish the level of efficiency improvement. The average reduction in electricity and gas consumption was then converted into an average emissions reduction per house. This was extended across the total proportion of Hampshire's housing stock to be addressed by the programme, which is assumed to be 80% of the stock by 2050.


Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Buildings and infrastructure 	Strategic Planning to support climate change	<ol style="list-style-type: none"> 1. Developing a consistent approach with districts for setting energy efficiency levels on both domestic and commercial developments. 2. Develop practical guidance for planning authorities on how to leverage planning requirements to drive climate action. 3. Encourage land use planning that take into account carbon sequestration, renewables, nature, agriculture and promotes net environmental gain. 4. Encourage local authorities within the county to use their planning and procurement powers to support the development of the zero carbon homes market in the region. 	Effective joint working across LAs	<ul style="list-style-type: none"> • The consultation on the Future Homes Standard closed on 7 February 2020, it will be introduced in 2025. This will determine what the 'higher ambition' energy efficiency requirements will be, as well as detail whether Local Authorities will have the power to set their own higher standards. • Point 7 of the 10-point plan states that the FHS will be implemented in the shortest possible timeline, and that there will be a consultation on increased standards for non-domestic buildings. • What actions or considerations have district councils put in place, and how will this affect the wider group of councils. • More broadly what change will the government bring in at the national level regarding 'joined-up' climate-aware planning, integrating water efficiency, energy efficiency, on-site waste use and transport connectivity, for example embedding the 15 minute city principle into planning. 	15.74	0.18% reduction against 2019 total	Using a similar approach to the above, however focused only on new constructions. The estimated started with average energy consumptions for domestic and commercial properties in Band D, and then applied a 60% assumed efficiency improved (resulting from more ambitious planning requirements). This provides the energy consumption of newly constructed properties, and therefore the energy reduction, which can be converted into emissions reduction. This was then applied for the number of new domestic and commercial properties built in Hampshire per year across the 2021-2050 period to give the total emissions reduction estimate.


Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO ₂ e)	Baseline comparison	Calculation summary
Energy generation and distribution 	Renewable energy generation accelerator	<ol style="list-style-type: none"> 1. Mapping of opportunities for renewable energy generation across the County, including for example, commercial and industrial large roof sites. 2. Liaise with LEP's, Energy Hubs etc. to identify funding opportunities, partnerships and expertise. 3. Identify key stakeholders, partners, business decision-makers etc. for opportunities for joint working. 4. Set up monitoring and reporting structure to identify how many feasibility studies are converted. 	Funding	<ul style="list-style-type: none"> • Tracking the decarbonisation of the national grid, and any potential incentives introduced, such as a replacement/expansion of the FiT. • Removal of restrictions on the development of onshore wind, which is currently the cheapest renewable generation option. • Development of grid constraints (potentially very acute) as the Hampshire grid has more renewables, storage and smart systems brought online. • Keep a constant dialogue with neighbouring Local Authorities in order to track the development of renewable energy projects which may influence capabilities of the grid or provide opportunities for collaboration across 'boundaries'. • Adapt any future accelerator programmes to the introduction and growth of 'smart' tariffs, for example for large commercial sites with expansive roof space. 	318.97	4% reduction against 2019 total	This estimate took the current total of renewables in Hampshire, and assumed a 3% year-on-year increase resulting from the programme's activities. The programme timeline was set at 21 years – the operational lifetime of solar PV products, and common PPA length. The cumulative growth of renewables year on year was combined with projected grid emissions factors to calculate the amount of grid emissions avoided through the use of renewables.


Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO ₂ e)	Baseline comparison	Calculation summary
Energy generation and distribution 	'Support and Scale' Community energy programme	<ol style="list-style-type: none"> 1. Review outcome of Community Energy South project to identify opportunities going forward for new community energy projects, providing community resilience. 2. Design a targeted technical support programme around the findings, building awareness for community groups, and providing information or financing routes. 	Funding	<ul style="list-style-type: none"> • Tracking the decarbonisation of the national grid, and any potential incentives introduced, such as a replacement/expansion of the FiT. • Removal of restrictions on the development of onshore wind, which is currently the cheapest renewable generation option. • Development of grid constraints (potentially very acute) as the Hampshire grid has more renewables, storage and smart systems brought online. • Keep a constant dialogue with neighbouring Local Authorities in order to track the development of renewable energy projects which may influence capabilities of the grid or provide opportunities for collaboration across 'boundaries'. • Public demand for greater democratisation and public ownership of energy generation. 	37.43	0.4% reduction against 2019 total	Similarly to the above, this accelerator programme took the current total of community energy in Hampshire and applied a 3% year-on-year growth rate. This cumulative growth was then combined with projected grid emissions factors to calculate the grid emissions avoided through the use of community renewables.


Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO ₂ e)	Baseline comparison	Calculation summary
Energy generation and distribution 	Energy Innovation Zone	<ol style="list-style-type: none"> 1. Identify critical local energy issues which could be addressed to unlock a more resilient energy system for Hampshire. 2. Design the Energy Innovation Zone concept and proposal, securing buy-in from relevant parties. 3. Submit funding application to Central Government. 	Funding	<ul style="list-style-type: none"> • The EIZ will address a specific problem in Hampshire, however it will be important to remain focused on how this issue evolves in a rapidly changing energy system. • EIZs are to integrate the aims of the Industrial Strategy and Clean Growth Strategy with the devolution agenda, however these could change depending on future government decisions. • EIZs are to address policy and regulatory barriers, however these will both change over time (in part due to pressure and evidence from EIZs), in which case, realignment and new problems will be required. • EIZs are funded by government, it is not yet clear how much funding is available, or till when. In this regard, business models that deliver financial self-sufficiency are essential. • Point 10 of the Government's 10-point plan focuses on green finance and innovation. It commits to raising total R&D investment to 2.4% of GDP by 2027. To accelerate, this government is launching £1bn net-zero innovation portfolio across ten priority areas, including £100m for energy storage and flexibility innovation challenges. 	252.99	3% reduction against 2019 total	Due to the difficulty in calculating the emissions impact of an EIZ when the specific innovation or problem has not been defined, this calculation estimated the impact of Phase 1 & 2 of the Tysley EIZ, the only operational EIZ in the UK. This includes the avoided grid emissions of a waste wood biomass plant over 21 years, a hydrogen bus refuelling station serving 20 buses over 12 year vehicle lifetimes, and a refuelling station.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Waste and circular economy 	Work with districts within HWP to transition towards a carbon-driven waste system	TBC		<ul style="list-style-type: none"> UK Government Our Waste, Our Resources strategy was published in 2018. Its key milestones/targets are: 50% recycling rate for households (2020), deposit return scheme (2023), mandatory separate food waste collections (2023), eliminating food waste to landfill (2030), eliminate avoidable waste of all kinds (2050), double resource productivity (2050). Much of this is echoed in the Clean Growth Strategy. Will the UK government set a national carbon price, or will Hampshire County Council set an internal carbon price? Either will have impacts on how HWP transforms Hampshire's waste economy. Implicit in the move to a zero-waste economy is circularity being introduced into the business models of all businesses operating in the county. A waste-register in order to link up waste with potential productive uses has been tried, however ran into data quality issues. 	88.81	225% reduction against 2019 waste sector 1% reduction against 2019 total	This estimate took the total waste emissions of Hampshire in 2018 and applied an average annual reduction figure based on overachieving in comparison to average annual reduction in UK waste emissions 2013-18. This annual reduction was then extrapolated over 29 years to 2050.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO ₂ e)	Baseline comparison	Calculation summary
<p>Natural environment</p> 	Carbon sequestration opportunities	<ol style="list-style-type: none"> 1. Understand the role of carbon sequestration and agree a monitoring and measurement framework. 2. Map out all potential areas for action. 3. Maximise appropriate opportunities for tree planting, rewilding, and biodiversity net gain etc. to support carbon sequestration. 	Funding National policy	<ul style="list-style-type: none"> • Hampshire has already committed to planting 1 million trees, the success of this programme will be crucial to determining the level of opportunity, and ambition, for this programme. • The Government's 25 Year Environmental Plan will be a crucial guiding force, for example in the area of 'embedding a natural capital approach', which includes accounting for natural capital in decision-making. • The Government set aside budget in 2018 for planting 11 million trees by 2022, however with huge Covid-related budget strains, focus may shift away from tree planting to economic stimulus, unless alternative business models can be developed. • Point 9 in the Government's 10-point plan aims to protect and expand the natural environment – aiming to improve/protect 30% of UK land by 2030. Part of this will include the creation of new National Parks and Areas of Outstanding Natural Beauty, and will receive funding through a £40m second round of the Green Recovery Challenge Fund. The government is also planning to establish 10 landscape recovery projects, and deliver a series of Environmental Land Management pilots. 	601.21	7% reduction against 2019 total. It has been estimated that Hampshire's natural capital is valued at £1,939,006,604	We took the land use of Hampshire and divided it across cropland, grassland, forestland and settlement. We then allow the council to set the rate of change between different land use types. Each land use type has an associated carbon factor, set by the IPCC. The total estimate is the total emissions reduction between 2021-2050 from changes from emitting to sequestering land use types.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Business & green economy 	Energy Efficiency in SMEs	<ol style="list-style-type: none"> 1. Identify SMEs and networks. 2. Scope out resources and information already available, to produce information about energy efficiency aimed at businesses. 3. Working group with businesses to establish where Hampshire County Council can support. 4. Set up apprenticeship and training schemes. 5. Link with local energy efficiency businesses. 6. Establish how to set up a measurable baseline in order to set up a voluntary emissions reduction target. 	Government information, advice and guidance, plus funding.	<ul style="list-style-type: none"> • National-level policy developments, both in terms of business support (particularly in terms of Covid and post-Covid stimulus) and energy efficiency will be crucial determinants of step-change in the efficiency of SMEs in Hampshire. The case for energy efficiency as an economically productive activity will be key as stimulus is focused on re-growing the economy and revitalising businesses. • National-level support for apprenticeships and training schemes which encourage skills development across green technologies. • Rapid decarbonisation of the grid will reduce the case for high energy efficiency retrofit. • To what extent can energy efficiency and resource efficiency (circularity) be promoted together, making the efforts part of a fundamental ethos shift on the part of businesses, as opposed to a discrete activity they complete. 	118.34	<p>3.6% reduction against 2019 industry & commercial sector</p> <p>1.4% reduction against 2019 total</p>	This estimate took the total number of SMEs in Hampshire, assumed 75% of them would be engaged over the lifetime of the programme (until 2050), and accounted for a 30% drop-off rate. It then set a average energy reduction rate owing to efficiency, and applied then to the average electricity and gas consumption of an average SME. The resulting figure showing consumption post-reduction, and therefore the electricity and gas consumption savings. These were converted into carbon emissions and multiplied by the total number of businesses engaged by the programme.



Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO2e)	Baseline comparison	Calculation summary
Business and green economy 	Developing a Hampshire green economy	1. Working with SMEs etc., including those in rural areas, to understand the opportunities to develop a green economy in Hampshire.	Leveraging business networks	<ul style="list-style-type: none"> The programmatic area will be driven in part by the successful delivery of other programmes, such as waste, renewables and energy efficiency. These programmes will plant crucial seeds for Hampshire's green economy, unearthing new business models, providing green energy for productive use and creating new markets. In order to maximise their impact on the direction of Hampshire's economy, a joined-up strategic approach towards a green economy will be required, identifying where markets, strengths and opportunities exist for Hampshire. Additionally, this programme will be heavily steered by national-level Government policy. In getting to Net-Zero by 2050 the UK's economy will need to transform into a green economy, and the Government will introduce policies, incentives and regulations to facilitate this, and meet its overall target. Post-Covid stimulus could play a key role in kick-starting this transformation, however in 2025 and beyond it is not guaranteed that such stimulus or any incentives are carried forwards. 	<p>Size of 2019 green economy: £1,056,561,086</p> <p>Size of 2050 green economy: £33,249,977,376</p> <p>Size of 2050 green workforce: 160,056</p>		This estimate took the UK-level green economy and employment figures, and used the comparative size of Hampshire's total economy versus the national economy to map them to the Hampshire-scale. Once estimates were established for the size of the 2019 green economy and workforce in Hampshire, the national green economic growth trend figure was applied (4.9%) year on year to 2050.




Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations	Carbon impact estimate (ktCO ₂ e)	Baseline comparison	Calculation summary
Business and green economy 	Retrofit training	1. Engage with Hampshire Futures etc. to help set up construction and engineering training on retrofitting i.e. commissioning and maintenance of heat pump systems.	National policy, interventions and funding	<ul style="list-style-type: none"> Rapid decarbonisation of the grid will reduce the case for high energy efficiency retrofit. In order to justify large-scale retrofit training or apprenticeship programmes, sufficient retrofit demand will be required. This will in turn depend on government funding allocations, as it is unlikely Local Authorities can afford to support large-scale retrofit programmes independently. The training process could be introduced alongside vocational training for electricians, plumbing, carpentry, etc. in colleges. This will integrate energy efficiency into the core skills curriculum and 'normalise' it. National-level support for apprenticeships and training schemes which encourage skills development across green technologies e.g. heat pump technology. 	Total newly-trained jobs created to service Hampshire domestic retrofit: 80,597		It is assumed that this retrofit training programme will mainly service the substantial retrofit demand of the ambitious 'Hampshire housing retrofit accelerator'. It is assumed that newly trained contractors will service 50% of the total number of houses to be addressed by the programme (640,000). This is hugely dependent on the current capacity of Hampshire's retrofit market. An average investment required for retrofitting each house gave a figure for the total investment required. The job creation figure for energy efficiency from the 2020 Stern paper was then applied to the total investment required to provide an estimate of the total FTE jobs created.



Carbon impact estimate total: **4,687.52 ktCO₂e**
Reduction against 2019: **54.84%**



Climate change strategic framework for programmes – Resilience


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Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations
<p>Transport</p> 	<p>Highways Infrastructure (Management)</p>	<ol style="list-style-type: none"> 1. Identify and map highway assets most at risk from weather fluctuations. 2. Develop existing highway asset data sets to identify required maintenance interventions. 3. Identify appropriate material treatment and/or mitigation measures. 4. Identify appropriate design standards and materials for new capital infrastructure. 5. Embed life cycle and investment planning across all assets to optimise resilience of the network. 		<ul style="list-style-type: none"> • As climate impacts change in type and severity over the time period, this work stream will need to adapt and have in-built flexibility. • The last governmental 'Transport Resilience Review' was completed in 2014. It is unknown when the next will be released, however Government steer and drive behind this area will be a crucial determining factor. For example in decisions regarding the strategic road and rail networks. • National-level policy developments, for example centralised EV charging point or hydrogen refuelling station roll-out by government, will be determining factors for how this programmatic area will progress beyond 2025. As well the possibilities of a post-Covid step-change to active transport or 'bounce back' to the use of private cars.
<p>Residential</p> 	<p>Hampshire housing retrofit accelerator</p>	<ol style="list-style-type: none"> 1. Map energy efficiency of Hampshire-owned housing stock and understand potential, ensuring resilience to overheating etc. is considered. 2. Establish framework for identifying which properties to prioritise in terms of installing resilience measures such as SuDs and providing shading. 3. Identify low regrets adaptation measures which can be easily integrated with typical energy retrofits. 	<p>Funding / national policy</p>	<ul style="list-style-type: none"> • Although there is considerable funding being made available currently for energy efficiency as part of post-Covid stimulus, this doesn't currently include the resilience of homes. Although this will increasingly enter the frame, it is unlikely as much funding will be made available, even in the medium-term. • As climate impacts change in type and severity over the time period, the accelerator will need to adapt the scale of ambition, the prioritisation of certain areas and measures, and also potentially change some measures. • Transition from focus on Hampshire-owned stock to owner-occupied. How can Hampshire accelerate a self-sustaining market in the county?

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations
Buildings and infrastructure 	Urban resilience targets	<ol style="list-style-type: none"> Engage with district councils on urban resilience, understand their current level, planned activities and general appetite. 	Effective joint working across LAs	<ul style="list-style-type: none"> UK Government strategy and direction will be hugely influential, especially if national-level targets or mandatory risk-reporting is introduced. Periodic updates to the UK Climate Projections will need to be considered and integrated. Budget constraints on Local Authorities following emergency Covid spending will likely hamper efforts for some years, this will impact planned activities as well as 'general appetite', and will require national funding pots to be made available.
Buildings and infrastructure  Page 264	Flood risk zoning	<ol style="list-style-type: none"> Open discussion with district councils and developers regarding new developments on flood risk land. 	Effective joint working across LAs	<ul style="list-style-type: none"> As potential floods change in risk profile and severity over time, discussions with developers and planning authority councils will need to be aware and adapt. Flood risk regulations are set nationally, with analysis and information made available by the Environment Agency. Whether flood risk is dealt with from the local government level or central government will influence the scope of activity local authorities will be able to undertake. Working in collaboration with neighbouring authorities will be important to ensure a regional approach to flood risk is taken. It is estimated that the average annual risk exposure for public and commercial buildings in Hampshire under extreme rainfall is £5,693,628. Public health and productivity impacts are estimated at £13,365,456 annually.
Buildings and infrastructure 	Strategic Planning to support climate change	<ol style="list-style-type: none"> Encourage local planning authorities to create an evidence base of existing green corridors as well as potential urban heat island. Establishing a framework to minimise the impacts of climate change (flooding, overheating etc.) on both domestic and commercial developments. Develop practical guidance for planning authorities on how to leverage planning requirements to drive climate action that addresses resilience. 	Effective joint working across LAs	<ul style="list-style-type: none"> What actions or considerations have district councils put in place, and how will this affect the wider group of councils. Potential to encourage the group to set higher-ambition requirements as part of planning requirements for developers. Although the Future Homes Standard is due to be introduced in 2025, this focuses on low carbon heating, energy efficiency and ventilation, as opposed to resilience. There is however some mention of overheating, and may well be opportunity to broaden the scope. This will likely require some lobbying of central government. Close attention will need to be paid to the UKCP updates, as these will reflect the changing hazards and severities facing developments in Hampshire.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations
Energy generation and distribution 	'Support and Scale' Community energy programme	<ol style="list-style-type: none"> 1. Review outcome of Community Energy South (CES) project to identify opportunities going forward for new community energy projects, providing community resilience. 2. Design a targeted technical support programme around the findings of the CES project, building awareness for community groups, and providing information or financing routes. 		<ul style="list-style-type: none"> • Tracking the decarbonisation of the national grid, and any potential incentives introduced, such as a replacement/expansion of the FiT. • Removal of restrictions on the development of onshore wind, which is currently the cheapest renewable generation option. • Development of grid constraints (potentially very acute) as the Hampshire grid has more renewables, storage and smart systems brought online. • Public demand for greater democratisation and public ownership of energy generation.
Energy generation and distribution 	Energy Innovation Zone	<ol style="list-style-type: none"> 1. Identify critical local energy issues which could be addressed to unlock a more resilient energy system for Hampshire. 2. Design the Energy Innovation Zone concept and proposal, securing buy-in from relevant parties. 3. Submit funding application to Central Government. 		<ul style="list-style-type: none"> • The EIZ will address a specific problem in Hampshire, however it will be important to remain focused on how this issue evolves in a rapidly changing energy system. • EIZs are to integrate the aims of the Industrial Strategy and Clean Growth Strategy with the devolution agenda, however these could change depending on future government decisions. • EIZs are to address policy and regulatory barriers, however these will both change over time (in part due to pressure and evidence from EIZs), in which case, realignment and new problems will be required. • EIZs are funded by government, it is not yet clear how much funding is available, or till when. In this regard, business models that deliver financial self-sufficiency are essential.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations
Waste and circular economy 	Work with districts within HWP to create a more resilient waste system	<ol style="list-style-type: none"> 1. Identify critical points of vulnerability in the waste collection and treatment process. 2. Identify where circular practices and principles can be adopted or adapted to reduce their exposures. This includes looking at potential synergies and efficiencies across district boundaries. 		<ul style="list-style-type: none"> • UK Government Our Waste, Our Resources strategy was published in 2018. Its key milestones/targets are: <ul style="list-style-type: none"> • 50% recycling rate for households (2020), deposit return scheme (2023), mandatory separate food waste; • collections (2023), eliminating food waste to landfill (2030), eliminate avoidable waste of all kinds (2050); • double resource productivity (2050). Much of this is echoed in the Clean Growth Strategy. This programme will need to be aligned with this timeline. • Circular business models are more resilient by their nature. Although a waste-register in order to link up waste with potential productive uses has been tried previously but ran into data quality issues, this could be attempted on a county scale using smart digital solutions. • As climate risks change over time, the waster system will need periodic reassessment for new vulnerabilities.
Natural environment 	Green infrastructure opportunities	<ol style="list-style-type: none"> 1. Understand the role of green infrastructure in reducing climate impacts (e.g. minimising flooding and overheating) and agree a monitoring and measurement framework. 2. Maximise appropriate opportunities for tree planting, rewilding, and biodiversity net gain etc. to support benefits such as habitat creation and flood management. 		<ul style="list-style-type: none"> • Hampshire has already committed to planting 1 million trees, the success of this programme will be crucial to providing learnings and momentum for further green infrastructure, and will demonstrate a workable monitoring and measurement framework. • The Government's 25 Year Environmental Plan will be a crucial guiding force, for example in the area of 'embedding a natural capital approach', which includes accounting for natural capital in decision-making and ensuring at every stage of project development opportunities for tree planting and rewilding are considered. • The Government set aside budget in 2018 for planting 11 million trees by 2022, however with huge Covid related budget strains, focus may shift away from tree planting to economic stimulus, unless alternative business models can be developed. It will be crucial that the co-benefits of green infrastructure are measured and communicated, as well as translated into economic benefits. • National-level policy and support to encourage reforestation and tree planting as an effective mechanism through which to alleviate flood risk.

Key policy area	Programme	Key milestones	Dependencies	Longer-term (2025-2050) steps and considerations
<p>Business and green economy</p> 	<p>Developing a resilient Hampshire green economy</p>	<ol style="list-style-type: none"> 1. Research existing evidence and consult SMEs etc., including those in rural areas, to understand the opportunities and barriers to developing a resilient green economy in Hampshire. 2. Off the back of this, leverage partner organisations' activities and plan targeted interventions to support Hampshire's SMEs in taking on ambitious steps to improve resilience, and in the process, drive innovation. 	<p>Funding, potentially Hampshire County Council, LEP or national government.</p>	<ul style="list-style-type: none"> • National-level policy developments, both in terms of business support (particularly in terms of Covid and post-Covid stimulus) and resilience will be crucial determinants of step-change in the resilience of SMEs in Hampshire. Following Covid the case for resilience is strong, however with growing debts and shrinking budgets national funding will be required. The essential long-term position should be that resilience preserves more than enough economic value in the long-run to justify investment. • Requirements for post-Covid stimulus to be 'resilient investments' and regulations mandating risk assessments could play a key role in kick-starting this transformation, however in 2025 and beyond it is not guaranteed that such stimulus or requirements will be carried forwards due to wider economic pressures. • A key part of this programme will be adapting to the changing risks by leaning on Hampshire's constantly developing strengths and shifting decision-making to favour a long-term view. • Understanding how climate risks and projections will vary depending on the location of businesses across the region (rural vs urban impacts) and the effect this will have on developing a green economy in Hampshire.

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Appendix 2 Climate Change Budget

Climate Change Budget – Staff and Investing in Hampshire Fund	
Expenditure of Investing in Hampshire £2 million to date (December 2020)	
Carbon Trust	£98,928
Developing baseline emissions, action plan, strategic framework and 2 decision tools,	
Community Projects	
Community Energy South	£46,000
iChoosr	£47,000
the Environment Centre	£48,000
Pilots/Demonstration Projects and schemes within HCC	
REGO (first year)	£32,000
EV Charging Pilot	£100,000
New Economics Foundation – Green Recovery	£60,000
Total agreed allocated expenditure to date	£431,928
Current balance	£1,568,072
Staff costs for proposed additional 2 years	
Role	Costs for 2 years
Strategic Manager Climate Change (uplift only)	
Climate Change Project Delivery Manager	
Senior Project Officer Climate Change	
Senior Project Officer Hampshire Commission	
Technical Support Assistant	
Communications (0.5 FTE)	
Apprentice	
Total staff costs 2022-2024	£501,215
Current balance Investing in Hampshire fund including additional staff costs	£1,066,857

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HAMPSHIRE COUNTY COUNCIL

Report

Committee	Cabinet
Date:	9 February 2021
Title:	The County Council's internal carbon reduction programme
Report From:	Director of Culture, Communities and Business Services

Contact name: Colin Jackson

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Purpose of this Report

1. The purpose of this report is to update Cabinet on the progress made in relation to the carbon reduction and climate resilience targets relating to the carbon footprint of the County Council's own internal estate and activities. The County Council's carbon emissions as an organisation represent approximately 2.5% of the total carbon emissions for the county of Hampshire. The latter are addressed in the previous paper: *Climate Change Work Programme 2021-2025* from the Director of ETE. It is important that the County Council sets out clearly its own internal carbon reduction programme and progresses that as rapidly as it is able (within financial and technical constraints), in order to show leadership to the wider community and, in due course, meet statutory responsibilities and local ambitions. Targets for its own operational carbon emissions were set by the County Council following its declaration of a Climate Change Emergency in July 2019. The report sets out the latest estimates of the scale of the challenge these targets represent for the County Council as an organisation and reports on progress to date.

Recommendations

2. That progress on the carbon reduction programme be noted, including the recent award to the County Council of £29.8m of Government funding from the Public Sector Decarbonisation Scheme launched by the Department for Business, Energy and Industrial Strategy (BEIS).
3. That Cabinet note the estimated scale of the carbon reduction and climate resilience challenges to be faced by the County Council as an organisation and support further research required to improve the accuracy of the data. A

more detailed report including proposals for progressive targets in the context of a long-term strategy will be brought back for consideration in due course.

4. That Cabinet support the principle of annual reporting of the County Council's Scope 1, 2 and certain scope 3 carbon emissions in accordance with the internationally recognised Greenhouse Gas Protocol definitions.

Executive Summary

5. This report sets out the more comprehensive scope to be considered for the measurement of the County Council's carbon emissions, the complexities of obtaining accurate carbon data and the initial estimate of annual total organisational emissions in excess of 200,000 tonnes of CO₂ per year.
6. It confirms that a total of £32.6m of bids have been made to the Government Decarbonisation Scheme. There has, to date, been a successful award of £29.8m. Initial indications are that a further £2.8m will be awarded but we are awaiting formal confirmation. The successful bids to date, together with the recent adoption of a renewable electricity tariff, will deliver 6.8% carbon reduction overall – an excellent start to the Council internal reduction programme.
7. It sets out initial considerations for a long-term strategy to achieving net zero emissions over the next three decades, together with the estimated carbon sequestration equivalent that could be required.
8. Initial findings are reported on the risk exposure of the County Council estate to the potential impacts of a global average 2°C rise, including the proportion of certain sectors vulnerable to future heatwaves and flooding. Further detail on climate resilience will be reported to a future meeting.
9. The report concludes with some reflections on what the challenge of becoming a net-zero carbon organisation will mean for the County Council and the long-term thinking that will be needed across all aspects of the organisation to achieve this over the next thirty years.
10. The final section outlines the next steps for the coming year.

The Carbon Reduction Challenge

Scope

11. In order to meet the objective of net-zero carbon by 2050, it is proposed that the organisational emissions of the County Council are now assessed, measured and reported across the three scopes of the internationally recognised Greenhouse Gas (GHG) Protocol, to form a comprehensive GHG inventory:
- Scope 1: Direct CO₂ emissions from the heating of the corporate and schools' estate, together with the greenhouse gas emissions (methane and nitrous oxide) from the rural estate.
 - Scope 2: Indirect CO₂ emissions due to electricity consumption within the corporate and schools' estate and streetlighting.
 - Scope 3: Indirect CO₂ emissions caused by other organisations throughout the supply chain as a consequence of the activity of the County Council, including the manufacture, transport and construction of the Council's building and highway works, the procurement of goods and services, business travel, employee commuting and waste. Some elements of scope 3 emissions, such as investments, i.e. Hampshire Pension Fund, would remain excluded.

The Challenge of Data

12. Obtaining sound data and an accurate estimate of all three Scopes for the County Council's activity is considered a fundamental context for any future action plan. It is important that establishing and improving the quality of this data is recognised by the County Council as one of the most important actions to be taken at this stage, to inform the prioritisation of pilot projects and initiatives.
13. Whilst good data is available for the Scope 1 and 2 emissions caused by gas and electricity consumption, measuring Scope 3 emissions is a significantly more complex task, relying on the entire international 'carbon' network of other organisations and suppliers upon which all of the County Council's activity depends. This challenge is not unique to the County Council and is shared by all governments and organisations worldwide. The County Council is not required to report on all Scope 3 emissions but proposes to expand its reporting over time in line with best practise.
14. The Carbon Trust have been engaged and provided good initial support to the County Council with this Scope 3 estimation to date. Going forward this work will be led by the Director of Culture, Communities and Business Services (CCBS), building on the tools provided by the Carbon Trust, and working closely with the corporate climate change team led by the Director of Economy Transport and Environment.
15. Most of the Scope 3 data estimates provided by the Carbon Trust (based on best current protocols) have relied on the use of economic proxies that convert financial expenditure in the various categories directly into carbon emissions using a variety of conversion factors. Whilst these are useful for

estimating the relative size of an element of Scope 3, their application has limited value in the on-going future management of carbon emissions. With this method, carbon-reductions can only appear to have been achieved through less financial expenditure rather than progressively less carbon-intensive activity. Future Scope 3 work will therefore need to transition to the measurement of actual source data where possible.

16. There is currently a significant variance in accuracy between the measurement of Scopes 1, 2 and 3 for the overall carbon emissions ‘picture’ for the County Council. This variation is due to the use of the economic proxies and the emerging complexity of the Scope 3 task itself, with the accuracy variance in the Scope 3 estimate potentially equivalent to the total of Scope 1 and 2 combined. This matters because such variable outcomes sets a critical context to an assessment of the relative importance of the different emissions sectors. There is a risk of focussing on the relatively smaller areas of carbon emissions (Scopes 1 and 2) simply because more is currently known about them and because we are required to report on them, at the expense of addressing the more challenging bigger issues.

Initial Findings

17. The initial findings on the County Council’s Scope 1, 2 and 3 emissions for the year 2019/20 (excluding emissions from investments) are:

Emissions category	CO₂ emissions 2019/20 (tCO₂e/yr)	%
Scope 1	41,400	20
Scope 2	20,800	10
Scope 3	144,000	70
Total	206,200	
Working total estimate	200,000 tonnes	

18. The Scope 3 estimate could be as much as 60,000 tonnes higher once more detail is known. Including the County Council’s investments would make it significantly higher still.
19. It should be noted that this working estimate of the County Council’s total emissions at 200,000 tonnes CO₂e/year is over three times larger than the total of 62,000 tonnes currently published, due to the wider scope now proposed to be included. It is anticipated that this working total will need to be re-based each year, as further data becomes available and the level of certainty is improved.

20. With the County Council serving an estimated total population in Hampshire of 1,382,500 citizens, this total of 200,000 tonnes CO₂e/year gives rise to a metric of 144kg CO₂e/year per capita of population served. Consideration is being given to using this to compare the 'carbon efficiency' of the County Council in serving its population with that of similar Tier 1 Local Authorities and encouraging them through the Local Government Association to adopt the same metric in the future.

Prioritisation

21. To guide the future prioritisation of resources, the different categories of carbon emissions have been ranked in order of their relative size, regardless of their Scope 1, 2 or 3 definitions, in order to focus attention on the top 80%, as follows:

Emissions category	% of total emissions
<i>Top 80%</i>	
Embodied carbon in construction	29
Contracts for goods and services	22
Heating schools' estate	10
Food	8
Employee commuting	6
Methane from farms estate	5
<i>Bottom 20%</i>	
Electrical schools' estate	5
Business travel	5
Heating corporate estate	2
Streetlighting	2
Electrical corporate estate	2
Nitrous oxide farms estate	2
Off-site data storage	<1

22. As shown in the above table, carbon emissions embodied in the yearly manufacture, construction and repair of the County Council's infrastructure (buildings and highways) is the single largest defined category within this total, representing 29%. This is comparable to all Scope 1 and 2 emissions combined (30%) i.e. the annual heating and electrical consumption of the entire County Council estate, together with its farming emissions.
23. The following observations can be drawn from the above ranking:
- Construction of carbon-intensive new buildings and roads should be minimised and avoided altogether if possible.
 - Low-carbon repair and refurbishment of existing infrastructure should be optimised.

- Emissions from contracts for goods and services requires further breakdown and analysis.
- Emissions from the heating of the Schools' Estate are significant.
- Corporate Estate emissions are notable by their exclusion from the top 80%. This is due to the relatively small size of the corporate estate and the energy savings successfully achieved in this area to date over the 10 year period of the Carbon Management Strategy supported by the Panel.
- A model for carbon-based return on investment business cases should be developed for all future carbon reduction initiatives to direct resource where it will be most effective.

Progress on Carbon Reduction

Renewable Energy Tariff

24. The decision of the Cabinet meeting in September 2020 to support the change to a fully renewable energy electricity tariff for all corporate buildings and streetlighting will achieve a 4.7% reduction in the overall carbon emissions total. Although this use of the 'Renewable Energy Guarantee of Origin' (REGO) scheme will need to continue year on year to maintain this reduction, the current annual cost premium of £32,000 is very small against the annual expenditure of around £6.5m and can be offset by cost savings from the new energy contract. Use of this REGO tariff provides carbon-reduction at a cost of approximately £3/tonne of CO₂ saved and represents exceptionally good 'carbon' value for money.

Public Sector Decarbonisation Scheme Programme

25. Officers in CCBS have achieved significant success in securing £29.8m funding from the Government's Public Sector Decarbonisation Scheme, launched in September 2020. This is a grant fund announced by the Prime Minister in the summer to both reduce carbon and stimulate the economy ("green jobs") during the Covid pandemic. As one of the first public bodies in the country to benefit from this scheme, the County Council will be leading the way in this work within the public sector. CCBS Property Services have a well developed relationship with Salix (the government carbon agency) and were consulted by Salix to assist in defining the technical criteria for the assessment of bids.

26. Using the funding an intensive programme of decarbonisation work will now be delivered across over 400 sites within the schools and corporate estate during 2021, to meet the time constraints of the funding Scheme, comprising the following workstreams:

- Single to double glazed window replacements on school and corporate sites – total value of £20.2m
- Solar photo-voltaics on school sites – total value of £6.7m

- Oil to gas boiler conversion on schools and corporate sites – total value £2.8m
27. Confirmation of funding for a further workstream is awaited from BEIS which consists of £2.8m to improve heating controls.
28. Based on the £29.8m awarded to date, the programme is projected to achieve a 7% reduction in the direct heating emissions of the County Council in a single year, representing a strong start to achieving the Government reduction target of 50% in direct heating emissions for the public sector by 2032.
29. Each of these decarbonisation initiatives are estimated to achieve carbon reduction at a cost of £380-490/tonne of CO₂ saved, within the value eligibility threshold of the scheme of £500/tonne of CO₂. Compared to the £3/tonne of the REGO initiative, this highlights both the remarkable cost effectiveness of the REGO-based carbon reduction and the potential magnitude of the financial resource (from whatever source) that the County Council might need in order to achieve further carbon reductions from energy improvements to the built estate.
30. Against the total emissions of 200,000 tCO₂e/yr, the REGO tariff and the decarbonisation programme together achieve a reduction of 6.8%, representing very good progress in a single year.

Towards a Long-Term Strategy

31. Initial consideration has been given to a Long-Term Strategy for the phased reduction of the County Council’s carbon emissions to net-zero over the next three decades to 2050, set against the background of the anticipated advances in global green technology and national infrastructure. This can be summarised as:

Time frame	Strategic theme	Strategic Target for County Council emissions
2020's	<i>Greening the Grid</i>	Near-elimination of Scope 2 emissions through the progressive use of renewable and zero-carbon electricity generation within the National Grid (all outwith the Councils direct control).
2030's	<i>Solving the Heating Problem</i>	Near-elimination of Scope 1 emissions through widespread investment in hydrogen

		and/or other zero-carbon heating and cooling technology across the built estate.
2040's	<i>Sequestration</i>	Sequestration of all remaining emissions to achieve a net zero position, following an anticipated halving of Scope 3 emissions by way of Scope 1 and 2 reductions within the supply chain and a transformation to low-carbon activity across the County Council during the previous two decades.

32. On the basis of advances in technology over the next two decades, together with an on-going and sustained transformation to increasingly low-carbon activity across all aspects of the County Council, the Carbon Trust have advised that approximately half of the current Scope 3 estimate could still remain by 2040. Sequestration of the remaining 72,000 tCO₂e/yr through absorption of CO₂ by the County Council's own natural capital will therefore need to be considered as a potential and significant component for achieving net zero by 2050.

The Climate Resilience Challenge

33. Initial findings on the risk exposure of the County Council estate to the potential impacts of a global average 2°C rise are as follows:
34. Significant proportions of the Adult Health and Care and school estate are at risk under a 2°C scenario of overheating during heatwaves, exceeding recommended thresholds for places of work. Without adaptations, these buildings in the estate, together with the internal temperatures reached, are set to increase significantly during the hotter, more frequent and sustained heatwaves anticipated.
35. Approximately 10% of the total gross internal floor area of the built estate currently lies within Environment Agency Flood Zones 2 and 3. With the anticipated increase in rainfall intensity and the fluvial consequences of sea-level rise, the floor area at risk of flooding is predicted to increase significantly.
36. A mean high-water sea-level rise of approximately 0.5m is forecast for the Hampshire coastline by 2050, affecting parts of the coastal landholdings of the County Council estate. Notably, the Calshot spit causeway will lie below mean high water, rendering use of the spit unviable. Storm surges will create coastal flooding higher still.

37. A more detailed report on the potential impacts of a 2°C rise by 2050 on the County Council's estate and services will be brought to Cabinet in due course.

Becoming a Net-Zero Carbon Organisation

38. As set out above, the emerging challenges presented by the twin policy objectives of net-zero carbon and increased climate resilience have a timespan and scale that is entirely different to even the most ambitious transformation programmes yet delivered by the County Council.
39. With carbon as a new 'currency', the greatest leverage will be obtained when carbon and revenue reduction initiatives can be aligned to save money and carbon at the same time, achieving their twin objectives whilst under-pinning improvements to service delivery.

Next Steps

40. Work over the next twelve months will focus on:
- The implementation of the £29.8m decarbonisation programme.
 - Improvements to the carbon emissions data, in particular the estimation and measurement of Scope 3 emissions.
 - A more detailed report on the potential impacts of a 2°C rise by 2050 on the County Council's estate and services.
 - The development of proposals for pilot projects, with 'Return on Investment' case studies for the prioritisation of carbon reduction initiatives that will focus impact on the most significant areas and leverage external funding.
 - The development of a Long-Term Strategy for the County Council's organisational carbon reduction and improved climate resilience, with progressive stepped targets over the next thirty years.

Consultation and Equalities

41. At this stage consultation is limited to internal departments and functions as the response to the Climate Change Strategy is developed.
42. There is no current requirement for an Equalities Impact Assessment, but these will be done when programmes of work are defined and developed that impact on service delivery or community involvement.

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:	
Buildings, Land and Procurement Panel: Climate Change and Energy Programmes Update	13 October 2020
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	

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	9 February 2021
Title:	School Streets
Report From:	Director of Economy, Transport and Environment

Contact name: Nicola Waight

Tel: 0370 779 4339

Email: nicola.waight@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to recommend a limited trial of the “School Streets” initiatives in Hampshire during 2021, as part of the Active Travel programme.

Recommendations

2. That the Cabinet agrees the approach set out in the report, and notes the criteria used as a basis for selecting schools for the trial.
3. That the Cabinet agrees that the shortlist of schools recommended for the trial be confirmed and the schools be formally invited to participate in the trial (either receiving the intervention or as a control school without measures).
4. That the reserve list of schools which could potentially step in should any shortlisted schools not proceed into the trial, be confirmed.
5. That the results of the trial be reported back to the Cabinet in due course.

Executive Summary

6. This paper seeks to:
 - summarise the proposals for School Streets trials;
 - consider the legal and insurance implications of the project; and
 - consider the finance for the project and the impact on the budget.
7. More detailed information on the background to the scheme and proposals is contained in Appendix A.

Background

8. A School Street is “a road outside a school with a ... restriction on motorised traffic at school drop-off and pick-up times. The restriction applies to school traffic and through traffic. The objective of school streets is to create a safer, healthier and pleasant environment for everyone” (schoolstreet.org)
9. A motion to trial school streets was considered by the County Council on 24 September 2020. After due discussion the motion was passed, with agreement that a firm proposal for a trial, including costing information and confirmation of potential funding, would be considered by the Economy, Transport, and Environment Select Committee, before being brought back to Cabinet for consideration and reported to County Council.
10. A presentation was made to Economy, Transport, and Environment Select Committee in October 2020 setting out the outline context for School Streets and proposing to develop details of a trial to be delivered in 2021. At this Committee meeting it was agreed that the Cabinet paper would be further considered by the Select Committee in January 2021, ahead of consideration by the Cabinet in February 2021.
11. The October Select Committee supported the development of proposals for a limited local trial of school streets in Hampshire, and agreed to further consider the proposals ahead of discussion at Cabinet.
12. The January Select Committee discussed proposed details of the trial, offered its full support, and asked for the outcomes of the trial to be brought back to Select Committee once they were available.

Proposals

13. It is proposed that the trial consists of three schools in a mix of areas (e.g. rural/urban) where measures would be implemented, with a further three to six control schools to enable an assessment of the impact of the measures to be compared. This is particularly important given the current impact of coronavirus on social distancing and travel patterns.
14. The trials would be funded by the Active Travel Fund Tranche 2 award.
15. Between January and March 2021 engagement with schools and wider communities would take place to ensure broad support and resolve any early issues.
16. Between March and June detailed preparations, traffic orders, and baseline monitoring would take place.
17. In July, a trial day or week would take place.
18. Between the start of term in September and the October half term the full school streets trials would take place.
19. The results of the trials would then be reviewed and the results assessed to enable a report to be brought back to Cabinet with the outcomes and conclusions from the trial.

Shortlisted schools

20. Candidature for inclusion in the trial has been proposed directly by the schools themselves via Hants Covid Travel Map. The trial is limited, and therefore, to accommodate the level of potential interest, and to ensure that the trial is fully populated, a reserve list of schools has also been compiled based on suggestions by councillors and members of the Travel Plan Team who work closely with Hampshire's schools to develop and deliver travel plans and associated active travel schemes.
21. A working group of officers from the Economy, Transport, and Environment and Children's Services departments has developed criteria for schools' inclusion in the trials. There are a number of criteria as follows:
- interest from the School (head and governors) and enough staff to manage the trial;
 - School already engaged in travel planning measures including STARS accreditation to at least "working towards" Bronze level;
 - Local County Councillor support (to be established) - support subject to formal Cabinet support;
 - an access on a suitable road (public highway, speed limit 30mph or below, access on a minor road);
 - limited impact on schools very nearby;
 - infant, primary or secondary school (not colleges);
 - Hampshire maintained school (for insurance purposes); and
 - Not a Special School due to representativeness/application across the county, greater travel distances and complex needs of some pupils in relation to travel.
22. The initial filtering has resulted in a list of six self-selecting schools with a good case for inclusion in the trial, and a further 16 reserves schools. The six schools will be subject to further considerations (detailed in Appendix A) in January when they return from the Christmas break.
23. The initial shortlisted schools:
- Petersfield Infant School (in East Hampshire District Council);
 - Harrison Primary School (in Fareham Borough Council);
 - Alverstoke Infant School (in Gosport);
 - Elson Junior School (in Gosport);
 - Foxhills Infant and Junior Schools (in the New Forest); and
 - Cadland Primary School (in the New Forest).

Legal and Insurance

24. The exact School Streets measures would be determined following engagement with the school and local community. Like schemes elsewhere in the country, it is envisaged that trials are likely to take the form of street closures to motor vehicles; either temporary closures staffed by volunteers with barriers, or more fixed measures such as bollards (in suitable locations and for the duration of the trial). Other types of measure may be possible which, if applicable to a particular location, will be explored further, including with reference to potential liabilities and insurance cover.
25. Training and PPE details will be developed and reviewed by the County Council's Asset Management team.
26. Trials involving moving traffic enforcement (e.g. Automatic Number Plate Recognition – ANPR) are not possible as legislation does not currently support this. It remains a possible option for the future.

Finance

27. Funding awarded from the Department for Transport's Active Travel Fund (ATF) Tranche 2 award has been re-allocated to fund this trial up to a total £66,000.
28. It should be noted that there is pressure on all of the ATF Tranche 2 budgets as the final award was 95% of the indicative allocation, and the schools streets trial did not formally form part of the detailed and costed original bid.
29. In the longer term there is no secured funding for the further development of roll out of School Streets beyond the trial. Any future rollout would require significant staff resource within the County Council, as well as inputs from the schools themselves.

Consultation and Equalities

30. Engagement with parents, schools, residents and local businesses before, during and after trials would form a crucial part of the process.
31. Potential equality related impacts have been identified and are set out in the Equality Impact Assessment summarised in this report. It is expected that these impacts can be mitigated and/or monitored as part of the trials.

Other Key Issues

32. Key issues to be addressed by the trials are to further investigate:
 - the impact of school streets on schools and their wider communities;

- the practicalities of delivering school streets e.g. legal issues, securing volunteers, and both Hampshire County Council and school staff resource requirements;
- the legal and practical considerations to deliver school streets in more complex scenarios.

Conclusions

33. The proposals in this report establish a methodology for trialling School Streets in Hampshire, and a shortlist of schools to participate in the trial.
34. Subject to Cabinet support, the trials would be undertaken during the 2021 calendar year.
35. Findings of the trials will be reported and any conclusions to be drawn will be reported back to the Cabinet following the conclusion of the trials at the end of 2021.

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
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:	

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
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:

An equalities impact assessment has been undertaken for the proposal and it has been found to have a neutral impact on people with protected characteristics. Specific assessments will be carried out for specific schemes, but the proposed trial will provide an opportunity to assess the approach more generally, particularly in relation to potential impacts on people with disabilities and older people, who may have to travel further at specific sites when escorting children to school, and also on women, who are known to form a higher proportion of parents escorting children to school and who would therefore be particularly affected by any consequences of the scheme. Other potential impacts to be monitored might fall upon religious communities for whom access to places of worship may be affected, or other groups that may feel vulnerable escorting children to school on foot rather than by vehicle.

It is assessed that there would be a positive impact for younger people (school pupils) through increased opportunity for physical activity, reduced road danger, and potential reductions in air pollution.

A potential positive impact could also be experienced by people with disabilities not reliant on a private car as the environment would be safer e.g. people with visual impairment, mobility scooter.

Appendix A

Further detail of proposed School Streets Trials

This Appendix sets out more details of the proposed School Streets trials. It aims to:

- set out the background to the project;
- set out a plan for School Street trials;
- provide detail on monitoring and evaluation of the trials;
- set out the criteria for inclusion in the trials

Background information

1. A School Street is “a road outside a school with a ... restriction on motorised traffic at school drop-off and pick-up times. The restriction applies to school traffic and through traffic. The result is a safer, healthier and pleasant environment for everyone” (schoolstreet.org)
2. A motion to trial school streets was brought to Full Council on 24 September 2020 by Councillor Jackie Porter. The motion was passed without objection. The recording can be viewed [here](#).
3. The Council resolved to:
 - work with districts, schools and local partners to swiftly identify those schools in the county that could put a “school streets” scheme in place;
 - work with districts, schools and local partners to enable all schools that wish to take part in the “school streets” scheme to do so – taking advantage of experimental traffic orders and new statutory guidance over fast-tracked Traffic Regulation Orders where necessary;
 - measure air quality around a sample of schools in all 11 districts at child-head height to identify the level of air pollution children are being exposed to at school drop-off and pick-up; and
 - pilot additional measures to improve air quality near schools in 2020/21, such as ‘living green walls’ and tree planting.
4. A presentation was made to ETE Select Committee in October 2020 setting out the outline context for School Streets and proposing to develop details of a trial to be delivered in 2021. At this Committee it was discussed that a Cabinet paper would be developed, and returned to Select Committee in January 2021, ahead of Cabinet in February 2021. A recording of the October Select Committee discussion can be found [here](#).
5. The January Select Committee discussed proposed details of the trial, offered its full support, and asked for the outcomes of the trial to be brought back to Select Committee once they were available.
6. The benefits of school streets include:

1. improved air quality;
 2. reduced carbon emissions;
 3. increases active travel journeys to school;
- provides a safer and more pleasant environment locally for the whole school community;
 - can assist with social distancing by reducing the street space that motor vehicles occupy;
 - create safer roads to improve road safety for children, build confidence and others;
4. supports '[Hampshire Physical Activity Strategy 2018-21](#)';
 5. supports '[Towards a healthier Hampshire: a strategy for improving the public's health 2016-2021](#)';
 6. supports Climate Change Strategy;
 7. supports 'Hampshire 2050: Vision for the future'; and
 8. reduce/spread issues arising from residents around parent parking.
7. The challenges of school streets include:
1. not suitable for all schools (coach access, main roads, bus routes etc);
 2. still being trialed in other Council areas;
 3. displacement of traffic onto nearby streets;
 4. costs depending on complexity of scheme, varied;
 5. lack of support from stakeholders;
 6. liability and safety issue to overcome (equipment, third parties);
 7. road space/utilities;
 8. can be reliant on school staff or volunteers;
 9. don't yet have the back office or powers for moving traffic enforcement, so will take time to develop and deliver;
 10. may be seen as anti-car and subject to objections;
 11. need active support of schools – it cannot be done without them; and
 12. standalone 20mph speed limits of limited effect – require changes to physically slow traffic see results of 2018 Hampshire County Council trials [here](#) (item 4).
8. Hampshire County Council already delivers an air quality programme in schools within designated areas of poor air quality. The schools are identified

through district air quality monitoring work. Around 30 schools have already engaged with initiatives including diffusion tubes, flow meters and anti-idling campaigns. Clean Air Day has been promoted in schools for the last two years.

9. Hampshire County Council also delivers a wider ranges of initiatives and support for schools with regard to their travel needs. This includes:
 - School Travel Plans following national online accreditation and recognition scheme, STARS;
 - School Crossing Patrol service;
 - Support Development Planning etc to identify and deliver school walking and cycling schemes;
 - Park and Stride sites, cycle and scooter storage;
 - training – Bikeability, Junior Road Safety Officer (JRSOs), Pedestrian training, Scooter training;
 - My Journey promotion to encourage active travel and road safety;
 - annual challenges (Scooter Challenge, Walktober, Walk to School Week, Road Safety Week);
 - ongoing programmes (Bike It, Street Sense, Air Quality, Walk Once a Week (WOW)); and
 - resources (Transition to new school e.g. maps, and Parkwise resources).
10. The County Council Travel Plan Team recently won three more Modeshift awards – 'Excellence in Walking', 'Best Project under £1000' and 'Modeshift Honorary Membership' for the team leader Helen Harris.

Proposed trials

11. Following the October Select Committee, a working group has been established to investigate the requirements for a trial and develop a proposal to trial School Streets in different locations across the County – both rural and urban.
12. The working group includes officers from ETE (Integrated Transport, Implementation, Travel Plans, Asset Management, Safer Roads and Parking), Children's Services, Public Health, Legal and Insurance.
13. The working group has:
 1. learnt from Southampton City Council's/Sustrans' experience of delivering school streets – which have been aided by HCC teams through traded services agreements (a recorded presentation can be found [here](#) at 48:45);
 2. developed criteria for inclusion in the trial;
 3. created a GIS map with data relevant to criteria;
 4. applied these criteria to shortlist schools for the trial;

5. understood legal and insurance requirements; and
6. developed an evaluation and monitoring logic model.

What would a trial look like on the ground?

14. The measure for each school street will depend on the specific needs of each location. It is most likely that school streets would involve a temporary prohibition of motor vehicles using barriers and cones, with trained volunteers in place to manage closure and reopening, and escort vehicle access at walking pace where absolutely necessary.
15. An alternative option could be a 24 hour/7 day a week closure e.g. where the school is at the end of a cul-de-sac. This would not require volunteers but will be limited in applicable sites.
16. A third option, of “signed only” closures where signs at the side of the road advise that the road is closed to motor vehicles between set times around the school run, is very unlikely to be accepted by insurance brokers as compliance cannot be ensured.

How would it work?

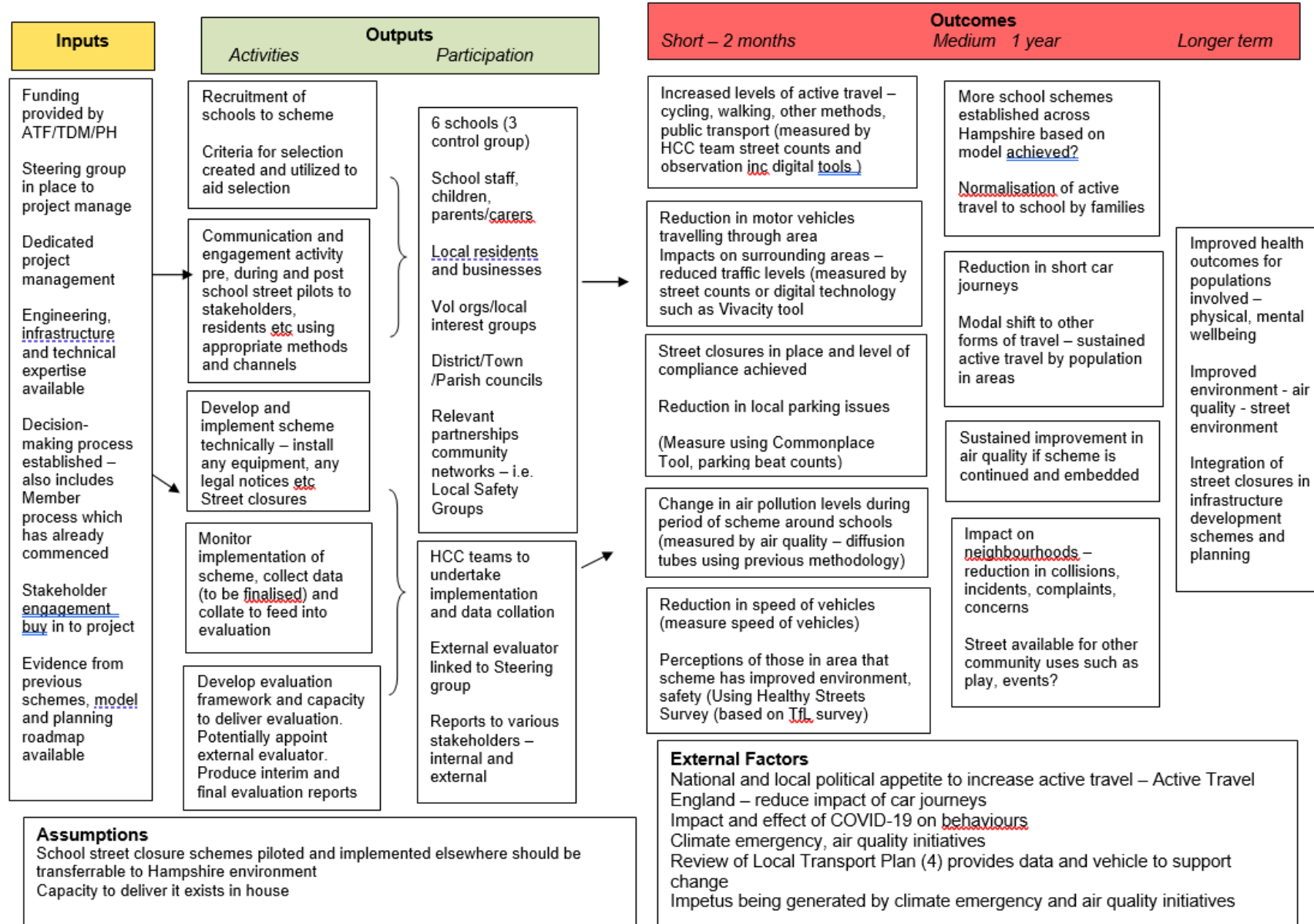
17. It is proposed that the trial consists of three schools, with a further three to six control schools to compare the impact of measures. This is particularly important given the impact of coronavirus on social distancing and travel patterns.
18. The trials would be funded by the Active Travel Fund Tranche 2 award.
19. Between January and March 2021 – engagement with schools and wider communities would take place to ensure broad support and resolve early issues.
20. Between March and June detailed preparations, traffic orders, baseline monitoring would take place.
21. In July a trial day or week would take place.
22. Between September and the October half term the full school streets trials would take place.
23. The results of the trials would be reviewed in October with the results ready in November for review.

Monitoring and evaluation

24. It is suggested that the scheme is monitoring and evaluated against the following aims:
 - to explore the practicalities of undertaking School Streets in Hampshire;
 - to understand how they could be applied;
 - to set and test criteria in practice;
 - to test if School Streets can make a positive difference; and
 - to understand costs involved in delivering School Streets more widely.
25. A monitoring and evaluation logic model is set out overleaf:

Programme: School Streets Logic Model (to act as base for evaluation)

Aim of programme: to develop, implement and evaluate school streets pilot schemes across Hampshire, testing feasibility and practicalities, changes in modal shift to active travel and impacts on local environment, and understanding costs in 2021.



Criteria for selecting trial schools

26. A longlist of schools was compiled based on direct requests from schools in response to the Hants Covid Travel Map website used to collect suggestions for social distancing and active travel schemes in response to the coronavirus; suggestions from Members and suggestions from the Travel Plan team who work very closely with schools. The longlist included over 60 schools.
27. As there would be a very large number of variables associated with each school and its suitability for the trial, a phased sifting approach has been followed with schools being filtered at each stage until a final short list is determined. The first stage involved application of a limited number of criteria. The second stage was the application of a longer list of wider considerations. The final stage will be applied to the shortlist of schools.
28. Stage 1: Criteria include:
1. interest from the School (head and governors) and enough staff to manage the trial;
 2. School already engaged in travel planning measures including STARS accreditation to at least Bronze level;
 3. County Councillor member support (to be established) - support subject to formal Cabinet support;
 4. an access on a suitable road (public highway, speed limit 30mph or below, access on a minor road);
 5. limited impact on schools very nearby;
 6. infant, primary or secondary school (not colleges);
 7. Hampshire maintained school (for insurance purposes); and
 8. Not a Special School due to representativeness/application across the county, greater travel distances and complex needs of some pupils in relation to travel.
29. The filtering has resulted in a list of six self-selecting schools with a good case for inclusion in the trial, and a further 16 reserves schools. The six schools will be subject to further considerations (detailed in Appendix A) in January when they return from the Christmas break.

30. Successful self-selecting schools are:

EHDC

Petersfield Infant School

FBC

Harrison Primary School

GBC

Alverstoke Infant School

Elson Junior School

NFDC

Foxhills Infant and Junior Schools

Cadland Primary School

31. Schools proposed by any method that meet the criteria, and are therefore on the list of reserve schools are:

Row Labels

BDBC

Chiltern Primary School

Great Binfields Primary School

Kempshott Infant and Junior Schools

Kings Furlong Infant and Junior Schools

HBC

Mill Rytte Jnr (and by default infant school)

NFDC

Calmore Infant and Junior Schools

Fordingbridge Infant and Junior Schools

Hordle Primary

Hythe Primary

Manor CE Infants

Marchwood Infant School

RBC

Alderwood School -Nursery, Infant Schools (Belle Vue Road) and Junior School (Haig Road)

TVBC

Halterworth Primary School

Portway Infant school

Stockbridge Primary School

WCC

St John's the Baptist, Waltham Chase

32. Stage 2: Considerations include:

1. high percentage of children within catchment;
district member support;

2. site of previous trial closure;
3. School Crossing Patrol site;
4. bus route diversion required;
5. Home to School transport alterations required;
6. good public transport alternatives available;
7. cycle routes available;
8. sufficient cycle and scooter storage;
9. suitable traffic diversion routes;
10. parking alternatives available;
11. school street would be the only access for large number of residential properties;
12. impacts on businesses, public facilities and places of worship;
13. access for staff to leave site;
14. coach/bus access for school trips;
15. Emergency Services route affected (this would be established through formal traffic order process);
16. number of pupils;
17. very high car use; and
18. residents' parking permit area.

This stage is underway at present (Dec-Jan 2021)

33. Stage 3: Deciding factors:

1. casualty record around shortlisted schools (very unlikely that any school has a significant number or casualty pattern);
2. reported near miss information from school travel plans;
3. are local residents supportive?;
4. are affected businesses/public facilities supportive?;
5. EqlA and Risk Assessment impacts and mitigation requirements;
6. proximity to an AQMA;
7. diffusion tubes show existing air quality is poor (data very limited); and
8. cost to implement and maintain a scheme at each location.

- steps back from the role of Scheme Promoter, following the completion of Stage 3 of the Highways England approval process, which is the only currently funded aspect of scheme development work;
 - does not take on the role of the Delivery Body for the M27 Junction 10 Improvement Scheme, given the high level of financial risk and uncertainty for which the Scheme Delivery Body would be responsible; and
 - reiterates the consistent position that it is not prepared to take on any financial risk associated with this scheme.
4. That the County Council should continue to explore ways in which it could use its experience, professional and technical capacity to support the delivery of the M27 Junction 10 Improvement Scheme, provided any arrangements are consistent with established County Council policy for involvement at Welborne, including, in particular, a stipulation that there are no financial liabilities for the County Council from involvement in the scheme.

Executive Summary

5. The County Council has been acting as Scheme Promoter for the development work for the M27 Junction 10 improvement scheme, since January 2018, following a request from the Rt Hon Chris Grayling the then Secretary of State for Transport and subsequently the Rt Hon Robert Jenrick, Secretary of State for Homes, Communities and Local Government. In keeping with the County Council's established policy on Welborne, progression of the scheme development work has been subject entirely to the availability of third-party funding. Securing external funding to progress with this work has proved challenging and time consuming to date, with initial funding coming entirely from the DfT. On 29 September 2020 a report to Cabinet advised that the £4.65million of available development funding which had been provided in stages by DfT had been fully utilised and recommended the suspension of all ongoing development work, in the absence of additional development funding.
6. On 15 September 2020 the Solent LEP Board allocated up to an additional £900,000, from the Solent LEP DfT retained, Local Growth Fund, to help secure the completion of development work up to Stage 3 of Highways England's Product Control Framework (PCF) approval process. This was reported verbally at the Cabinet meeting, given the timescale following the report deadlines, and meant that development work was able to continue up until March 2021 which is the LEP's deadline for spending the funding.
7. In light of challenges associated with securing development funding and particularly delivery funding for the scheme, the Cabinet report further recommended that the County Council moves to review its continued role as Scheme Promoter following the completion of Stage 3 of the Highways England's Product Control Framework (PCF) Approval Process, rather than reviewing the position following the completion of all of the development work, at Stage 5 of the PCF process and the completion of the Full Business Case process.

8. Since the September Cabinet report, significant progress has been made to advance through Stage 3 of the PCF process and a Stage Review is planned to be undertaken by February 2021, allowing February and March to resolve any outstanding matters. Following the completion of the Stage 3 Review there can be no further progression without confirmation of a Delivery Body, who would need to procure contractors to complete the design, so this was identified as a timely break point for the County Council to consider its position. Fareham Borough Council has recently requested that the review date be brought forward and that the County Council provide a formal view on whether it will take on the role of Delivery Body before the end of February 2021.
9. Since the September Cabinet report there have been other material developments regarding the delivery funding, which need to be considered. Firstly, scheme costs have been refined and current estimates are in the region of £75.5million, subject to a final tender price being returned, plus risk costs in the region of £5 to £10million. To help meet the indicative costs Homes England have identified additional Housing and Infrastructure Funding (HIF) towards the scheme, to provide a potential £30million contribution towards scheme delivery. In addition, Buckland Development Ltd is in dialogue with Fareham Borough Council regarding a potential increased Section 106 offer to provide a £40million contribution towards scheme delivery. £5.55million has already been drawn down from DfT and the Solent LEP towards the total cost.
10. In light of these developments there is a growing assumption that all the funding is now in place to deliver the scheme, however in reality the precise costs, and therefore the amount of funding required cannot be confirmed without the final tender price. This is why the Full Business Case stage of projects is usually required before funding can be finalised. The potential additional funding allocations are a positive step forward, however both funding agreements are complicated, and need to be signed prior to the end of February. Both are also dependent upon there being a named Delivery Body. For this reason Fareham Borough Council has requested a formal position from the County Council in respect of its role as Scheme Promoter and potential Scheme Delivery Body going forward.
11. This report summarises the recent developments in more detail and presents the evidence for and against the continuation of the County Council's role in the Scheme beyond the completion of the Stage 3 review, to help steer and formalise the position. On balance the report recommends that following the completion of the Stage 3 review, the County Council steps back from the role of Scheme Promoter and that the County Council does not go on to become the Delivery Body, as the only way to mitigate the significant financial risks to the County Council in continuing as scheme promoter and particularly taking on the scheme Delivery Body role.
12. Notwithstanding this position the County Council remains fully supportive of the scheme which will help bring forward the important Welborne Garden Village development. It is therefore suggested that the County Council should

commit to further explore other ways for the County Council to help bring forward the Scheme.

Scheme Development

13. Since the September Cabinet Report there has been significant progress in advancing the approval of more than one hundred documents or products through Highways England's Product Control Framework (PCF) Approval process. The process has been both challenging and time-consuming and has involved refreshing much of the documentation submitted as part of the Welborne Garden Village Planning Application associated with the detailed application for M27 Junction 10, and re-working documents in accordance with the Highways Act process rather than the Planning Act processes. The PCF process is designed specifically for Highways England's schemes and doesn't fit well with third party projects, hence has involved an ongoing dialogue in respect of each and every product.
14. The Stage 3 Review will take place at the end of January 2021, with follow up actions being progressed in February and March. A verbal update will be provided at the Cabinet meeting. On the assumption that the Stage 3 Review is passed then there can be no further progression to Stages 4 and 5 of Highways England's approval process without agreement of a Delivery Body for the scheme (see below) and further scheme development funding.
15. Stages 4 and 5 of the PCF process will involve the completion and approval of the detailed design, which needs to be undertaken following the procurement of an appropriately experienced contractor for constructing complex and technically challenging, motorway under-bridges, probably through a two-stage open book design and build type contract which will lead onto procurement for main works. These stages of the PCF process also involve advertising Road Orders which are progressed in different ways dependent upon who the Delivery Body will be.

Scheme Delivery

16. There are likely to be only four potential bodies who would have any business or financial interest in becoming or commissioning others as the Delivery Body, namely: Highways England; Hampshire County Council, Fareham Borough Council or the developer, Buckland Development Limited (BDL). The key implications for each body need to be considered to help inform a way forward and are summarised below.

Highways England as Potential Delivery Body - Key Issues

17. Highways England is arguably the most appropriate body to progress works of this scale on its Strategic Road Network, A formal position is being sought from Highways England regarding the level of its intended involvement in the scheme delivery, either as a supervisory / approving body or as delivery body for the parts of the scheme that are on Highways England's strategic road

network. Interim advice is that Highways England would not want to take on the leading role of the Delivery Body for the parts of the scheme on its network and would have no interest in becoming the Delivery Body for the parts of the scheme on the local network. The scheme is a development related scheme and seen as necessary only to facilitate the Welborne Development; it is not a Highways England scheme.

18. If Highways England were to agree to take on the role of Delivery Body, then the implications are that the ability to deliver the scheme in the timescales of the HIF funding could potentially be lost, hence additional funding to replace the £30m may need to be found. Black Dam roundabout, a Highways England scheme at Junction 6 of the M3, is a relatively recent example of a similar scale scheme which experienced cost and time over-runs, demonstrating the significant impacts and costs of any additional disruption to planned large scale works on the strategic road network. This is likely to have a direct bearing upon the ability to progress the regionally significant development at Welborne Garden Village in the shorter term in accordance with its planned delivery programme.
19. Highways England has advised that if it were not to take on the role of Delivery Body it is most likely that it will demand to supervise the design and construction at the expense of the scheme. Highways England will also require the local Highway Authority to act as its agent for any work on its network. Following dialogue with Highways England, it is understood that it would have an expectation that only one contractor would be working on a scheme of this scale across both highway networks and it would not permit two contractors to be working in the same space, hence the procurement process would need to take this into account.

Hampshire County Council as Potential Delivery Body

20. The County Council has consistently set out key conditions that would need to be maintained if it were to become the Delivery Body. In particular, there can be no financial outlay by, or financial risk to the County Council in relation to this scheme; this remains a fundamental red line.
21. On the assumption that all risks could be addressed, the County Council is reasonably well placed to take on the role of Delivery Body for either the entire scheme or just for the sections of the scheme which will ultimately become part of the local highway network. Given the importance of continuity to date in the design and development process, the County Council's strong relationship with Highways England and its role as Highway Authority for the local highway network, it can be argued that the County Council is well placed to take this role on. The County Council would also be best placed to procure the works as a single contract, which is the optimum way of delivering the works for several reasons, utilising the Gen 4 Framework and appropriately experienced contractors. The County Council would probably be able to deliver the scheme in the most cost-effective way. The Gen 4 Framework

could be utilised with a two-stage open book, partial design and build contract to complete the scheme development and then, subject to agreement, undertake the delivery.

22. However, based on the established County Council policy, in the absence of any guarantee that all financial risks will be addressed or underwritten without any County Council liabilities arising, the County Council could not take on the role of Scheme Delivery Body.
23. It may be possible for the County Council to continue to act in a supporting role commissioned by another party who would be acting as Delivery Body, and who would carry the associated financial and other risks. Whilst every effort has been made to cost the scheme and risks as accurately as possible at this time, the detailed scheme cost cannot be confirmed until a final tender price has been returned. Current works cost estimates are in the region of £75.5m (excluding risk costs). Every effort has been made to cost all known risks, however, on a scheme of this scale there will always be a degree of risk which could have potential to add to the delivery costs and programme as portrayed by the Black Dam example referenced above. The risk costs are estimated between £5m to £10m with sizeable variables such as possible Public Inquiries being unknown at this time. (Information upon funding is included further on in the report). On schemes of this scale there are always risks which need effective mitigation and management. The current funding envelope, including the increased developer funding proposal, and the additional HIF money, makes no provision for any contingencies beyond the current estimated £75.5M costs; there is no identified funding or underwriting arrangement for this additional £5M-£10M risk.
24. For the County Council to agree to become the Delivery Body, there would need to be absolute assurance that all funding is in place, would be available to the County Council upon request and that there was an underwriter for any potential cost increase which may arise from any of the scheme risks throughout scheme delivery (whatever that may be). The issues experienced in securing development funding to date do not provide any confidence that this can be achieved. In addition to the financial risks there are other risks which the County need to be mindful of including the risk to reputation if the scheme cannot be delivered to programme or Highways England do not approve at any stage.
25. If the County Council does not become the Delivery Body there are likely to be significant risks to the progression of the scheme and likewise the current programme for delivery of the 6000 homes and 5000 jobs at Welborne Garden Village, unless an alternative way forward can be quickly identified. If another body took on the completion of the design, it is highly likely that the conditions and timescales for spend of the Housing Infrastructure Funding may not be met, and therefore that the £30m HIF funding may not be available to the scheme. Government advice reflects the position that further funding of this magnitude will be very difficult to secure given the current financial situation and the foreseeable future.

26. Other ways to maintain the County Council's involvement in the scheme could be explored to ensure the continuity, expertise and procurement mechanisms of the County Council could potentially still be utilised possibly in some form of consultancy role.

Fareham Borough Council as Potential Delivery Body

27. It is assumed that Fareham Borough Council could act as Delivery Body if it were to sub-contract another party with the relevant professional capacity and experience to act upon its behalf, which could be the County Council or other party. With this approach the County Council's procurement framework could be used and an effective joint project team could be set up utilising resources from the County Council, Highways England, and expert consultants, alongside financial auditors from the Borough Council and BDL. In this scenario the Borough Council would take the risk of any financial increase and would need to address the underwriting issue to ensure its own position remained tenable.
28. Conversely if the Borough Council does not act as Delivery Body (assuming neither Highways England nor the County Council or other party are prepared to take on this role), the downside is that Welborne may not progress in the shorter term and that the recently increased housing numbers may need to be met via the allocation of less favourable sites in both planning and transport terms.

Buckland Development Ltd (BDL) as Potential Delivery Body

29. The formal position of BDL is unknown, it is assumed that BDL would be able to act as a Delivery Body to procure contractors to progress the works that would ultimately form part of the local road network, subject to approval by the County Council. It is understood that Highways England would be unlikely to permit BDL to act as Delivery Body for the works on the Strategic Network and further Highways England has advised that it would expect the entire scheme to be delivered as a single contract. The procurement of two different contractors working in the same space is not an optimum way forward for a complex scheme of this scale. Direct procurement by BDL would need to go through the emerging replacement OJEU process and would add time to the programme over the much-shortened Gen 4 process. Procurement by BDL would also attract almost £7million VAT applied by Highways England to non local authority parties.
30. Arguably, BDL maybe the most likely organisation to be able to fund any potential cost over-runs and to underwrite any risks associated with such. Underwriting may be more acceptable to BDL if they had some degree of control over the scheme delivery. If BDL were to act as Delivery Body for the scheme, then they would have a degree of control over costs and potential cost over-run. However, they would need to procure the works in a way that is acceptable to and fully involves both Highway Authorities.

Update on Development Costs and Funding

31. Of the £5.55million that has been allocated to scheme development from DfT retained Local Growth Funding and also Solent LEP Local Growth Funding, £5.4million was spent, fully committed or allocated by the end of January 2021. It is anticipated that the £5.55million will be fully spent by the end of March 2021.
32. In order to complete the two further stages 4 and 5 of the Highways England review process then it will be necessary to draw down up to £3.5million to complete these stages. These costs currently allow for a possible Public Inquiry into Orders should this be required and include an allowance for further advanced works. It is understood that these costs could be drawn down from the £30million HIF funding, subject to the Funding Agreement being in place.
33. The table below indicates the funding currently allocated from each source and approximately when draw down of funding will be required, subject to the scheme development keeping to an already challenging programme. The table is based upon an assumption that the scheme costs will be £75.5million (which cannot be confirmed until a final tender price is returned) with no risk allowance.

Indicative Draw Down Profile

YEAR	DFT/SLEP LGF SECURED £m	HIF – ASK £m	S106 – ASK £m
20/21	5.55	-	-
21/22	-	3.5	-
22/23	-	19	12
23/24	-	7.5	14
24/25	-	-	14
TOTAL	5.55	30	40

Update on Delivery Costs and Funding

34. The current estimate for works and fees excluding any risk costs and subject to a final tender price return is in the region of £75.5million as mentioned above. As more of the risks become known and are costed they are added to the total scheme cost and the risk value is reduced. Where best or worst case risk scenarios are identified then the risk value takes this into account as a range. Risks are currently estimated in the region of £5 to £10million.

Housing and Infrastructure Funding

35. In order to help close the funding gap and to help replace the reallocated £24.4million Local Growth Funding, Homes England have now allocated

£30million funding from the Housing and Infrastructure Fund (HIF) towards the scheme costs (including the £10million that was originally allocated as HIF Marginal Viability Funding), but this remains subject to Agreement. It is understood that the new allocation will be a hybrid arrangement utilising the Forward Funding Agreement, which was more specifically set up for upper tier authorities. The funding will be in the form of a repayable grant which enables the funding to be recycled back into the development when agreed levels of profit margins have been met. There are a number of conditions aligned to this which have been the subject of much recent dialogue between Homes England and Fareham Borough Council. It is understandable but regrettable that the County Council has not been involved in this dialogue given the nature of the conditions which would have to flow down to the Delivery Body and the Housing Developer. Viability reviews and profit share associated with the wider Welborne are key matters being complicated by the nature of the HIF Agreement and a Homes England requirement that the Section 106 contains details of how the HIF will be recycled into the scheme linked to profit share. Homes England is requiring Fareham Borough Council to have the Agreement concluded before the end of February 2021. The Agreement includes a significant number of conditions which would need to flow down to the Delivery Body. Without an understanding of who the Delivery Body will be then a view on how acceptable the flow down conditions are cannot be provided. Homes England has advised that break clauses and stage gate points could be applied to the Agreement to ensure that no party takes on undue risks and at any point the project could be stopped if risks including financial became unacceptable to any party. Fareham Borough Council is seeking a formal position from the County Council to confirm whether it will take on the role of Delivery Body.

36. There are three pre-conditions aligned to the signing of the HIF Agreement and confirmation of the £30million contribution which would need to be agreed by the relevant parties before the end of February 2021:
- details of the cost over-run strategy and of who will under-write any potential cost increases over and above the current estimate of £75.5million, need to be provided before Homes England will sign the Agreement;
 - details of the named Delivery Body/Scheme Promoter need to be provided before Homes England will sign the Agreement; and
 - confirmation that the HIF funding contribution should be directed to Fareham Borough Council (unless there is a case for it to go directly to Hampshire County Council). Homes England sees this as potentially influencing the County Council's decision to be Scheme Promoter. In either case back to back agreements would probably be required given the obligations for the funding to be recycled back into the development via a mechanism with the Borough Council, even if the funding was directed to the County Council.
37. The issues aligned to the above from the County Council's perspective are that even if the County Council was to become the Delivery Body, there is inadequate time to consider fully the flow down conditions, many of which are

dependent upon factors which would remain outside the control of the County Council. The Agreement is generic in nature and there are significant risks aligned to the Agreement in its template format as currently drafted. Even if adjustments are inserted to specify break clauses associated with financial or other risks and red lines, the County Council would need to consider aligned commitments to the procurement process which cannot be commenced without a guarantee that all funding for the scheme is in place including risk funding. The funding guarantee requires broader considerations beyond the HIF Agreement as ultimately the County Council would have to enter into contractual commitments for the infrastructure works if it was to become the Delivery Body.

Section 106 Funding

38. In addition to the increased offer from Homes England and to help close the funding gap, BDL is considering increasing its original Section 106 funding contribution of £20million to £40million. There are certain implications and conditions associated with this linked to the wider Welborne development related to the associated viability work and levels of social housing, and it is understood there has been much recent dialogue around this between Fareham Borough Council and BDL.
39. It is understood that Fareham Borough Council and Buckland Development Limited are reaching a point of common ground and that BDL re-submitted its further modified (3rd) application, as part of which its enhanced offer of £40million contribution will be included, in December 2020. Fareham Borough Council commenced public consultation on the revised application after Christmas in parallel with a review of the viability work. The date of the Planning Committee was 27 January 2021 and consequently a verbal update will be provided at the Cabinet meeting as the decision is critical to the conclusion of HIF Agreement prior to the end of February.
40. The timescales for Agreeing the Section 106 are now critically aligned to the HIF Agreement and the end of February 2021 date for conclusion of both Agreements as summarised above, leading to the subsequent award of full detailed Planning Permission for the scheme and outline planning permission for the wider development. The County Council is involved in helping to progress the Section 106 Agreement in a number of ways including:
- the statutory functions linked to education;
 - rights of way; and
 - particularly in the role as Statutory Highway Authority; as well as in the role of Scheme Promoter for Junction 10.

Potential Way Forward

41. There can be no guarantee at this time that all funding is in place to deliver the Scheme, and cover the financial risks associated with potential cost escalation. This remains a fundamental red line for the County Council, which means that it would not be possible for the County Council to take on the role

of Delivery Body. The risks to the County Council associated with becoming the named Delivery Body, in both financial and reputational terms are very significant, and the County Council is not in a position to take such risks on.

42. The County Council remains fully supportive of the Scheme and the wider Welborne Garden Village including 6,000 new homes and 5,000 new jobs. It is recognised that to have no Delivery Body identified by the end of February is likely to have a significantly, detrimental, potentially show-stopping impact upon the development of the wider Welborne, with the likely loss of £30million HIF funding and this would be contrary to the messaging which has been reiterated at the highest level over the last three years, consequently an alternative way forward is urgently needed.
43. The County Council is willing to continue to be involved and to work with partners to support the delivery of the Scheme, noting that the County Council is well placed to progress the scheme through the final stages of development and to most easily procure appropriately experienced contractors to progress the completion of the design and scheme delivery, possibly through an open book two stage Gen 4 Framework, however this would need to be in a sub-contractual/supporting role rather than as Delivery Body.

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>
EMET – M27 Junction 10	15 Jan 2019
EMETE – M27 Junction 10 Update	14 Jan 2020
Cabinet – M27 Junction 10 Scheme Update	29 Sept 2020
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>
Fareham Borough Council Planning Decision on Welborne Garden Village October 2019	Planning Portal /Fareham Borough Council website

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:

The impact of this decision has been assessed as neutral as it relates to development work and the future involvement of the County Council rather than delivery. However, as and when the Scheme is delivered, it will benefit all transport users, catering for cars, Bus Rapid Transit links, and including significant pedestrian and cycle provision. It will provide the key access to Welborne Garden Village and associated 6000 new homes and 5000 new jobs, which will benefit the whole community. More detailed equalities impact assessments will be carried out if and when the County Council moves into the delivery phase of the project.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	09 February 2021
Title:	<i>Serving Hampshire – 2020/21 Half Year Performance Report</i>
Report From:	Assistant Chief Executive

Contact name: Antonia Perkins, Senior Programme Lead

Tel: 03707 797390

Email: antonia.perkins@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to:
 - *provide strategic oversight of the County Council's performance during the first half of 2020/21 against the Serving Hampshire Strategic Plan for 2017-2021 – taking into account the impact of COVID-19;*
 - *outline ongoing work and achievements to advance inclusion and diversity; and*
 - *report for consideration by Cabinet a determination by the Local Government and Social Care Ombudsman (LGSCO) under Section 30 of the Local Government Act 1974.*

Recommendation(s)

2. It is recommended that Cabinet:
 - a) notes the County Council's performance for 2020/21 to date;
 - b) notes progress to advance inclusion and diversity; and
 - c) consider the determination of the LGSCO.

Executive Summary

3. Overall performance measured against Serving Hampshire has been assessed as good during Q1 and Q2, as services have remained resilient, with improvement in most measures and the County Council is on track to meet target in half of its corporate performance measures. Sustaining this performance is an extraordinary feat – given the severe pressures and constraints caused by one of the greatest global crises in recent history, compounded by the *once in a generation* event that is the country's exit from the European Union. The impact of the COVID-19 pandemic and uncertainty resulting from EU Exit continues to be felt across all services in the County Council, and it has been through a combination of sound stewardship, strong public support, and the exceptional commitment and flexibility of staff – that these high levels of performance have been maintained.
4. The full impact and legacy of COVID-19 and EU Exit on County Council services and performance is likely to be evidenced throughout 2020-21 and beyond. Cabinet have received regular reports on the County Council's response to the pandemic, including the financial implications and impact on services. The most recent update is set out in the report to Cabinet on 24 November.
5. Reporting formally to the County Council for consideration within three months of a determination of the LGSCO pursuant to Section 30 of the Local Government Act 1974, is a statutory requirement. According to this requirement, a report is attached at Appendix three for consideration by Cabinet.

Contextual information

Current Performance reporting arrangements

6. The County Council's Performance Management Framework (PMF) provides the governance structure for performance management and reporting to Cabinet. The PMF specifies that Cabinet receives bi-annual reports on the County Council's performance against the strategic priorities set out in the Serving Hampshire Strategic Plan. The four strategic aims set out in the Plan are:
 - Hampshire maintains strong and sustainable 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 communities.

7. To report progress against Serving Hampshire, departments are asked to rate performance against a core set of performance metrics on a quarterly basis. For each measure, a risk-based 'red, amber, green' rating is applied, informed by the most recent data and management information.
8. Departments also provide an overview of key achievements and risks/issues against agreed the priorities, as well as the results of any recent external assessments and resident feedback. Appendix one sets out the sources of external validation of the County Council's performance during Q1 and Q2 of 2020/21. Cabinet will note that this diverse range of evidence, provides significant independent and ongoing endorsement of service performance.
9. Performance information on children's and adults' safeguarding, major change programmes, including Transformation to 2021, and the County Council's financial strategy are reported separately to Cabinet.

Future arrangements

10. The current Serving Hampshire Strategic Plan is due to be refreshed in 2021, and work is underway to develop an updated Plan which will cover the period 2021 to 2025. The revised draft Plan will include strategic priorities identified by the Hampshire 2050 Commission of Inquiry, and proposed activity to support Hampshire's recovery and restoration from the COVID-19 pandemic.
11. The updated draft Plan will be considered by the County Council's Cabinet in June 2021 and will be accompanied by a revised corporate Performance Management Framework which will govern the monitoring of the new strategic plan.

Performance

Performance against targets and improvement trend

12. Overall, the majority of corporate performance measures were reported as either low or medium risk, with a small minority identified as high.
13. Nearly half of targets were met, or were on track, as set by the relevant department at the end of September 2020/21. The majority of measures were showing improved or maintained performance during Q1 and Q2 2020/21.
14. In the cases where targets were not met, departmental improvement plans are in place. Similarly, where measures were reported as medium or high risk, mitigating actions are being undertaken by relevant services.

Impact of COVID-19 on Hampshire County Council performance

15. Three measures were reported as high risk by departments during Q1 and Q2 of 2020/21, attributable to the severe impact of COVID-19 on the service areas. Cabinet has received separate, regular updates on the impact of COVID-19, as part of the established reporting mechanisms – the most recent being on 24 November.
16. The three *high risk* areas identified by departments, for the first half of the year, were:
 - the uptake of school meals at primary schools, which at 28.8% was lower than target (57.8%) as a result of school closures, due to COVID-19. However, uptake, which reduced to 9.0% in Q1 2020/21, is now returning to normal levels. In November 2020, meal uptake was 48.4% which is a positive result given the number of classes isolating, and the closure of several schools for up to two weeks. This figure rose to an average of 52.5% in the first two weeks of December.
 - CCBS external income, fell to £27.7m, compared with £35.0m reported at the same point in the previous year. A new Commercial Strategy has been developed by the Department to provide mitigation for this shortfall.
 - the percentage of waste landfilled in Household Waste and Recycling Centres, increased from the baseline of 15.2% (2019/20) to 23.5% at Q2 2020/21. This was caused by a reduction of services to treat waste because of the COVID-19 pandemic. The service, in collaboration with Veolia, is looking into methods to improve the reuse of waste including changes to communication and behavioural change strategies

Impact of EU Exit on Hampshire County Council performance

17. As part of ongoing work to ascertain and mitigate the impact of EU exit on the County Council's services, departments have raised the following risks relating to the UK's departure from the European Union (EU). It is anticipated that the effect of EU Exit will not be fully felt until later in the year. Therefore, departments are continually assessing policy changes and identifying impacts within their business as usual going forward:

Farmer funding, animal health and welfare: The phasing out of EU farm subsidies raise concerns around the commercial longer-term sustainability of the local farming industry. Changes to EU subsidy and increased costs could lead to increased risks of poor animal welfare and subsequent disease outbreak. Trading Standards have stepped up engagement with farmers to increase overt presence, identify issues earlier and continue to explore new partnerships to leverage resource and reduce the need for additional inspections.

Product safety and metrology: UK 'distributors' of goods will become 'importers' which means additional responsibilities and accountabilities for those businesses to ensure the products they deal in are both safe and legally compliant. As such Trading Standards will focus inland market surveillance activities in this area from January onwards.

Supply of medicines and medical devices: The short-term supply of medicines and medical devices to the UK after the transition period is a serious concern, with levels of uncertainty very high. The UK government is preparing for disruption, but it is not clear which scenarios it is and is not ready for. Flows of data will also face blockages.

Workforce: In March 2020, the Home Secretary commissioned the Migration Advisory Committee (MAC) to review the occupations it had placed on its Shortage Occupation List. The County Council submitted information to the consultation, following this the MAC recommended that 'senior care workers' were added to the Shortage Occupation List, an addition that the County Council requested through the consultation.

However, in October 2020, the Government decided not to immediately accept any of the recommendations put forward by the MAC. This was on the basis that they wanted to assess the impact of the new Points-Based Immigration System and how the UK labour market develops and recovers following COVID-19.

The County Council will keep the position under review, and this will form part of further work which is ongoing to fully understand the impact of the EU Exit, whilst also taking in to account the recent rise of unemployment and the increase in applications received for roles advertised.

Road network: The County Council has worked with its partners in the Local Resilience Forum (LRF) to mitigate against the risk of congestion on the road network in the south of the county, resulting from hauliers arriving at the Port of Portsmouth without the necessary paperwork or a negative COVID-19 test.

This mitigation has been provided by Operation Transmission. The key element of this operation within Hampshire county is the holding area for freight vehicles going to the Port set up on a 3 mile stretch of the A31 dual carriageway, between Winchester and Alresford. Since Operation Transmission went live on 1st January 2021, arrangements have been running well. However, at the start of the year, lower than expected numbers of freight were attending the Port. It is anticipated that numbers will begin to rise, and the situation will be monitored carefully via the LRF.

Performance highlights:

18. Performance highlights during the period of April to September 2020 were as follows:

Protected Hampshire's vulnerable residents:

- launching a Coronavirus Hampshire Helpline (Hants Help 4 Vulnerable), signposting residents to information, advice and relevant services to support with issues related to finances, mental health, domestic abuse, bereavement, and substance misuse;
- opening the Clarence Unit in Gosport in August, providing 885 beds for short-term care to free up hospital beds at the Queen Alexandra Hospital whilst longer term service needs can be assessed and arranged;
- working with partners from the voluntary and community sector to harness and co-ordinate voluntary support for vulnerable residents during Covid-19, such as linking people directly to locally co-ordinated practical support with shopping and medicine delivery; and
- providing extra support to local communities in response to COVID-19, awarding £100,000 to 20 community organisations as part of the Local Authority's Supporting Families Programme, and increasing County Councillor's devolved grant budget to £10,000 for 2020/21 to support local projects, initiatives and organisations.

Supported local economic growth and employment:

- securing an award of almost £1million from the Department for Education's (DfE) Construction Skills Fund and the Construction Industry Training Board (CITB) and a further £1 million in European Social Funding to fund training opportunities for people in Hampshire looking for a career in construction;
- loaning mopeds for travel to work, or vocational training, via the Wheels to Work loan scheme, enabling more than 40 young people to access employment, training, and apprenticeships; and
- approving 91 apprenticeship levy applicants as part of the apprenticeship levy and encouraging other local organisations to offer apprenticeships to vulnerable people.

Invested in a sustainable future for Hampshire:

- adopting a Climate Change Strategy and Action Plan and committing to work with partners to make Hampshire carbon neutral by 2050;

- securing £1,937,800 of National Lottery funding, as part of the Watercress and Winterbournes Landscape Partnership Scheme, to enhance and protect the unique chalk headwater streams of the Test and Itchen rivers;
- providing an additional £1 million of investment to ‘top-up’ the Government’s existing Gigabit Broadband Voucher Scheme (GBVS) and help improve broadband for people in hard-to-reach locations; and
- supporting local schools to achieve above (national) average levels of attendance during 2020. The week ending 18 September 2020 saw 91% of primary aged children attending Hampshire schools compared to 86% nationally; and 92% of secondary aged pupils compared to 88% nationally.

Recognition for delivering positive service and innovation:

- obtaining two Modeshift National Sustainable Travel Awards for the ‘Walktober’ and Transition Time scheme projects that helped encourage sustainable journeys to school;
- achieving a ‘positive’ report following joint inspection of Hampshire’s Special Educational Needs and Disability (SEND) services by Ofsted and the Care Quality Commission (CQC);
- receiving commendation in the 2020 Municipal Journal Achievement Awards for social workforce investment and transformation which allowed social workers to spend more time working directly with children and families;
- attaining a gold award for Sir Harold Hillier Gardens in the annual South and South East in Bloom Awards for the sixth year in a row, with praise for planned new developments, including a new restaurant and a ‘frontier garden’ featuring plants at the limits of outdoor hardiness in the British environment; and
- winning the Public Sector Infrastructure Strategy of the Year for the 2020 Electric Vehicle Innovation and Excellence Awards, for the County Council’s Central Southern Regional Electric Vehicle Charging Infrastructure Framework.

19. A more extensive list of key performance achievements is included in **Appendix two**.

Equality update

20. The Equality Act 2010 places a duty on local authorities to prepare and publish one or more measurable and specific equality objective(s).
21. The section below provides an overview of specific activities undertaken between April 2020 – October 2020, aligned to the County Council's equality objectives. These actions are predominantly internally focused to maintain and strengthen the organisation's position as an inclusive employer. Key activities included:
- publication of the County Council's Modern Slavery Statement, requiring all key services to assess and log status against the statement;
 - an online programme of events for Black History Month, including a strong statement of support and endorsement from the Chief Executive;
 - a series of 'Let's Talk Race' interventions, which provided colleagues with the opportunity to share and reflect on their personal and workplace experiences;
 - an online programme of events for National Inclusion Week, which engaged 127 staff in webinars and online activities.
 - compulsory I&D e-learning for all line managers and supervisors;
 - the introduction of COVID-19 self-assessment toolkits to safeguard all colleagues at work, particularly those in frontline and social care roles, with a specific assessment tailored for Black, Asian, and Minority Ethnic colleagues;
 - a comprehensive offer of health and wellbeing support to staff, encompassing physical and mental health in addition to resources that support personal development and maintaining contact with people whilst working from home.

Local Government and Social Care Ombudsman Determination

22. On 6 November 2020 the Local Government and Social Care Ombudsman (LGSCO) issued a report under Section 30 of the Local Government Act 1974 (Act) regarding determination of an investigation against the County Council. A copy of the report is attached at Appendix three. The report sets out details of the complaint, findings, conclusions and recommendations of the LGSCO.
23. Where a report is issued by the LGSCO under Section 30 of the Act, the County Council is required to formally consider the report within 3 months of the date of issue and confirm to the LGSO the action it has taken or proposes to take. Whilst we are not clear as to the specific circumstances as to why the LGSCO has chosen to issue a report under Section 30 of the Act, we fully accept that we did get things wrong in this case, and lessons have been learned and actions undertaken.

24. All the recommendations of the LGSCO as contained in the report have now been completed.

Conclusions

25. During the first half of the year, the County Council's overall performance has been assessed as good. Sustaining this performance, across a range of core public services, at a time of a major global pandemic, exit from the European Union and severe economic and financial uncertainty - represents an extraordinary feat. It is testament to the sound stewardship of the County Council, strong public support, and the exceptional commitment and flexibility of staff.
26. Good progress also continues to be made to advance inclusion, diversity and wellbeing, supporting the County Council's overarching equality objectives.
27. As per requirements under Section 30 of the Local Government Act 1974 (Act), this report also provides for Cabinet details of an investigation against the County Council.

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>
Serving Hampshire - Strategic Plan for 2017-2021	19 June 2017
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:

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

Due regard in this context involves having due regard 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 in which participation by such persons is disproportionately low.

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.

Appendix one: Sources of internal and external validation

The following table sets out the results of external and internal assessments and validations which apply to the County Council at half year 2020/21.

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 June 2019
Inspection of children's homes	Residential care homes inspection	External – Ofsted	Six children's homes (out of ten in total) are graded Outstanding or Good. Ofsted suspended inspections in April 2020 due to the COVID-19 pandemic. Inspections have been replaced by 'Assurance Visits' from September 2020 which do not lead to a judgement / grade although requirements may still be made. Five of the seven homes that are open have been visited
School Inspections	Inspections of schools	External – Ofsted	As at the end of March 2020, 93.3% of schools were judged to be <i>Good</i> or <i>Outstanding</i> by Ofsted. Ofsted inspections were suspended from March through to September
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 2019 Social Care Self-Assessment was sent to Ofsted ahead of the annual conversation which took place in July 2020, having been postponed from March due to COVID-19

Assessment title	Area	External/internal	Latest judgement
Inspection of Hampshire youth offending services	YOT inspection	Her Majesty's Inspectorate of Probation	Overall <i>Good</i> 2018. The inspectorate considered the arrangements for organisational delivery, the quality of court disposals, and out-of-court disposals work when making its judgement www.justiceinspectorates.gov.uk/hmiprobation/inspections/hampshireyos/
Restorative Justice Council's Restorative Services Quality Mark	Youth Offending Team	External – Restorative Justice Council	Restorative Services Quality Mark awarded in April 2016 and applies until March 2023
Adults' Health and Care			
Adult Social Care Services Inspection	Inspection of in house provided residential and nursing homes	External – Care Quality Commission	22 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	Four of the County Council's residential and nursing homes have maintained their Platinum accreditation with the Gold Standards Framework: <ul style="list-style-type: none"> • Emsworth House • Fleming House • Malmesbury Lawn • Westholme
Economy, Transport and Environment			

Assessment title	Area	External/internal	Latest judgement
Accreditation to ISO9001:2015 – Quality Management	Economy, Transport & Environment (ETE) Department – whole department	External – British Standards Institute (BSI)	Usually assessed every May and November. Last visit (July 2020, delayed due to COVID restrictions) resulted in accreditation being successfully maintained. The next assessment is due in December 2020
Culture, Communities and Business Services			
UKAS Accreditation	Hampshire Scientific and Asbestos Management services following an annual assessment	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 2020 - 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 2021</p> <p>Hampshire and Cass Foundation Mountain Centre: Validation expires July 2022</p>
Learning Outside the Classroom (LOtC)	Hampshire Outdoor Centres	External - Council for Learning Outside the Classroom (CLOtC)	<p>Calshot Activities Centre: Validation expires June 2021</p> <p>Runway’s End Outdoor Centre: Validation expires February 2021</p> <p>Tile Barn Outdoor Centre: Validation expires Aug 2022</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 2021 Runway's End Outdoor Centre: Validation expires February 2021 Tile Barn Outdoor Centre: Validation expires Aug 2022
National Indoor Climbing Award Scheme (NICAS)	Hampshire Outdoor Centres	External - ABC Training Trust	Calshot Activities Centre: Validation expires at the end of Sept 2021
Royal Yachting Association (RYA) Recognised Training Centre	Hampshire Outdoor Centres	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – expires January 2021
Royal Yachting Association (RYA) Sailability accreditation	Hampshire Outdoor Centres	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – expires January 2021 to provide accessible shore-based facilities for sensory, physical or other disabilities
British Canoeing Quality Mark (BC)	Hampshire Outdoor Centres	External - British Canoeing	Calshot Activities Centre achieved the Quality mark – expires December 2020
Green Flag Awards	Outdoor accreditation for a variety of areas	External - Keep Britain Tidy	Green Flag awarded in 2020 to Lepe, Royal Victoria and Queen Elizabeth Country Parks. Royal Victoria Country Park has also been awarded the Green Heritage Award

Assessment title	Area	External/internal	Latest judgement
Ease of Use Survey	Volunteer survey of the Rights of Way network	External	Audits a minimum of 5% of the network each year (2.5% twice a year, in May and November), based on a set methodology. In May 2020 68% of surveys rated rights of way as 'compliant', consistent with the general expectation of 60%-70%
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 (CSM) ¹ , developed by the Joint Nature Conservation Committee (JNCC) for the whole of the UK, with 88% of sites assessed as 'favourable' or 'recovering'
Rural Payment Agency (RPA) Inspections	Countryside sites with Pillar 1 and Pillar 2 common agricultural agreements in place	External - Rural Payment Agency (RPA)	The Rural Payments Agency (RPA) inspects a percentage of agreements each year on behalf of Natural England. The inspections check agreement holders are meeting the schemes' terms and conditions. There are no 'None Compliance Notices' active on the land managed by the HCC Countryside Service
Animal and Plant Health Agency (APHA) checks	Inspect animal health and welfare	External - Animal and Plant Health Agency	Spot check countryside sites for animal health and welfare and plant disease. There are no outstanding actions following APHA inspections on HCC Countryside locations

Assessment title	Area	External/internal	Latest judgement
Food Hygiene Ratings	Countryside Country Park cafes	Environmental Health Officer	Current ratings: 5-star ratings at Manor Farm, Staunton Farm, Titchfield Haven, Royal Victoria, Lepe Country Parks and 4-star ratings at 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	Received positive high rating in 2016, Next assessment due November 2020 (4-year cycle for those with a high rating) (This will probably be delayed due to COVID-19 restrictions and impacts)
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 submitted in May 2020 (one-month delay in submission due to COVID-19 impacts). Positive comments received regarding performance and development of service in light of pandemic impacts at that time
Hyperactive Children's Support Group's Highest Award for Excellence in School Catering	HC3S annual assessment to retain accreditation for removal of specific additives in primary school meals	External - Hyperactive Children's Support Group	Current accreditation has been extended to September 2020 due to COVID-19. New date for re-accreditation not yet confirmed

Assessment title	Area	External/internal	Latest judgement
Food Hygiene Rating Scheme	HC3S	External – Allergen Accreditation	EII Restaurant and Coffee Shop, SHHGA, secondary schools, Fareham Library, Winchester Discovery Centre, Eastleigh Borough Council Coffee Shop – annual re-accreditation was delayed due to COVID-19 but, as of September 2020 was being progressed
Annual kitchen audits	HC3S internal audit covering various aspects of catering operation i.e. health and safety, training, finance	Internal	Healthy Kitchen Assessments (HKA's) are undertaken throughout the year and records are held of all those completed per academic year, Sept to Aug. COVID-19 impacted access to schools for 2019/20 and 263 HKAs were completed (compared to 338 in the previous year)
Food for Life Served Here	HC3S	External - Soil Association	Bronze re-accreditation achieved in January 2020 having been assessed against their criteria as providing freshly made, locally sourced food

Assessment title	Area	External/internal	Latest judgement
European Notified body Status for measuring instruments and Non-automatic Weighing machines	Trading Standards	External - National Weights & Measures Laboratory (NWML) on behalf of the Secretary of State for BEIS	<p>Status maintained. Latest full external reassessment undertaken on 30 Jan 2020. Due for external surveillance audit between September and November 2020 (Reported to Regulatory Delivery at the Department for Business, Energy & Industrial Strategy)</p> <p>On 8 September 2020 the Council gave written notice of termination of this function to the Department for Energy Business and Industrial Strategy. Our status as a notified body will cease on 6 December 2020</p>
Institute of Road Transport Engineers (IRTE) Workshop and Technician Accreditation	Hampshire Transport Management (HTM)	External - Freight Transport Association (FTA)	HTM have an external accreditation and audit by the FTA every three years for the workshop and technicians to be IRTE accredited. All five workshops were audited and passed in February 2018. The duration is three years and is due again in February 2021. The technicians are assessed on a rolling three-year basis
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 three yearly intervals. Expires March 2021

Assessment title	Area	External/internal	Latest judgement
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. Expires August 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. Expires September 2020. Currently working towards reaccreditation, nearing completion October 2020
Corporate Services			
2019 National Inclusion Standard	Corporate	External – Inclusive Employers	Participated in the 2019 Standard Assessment and awarded <i>Bronze</i> (September 2019) – accreditation remains valid in 2020/21
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

Assessment title	Area	External/internal	Latest judgement
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 19/20 based on the design of the control environment. This enables all partner organisations to get independent assurance comfort to an external accredited standard on the overall control environment. In 2020/21, this assurance work will extend to both the design and operation of controls
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

Appendix two: 2020/21 key performance achievements at half year

Serving Hampshire priority	Achievement
<p>Outcome one: Hampshire maintains strong and sustainable economic growth and prosperity</p>	<p>Hampshire’s Highways teams began the annual programme of surface treatments in May during the COVID-19 lock down, so that work could be completed whilst traffic levels were reduced, during which time around 20% more road defects were identified and treated compared with the previous year</p>
	<p>The County Council’s Travel Planning Team has won two awards in the 2020 <i>Modeshift National Sustainable Travel Awards</i>, recognising its commitment to promoting sustainable school transport. These awards were:</p> <ul style="list-style-type: none"> • ‘Excellence in Walking’, for the Council’s Walktober project during October to celebrate International Walk to School Month; and • ‘Best Project under £1,000’ for the Transition Time scheme to help families to plan safe, clean and sustainable journeys to school as they move to a new setting
	<p>The County Council secured an award of almost £1million from the Department for Education’s (DfE) Construction Skills Fund and the Construction Industry Training Board (CITB) to fund new training opportunities for people in Hampshire looking for a career in construction</p>
	<p>An additional £1 million of investment has been provided by the County Council to ‘top-up’ the Government’s existing Gigabit Broadband Voucher Scheme (GBVS), to help improve broadband for people in hard-to-reach locations. Residents in these areas are eligible for vouchers worth up to £3,000 for each home connected</p>
	<p>Hampshire Futures and the Hampshire Careers Partnership launched a new website, <i>Flying Start Hampshire</i>, to support the county’s young people, with a focus on Year 11 students as they prepare to move on from secondary education to further and higher education, training or employment, having secured their GCSE results</p>
	<p>The web page is a central hub for a range of information and links to online sources of support, guidance and resources for young people, including new material to support students through the current COVID-19 pandemic. The initiative has been supported by the Southern Universities Network (SUN)</p>

Serving Hampshire priority	Achievement
	<p>The County Council has secured £1 million in European Social Funding for construction skills training for the unemployed to help 1,450 adults across Hampshire. The funding will allow people to undertake pre-employment training in a number of construction disciplines enabling them to enter apprenticeships, employment, and work experience</p>
<p>Outcome two: people in Hampshire live safe, healthy and independent lives</p>	<p>98% of parents were offered a reception year place for their child in one of their three preferred choice schools, with 91% allocated a place at their first choice of school, consistent with performance in 2019</p> <p>The County Council received a positive report, following a joint inspection of Hampshire’s Special Educational Needs and Disability (SEND) services by Ofsted and the Care Quality Commission (CQC) in March 2020</p> <p>The <i>Wheels to Work</i> Loan Scheme, which enables young people to borrow mopeds so they can get to work or vocational training, is to be extended until 2023, beyond the original March 2021 contract. The scheme, funded by the County Council and district partners, currently operates in East Hampshire, New Forest, Test Valley and Winchester and has the capacity to loan out 28 mopeds across these four districts, with the new contract to also offer the service to young people over 25. Over the first half of 2020/21 the scheme supported 42 young people to travel 42,799 miles in order to access work, training or apprenticeships. Over the last year two thirds of service users have reported that they were able to find and sustain employment as a result of the scheme</p> <p>91 apprenticeship levy applicants have been approved in the care sector, of a total of 120 as part of the apprenticeship levy in 2020/21. As well as the care sector, local organisations able to request a share of the County Council’s transferred levy fund, with priority given to small and medium enterprises, public bodies such as local councils, the emergency services and construction companies. Employers are encouraged to give the offer of an apprenticeship to those who are vulnerable, such as young people who are not in education or training, the long-term unemployed, care leavers and people with special educational needs and disabilities</p>

Serving Hampshire priority	Achievement
	<p>The Clarence Unit opened in Gosport in August, providing 885 beds for short-term care to free up hospital beds at the Queen Alexandra Hospital whilst longer term service needs can be assessed and arranged</p> <p>The Coronavirus Hampshire Helpline (Hants Help 4 Vulnerable) was launched, signposting residents to information, advice and relevant services to support with issues related to finances, mental health, domestic abuse, bereavement, substance misuse, volunteering, and local community support</p> <p>Approval has been given for the County Council to proceed with building 60 affordable units of Extra Care Housing in Gosport as part of the County Council's wider £45 million investment in the development of Extra Care accommodation for Hampshire residents. The units are expected to be developed by the end of 2022, along with facilities including a restaurant, café and hairdressing salon, and communal residents' lounge</p> <p>Attendance at Hampshire schools was above the national average during 2020. The week ending 18 September 2020 saw 91% of primary aged children attending Hampshire schools compared to 86% nationally; and 92% of secondary aged pupils compared to 88% nationally. Many absences were the result of the need to continue shielding because a pupil had a serious medical condition, or a pupil was sick for non-COVID-19 reasons</p>
<p>Outcome three: People in Hampshire enjoy a rich and diverse environment</p>	<p>The County Council's Wessex Film and Sound Archive's '100 days of film' online scheme, launched in August 2020, enabling people to enjoy local film archive footage spanning from the 1910s to the 1970s, as well as providing access to historical archives during the pandemic while the Hampshire Record Office has been closed</p> <p>Four Hampshire venues and buildings have been shortlisted for 2020's SPACES (Society for Public Architecture, Construction, Engineering and Surveying) national awards. These awards' results have been postponed to 2021, owing to the COVID-19 pandemic</p> <p>The Climate Change Strategy and Action Plan were adopted by the County Council's Cabinet in September. The Strategy commits the County Council to working with partners to make Hampshire carbon neutral by 2050</p>

Serving Hampshire priority	Achievement
	<p>The County Council's Central Southern Regional Electric Vehicle Charging Infrastructure Framework has won the category of Public Sector Infrastructure Strategy of the Year in the 2020 Electric Vehicle Innovation and Excellence Awards</p> <p>Sir Harold Hillier Gardens has won gold in the annual South and South East in Bloom Awards for the sixth year in a row. The award committee praised new developments, including a new restaurant planned to open in spring 2021 and the upcoming creation of a 'frontier garden' featuring plants at the limits of outdoor hardiness in the British environment</p> <p>The County Council, as part of the Watercress and Winterbournes Landscape Partnership Scheme, has secured £1,937,800 of National Lottery funding to enhance and protect the unique chalk headwater streams of the Test and Itchen rivers</p>
<p>Outcome four: people in Hampshire enjoy being part of strong, inclusive communities</p>	<p>The County Council has worked with partners from the voluntary and community sector to harness and co-ordinate voluntary support for vulnerable residents during Covid-19, such as linking people directly to locally co-ordinated practical support with shopping and medicine delivery</p> <p>Extra support has been provided to local communities in response to COVID-19, awarding £100,000 to 20 community organisations as part of the Local Authority's Supporting Families Programme, and increasing County Councillor's devolved grant budget to £10,000 for 2020/21 to support local projects, initiatives and organisations</p> <p>The County Council continued to demonstrate its commitment to supporting the Armed Forces by innovatively marking the 75th anniversary of VE Day, despite COVID-19 restrictions, with a specially recorded film featuring personal reflections from the Leader and the County Council's Armed Forces Champion, as well as the former Deputy Commander of the 11th Infantry Brigade, and the Dean of Winchester Cathedral</p> <p>Hampshire Archives and Local Studies and Wessex Film and Sound Archive is engaging with residents, documenting how lives have changed during the global pandemic, with the aim of providing a historic record of lives in 2020, to be shared in 2021 as part of the County Council's <i>Making History: Making Movies</i> project</p>

Serving Hampshire priority	Achievement
<p>The way we work:</p> <ul style="list-style-type: none"> • Develop accessible and efficient online services • Work closely with our partners • Use taxpayers' money wisely • Value people's differences • Keep improving 	<p>Decision meetings at the County Council have moved online to enable the continuation of the democratic process during the pandemic, with the Authority's first ever virtual Annual General Meeting held in May 2020</p> <p>The ePermit system for Household Waste and Recycling Centres has been successfully rolled out across Hampshire in August 2020, allowing for the introduction of a cross border charge</p> <p>The Children's Services Department was a finalist, and was highly commended, in the 2020 Municipal Journal Achievement Awards, in the category of Workforce Transformation. The nomination takes note of investment in recruiting additional social workers and new technology to free up the social workers from many of the administrative tasks, allowing them in their role and allow them more time to spend more time working directly with children and families</p>

**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint against
Hampshire County Council
(reference number: 19 016 357)**

6 November 2020

The Ombudsman's role

For more than 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Mrs F	The complainant
Mr G	Her relative

Report summary

Adult Social Care – council assessment

Mrs F complains the Council has failed to assess Mr G's needs properly and has failed to provide him with a personal budget which is sufficient to meet his needs.

Finding

Fault found causing injustice and recommendations made.

Recommendations

We recommend the Council:

- within four weeks of the date of this report:
 - backdates Mr G's initial personal budget to the date Mrs F told the Council his capital had fallen below £23,250;
 - backdates the additional funding agreed for the morning call in 2020 to the middle of September 2019;
 - pays Mr G £200 to remedy the injustice caused by the failure to meet his need for help with housework and domestic tasks;
 - writes to Mrs F apologising for the failings we have identified and pays her £250 for the time and trouble it has put her to in pursuing the complaint;
 - reassess Mr G's needs addressing the need for help maintaining a habitable home and update his care and support plan;
- within eight weeks of the date of this report:
 - report to us the action it has taken to ensure:
 - more joined up working between departments so that when someone reports capital falling below £23,250 they are referred for an assessment;
 - assessments address the need for help achieving the outcome of maintaining a habitable home without taking account of the support already in place and people are provided with the support they need and not told to pay for it themselves;
 - officers always produce and retain a care and support plan when required.

The Council has accepted our recommendations.

The complaint

1. The complainant, whom we refer to as Mrs F, complains the Council has failed to assess Mr G's needs properly and has failed to provide him with a personal budget which is sufficient to meet his needs. This left Mr G having to pay for some of his care himself.

Legal and administrative background

2. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
3. The Care and Support (Eligibility Criteria) Regulations 2014 set out the eligibility threshold for adults with care and support needs. The threshold is based on identifying how a person's needs affect their ability to achieve relevant outcomes, and how this impacts on their wellbeing. To have needs which are eligible for support, the following must apply.
 - The needs must arise from or be related to a physical or mental impairment or illness.
 - Because of the needs, the adult must be unable to achieve two or more of the following outcomes.
 1. Managing and maintaining nutrition.
 2. Maintaining personal hygiene.
 3. Managing toilet needs.
 4. Being appropriately clothed.
 5. Being able to make use of the adult's home safely.
 6. Maintaining a habitable home environment.
 7. Developing and maintaining family or other personal relationships.
 8. Accessing and engaging in work, training, education or volunteering.
 9. Making use of necessary facilities or services in the local community including public transport, and recreational facilities or services.
 10. Carrying out any caring responsibilities the adult has for a child.
 - Because of not achieving these outcomes, there is likely to be a significant impact on the adult's wellbeing.
4. Although councils can address any other outcomes they consider relevant, they must address all the outcomes identified in the Regulations. The Care and Support Statutory Guidance ("the Guidance") says "*there is no hierarchy of needs*" (paragraph 6.114).
5. Section 24(3) of the Care Act 2014 sets out the circumstances for giving someone an independent personal budget (a statement which specifies what the cost would be to a council of meeting the adult's eligible needs for care and support).

However, as this section of the Act has not been enacted, there is no duty to produce an independent personal budget.

How we considered this complaint

6. We have produced this report after examining the relevant files and documents, and discussions with Mrs F.
7. We gave Mrs F and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before we completed the report.

What we found

8. Mr G has dementia. He lives alone.
9. The Council provided reablement care for Mr G in 2018, following a referral from his GP. It completed an assessment of his needs in October 2018. The assessment addresses Mr G's needs relating to:
 - physical wellbeing;
 - mental wellbeing;
 - medication;
 - daily living;
 - personal care;
 - meals and nutrition;
 - social inclusion;
 - environment;
 - mobility and transfers; and
 - money management.
10. For most of these issues the Council's assessment template invites the assessor to identify: the desired goal (outcome); possible risks; and the required actions. But it does not do this for daily living. The assessment says Mr G needs help with: medication; personal care; meals and nutrition; and money management. For daily living, it says family help with shopping, laundry and a private carer does some housework.
11. The assessment says Mr G has eligible care needs as he cannot achieve two or more of these outcomes without support:
 - managing and maintaining nutrition;
 - maintaining personal hygiene;
 - managing toilet needs;
 - being appropriately clothed; and
 - being able to make use of the home safely.
12. The assessment says Mr G needed help twice a day:
 - 45 minutes each morning to help with washing, dressing and medication; and
 - 30 minutes each evening to help with washing, undressing and medication.

-
13. The assessment says:
 - Mr G's family helped with shopping and laundry;
 - a private carer did some housework;
 - the family visited every afternoon to give him his tea and leave him with a snack; and
 - Mr G had meals on wheels most days but went to his family on Sundays.
 14. Mr G had capital over £23,250 so had to pay the full cost of his care. The assessment says:
 - Mr G and his family knew there would be a £296 one off fee and £6 weekly charge if he asked the Council to arrange his care;
 - the family decided to arrange Mr G's care and said they would want direct payments when his capital fell below £23,250;
 - the reablement team would continue to visit Mr G until the family arranged care was in place; and
 - the family knew the Council arranged care would become chargeable on 5 November.
 15. The Council did not produce a care and support plan or give Mr G a personal budget. It says this was not necessary as he was self-funding.
 16. Mrs F contacted the Council when Mr G's capital fell below £23,250. The Council did a financial assessment and found Mr G's capital fell below £23,250 on 9 May. As part of the assessment of Disability Related Expenditure, the Council allowed £14.88 a week for the cost of employing a domestic cleaner. It said Mr G would have to pay £68.38 a week towards the cost of his care.
 17. On 11 July Mrs F told the Council they were using a care agency which charged £25 to £26 an hour to care for Mr G for one hour each morning and evening (the agency's minimum call length is one hour). She asked if the Council would fund this via direct payments. It said it would need to assess Mr G first. It also said it would check if another care agency could meet Mr G's needs for less than £25 an hour. It said Mr G or his family could fund any shortfall if they wanted to continue with the same care agency. Mrs F asked if the Council would backdate funding to May. It said that was unlikely, although it would consider the request.
 18. The Council visited Mr G to assess him on 16 August. The assessment contains much of the information from the previous assessment and, overall, Mr G's needs remained as in 2018. However, in the section on meals and nutrition, it says Mr G's family visited three times a week at tea-time and paid a neighbour to visit the other days to prepare and prompt eating and drinking.
 19. The Council has provided a care and support plan for Mr G which it says is from August 2019. The plan says family visited three times a week and a neighbour four times a week to prepare and prompt eating and drinking. It says the Community Reablement Team had assessed the morning call to take 45 minutes. It summarises "*the services to be provided from 16 August 2019 to 31 August 2020*" which therefore includes changes agreed at later dates:
 - 11 July to 31 August 2019 £181.64 a week;
 - 1 September 2019 to 25 May 2020 £200.27 a week;
 - 26 May to 25 June 2020 £340.62 a week;

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- 26 June to 31 August 2020 £402.99 a week.
20. Mrs F says the Council never sent her a copy of Mr G's care and support plan and just confirmed any changes to funding by e-mail.
21. The Council's case note for 16 September says it backdated the direct payments to 11 July, when Mrs F told the Community Team Mr G's capital fell below £23,250. It says the direct payments were to pay for 9 hours and 45 minutes of care a week:
- 45 minutes each morning to help with personal care;
 - 15 minutes four days a week to help with fluid and nutritional intake at tea-time; and
 - 30 minutes each evening to help with personal care.
- Assuming the Council paid £18.63 an hour (see paragraph 26 below), Mr G's personal budget will have been £181.64 a week.
22. On 19 September the care agency told the Council the morning call took an hour and a half as Mr G could be doubly incontinent overnight. This meant the carer would have to change the bed and clean the bathroom and floor. The care agency said the call did not include other domestic tasks or companionship. It said Mr G could be confused and anxious, requiring a lot of reassurance before completing tasks.
23. The Council visited Mr G on 23 September at 7am to observe his morning routine. The carer said she arrived at 6.45 and completed all the tasks by 8am. This included getting Mr G up, helping him to the toilet, washing him, dressing, providing breakfast, making the bed, prompting medication, cleaning the bathroom and kitchen, and turning the washing machine on. The carer said Mr G had his hair washed on Wednesday and his bed stripped on Fridays. She said some days a used pad may be left in the bathroom and the floor would need to be cleaned. The Council records say:
- Mr G needs 45 minutes to 1 hour;
 - extra time was needed to do housework and other domestic tasks, if this had been agreed the carers would need an hour and a quarter to an hour and a half;
 - carers were heating water in a kettle (which was slow to boil) because the immersion heater took 20 minutes to heat up.
24. Mrs F rang the Council on 4 November. She asked if the Council would increase Mr G's direct payment as:
- the tea-time call never took less than 30 minutes, as he needed prompting to eat and drink and can be incontinent;
 - the morning calls lasted between an hour and an hour and a half, if Mr G had soiled himself and the bed, bathroom and carpets needed cleaning.
25. The Council told Mrs F a Manager had been asked several times to consider her request but had not responded. Mrs F complained about the failure to respond to her concerns.
26. The Council replied to Mrs F's complaint on 18 December. It apologised for the delay in responding to her concerns. It said it had agreed to increase Mr G's personal budget to pay for 10 hours 45 minutes of care a week but failed to implement this. It said it would backdate the increase to 1 September. The

additional time (an hour a week) was to increase the length of the tea-time calls to 30 minutes. The Council said its hourly rate was £18.63 an hour, so this took Mr G's chargeable personal budget to £200.27 a week. It said the hourly rate was based on what it would cost the Council to commission Mr G's care.

27. The Council did not update Mr G's care and support plan to reflect this change.
28. The Council's case note for 23 December says the care agency's minimum call length is one hour. It says it had advised Mr G's family that "*certain things such as cleaning*" could be covered by benefits (e.g. Attendance Allowance).
29. Mrs F wrote to the Council on 27 December as she was unhappy with its response to her complaint. She asked why it was only providing support at tea-time four days a week, when Mr G needed help every day. She said the visit on 23 September had not been typical, as the carer did not have to clean the bathroom before helping Mr G wash and dress. She sent the Council copies of the carers' records of the visits from 1 August to 4 November 2019. She said these showed Mr G needed an hour visit in the morning, 30 minutes at tea-time and 30 minutes in the evening. Mrs F also questioned the hourly rate. She said she had only recently learned that the Council could negotiate lower hourly rates with care agencies than those on offer to people who contracted privately. She said no one would tell her how much Mr G would get when they first contacted the Council in 2018. She said they were reluctant to change care agency, given Mr G's dementia and the fact he has regular carers. She said they may have chosen a different care agency if they had known from the start how much Mr G would get.
30. The carers' records for 1 August to 4 November show the length of the morning calls ranged from an hour to an hour and 45 minutes. The average call length was 1 hour and 23 minutes. However, the earlier calls were mainly in the 1 hour and 15 minutes to 1 hour and 20 minutes range. Towards the end they were mainly around 1 hour and 30 minutes.
31. When the Council replied the same day, it said:
 - it provided funding for four tea-time calls because it understood the family was visiting three days a week;
 - it would fund services if family or community resources could not meet needs but had to look to them to meet needs as well;
 - it would reconsider the length of morning calls at the next review but the decision not to increase the length of the call in September was not just based on observation but also on experience;
 - it was sorry the hourly rate was not made clear at the start, but it could not commit to paying whatever a care agency charged. It was for the family to decide if they wanted to change care provider.
32. When Mr G came out of hospital on 26 May 2020, the Council agreed to fund an additional 30-minute call at lunchtimes, to support Mr G with eating and drinking. On 15 June the Council confirmed it would fund two and a half hours of care a day from 26 May:
 - one hour in the morning;
 - 30 minutes at lunchtime;
 - 30 minutes at tea-time; and

-
- 30 minutes at bedtime.

Mr G's care and support plan (see paragraph 19 above) says his personal budget is £340.62.

33. The Council's financial assessment says Mr G would have to pay up to £46.84 a week towards the cost of his care. This took account of disability related expenditure of £15.10 a week for domestic help.

Conclusions

34. In 2018 the Council had no duty to meet Mr G's needs as he had capital over £23,250 and his family did not ask it to arrange his care. Under the Care Act 2014, the Council did not therefore have to produce a care and support plan for Mr G, or give him a personal budget (see paragraph 5 above).
35. The Council knew Mr G's capital had fallen below £23,250 before Mrs F contacted it on 11 July 2019. The Council should have backdated Mr G's personal budget to the date that she told it his capital had fallen below £23,250. The failure to do so was fault by the Council. It needs to correct that error and make sure there is more joined up working between its departments in future.
36. The Council has not been able to provide a copy of Mr G's care and support plan from August 2019. It has only been able to provide an amalgamated document which reflects subsequent changes. It also failed to share the August 2019 plan with his family or subsequent updates to the plan. That is fault by the Council.
37. The Statutory Guidance says there is no hierarchy of needs (see paragraph 4 above). This means the need for help maintaining a habitable home is as important as the need for help managing and maintaining nutrition. The Council has failed to address Mr G's need for help maintaining a habitable home environment. Its assessments cursorily address issues relating to "daily living". They refer to the support provided by his family and a paid carer. However, the Guidance says: "*Authorities must only take consideration of whether the adult has a carer, or what needs may be met by a carer after the eligibility determination when a care and support plan is prepared*". Given the level of support Mr G needs in other areas, it seems likely he has an eligible need for support maintaining a habitable home. But the Council has failed to identify that need, which was fault. The Council needs to change the way it assesses people to make sure officers give proper consideration to the need for help maintaining a habitable home.
38. It appears the Council's usual practice is to tell people they should meet such needs by paying for support themselves (see paragraph 28 above). But the Council has a duty to meet eligible needs and cannot fulfil that duty by telling someone to pay for support themselves. A financial assessment is the mechanism which determines how much someone should contribute towards the cost of their care. The Council's failure to meet this need is fault. In 2019 the Council disregarded £14.88 for the cost of domestic help and £15.10 in 2020. While this reduced the impact of the Council's failure, it did not negate it as Mr G's personal budget provided for an hourly rate of £18.63. The Council needs to recompense Mr G for the extra costs incurred.
39. When the Council visited Mr G in September 2019 to watch his morning routine, his carer was with him for an hour and a quarter. The carer did nothing for him which he could have done for himself. However, the Council decided Mr G's needs could be met within 45 minutes to an hour, or an hour and a quarter to an hour and a half if there had been an agreement to fund housework and domestic

tasks. In December Mrs F provided evidence in the form of the carers' records, which showed Mr G's needs had increased by the middle of September, as they were spending longer with him. This should have triggered a review of Mr G's needs. But that did not happen until June 2020. This meant there was a delay in identifying the need for more time on the morning call. The Council therefore needs to backdate the additional funding to the middle of September 2019.

40. We cannot find fault with the Council for only providing funding for tea-time care four days a week in 2019. It is clear the Council had been told the family was providing support on the other three days. Nor can we find fault with the Council over its hourly rate. Under the Care Act, the personal budget must be "*the cost to the local authority*" of meeting the person's needs. The Council does not have to pay more than that if someone chooses a more expensive care provider. It can take account of costs and it has been established in the Courts that they do not have to pay more than it would cost them to meet someone's needs. There is not enough evidence to say Mrs F would have chosen a cheaper care agency if the Council had produced an independent budget at the start. This reflects the fact she chose an agency which had a one-hour minimum call length, despite knowing the Council had not assessed Mr G as needing calls of that length.
41. The Council's faults resulted in it not meeting all Mr G's eligible care needs. This left him paying for care which the Council should have been paying for.

Recommended action

42. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet, or other appropriately delegated committee of elected members and we will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)
43. In addition to the requirements set out above, we welcome that the Council has agreed:
- within four weeks of the date of this report to:
 - backdate Mr G's initial personal budget to the date Mrs F told the Council his capital had fallen below £23,250;
 - backdate the additional funding agreed for the morning call in 2020 to the middle of September 2019;
 - pay Mr G £200 to remedy the injustice caused by the failure to meet his need for help with housework and domestic tasks;
 - write to Mrs F apologising for the failings we have identified and pays her £250 for the time and trouble it has put her to in pursuing the complaint;
 - reassess Mr G's needs addressing the need for help to maintain a habitable home and update his care and support plan;
 - within eight weeks of the date of this report:
 - reports to us the action it has taken to ensure:
 - more joined up working between departments so that when someone reports capital falling below £23,250 they are referred for an assessment;

-
- assessments address the need for help achieving the outcome of maintaining a habitable home without taking account of the support already in place and people are provided with the support they need and not told to pay for it themselves;
 - officers always produce and retain a care and support plan when required.

Decision

44. The Council was at fault because it:

- has failed to do a Care Act compliant assessment;
- delayed in implementing Mr G's personal budget;
- failed to review Mr G's needs in September 2019;
- either failed to produce or failed to retain a care and support plan for Mr G in 2019; and
- failed to identify and therefore meet Mr G's eligible need for help maintaining a habitable home.

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HAMPSHIRE COUNTY COUNCIL

Report

Decision Maker:	Cabinet
Date:	9 February 2021
Title:	Constitutional Matters
Report From:	Chief Executive

Contact name: Barbara Beardwell

Tel: 03707 793751

Email: Barbara.beardwell@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to advise changes to the allocation of Executive Functions.
2. In addition, this report proposes a change in the responsibility for scrutiny of Regulatory Services from the Policy and Resources Select Committee to the Culture and Communities Select Committee.
3. This report also proposes an update to Standing Order 12 and Executive Procedures in order to enable continuation of the ability for deputations to be received remotely, and for Individual Executive Member Decision Days to continue to be held remotely, in consequence of the continued restrictions posed by the Covid-19 pandemic, to provide certainty for the business of the County Council.
4. This report also proposes an amendment to Contract Standing Orders, clarifying the position regarding the '10% rule'.

Recommendation(s)

Cabinet is asked to:

5. Note the revised allocation of responsibility for Executive Functions at Appendix 1 of this report to be reported to the County Council at the County Council meeting on 25 February 2021.
6. Recommend the revised allocation of Scrutiny Functions contained at Appendix 2 of this Report for approval by the County Council, to be effective from 1 April 2021.

7. Recommend the amendments to Standing Order 12 and Executive Procedures, as indicated at Appendix 3 and 4 to this Report for approval by the County Council.
8. Recommend the amendment to Contract Standing Order 3 contained at Appendix 5 of the Report for approval by the County Council.

Executive Summary

9. Part 1, Chapter 17, Paragraph 1.3 of the County Council's Constitution requires that changes to the Constitution consequential upon the allocation of responsibility for Executive Functions decided by the Leader, be reported to the Cabinet and then to the County Council. Following the resignation of Councillor Woodward as Executive Member for Recreation and Heritage on 14 December 2020, the Leader has revised the portfolios of Members of Cabinet, combining the previous portfolios of the Executive Member for Recreation and Heritage and the Executive Member for Countryside and Rural Affairs. The title of the revised portfolio is Executive Member for Recreation, Heritage, Countryside and Rural Affairs.
10. This report identifies the portfolios of Members of Cabinet, including the revised portfolio of the Executive Member for Recreation, Heritage, Countryside and Rural Affairs, and the functions, powers and responsibilities around which Executive Members can make decisions.
11. Cabinet will recall that responsibility for Regulatory Services has been reallocated from the Executive Member for Policy and Resources to the Executive Member for Recreation and Heritage (now Executive Member for Recreation, Heritage, Countryside and Rural Affairs). It seems appropriate also that responsibility for scrutiny of Regulatory Services be within the Culture and Communities Select Committee, so that the Culture and Communities Select Committee is able to scrutinise all services within the Executive Member portfolio. It is suggested for budgetary purposes that any change be effective from 1 April 2021.
12. Cabinet will also recall that following the recommendation of Cabinet at its Meeting on 15 May 2020, the County Council approved at its Meeting on 29 May 2020, the application of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 (2020 Regulations), to deputations and Individual Executive Member Decision Days, thereby enabling Individual Executive Member Decision Days to be held remotely and for deputations to be received at Meetings of the County Council, Committees and Standing Panels, Cabinet and Individual Executive Member Decision Days held remotely for the duration of the 2020 Regulations. The 2020 Regulations are due to expire on 7 May 2021, and this report therefore recommends continuation of these provisions.

13. Contained within Financial Regulations is a requirement within the tender process that, if after allowing for inflation tenders/quotations exceed an approved estimate by more than 10%, then further Executive Member approval is required. For clarity and to guard against any potential challenge it is suggested that direct provision for this is included in Contract Standing Orders.

Contextual information

Responsibility for Executive Functions

14. By virtue of Section 9E of the Local Government Act 2000 (as amended) ('the 2000 Act'), and by virtue of operation of a Leader and Cabinet form of Executive Arrangements, Members of Cabinet are appointed by the Leader. Allocation of Executive Functions between individual Members of Cabinet is also the responsibility of the Leader.
15. Responsibility for Executive Functions as allocated by the Leader is set out in Part 2, Chapter 3 of the Constitution. Attached at Appendix 1 to this Report is a revised Part 2, Chapter 3 of the Constitution consequential upon the revised allocation of Executive Functions as determined by the Leader, as referred to at paragraph 4 of this report.

Allocation of Scrutiny Functions

16. Allocation of Scrutiny Functions is the responsibility of the full Council. Attached at Appendix 2 to this report is a revised Part 2, Chapter 5 of the Constitution detailing allocation of responsibility for Scrutiny Functions.

Deputations at Remote Meetings and Individual Executive Member Decision Days

17. As indicated at Paragraph 12 of this Report, at its Meeting on 29 May 2020, the County Council approved provision enabling deputations to be received at Meetings of the County Council, Committees and Standing Panels, Cabinet and Individual Executive Member Decision Days held remotely in accordance with the provisions of the 2020 Regulations, prior to expiry of the 2020 Regulations. At this stage is not known whether or not Government will extend the 2020 Regulations.
18. Cabinet will be aware that provisions in respect of Standing Orders contained within the Constitution are the responsibility of the County Council. Thus, whatever the position might be regarding any extension of the 2020 Regulations, in order that this might apply to deputations after 7 May 2021, specific provision for this needs to be agreed by the County Council.

19. So as to provide certainty in this regard, and bearing in mind that after the Meeting of the County Council on 25 February 2021 the next scheduled Meeting of the County Council is not until the AGM on 27 May 2021, so as to avoid any 'vacuum' between expiry of the 2020 Regulations and any subsequent extension amendment to or replacement of the 2020 Regulations, it is considered appropriate that the County Council is asked at its Meeting on 25 February 2021 to approve continuation of the provision in Standing Orders enabling deputations to be received at remote Meetings of the County Council, Committees and Standing Panels, Cabinet, and Individual Executive Member Decision Days held remotely.
20. In addition, and bearing in mind that it is not possible at this stage to link any extension regarding remote Meetings to specific Regulations or Legislation yet to be made, and to avoid any subsequent 'vacuum' between the coming into force of any such Regulations or Legislation, it is considered appropriate that in such an event the Chief Executive be authorised to approve arrangements in respect of remote deputations at Individual Executive Member Decision Days, subject to the caveat that any such arrangements are no less accessible to members of the public as the current provisions in Standing Orders.
21. Contained at Appendix 3 to this Report is a proposed revised Standing Order 12.

Executive Member Decision Days

22. Also as indicated at Paragraph 12 of this Report, at the same time as approval of provisions for receipt of remote deputations, the County Council approved amendment to Executive Procedures, enabling Individual Executive Member Decision Days to be held remotely. Again, as with deputations, this provision was time limited to the expiry of the 2020 Regulations.
23. For the same reason as expressed in Paragraph 19 above, so as to avoid any 'vacuum' and to enable the business of the County Council to continue efficiently during the course of the pandemic while enabling the same level of public access and scrutiny as currently applies to remote Meetings, it is considered appropriate that the provision in Executive Procedures regarding remote Individual Executive Member Decision Days be similarly extended. Contained at Appendix 4 to the Report is a revised Part 3, Chapter 2, Paragraph 4 of the Constitution.
24. In doing so it is recognised that Individual Executive Member Decision Days are not 'meetings' so far as the general legislation relating to Executive Meetings and provisions of the 2020 Regulations go. Rather treating them in a similar way to meetings is the choice of the County Council in its governance arrangements in the Constitution. Therefore, in the absence of extension of specific provision in the Constitution enabling Individual Executive Member

Decision Days to be held remotely, whether or not the 2020 Regulations are extended, should it not be possible under the general Covid-19 legislation to hold Individual Executive Member Decision Days physically in public, the County Council would need to revert to the decision making Protocol it agreed at the start of the Covid-19 pandemic. In addition even if going forward it became possible for Individual Executive Member Decision Days to be held physically in public, some members of the public and individual County Councillors might, notwithstanding progress made in respect of a vaccine, for health reasons understandably be hesitant for some time as regards attending any physical public decision making forum. It is considered therefore in this regard that the ability to hold Individual Executive Member Decision Days remotely not only aids the efficiency of the business, but also promotes generally inclusion and participation in the County Council's business. For this reason, in the absence of extension of the 2020 Regulations it is considered appropriate, subject to paragraph 25 below, that the Chief Executive be authorised to approve arrangements in respect of the continuation of remote Individual Executive Member Decision Days, subject to the caveat that any such arrangements are no less accessible to members of the public as the current provisions in Standing Orders.

25. Cabinet will recall that at its Meeting on 15 May 2020, Cabinet approved a recommendation asking the Chief Executive to undertake in consultation a review of the County Council's governance arrangements at the end of the Covid-19 crisis. This review will include specific consideration as to the success, benefit or any other learning points around the holding of remote Individual Executive Member Decision Days, and recommendations in this regard following the review will be included in the consequential report to Cabinet.

Contract Standing Orders – 10% Rule

26. Since Contract Standing Orders form part of the Constitution, approval of amendment thereof is a responsibility of the full Council. Attached at Appendix 5 is a revised Contract Standing Order 3 including direct provision regarding the 10% rule.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This matter does not link to the Strategic Plan but, nevertheless, requires reporting to Cabinet and full Council in accordance with the requirements of the Constitution.

Other Significant Links

Direct links to specific legislation or Government Directives

<u>Title</u>	<u>Date</u>
Local Government Act	2000

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	

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:

It is considered that this report will have no adverse impact or cause no disadvantage to groups with protected characteristics.

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Part 2: Chapter 3

Executive Functions

1. Responsibility for Executive Functions

1.1 The following table sets out the allocation of responsibilities within the Executive. The portfolios are expressed in broad terms and may be varied, as provided for in the Executive Procedure Rules set out in Part 3 Chapter 2 of this Constitution.

1.2 The principles of responsibility are as follows:

1.2.1 unless a function, power or responsibility is specifically reserved to the County Council or a Committee of the County Council, the Executive is authorised to exercise the function or power.

1.2.2 the Executive collectively will be responsible for those decisions falling appropriately to it.

1.2.3 all decisions will be recorded.

1.2.4 if a decision is made by an individual Member of the Executive, this will be stated openly and clearly.

1.2.5 the Executive or individual Members of the Executive will normally be making Key Decisions, as defined at Part 3, Chapter 2, Paragraph 3 of this Constitution, or decisions which are significant (even though they may not be Key Decisions).

Responsible Person	Functions
Leader and Executive Member for Policy and Resources	<p>Leader of the County Council and Chairing and managing the Executive and its work.</p> <p>Overall strategy (including Serving Hampshire - Strategic Plan), policy and co-ordination 'across the board', and the direction and utilisation of resources.</p> <p>Primary departmental links – Corporate Services, and Culture, Communities and Business Services departments.</p> <p>Service area responsibilities – services within the above departmental remit areas; except where any area has been specifically allocated within the remit</p>

	<p>of another Executive Member.</p> <p>Functional areas – policy; strategic overview; overall performance; budget strategy; and personnel policies, including strategy for pay and remuneration, asset management, and IT services; strategic land matters.</p> <p>Monitoring and developing the sustainability of the natural environment and heritage of rural Hampshire.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p>
<p>Deputy Leader and Executive Member for Economy, Transport and Environment</p>	<p>Overall strategy and policy for all environmental matters (including planning and transportation, and mineral and waste), but excluding regulatory matters within the remit of the Regulatory Committee.</p> <p>Primary departmental link – Economy, Transport and Environment Department.</p> <p>Service area responsibilities – within the remit of the above department.</p> <p>Functional areas - Transport strategy; spatial planning; minerals and waste planning; waste management, re-cycling; highways and bridges; highway maintenance; winter maintenance; structural maintenance; passenger transport; traffic and road safety; highways lighting; integration of public and private transport; environmental and information services; flood and coastal erosion risk management; and all ancillary activities.</p> <p>Monitoring and developing the County Council's economy; co-ordinating and developing the County Council's involvement in European projects sponsored or led by the Economy, Transport and Environment Department.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p> <p>NB: This Executive Member is also the County Council's Executive appointment to Project Integra</p>

	<p>Strategic Board Joint Committee and Solent Transport.</p>
<p>Assistant to the Executive – Climate Change</p>	<p>Primary Departmental link - Economy, Transport and Environment Department, but with engagement across all departments of the County Council.</p> <p>Functional area - supporting the Leader, Deputy Leader and Cabinet on the co-ordination of Climate Change policy, initiatives and projects with particular emphasis on the Climate Emergency Declaration and Action Plan, and the Hampshire 2050 declaration regarding Climate Change.</p> <p>Assisting in the development of and maintenance of political links with key partner organisations, such as Hampshire District, Town and Parish Councils, National Park Authorities, and neighbouring Councils, in relation to Climate Change matters.</p> <p>Assisting in developing and managing engagement with key agencies involved in Climate Change initiatives and activity, such as Natural England, the Environmental Sustainability Agency, and Hampshire Wildlife Trust.</p> <p>Promoting the County Council's objectives policies and priorities and associated partnerships as a key contribution to help mitigate against further Climate Change, and to develop greater resistance to Climate Change across the area of the County Council.</p> <p>N.B. This position does not have Executive decision making powers, but is consulted on Climate Change matter. This position reports to the Executive Member for Economy, Transport and the Environment.</p>
<p>Executive Member for Commercial Strategy, Human Resources and Performance</p>	<p>To assist the Executive Member for Policy and Resources.</p> <p>Overall strategy for human resources and performance matters.</p> <p>Primary department links – Corporate Services and Culture, Communities and Business Services Departments.</p> <p>Service area responsibilities – human resources services within the remit of Corporate Services,</p>

	<p>including strategic workforce development and corporate performance, and otherwise where relevant to the role.</p> <p>Functional areas – Property Services and Facilities Management (excluding strategic land matters), Commercial strategy, including: Procurement policies and outcomes; Corporate Services and Culture, Communities and Business Services business units and trading arrangements; business and trading arrangements in other departments where relevant; development of income generation policies across the board, energy related matters, rural broadband.</p> <p>Personnel policy formulation and skills development in relation to the County Council’s directly employed workforce (excluding schools), and review of corporate performance through the Annual Performance Report.</p> <p>Advisory areas – to advise the Executive Member for Policy and Resources on revenue and capital related matters, property matters, and major land policy and disposal matters and programmes; to develop with the Director of Corporate Resources relevant financial plans for approval by the Executive Member for Policy and Resources.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Buildings, Land and Procurement Panel. (BLAPP), and Chairman of the Employment in Hampshire County Council (EHCC) Committee.</p>
<p>Executive Lead Member for Children’s Services and Young People</p>	<p>Designated Lead Member for Children’s Services pursuant to Section 19 of the Children Act 2004.</p> <p>Overall strategy and policy for all Children’s matters, i.e. Education, Children and Families pursuant to the requirements of the Children Act 2004. Approval of the Children and Young People’s Plan.</p> <p>Primary departmental link – Children’s Services Department.</p>

	<p>Service area responsibilities – all services within the remit of the above department.</p> <p>Functional areas – statutory Social Services functions of the County Council relating to children, and all education functions exercisable by the County Council as Local Education Authority.</p> <p>Responsibility for building relationships with businesses in Hampshire, the Corporate Apprenticeship Programme.</p> <p>Primary Department links – Corporate Services and Culture, Communities and Business Services Departments.</p> <p>Service area responsibilities – services within Corporate Services and Culture, Communities and Business Services Departments relevant to the role and relevant external and International links.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p>
<p>Executive Member for Education and Skills</p>	<p>To support the Executive Lead Member for Children’s Services and Young People because of the breadth of the portfolio, by providing additional capacity at Executive level to drive improvements in school standards and educational attainment and liaising with schools, academies, colleges and other representatives of the education sector.</p> <p>Primary departmental links – Children’s Services Department.</p> <p>Service area responsibilities – education and schools; co-ordination of post 16 skills policies and initiatives.</p> <p>Functional areas – working with the Executive Lead Member for Children’s Services and Young People to develop policy and strategy in relation to school improvements and educational standards; where agreed with the Executive Lead Member for Children’s Services and Young People determining infrastructure and school organisation matters, in accordance with policies and strategies agreed by the Executive Lead Member for Children’s Services and Young People, the Children and Young</p>

	<p>People’s Plan, and where relevant the Children’s Services Capital Programme.</p> <p>Determining appeals in respect of exceptions to school transport policies, other than appeals relating to the safety of walking routes.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Education Advisory Panel.</p>
<p>Executive Member for Adult Social Care and Health</p>	<p>Overall strategy and policy for all Adult Social Care matters.</p> <p>Primary departmental links – Adults, Health and Care Department.</p> <p>Service area responsibilities – all services within the remit of the above department including all duties relating to adult social care including safeguarding, including under (inter alia), the Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983. Primary responsibility for liaison with the National Health Service.</p> <p>Functional areas – services for adults, including older people, learning disability, physical disability, mental health and all ancillary services.</p> <p>Appointments to relevant outside bodies – not on a proportional basis in consultation with the minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Health and Wellbeing Board.</p>
<p>Executive Member for Public Health</p>	<p>Overall strategy and policy for Public Health matters.</p> <p>Primary Department links – Adults’, Health and Care, and Children’s Services Departments.</p> <p>Service area responsibilities - all services within the remit of the County Council’s public health responsibilities pursuant to the National Health Service Act 2006.</p>

	<p>All duties relating to the County Council's responsibilities to improve public health.</p> <p>Functional areas – Development of the County Council's strategy and policy in relation to public health. Functions related to the Supporting Troubled Families Programme.</p> <p>Appointments to relevant outside bodies – not on a proportional basis in consultation with the minority parties.</p>
<p>Executive Member for Communities, Partnerships and External Affairs</p>	<p>Primary departmental links – Culture, Communities and Business Services and Corporate Services Departments.</p> <p>Service area responsibilities – services within Corporate Services and Culture, Communities and Business Services Departments relevant to the role.</p> <p>Functional Areas - Co-ordinating County Council representation on District Local Strategic Partnerships (LSP's) and Community Safety Partnerships (CSP's); Functions related to Community Safety, and Equalities. Emergency Planning functions pursuant to the Civil Contingencies Act 2004.</p> <p>Corporate oversight of the County Council's Grant Management System.</p> <p>Responsibility for the County Council's relationships with the Interfaith Network Community, the Voluntary and Community Sector, and other partners.</p> <p>Corporate oversight of external and International policy and activities; championing the County Council's relationship with external and international/national bodies.</p> <p>Responsibility for the County Council's relationship with the Armed Forces Community.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p>
<p>Executive Member for Recreation, Heritage, Countryside and Rural Affairs</p>	<p>Overall strategy for promoting the Hampshire rural estate and partnerships with the focus on rural initiatives, to the benefit of Hampshire.</p>

	<p>Overall strategy and policy for libraries, museums, archives, arts, outdoor activities and leisure.</p> <p>Primary departmental links – Culture, Communities and Business Services and all departments of the County Council relevant to the responsibilities.</p> <p>Service Area Responsibilities – the Policy Framework for the County Farm Estate, Rural Affairs, Rights of Way and responsibility for the Parish and Town Council Investment Fund and the Rural Affairs Development Fund. Recreation and Heritage Services within the Communities and Business Services Department.</p> <p>Functional Areas – development of rural initiatives into the formulation of major policy.</p> <p>Libraries, museums, archives and records, country parks, countryside sites and nature reserves, sport and culture community support, recreation and all ancillary activities, regulatory services, including registration, coroners’ services, trading standards, asbestos and scientific services.</p> <p>Developing links with other agencies and other local authorities regarding the development of rural activity. Overall responsibility for the County Council’s relationships with Parish, Town and District and Borough Councils.</p> <p>Promoting Hampshire rural interests, countryside estate and partnerships with the focus on rural initiatives, to the benefit of Hampshire.</p> <p>Appointments to relevant outside bodies not on a proportionate basis in consultation with the minority parties.</p>
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Part 2: Chapter 5

Scrutiny Select (Overview and Scrutiny) Committees

1. Responsibilities for Scrutiny Functions

1.1. The following table sets out the allocation of responsibilities within the Select (Overview and Scrutiny) Committees.

Committee	Scope
Policy and Resources	<p>Coordinating Scrutiny:</p> <p>To ensure resources of all scrutiny functions are being effectively targeted.</p> <p>To ensure the outputs and outcomes of Scrutiny are having impact and being evaluated.</p> <p>To prioritise topics for scrutiny task and finish groups (thematic reviews).</p> <p>To create an annual work programme.</p> <p>To identify where each thematic review on the work programme should be considered.</p> <p>To provide an annual report to the County Council outlining the effectiveness, outcomes and learning of the scrutiny function (i.e. Select (Overview and Scrutiny) Committees and overall work programme).</p> <p>To monitor the operation of the provisions relating to call-in and urgency submitting a report to Cabinet if necessary.</p> <p>Scrutinising Corporate functions:</p>

Reviewing how policies, services and decisions ensure effective use and management of all resources; how effectively is cross-cutting/corporate policy developed, implemented and performance evaluated and improved.

Efficiency; Human Resources; Skills; Partnership Working (internal and external); Procurement; Relevant Financial Management (e.g. budget setting and monitoring final accounts, capital programme, capital receipts); asset and estate management; information management (including records management); communications; use of IT; Health and Safety; corporate policy and performance; Business Units; crime prevention; crime and disorder; Emergency Planning.

Reviewing and scrutinising decisions made, or other actions taken, in connection with the discharge of crime and disorder functions by the authorities responsible for crime and disorder strategies in relation to the County Council's area, and making reports or recommendations with respect to the discharge of those functions.

Making reports or recommendations to the County Council with regard to any matter which is a local crime and disorder matter in relation to a member of the County Council (i.e. a matter concerning crime and disorder which affects all or part of the electoral Division for which the Member is elected or any person who lives or works in that area).

Departments covered;

- Corporate Services
- Culture, Communities and Business Services
- County Council as a corporate entity.
- Any other relevant functions in other Departments

<p>Children and Young People</p>	<p>Reviewing how the needs and interests of children and young people are met by all Departments, policies, services and decisions; and how performance is evaluated and improved.</p> <p>Universal, targeted and specialist services for children and young people: prevention and management of risk; social care; children's and young people's wellbeing; education – supporting and enabling learning for all children and young people; internal and external partnership working re Children and Young People; supporting parents and families; relevant financial management.</p> <p>Departments covered:</p> <ul style="list-style-type: none"> - Children's Services - Culture Communities and Business Services - Any other Department doing work with or impacting on children or young people.
<p>Health and Adult Social Care</p>	<p>Reviewing how policies, services and decisions support safe, well, independent and continuously developing people (adults and older persons) and Public Health; how they are implemented and how performance is evaluated and improved.</p> <p>Focus on how the County Council is contributing to delivering the Wellbeing agenda for adults; adult social care; promoting independence and quality of life for older people; healthy and safe families; Public Health: the integration of Health and Care services and relevant financial management.</p> <p>Scrutiny of the provision and operation of health services in Hampshire.</p> <p>Departments covered:</p> <ul style="list-style-type: none"> - Adults' Health and Care - Culture, Communities and Business Services

	<p>- Any other relevant functions in other Departments</p>
<p>Culture and Communities</p>	<p>Reviewing how policies, services and decisions support thriving culture and sustainable, inclusive communities and rural Hampshire; how they are implemented and how performance is evaluated and improved.</p> <p>Culture and recreation; heritage; community development; countryside and rights of way; developing sustainable communities; supporting diversity and inclusion; community engagement and consultation; lifelong learning for adults; Regulatory Services, relevant financial management.</p> <p>Departments covered:</p> <ul style="list-style-type: none"> - Culture Communities and Business Services - Corporate Services - Adults' Health and Care - Environment - Any other relevant functions in other Departments.
<p>Economy, Transport and Environment</p>	<p>Reviewing how policies, services and decisions support a positive and sustainable environment, accessibility to services for all and effective management of natural resources; how they are implemented and how performance is evaluated and improved.</p> <p>Passenger transport; transport policy; road infrastructure; access; protection of the environment; flood and coastal erosion risk management; economic development; sustainable development; climate change; land management; waste management; relevant financial management.</p> <p>Departments covered:</p>

	<ul style="list-style-type: none"> - Environment - Culture, Communities and Business Services - Children's Services - Any other relevant functions in other Depts
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Specific Functions

1.2. Policy development and review

Select (Overview and Scrutiny) Committees may:

- 1.2.1. assist the County Council and the Executive, at their request, to develop the budget and policy framework by in-depth analysis of policy issues
- 1.2.2. conduct research in the analysis of policy issues and possible options
- 1.2.3. question members of the Executive or Senior Officers, about their views on issues and proposals affecting their remit
- 1.2.4. liaise with external organisations as appropriate

1.3. Scrutiny

Select (Overview and Scrutiny) Committees may:

- 1.3.1. review and scrutinise Executive decisions
- 1.3.2. review and scrutinise the County Council's service delivery and performance, performance concerning its policy objectives, performance targets and particular service areas
- 1.3.3. question members of the Executive or Senior Officers about their decisions and performance; whether compared to service plans and targets, or related to particular decisions, initiatives or projects
- 1.3.4. make recommendations to the Executive or County Council arising from the scrutiny process
- 1.3.5. review and scrutinise the performance of other public bodies in the area; invite reports from them by asking them to address the relevant Select Committee

- 1.3.6. question and gather evidence from people and organisations that can inform the scrutiny process.

1.4. Health Scrutiny Functions of the Health and Adult Social Care Select (Overview and Scrutiny) Committee

The Health and Adult Social Care Select (Overview and Scrutiny) Committee will have the following additional roles and functions in relation to health matters:

- 1.4.1. To review and scrutinise any matter relating to the planning, provision and operation of the health service in Hampshire.
- 1.4.2. To make reports and recommendations to relevant NHS bodies and to relevant health service providers (as defined in the Local Authority (Public Health, Health and Wellbeing Board and Health Scrutiny) Regulations 2013) on any matter that it has reviewed or scrutinised.
- 1.4.3. To act as consultee to relevant NHS bodies or relevant health service providers on issues of:
 - a) Substantial developments of the health service in Hampshire; and
 - b) Any proposals to make any substantial variation to the provision of such services.
- 1.4.4. Subject to the approval of the County Council to report contested proposals for major health service changes to the Secretary of State;
- 1.4.5. To scrutinise the social care services provided or commissioned by relevant NHS bodies or relevant health service providers exercising local authority functions under Section 75 of the National Health Service Act 2006;
- 1.4.6. To review or scrutinise health services commissioned or delivered in Hampshire within the framework set out below:
 - a) Arrangements made by relevant NHS bodies or relevant health service providers to secure hospital and community health services to the inhabitants of Hampshire;
 - b) The provision of such services to those inhabitants;
 - c) The provision of family health services, personal medical services, personal dental services, pharmacy and NHS ophthalmic services;

- d) The public health arrangements in Hampshire; e.g. arrangements by the County Council for public health promotion and health improvement (including addressing health inequalities) in Hampshire.
- e) The planning of health services in Hampshire, including plans setting out a strategy for improving both the health of the local population and the provision of health care to that population; and
- f) The arrangements made by relevant NHS bodies and relevant health service providers for consulting and involving patients and the public.

1.5. Delegation of Health Scrutiny Functions

1.5.1. The County Council may delegate health scrutiny powers to a joint Scrutiny Committee and appoint Members to that Committee when there is an intention by a relevant NHS body or relevant health service provider to consult on a substantial variation or development to health services that extend beyond Hampshire.

1.5.2. The Chief Executive, in consultation with the Chairman of the County Council and the Chairman of the Health and Adult Social Care Select (Overview and Scrutiny) Committee, may agree to the formation of such a committee, its membership and terms of reference, if there is insufficient time for that decision to be taken by the County Council, subject to the details being submitted for approval to the next meeting of the County Council.

1.5.3. Any joint committee so convened should work to a specific proposal and with clear terms of reference, which would be restricted to consideration of and agreeing a response to the proposal on which the committee had been consulted.

1.6. Petitions

Select (Overview and Scrutiny) Committees must, when required to do so by a petition organiser, review the adequacy of the steps taken or proposed to be taken in response to a petition.

1.7. Finance

Select (Overview and Scrutiny) Committees may exercise overall responsibility for any money made available to them.

1.8. Annual Reports

1.8.1. The Policy and Resources Select (Overview and Scrutiny) Committee will submit to the County Council as soon as reasonably practicable in each financial year an account of the activities and outcomes of the scrutiny function for the last year and a tentative list of intended scrutiny inquiries for the following year.

1.8.2. The Health and Adult Social Care Select (Overview and Scrutiny) Committee will submit to the County Council as soon as reasonably practicable in each financial year an account of the activities and outcomes of the health scrutiny function for the last year and a tentative list of intended health scrutiny inquiries for the follow year.

1.9. Proceedings of Select (Overview and Scrutiny) Committees

Select (Overview and Scrutiny) Committees will conduct their proceedings in line with the Overview and Scrutiny Procedure, set out in Part 3, Chapter 3 of this Constitution.

Contract Standing Order 12 - Deputations

- 12.1 Subject to the provisions of this Standing Order, the County Council shall receive deputations at a Meeting of the County Council on any business that is properly within its terms of reference and the deputation shall be allowed to address the Meeting.
- 12.2 Subject to the provisions of this Standing Order, Cabinet or any Executive Member, Committees or Standing Panels of the County Council shall receive deputations at any Meeting or Individual Executive Member Decision Day relating to business that is properly within the Agenda for such Meeting or Individual Executive Member Decision Day and the deputation shall be allowed to address the Meeting or Individual Executive Member Decision Day.

For the purpose of this Standing Order:

- 12.2.1 notice in writing shall be given to the Chief Executive (to the Head of Democratic and Member Services via members.services@hants.gov.uk) that a deputation wishes to address a Meeting or Individual Executive Member Decision Day and the notice shall specify the subject on which the deputation wishes to speak. In the case of a County Council Meeting, the notice shall be given at least 10 clear Working Days in advance. In the case of other Meetings or Individual Executive Decision Days, the notice shall be given at least three clear Working Days in advance.
- 12.2.2 deputations shall consist of not more than four people who shall (except in the case of a deputation to the Regulatory Committee when it is exercising a function within the Functions Regulations, Regulation 2 and Schedule 1) be local government electors for the administrative area of Hampshire County Council, or otherwise and subject to the provisions set out at paragraph 12.2.3 below, have attained the age of seven years or older;
- 12.2.3 any deputation request received from a child of compulsory school age shall be accompanied by the following:
- 12.2.3.1. written consent from the parent of or person with Parental Responsibility for the child to the making of the deputation, including in respect of a request to make a deputation at a Meeting of the County Council or Cabinet, to the deputation being recorded and available for broadcast; and
- 12.2.3.2. in the case of a request to make a deputation within school term time, written consent to the making of the deputation from the Headteacher of the school the child attends, without which consent(s) the deputation shall not be heard.
- 12.2.4 without prejudice to the provisions of 12.2.3 above, deputations will not be received from children in cases where, in the opinion of the Director

of Children's Services, it is not in the best interests of the child to make the deputation.

- 12.2.5 any member of a deputation may address a Meeting or Individual Executive Decision Day;
- 12.2.6 deputations shall be taken at the beginning of the Meeting or Individual Executive Decision Day in the order received (after the Minutes) and the total time for all deputations in any Meeting or Individual Executive Decision Day shall not exceed one hour in duration;
- 12.2.7 the total time taken by a deputation in addressing a Meeting or Individual Executive Decision Day shall not exceed 10 minutes provided that where the number of deputations in any Meeting or Individual Executive Decision Day would otherwise mean that the maximum time for deputations would be exceeded, the time allowed per deputation will be reduced on a proportional basis;
- 12.2.8 any deputation which has appeared before a Meeting of the County Council, the Executive, a Individual Executive Decision Day or any Committee or Standing Panel of County Council, shall not reappear at any such Meeting or any other Meeting or Individual Executive Decision Day within a period of six months on the same or similar topic (except in the case of a deputation to the Regulatory Committee when it is exercising a regulatory function, in which case a deputation may reappear where an item is adjourned, or when there is another similar application submitted in respect of the same site);
- 12.2.9 for the avoidance of doubt a deputation to a Meeting of the Executive, a Committee or Standing Panel or an Individual Executive Decision Day must relate to an item on the Agenda for that Meeting or Individual Executive Decision Day;
- 12.2.10 no discussion shall take place with the presenters of a deputation but the Chairman of the Meeting or the Executive Member may inform the deputation how, if at all, the matter will be dealt with by noting, action or referral. At a Meeting of the County Council, the Chairman may invite the Leader or appropriate Executive Member or Committee Chairman to give this information to the deputation.
- 12.2.11 Deputations in respect of Individual service concerns will not be received where, in the opinion of the Chief Executive in consultation with the Monitoring Officer, the subject matter of the deputation relates to issues which are more properly dealt with through the County Council's Corporate Complaints Procedure, or which might cause the County Council to breach confidentiality rules.
- 12.3 Without prejudice to the generality of Paragraph 12.2 above, where a Meeting of the County Council, Cabinet, Committees or Standing Panels is held remotely in accordance with the provisions of the Local

Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (Regulations) (the 2020 Regulations) or any amendment thereof, successor Regulations or Legislation (together Successor Provisions) enabling Meetings of the County Council to be held remotely, then deputations will also be received remotely at such Meetings in accordance with the provisions of the 2020 Regulations or Successor Provisions.

- 12.4 Deputations will also be received remotely at Decision Days of Individual Executive Members open to the public remotely, in accordance with the provisions of Part 3, Chapter 3, Paragraph 4 of the Constitution.

NB: The Purpose of Standing Order 12 is to give members of the public an opportunity to address the County Council, the Executive, its Committees or Standing Panels. Elected members (including those of other Councils), political parties, trade unions and members of staff have other opportunities to bring matters to the County Council's attention and will not be received under the provision of Standing Order 12.

Additional arrangements apply in respect of Regulatory Committee or when the County Council is otherwise exercising a function within the Functions Regulations. These arrangements are set out within the Local Protocol on Planning, Rights of Way and Commons Registration, Paragraph 9, contained at Appendix B.

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Decision Meetings and Individual Executive Member Decision Days

- 4.1 All Executive Meetings and Executive Decisions taken will be conducted in accordance with the Access to Information Regulations.
- 4.2 Decision Meetings of Cabinet and Committees of Cabinet Meetings will be held in public, except when dealing with confidential or exempt matters.
- 4.3 Decisions of Individual Executive Members will also be held in public, except when dealing with confidential or exempt matters.
- 4.4 For the purposes of Paragraph 4.3 above, 'public' shall include Decision Days of Individual Executive Members held remotely in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (Regulations) (the 2020 Regulations) or any amendment thereof, successor Regulations or Legislation (together Successor Provisions), or held in accordance with other arrangements which the Chief Executive may determine appropriate, provided always that any Individual Executive Member Decision Day held remotely pursuant to such other arrangements shall be no less accessible to members of the public entitled to attend a remote Meeting of the County Council pursuant to the provisions of the 2020 Regulations, or as the case may be Successor Provisions.
- 4.5 The quorum for a public Meeting of Cabinet shall be three, one of whom shall be the Leader or the Deputy Leader. The quorum for a public Meeting of a Committee of Cabinet shall also be three, one of whom shall be the Chairman or Vice-Chairman of the Committee or other Executive Member appointed by the Leader or Deputy Leader to act as Chairman.
- 4.6 Non-Executive Members will be allowed to speak at Cabinet and Committees of Cabinet Meetings and Individual Executive Member Decision Days by prior arrangements with the Chairman of the Meeting or Individual Executive Member as appropriate.
- 4.7 Advance notice of public Meetings of the Executive and Individual Executive Member Decision days will be published in accordance with the requirements of Part 2 of the Access to Information Regulations, and in accordance with the Access to Information Procedure Rules in Chapter 4 of this Part. A link to Executive decision Reports will also be sent electronically to all Members. Decisions will be recorded by the Chief Executive and his staff, and records of decisions and Reports considered will be made public in accordance with the Access to Information Procedure Rules. Where a decision is taken this should be clear on the face of the record of the decision, together with the implications of action arising from the decision, in order to facilitate effective scrutiny. Where the Executive is developing 'a position' (e.g.,

budget priorities for the coming year), a minute will record the general area under discussion, but Cabinet shall be not be obliged to disclose the detail of their discussion unless and until it results in either (a) a decision Cabinet is able to take and implement without further reference, except for scrutiny, or (b) a decision which must be presented to the County Council as a recommendation before any action can be taken.

- 4.8 Individual Executive Members will be spokespersons for their particular areas of responsibility.
- 4.9 Records of Executive decisions taken will be sent electronically to all Members of the County Council within five clear Working Days of the decision having been made.
- 4.10 The Leader may call additional Meetings of Cabinet at any time if it would be conducive to the conduct of business of the Executive to do so.
- 4.11 Individual Executive Members may also hold additional Individual Executive Member Decision Days at any time if they consider it would be conducive to the conduct of their Executive responsibilities to do so.

Contract Standing Order 3: Approval to spend

- 3.1 The procurement of a Contract (not including a Framework Agreement) is subject to the approval of the relevant decision maker who has the authority to give approval for the relevant expenditure under the Constitution. The giving of approval is subject to the expenditure involved having been included in approved estimates and sufficient budgetary provision having been made in the County Council's capital programme or revenue budget.
- 3.2 In estimating the value of the Contract, the principles of CSO 4 shall be applied
- 3.3 In all cases, the Chief Officer within whose Area of Responsibility the Contract falls shall designate a Senior Officer as Contract Lead Officer for the Contract. It shall be the responsibility of the Contract Lead Officer to ensure that the processes followed in relation to the procurement and award of the Contract are compliant with these CSOs.
- 3.4 Any increases in value up to 10% of the relevant expenditure approved shall not require further approval.

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