

## NOTICE OF MEETING

<b>Meeting</b>	Cabinet
<b>Date and Time</b>	Tuesday, 13th July, 2021 at 10.30 am
<b>Place</b>	Ashburton Hall, Winchester
<b>Enquiries to</b>	members.services@hants.gov.uk

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

## FILMING AND BROADCAST NOTIFICATION

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

## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 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. 2020/21 – END OF YEAR FINANCIAL REPORT** (Pages 45 - 104)

To consider a report of the Director of Corporate Resources providing a summary of the 2020/21 final accounts.

**8. HCC CLIMATE CHANGE INITIATIVES** (Pages 105 - 112)

To consider a report of the Director of Culture, Communities and Business Services regarding HCC Climate Change Initiatives.

**9. HAMPSHIRE BROADBAND PROGRAMME – UPDATE AND TOP UP VOUCHER PROPOSAL** (Pages 113 - 120)

To consider a report of the Director of Culture, Communities and Business Services regarding progress with the Superfast Broadband Programme and highlight developments in government's new Project Gigabit.

**10. NATIONALLY SIGNIFICANT INFRASTRUCTURE PROJECTS AND DEVELOPMENT CONSENT ORDERS** (Pages 121 - 132)

To consider a report of the Director of Economy, Transport and Environment regarding Nationally Significant Infrastructure Projects and Development Consent Orders.

**11. M27 JUNCTION 10 WELBORNE** (Pages 133 - 146)

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

**12. SERVING HAMPSHIRE – 2020/21 YEAR END PERFORMANCE REPORT** (Pages 147 - 194)

To consider a report of the Assistant Chief Executive regarding the 2020/21 Year End Performance Report.

**13. SERVING HAMPSHIRE STRATEGIC PLAN 2021-2025 AND CORPORATE PERFORMANCE MANAGEMENT FRAMEWORK**  
(Pages 195 - 212)

To consider a report of the Assistant Chief Executive regarding the Serving Hampshire Strategic Plan 2021-2025 and Corporate Performance Management Framework.

**14. CONSTITUTIONAL MATTERS** (Pages 213 - 224)

To consider a report of the Chief Executive regarding changes to the allocation of Executive Functions.

**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 and it will also be available via YouTube. If you have any particular requirements please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

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

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# Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held remotely on Tuesday, 16th March, 2021

Chairman:

\* Councillor Keith Mans

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

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

## 239. APOLOGIES FOR ABSENCE

All Members were present and no apologies were noted

## 240. DECLARATIONS OF INTEREST

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

Councillor Heron declared a personal interest in the Waterside Transport Strategy Update (Minute 248 refers) by virtue of being a Cabinet member at New Forest District Council.

## 241. MINUTES OF PREVIOUS MEETING

The minutes of the meeting of 9 February were reviewed and agreed.

## 242. DEPUTATIONS

No deputations were received on this occasion.

## 243. CHAIRMAN'S ANNOUNCEMENTS

The Leader welcomed recent falls in the rate of Covid-19 infection and transmission in Hampshire and was hopeful that the summer would see

relaxations in social distancing and the opportunity to re-open non-essential retail and hospitality. He also updated Cabinet on ongoing discussions relating to proposed developments at Barton Stacey and Southampton airport.

**244. A PROGRESS REPORT ON THE COUNTY COUNCIL'S RESPONSE TO THE COVID-19 CRISIS**

Cabinet received a report of the Chief Executive providing an update on the County Council's response to the Covid-19 crisis.

The Chief Executive and the Director of Public Health highlighted a number of key developments set out in the report relating in particular to the Health Protection board, the use of testing in schools, the role out of the vaccination programme, the temporary mortuary and plans for the forthcoming County Council and Police and Crime Commissioner elections.

The hard work and commitment of County Council staff throughout the crisis was recognised and thanked.

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

**245. HEALTH AND SOCIAL CARE SYSTEM RESILIENCE DURING COVID-19**

Cabinet considered a report of the Director of Adults' Health and Care regarding Health and Social Care System Resilience during COVID-19.

In introduction of the report it was highlighted that 8000 people had been supported out of acute care during the Covid-19 crisis and some of the changes to systems and discharge procedures that had been implemented to facilitate this were detailed. The benefits to both the NHS and to residents were highlighted and it was noted that uncertainty remained as to whether the national discharge funding that had enabled these changes would be extended or replaced.

The report was welcomed and the success of the project in reducing bed blocking recognised. Cabinet noted that the new model was closer to the original intention of how social care and health care should work together and hoped that it could be both continued and expanded.

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

**246. ANNUAL REPORT OF THE DIRECTOR OF PUBLIC HEALTH 2019-20, "TACKLING ENVIRONMENTAL FACTORS IS VITAL TO ADDRESS OBESITY IN HAMPSHIRE"**

Cabinet considered the annual report of the Director of Public Health 2019-20, "Tackling environmental factors is vital to address obesity in Hampshire".

The Director of Public Health introduced the report, highlighting the seriousness of obesity as a public health issue in Hampshire. His report set out how tackling this should move from an individual to a community approach.

Recognising that obesity could reduce life expectancy by 9 years, Members noted a number of initiatives to encourage healthier lifestyles, particularly in children, including the provision of green spaces for exercise and control over the location of takeaways.

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

#### **247. PUBLIC HEALTH STRATEGY – ANNUAL UPDATE**

Cabinet considered a Public Health strategy update from the Director of Public Health

It was noted that due to delays caused by the Covid-19 crisis, the report covered a two year period. Key areas in each section of the strategy were highlighted to Members who commended the department for continuing to deliver against it, alongside taking a lead on the response to Covid-19. The benefits of digital technology and strong working relationships with partners and in support of young people were noted.

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

#### **248. WATERSIDE TRANSPORT STRATEGY UPDATE**

Cabinet considered a report of the Director of Economy, Transport and Environment regarding the Waterside transport strategy.

With reference to the report, the Director of Economy, Transport and Environment gave an update on the strategy for transport in the Waterside area. Progress on the Freeport application and the importance of transport to its success was highlighted, as were a number of implications of development of the Waterside line. Proposals to support the Hythe and Gosport ferries were drawn to Cabinet's attention and supported on the basis that support would be match-funded.

Members noted the significance of the Freeport and the importance of the County Council taking a leading role in it through a multi-modal transport strategy, to mirror the transport package that supported Farnborough International in the north of the County. It was recognised that this also positioned the County Council to take a lead on post-Covid economic recovery.

The recommendations set out in the report were considered and agreed. Councillor Heron abstained from voting due to his Personal Interest in the item (Minute 240 refers). A decision record is attached to these minutes.

249. **SALIX GRANT UPDATE**

Cabinet considered a report of the Director of Culture, Communities and Business Services regarding the Salix grant for double glazing replacement.

The need for top-up funding to allow the project to be completed was explained. Members recognised the County Council's success in grant applications were pleased to note that the top-up would allow all schools to be updated.

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

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Chairman,

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 March 2021
<b>Title:</b>	A Progress Report of The County Council's Response to the COVID-19 Crisis
<b>Report From:</b>	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 remains a high-level analysis of what continues to be such a substantial and fast changing set of responses.

1.2 Note the consideration of the impact of and response to the changes in national restrictions including the Prime Minister's announcements leading to the lifting of lockdown restrictions and how those phases will impact on the County Council.

1.3 Note the further progress of the vaccination programme to date in Hampshire.

1.4 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:**

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16 March 2021

Chairman of Cabinet  
Councillor Keith Mans

# HAMPSHIRE COUNTY COUNCIL

## Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 March 2021
<b>Title:</b>	Health and Social Care System Resilience during COVID-19
<b>Report From:</b>	Director of Adults' Health and Care

**Contact name:** Graham Allen

**Tel:** 0370 779 5574

**Email:** graham.allen@hants.gov.uk

### 1. The decision:

Cabinet is asked to support;

- a) The continuation of discharge pathways and funding arrangements, put in place through NHS Discharge funding and our collective response to the pandemic, to maintain and build on progress and performance described in this report and in-line with the White Paper - Integration and Innovation: working together to improve health and social care for all, published on 11 February 2021.

Cabinet is also asked to note;

- b) Overall performance in the most extraordinary circumstances to support residents to be discharged from hospital settings and return to their appropriate place of residence.
- c) The efforts of all staff and partner organisations in maintaining safe, appropriate and resilient discharge pathways, within a new national operating framework, introduced at pace, in the spring of 2020.
- d) The fundamentally changed nature of the health and care sector as a consequence of its response to COVID-19 and an ambition to see provision, relationships and outcomes described in this report continue, in line with the Council's approach to supporting of our residents.

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

- 2.1 This report seeks to provide an overview and update Cabinet on key activities and issues related to acute hospital system resilience throughout the period of response to COVID-19. The situation has been incredibly challenging and dynamic in terms of the issues faced and the response required.

### 3. Other options considered and rejected:

- 3.1. None

**4. Conflicts of interest:**

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

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

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

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

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

**Approved by:**

**Date:**

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16 March 2021

**Chairman of Cabinet  
Councillor Keith Mans**

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 March 2021
<b>Title:</b>	Annual Report of the Director of Public Health 2019-20 Tackling environmental factors is vital to address obesity in Hampshire
<b>Report From:</b>	Director of Public Health

**Contact name:** Simon Bryant

**Tel:** 0370 779 3256

**Email:** Simon.bryant@hants.gov.uk

#### 1. The decision:

1.1. That Cabinet note the Annual Report of the Director of Public Health 2019-20.

1.2. That Cabinet endorse the recommendations within the Director of Public Health Annual Report 2019-20 which are:

- a) The COVID-19 pandemic has highlighted the urgent need to reduce levels of excess weight. Refocus on this key issue post-COVID-19 as an integral way to address health inequalities through the Health and Wellbeing Board.
- b) Use the opportunities arising from the development of the Local Transport Plan 4 for Hampshire to create environments that encourage walking and cycling and address connectivity to help create healthy weight environments.
- c) Continue working in partnership with District Councils, the NHS and the voluntary sector to provide healthy weight settings and environments, including delivering a local 'Eat Out Eat Well' award.
- d) Focus on opportunities arising from the development of new places such as Manydown and Welbourne Garden City to embed healthy environments and behaviours into new communities.
- e) Re-energise the Rushmoor Whole Systems Approach and use the learning to roll out this approach to another District or Borough Council in 2021.
- f) Support early years and schools to provide healthy weight settings, with a particular emphasis on those locations where children and young people are more at risk of developing an unhealthy weight.

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

2.1 For Cabinet to consider the Director of Public Health's Annual Report to Cabinet ahead of final publication.

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

3.1. None

**4. Conflicts of interest:**

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

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

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

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

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

<b>Approved by:</b>  -----  <b>Chairman of Cabinet Councillor Keith Mans</b>	<b>Date:</b>  16 March 2021
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## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 March 2021
<b>Title:</b>	Public Health Strategy – annual update
<b>Report From:</b>	Director of Public Health

**Contact name:** Simon Bryant

**Tel:** 0370 779 3256

**Email:** Simon.bryant@hants.gov.uk

#### 1. The decision:

That Cabinet:

- a) Note the continued good progress delivering the Hampshire Public Health Strategy.
- b) Support continued implementation of the strategy by promoting working across all Council directorates, with our partners in health, across the wider economic system and with our communities.
- c) Note that the future Public Health Strategy will provide us with an opportunity to ensure the public health issues, which have been starkly highlighted by COVID-19, are considered and included.

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

2.1 For Cabinet to consider progress that has been made during the third and fourth year of implementation of the Council's Public Health Strategy: Towards A Healthier Hampshire 2016-2021 which was launched in November 2016.

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

3.1. None

#### 4. Conflicts of interest:

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

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

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

**Approved by:**

**Date:**

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16 March 2021

**Chairman of Cabinet  
Councillor Keith Mans**



(£15,000), subject to agreement of matched funding of equal contributions from other affected Local Authorities.

**2. Reason for the decision:**

2.1 The decisions are required to enable the evolving position of Waterside Rail to be more fully defined and conditions of support referenced to enable the County Council to move from a neutral position to a conditioned position of support, given the more positive ongoing business case work that is generating much interest from DfT and Network Rail. The decisions are further required to enable the addition of financial allocations to the Capital Programme for 2021/22 for both: Fawley Waterside East-West Connectivity Pedestrian and Cycle schemes; and also Phase 4 Redbridge Causeway Approaches Pedestrian and Cycle Improvements. Finally, the exceptional support for Ferry operations are an important aspect of the current transport arrangements and approval is required to extend the previous exceptional payment arrangements to cover the current lockdown period.

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

- 3.1 To not update the County Council's position with regard to Waterside Rail would mean that there would be a degree of misalignment between the submitted Strategic Outline Business Case and the neutral position previously recommended.
- 3.2 To not seek to adjust the capital programme to include the Fawley Waterside East-West Connectivity Pedestrian and Cycle schemes; and Phase 4 Redbridge Causeway Approaches Pedestrian and Cycle Improvements, would mean that these schemes could not proceed in line with anticipated programmes defined by bid criteria.

**4. Conflicts of interest:**

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

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

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

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

**Approved by:**

**Date:**

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**16 March 2021**

**Chairman of Cabinet  
Councillor Keith Mans**

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## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	16 March 2021
<b>Title:</b>	Update on Salix Grant
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Felicity Roe, Director of CCBS

**Tel:** 01962 847876

**Email:** felicity.roe@hants.gov.uk

#### 1. The decision:

That Cabinet:

- a) Note the variation to the Salix grant for double glazing replacement from £20.2m to £16.94m.
- b) Approve an underwrite of up to £3.27m from the government's Schools Condition Allocation grant funding to ensure that the carbon reduction glazing replacement programme can be delivered in full.

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

2.1 To update Cabinet on minor changes to the Public Sector Decarbonisation Scheme grant for glazing replacement to County Council Buildings.

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

3.1. None

#### 4. Conflicts of interest:

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

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

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

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

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

**Approved by:**

**Date:**

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16 March 2021

**Chairman of Cabinet  
Councillor Keith Mans**

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	13 July 2021
<b>Title:</b>	A Progress Report of The County Council's Response to the COVID-19 Crisis
<b>Report From:</b>	Chief Executive

**Contact name:** John Coughlan, Chief Executive

**Tel:** 01962 845252

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

#### **Purpose of this Report**

1. This is the seventh in the series of regular reports to Cabinet, summarising the County Council's continuing responses to the COVID-19 pandemic.

#### **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 remains a high-level analysis 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 Prime Minister's announcements leading to the lifting of lockdown restrictions and how those phases will impact on the County Council.
  - iii. Note the further progress of the vaccination programme to date in Hampshire.
  - iv. Note that the County Council's operational crisis management arrangements are finally being dismantled with a full return to ordinary operational governance arrangements.
  - v. Note the fuller analyses contained in this report of continued recovery work, through the Collective Wisdom project for internal recovery and the approach to economic recovery for the County externally.

- vi. 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 exceptional 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 what have been often extreme, if now more common place, conditions.
4. As before, 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, the position of hospitals in Hampshire and the progress of the vaccination programme.
5. At the time of writing the country appears to be in what could be the last elements, for the time being at least, of substantial restrictions. The national "roadmap" which had signalled an end to restrictions by 21 June at the earliest, has seen that deadline extend now to 19 July. That is primarily because, while the data that will be outlined below is substantially promising, the delta variant of the virus appears to have triggered a third wave of infection nationally, but that wave of infection appears not to be as significant in pace or size as the second and especially appears not to be translating into serious illness, hospital admissions or deaths at any substantial scale. The Government elected to extend the restrictions in order to seek more evidence that the link between infection and serious illness may now be weakened if not broken, and to allow for further progress of vaccination for younger adults. When Cabinet sits it is likely this position will have been confirmed in either direction on 12 July
6. The national vaccination programme continues to progress strongly including in Hampshire. The programme is now extended to all adults over the age of 18. There is a determined drive to ensure that as many adults as possible have at least a first dose to secure stronger national protection. As will be seen the progress in Hampshire continues to be very encouraging with a strong service delivery led by NHS and strong take-up across most if not all communities. There are inevitable variations of take-up district by district and there are targeted campaigns for some communities and age groups, but the county-wide position is encouraging.
7. 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 continue to include now routine and effective communications channels set between those boards and the leadership of district and borough councils within Hampshire County. While the pandemic will undoubtedly continue, as the crisis elements to the pandemic abate, there will be future consideration about a proposal to merge the role of the LOEB with the Health and Wellbeing Board, to be determined.

8. By a similar token, this report will explain how the operations of the County Council are finally moving out of the Gold command crisis management mechanisms, and safely transferring oversight of the pandemic and our response and recovery into the business-as-usual managerial processes, with the Corporate Management Team overseeing these in the usual way.
9. This report now has the benefit of a much fuller analysis of the economic impact and longer-term implications of the pandemic. It outlines those issues in more detail and sets out a framework for how the County Council should go about using its scale and influence to contribute to the county's and the sub-region's economic recovery going forward.
10. Members are aware that CMT has initiated a project called "Collective Wisdom" to help steer the organisation's operating model as we progress out of the crisis. The title of this project is in recognition of the need for wholesale engagement and problem solving going forward. The report expands on that work so far, focussing necessarily on accommodation changes in the first instance but outlining the potential wider scope of the project. Finally, the report also summarises the communications work which has been so crucial to response and recovery to date.
11. Once again it is important that this report to Cabinet should pay regard to the continuing and 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.

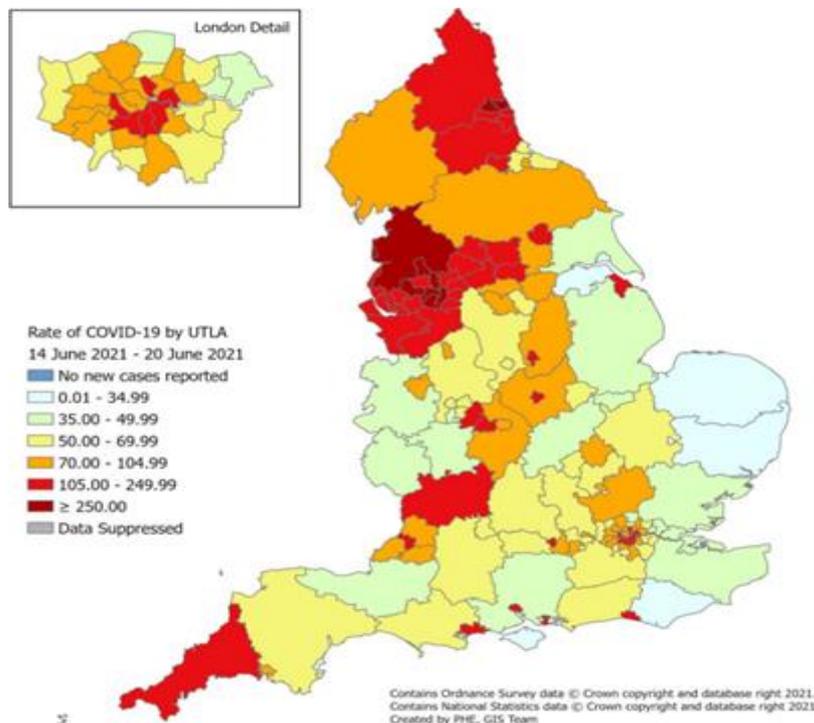
### **National Context**

12. Members are aware that the Government implemented a substantial period of national lockdown at the beginning of the calendar year in response to the severe second wave of Covid infection, which was devastating in its scale and impact. This was at a time though when the national vaccination programme was becoming established and accelerating. Therefore, the Government introduced a "Roadmap" for the gradual lifting of restrictions in parallel with the anticipated suppression of the infection rates, and the illness, hospital admissions and deaths that follow. That roadmap has been predicated on the take-up and effectiveness of an unprecedented vaccination programme. The Government has always been clear that the various milestone dates for the lifting of restrictions according to the roadmap were "at the earliest" and subject

to scientific advice and data. The aim has been to do the utmost to ensure that the country does not need to return to lockdown restrictions if at all possible, and a delay in lifting is preferable to a return.

13. As following sections in this report will indicate, the data nationally, and in Hampshire, does appear to show a substantial if not absolute weakening of the link between infection, hospitalisation and death. This is not least because the efficacy of the vaccine programme has meant that infection now is primarily between younger unvaccinated adults who are less likely to be severely affected. Nevertheless and in line with the stated aims of the roadmap, Government has delayed the final lifting of the majority of remaining restrictions in order both to better understand the spread of the virus, especially as it applies to the delta variant, and to allow for further extension of vaccination to all adults to further weaken the connection. The next sections elaborate on that analysis and the Hampshire position in more detail.

**The map below shows the current spread of the virus across England as at Week 24 of the year.**



### Local Position

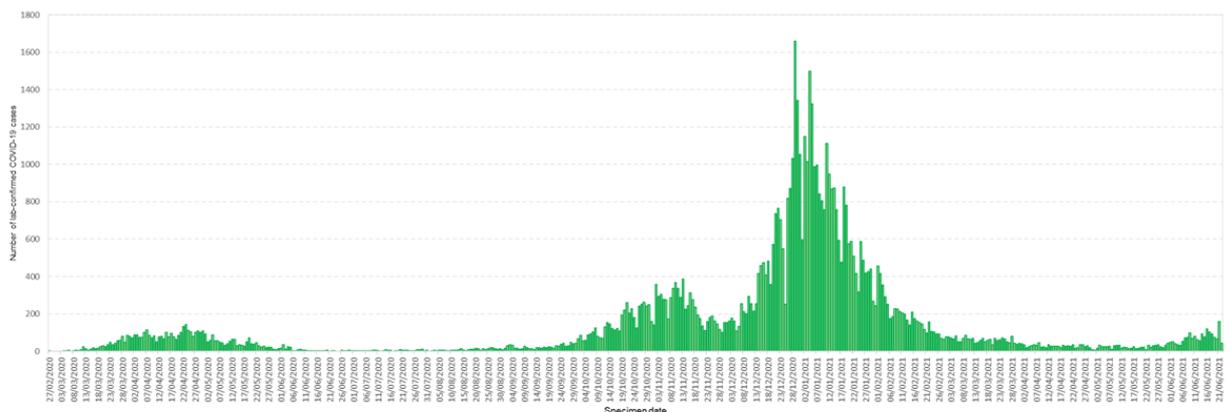
14. The following analysis gives more up to date detail in the rate of transmission in Hampshire County, the impact on the health and care sector and the mortality rates which now falling, though of course each death is a devastating event for the families concerned (see slide at paragraph 14). The pressures on the NHS have reduced significantly with only a small number of patients in acute and critical care (though it is recognised that NHS services, like local government,

will now be dealing with the backlog of pent up need that has been unmet during the crisis) .

15. 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 was caused by the alpha variant (first found in Kent) with its 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.

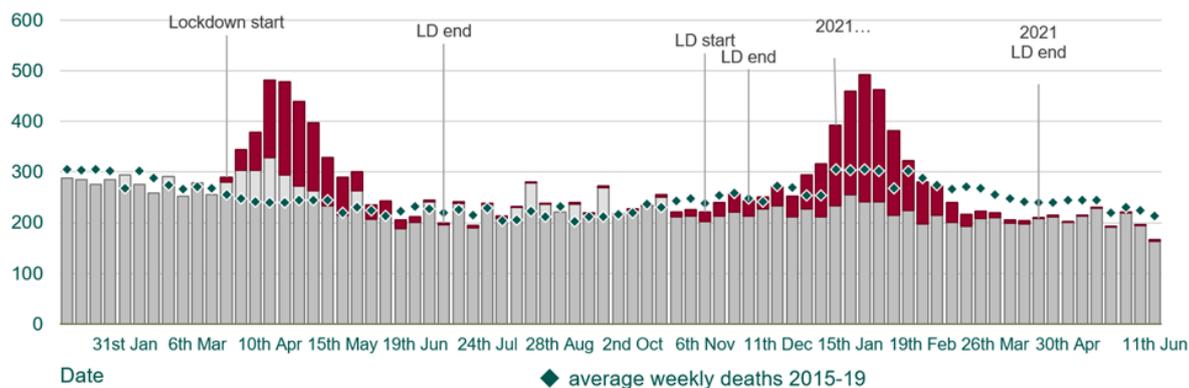
The current 7-day rate (20.06.21) for Hampshire is 43.8 per 100,000 compared to an England rate of 98.4 per 100,000 which is rising due to the easing of restrictions and the rapid spread of the delta variant. It is also essential that the community, with the County Council's leadership, does not relax or assume the battle is won. It is not. There are a number of factors that will influence the spread of infection and any future surge in case numbers. This includes the impact of new variants including the Alpha and Delta.

#### 16. Daily Confirmed Cases and Weekly Numbers of Deaths in Hampshire



**XXXXWE SHOULD BE SHOWING LATEST HOSPITAL DATA HEREXXX**

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



Data source: ONS Death registrations and occurrences by local authority and health board. Produced by LKIS, Public Health England Office for National Statistics, licensed under the Open Government Licence.

### Hospitalisations across the South East of England are low



17. The modelling prediction for the virus indicates a surge in cases in the late summer. However due to the high vaccine coverage it is likely that this will be lower than the first wave. It is also likely to have far less severe implications for the health of the population in terms of those with severe disease and for the capacity of the NHS system generally, and the acute sector in particular. It is now clear that one of the challenges of the COVID virus is the variants and the impact they have on the spread of infection. Some of the most significant have been the Beta and Delta variants first found in in South African and India. Whilst these don't appear to cause more severe disease or escape the vaccine, they do spread more easily than the original variant and the alpha variant (first located in Kent). The Delta variant is the current dominant variant. The Council works with Public Health England to take appropriate action to identify any further cases and manage outbreaks.
18. These separate graphs show both the severity and pace of the virus in Hampshire over time, and the sad implications for the subsequent rates of death, particularly during the winter. The relationship between hospital admissions and death rates has thankfully changed as treatments for severe Covid illnesses have improved alongside the impacts of lockdown and the vaccination programme. At the time of writing the rate of infection is low and that is having a subsequent impact upon hospital admissions and upon rates of death. The programme of vaccination has impacted significantly on the rate of infection and impact on hospitalisations and serious illness or death.
19. It was previously reported here that the increased death rates in wave two 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 were 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. The use of this facility was certainly required but kept to a minimum as the second wave of the pandemic progressed. While officers have ensured that any direct impact upon the local community has been negligible, it is appropriate here to again thank that community on behalf of the County Council and the LRF partnership for their support and consideration.

20. The Grayson suite has now been effectively decommissioned, slightly ahead of schedule having provided essential additional capacity. The need for that capacity thankfully began to reduce through the spring months as the impacts of the pandemic changed in the ways described above. In February, the leasehold arrangements required an early decision on the longer-term planning for the site. Subsequently a risk-based decision was taken not to extend the current lease which meant the facility ceased to operate by the end of June 2021. This will be within the one-year limit that was informally agreed with the local community who have been informed of this decision. It is worth noting here for future reference, that the longer-term need for additional mortuary capacity across the strategic geography of the LRF will remain an issue outside of the terms of this crisis. That will be for partner agencies to consider carefully over time. That consideration will be able to determine the best strategic location for any such facility in due course, but it should also be noted that while necessarily suitable for this temporary facility, this location would not be suitable for a longer-term provision.

### **Health Protection Board and Local Outbreak Engagement Board**

21. 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 which now meets on at least a fortnightly basis supported by a number of working groups including a 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.
22. 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.

23. 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.
24. As described below, work is now taking place within the council's operational structures to stand down the emergency planning arrangements. In line with that work there will be a case for reviewing the continuing need for and nature of the Health Protection Board and the LOEB. There is especially a good argument for merging the latter with the established and more generic Health and Wellbeing Board. However, the view has been taken that it would not be wise at this stage to stand down these arrangements too rapidly, especially in view of the quality of the district and county engagement they have fostered. Any such merger, while probably appropriate, should await the early autumn.

### **Testing**

25. 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 has the lead role in the organisation and oversight locally. 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.
26. 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 are 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, workplaces, and a number of other public sector organisations.
27. In 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 local programme to provide regular testing for 'front facing workers' i.e., those going out to work has been developed with sites across the whole of Hampshire. This will include children's nursery workers, transport operatives, council staff who cannot work from home, retail including supermarkets and construction and maintenance. The aim of the programme is to identify more people with the virus and to break the chain of transmission through targeted case finding.

28. Since this programme started it has been opened up to the whole population through different routes. This also now includes a Community Collect model where people can collect tests kits from community pharmacies for home testing. Locally this collect model has been enhanced by a supervised testing model in pharmacies enabling the closure of the community testing sites.
29. With the emergence of variants the County in conjunction with Public Health England takes forward testing actions where there are variants without a clear link to another case or travel. In February, in line with government guidance, surge testing was undertaken in North Hampshire following the identification of a single case of the South African variant. Further specific programmes are carried out to understand the spread of the variant cases.

### **Tracking and Tracing**

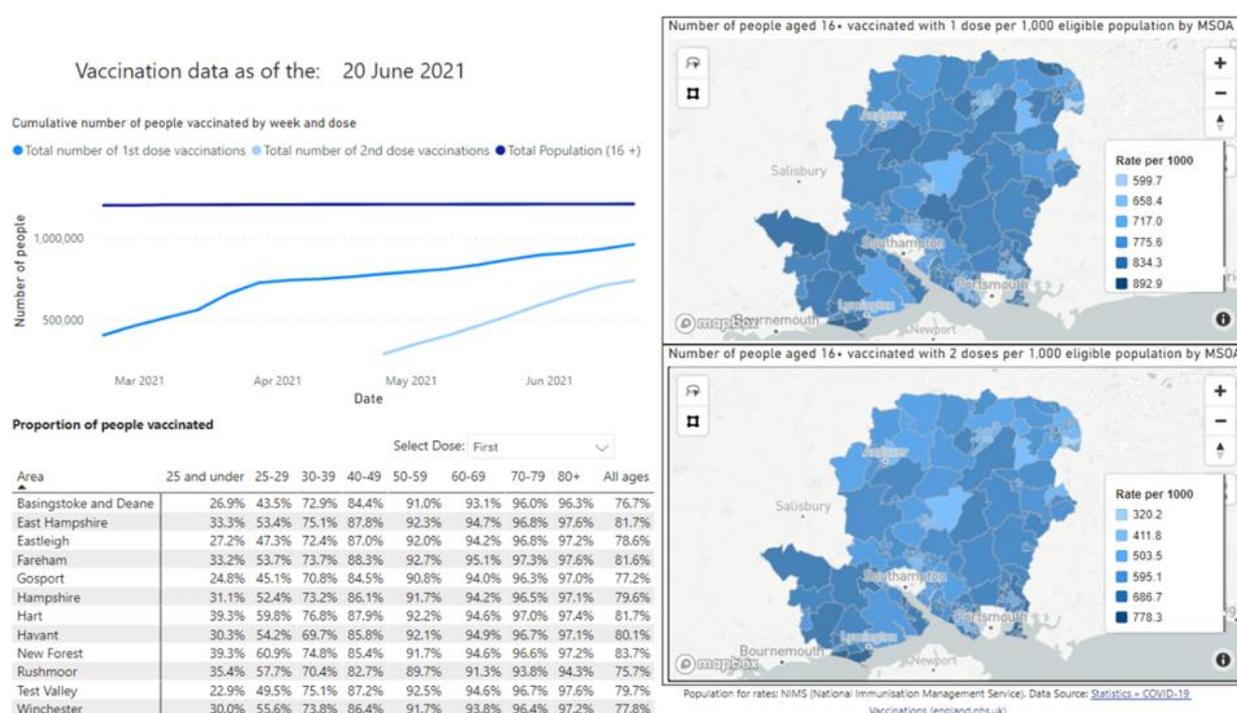
30. Case testing investigation and contact tracing are fundamental public health activities in the management of all infectious diseases. This involves working with an individual (patient or resident) who is either symptomatic or asymptomatic and has been diagnosed with an infectious disease. The aim 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.
31. 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.
32. 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.

33. For Hampshire County this programme started in the Rushmoor Borough area with the final areas of Hampshire being part of the local service from 26 January 2021. As of 21<sup>st</sup> June 2021, 88% of HCC cases and 92% of HCC contacts have been successfully contacted and followed up by CTAS with 84% of cases and 96% contacts successfully contacted in the latest week. Evidence shows that at least 80% of contacts of an index case would need to be contacted for a system to be effective.
34. 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.
35. Further aspects of the programme include home visits in specific circumstances. The County leads this for local variant cases unable to be contacted. For those returning from amber countries abroad this is undertaken by national government.
36. The Government is considering if a different approach for contacts of cases would be supportive of public health outcomes with daily testing in place of isolation in certain circumstances.

### **Vaccination**

37. 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 four 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 and Moderna only require fridge storage. Janssen will be available later in the year.
38. The JCVI state that the purpose 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.
39. 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 most likely to spread in an occupational setting.

40. The programme has seen a number of changes including those under 40 being given vaccines other than Astra Zeneca due the risks benefit potentially outweighing the use of this vaccine.
41. 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 around 75% of the Hampshire over-18 population has received first vaccination. With 58% having had two doses
42. The Hampshire experience has therefore matched national progress and has been a substantial effort, led by NHS but fully supported by HCC. A programme of work has been set up to focus the programme on inequalities to ensure those groups least likely to take up the vaccine can be engaged with. There is some variation in uptake across Hampshire, unsurprising given the size and complexity of the county, due to a number of factors including demographics, with the younger populations only more recently eligible for the vaccination and some communities being more hesitant to taking up the vaccination.



At this point in time, we are awaiting guidance from the Joint Committee of Vaccinations and Immunisation on any future vaccination programme for school aged children.

### Gold Command and Crisis Management Arrangements

43. In March 2020, at the start of the pandemic and the first lockdown, in line with most statutory agencies, the County Council triggered its crisis management procedures. Among other steps this included the institution of a Gold command structure to oversee crisis related decision making in a formal and accountable

manner in line with civil contingencies legislation. Gold was chaired by the Chief Executive, Silver by the now Deputy Director of CCBS, and Bronze groups were integrated within departments and chaired by directors, or their deputies as required. The business-as-usual operational managerial arrangements have stayed in place under the continued auspices of the Corporate Management Team. In time a Recovery Group was established, chaired by the Director of ETE.

44. In most crises these arrangements would remain in place for a matter of days, perhaps weeks at most. These arrangements for Covid have now been in place for some fifteen months as a matter of necessity. They have tested the organisation's capacity and ordinary governance structures but have been hugely effective. The support work of Emergency Planning staff has been key to this. With the imminent end to the lockdown restrictions and the clear changing profile to the pandemic it is now safer to plan for the withdrawal from these emergency arrangements, which have certainly served their purposes but were never designed for this length of intervention. It is therefore now planned for the Gold structure to be wound down to coincide with the anticipated end of major restrictions. CMT will resume full responsibility for overseeing any issues with regard to the continuing response by the County Council to the pandemic. The recovery group will be retained as an operational economic recovery arrangement reporting into CMT and its political oversight arrangements, including the sub-committee of this Cabinet (see below).
45. These changes present an opportunity to acknowledge the exceptional work of colleagues in Emergency Planning who have serviced these command arrangements alongside the LRF equivalents. Under the leadership of the Head of Emergency Planning they have brought great skill and expertise to guide and support the decision making through the most prolonged and dangerous crisis.

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

46. Adults' Health and Care, through HCC's adult social care services, have continued to respond to the needs of their clients and the NHS. During the progress of the Government's roadmap this has included working 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 managing 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.
47. Whilst requirements to support people shielding ceased in late March 2021 formal mechanisms, with district and borough council and voluntary community sector partners remain available. However, positively, as restrictions and community transmission has decreased, there has been an inevitable reduction in contacts being made and support being required. Officers will continue to

maintain an architecture with partners to ensure that support remains available should it be required.

48. Direct care teams remain extraordinarily busy – particularly in HCC Care operations. It has been possible to stand-down specific resources created to respond to challenges caused by the pandemic, such as Designated Settings – specific bed-based capacity capable of supporting people discharged from hospital settings who tested positive for COVID-19, but requiring acute healthcare. However, working closely with NHS partners we have continued the exemplary performance in supporting people to leave hospital, either to return to their own homes with additional support or specific bed-based Discharge to Assess capacity. This capacity and overall approach, Discharge to Assess, as part of the wider system approach, will continue into the future. Additionally, it is important to identify the excellent Shared Lives carers – some 126 carers providing 24-hour support to adults within ‘home’ settings.
49. While Adults’ Health and Care has maintained a focus on the key aspects of its recovery throughout the pandemic, the decelerating pace of the emergency in recent months has led to the Department’s formal transition in late March 2021 from a response phase to one of recovery. All teams remain exceptionally busy and some by their nature are further along the recovery journey than others. Agile arrangements have been put in place to support senior managers to plan and lead the steady recovery of their services, with cross-service strategic decisions taken by the Departmental Management Team. This model also enables the design and delivery of the recovery programme in parallel with transformation and ‘business as usual’ objectives, and continued information flow between the Department and other County Council or partnership forums.
50. Through this 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 across the Hampshire area. More than £35m has been allocated by financial year-end in accordance with the strict grant conditions through an exceptional and rapid system of financial administration that has been a lifeline to the sector. Relationships and arrangements put in place through the initial lockdown in 2020, with Hampshire Care Association, Hampshire CCGs, HealthWatch Hampshire and local CQC colleagues, continue and will become a key element as we collectively maintain safe and sustainable services over the coming period.

### **Schools and Children’s Services**

51. The pandemic continues to have a significant impact on children and families albeit not always in a direct way. The most obvious issue that has re-emerged over the current school term is the number of children being required to self-isolate. Schools continue to organize their pupils into ‘bubbles’ as required. Children should self-test at least twice per week using a lateral flow test. When a child has a positive test the rest of the bubble is required to self-isolate for ten days (even if their own tests are negative as it can take time for the virus to emerge). Using the most recent data we can see that on Monday 28 June 570

pupils were asked to self-isolate from that day. Extrapolating that number across ten days gives a confident figure of almost 6000 pupils, over 3% of the Hampshire school population, self-isolating on any one day in this phase in the pandemic. The government have now said that they will look at the requirements to self-isolate in preparation for schools' return in September although there is no detail available on this yet.

52. Secondary age schools have organized summer schools sessions for pupils in the summer holidays and this will complement the County Council's extensive Holiday Activity and Food programme which is being rolled out across the summer – see Executive Member for Children Services decision day on 8 June. Nationally, funding has been made available to schools for additional tuition and further detail is awaited on a more comprehensive catch-up programme.
53. It should also be noted that children's social care services remain extremely busy with the average number of referrals into the service consistently reaching 1100 per week, about 20% up on the pre-Covid period. Those referrals include increasingly complex and difficult casework at least some of which has been masked during the crisis if not caused by it.

### **Economic Impact and Recovery**

54. By the end of last year, GDP economic growth had cliff-fallen 9.8% and unemployment had increased to over 6%. The unemployment rate is now expected to peak at the end of this year to 6.5% in the "central" OBR scenario, less than forecast in November 2020. In its spring outlook the OBR notes unemployment could reach 11% in the "downside" scenario, before starting to decline but this is now less likely given the strength of the recovery. The independent OBR forecast central scenario signals that by 2024/25 the economy is likely to be 3% smaller than it would otherwise have been due to the economic scarring effect of the pandemic. This reflects lower investment, lower productivity and lower labour supply. This provides a good overall sense of the magnitude of this economic shock and associated implications, but also signals the economy's deeper resilience and potential for a fast recovery.
55. Locally, across both Hampshire and pan-Hampshire, the initial impact has been greater thanks to above average concentration of consumer facing services, but the recovery has been faster. In relative terms the impact has most likely been greater than 10% of GDP which translates to between circa £6-7b in money terms. This is an enormous welfare loss to local economies across the area and a massive hit to local competitiveness. Business activity over the period of the pandemic has been a major concern, especially with the ebb and flow of lockdown measures. The impact on the labour market has been significant but relatively muted when compared to the massive impact of the pandemic on output. In 2020 there were some 8,700 fewer residents in employment Pan Hampshire than in the previous year. The employment effect to date on Hampshire has been slightly smaller than the South East average but larger than nationally.

56. The impact continues to be highly sector specific with workers in hospitality, leisure, transport and non-supermarket retail much more likely to be out of work. Pan Hampshire employment in the broad distribution, hotels & restaurants sector decreased by over 10% or 17,000 people in 2020 compared to the previous year. Resident employment in the broad transport sector decreased by 12% or about 12,000 on the year. Young and older workers have been hit the hardest and recruitment demand has only just started to return with shortfalls now being witnessed in these hardest hit sectors. The furlough scheme supported about 120,000 resident jobs in Hampshire in March 2021 or some 14% of eligible employees. The two job support schemes in Hampshire continue to support around 184,000 residents in employment. The furlough scheme has been extended until September 2021 and throughout has successfully prevented mass unemployment, though there is still uncertainty around further unemployment as the support is removed.
57. Whilst accommodation, food, leisure, entertainment, education, transport, retail (non-food), and construction are at the centre of our immediate concern and response to maximise business survival and a return to stability, the knowledge intensive economy and broader public sector has proved more resilient, where we are seeing the acceleration of existing trends towards digitalisation, automation and decarbonisation. Occupational data points to a strong demand in several higher skilled and technical occupations in Hampshire. Resident employment in associate professional & technical occupations increased by 13,000 or about 9% in 2020 followed by professional occupations (over 9,000 or +4.3%). Hampshire saw growth in demand for skilled trades occupations with resident employment increasing by 3,300 on the year. Whilst tourism and hospitality has been hit hardest, cruise and aviation markets are starting to return with a small boost arising from pent-up demand. Ports seem to still be stagnant with difficulties associated with post-Brexit operations and issues to do with broken supply chains arising from the pandemic impact in other parts of the world, as well as trends towards re-shoring.
58. Throughout the pandemic there has been major intervention by Government to support people and businesses impacted, resulting in UK public spending increasing by £246bn, a public sector deficit of 14.5% (£303bn) in 2020/21 (a peacetime record) and Government debt reaching 97.7%+ of GDP in the same year.
59. As the Government's route map out of Lockdown is implemented, it is important to get the timing right locally to be able to bridge the support for both people and businesses as support is increasingly reduced and re-opening and trade increases, albeit in a safe and different operating environment. A responsive recovery action plan is under constant monitoring and review that takes account of the significant change: increases in the prevalence of working from home; acceleration of on-line commerce; hospitality, travel and international tourism seeing low growth; and acceleration of digital, automation and decarbonisation processes also putting pressure on existing jobs and requirements for upskilling.
60. The proposed County Council high level approach to economic recovery is set out below.

<b>Respond</b>	Where required, continue to take immediate actions to support businesses, workers and the economy as we have done since lockdown in March 2020.
<b>Reset and Renew</b>	Ensure we understand the challenges and opportunities that we face in economic recovery and that we have a clear focus and direction on the interventions, projects and partnerships that will address them.
<b>Build Resilience</b>	Maintain a long-term view of our aspirations for our economy that delivers rising living standards for all, addresses the climate emergency and improves the health and wellbeing of all our communities.
<b>Short term</b>	
<p>Keeping all aspects of the economy open and functioning, encouraging innovation, digitalisation and decarbonisation across all aspects of economic growth and prosperity.</p> <ul style="list-style-type: none"> <li>• Improving digital and physical connectivity and provide a public transport system that can run safely, efficiently and effectively and connect areas of need with opportunity.</li> <li>• Building confidence with businesses and communities.</li> <li>• Prioritising the hardest hit sectors that continue to struggle to survive</li> <li>• Re-stimulating our town centres and high streets as priorities.</li> <li>• Delivering targeted business and employment and skills support.</li> </ul>	
<b>Long Term</b>	
<p>Our ambition remains to create a strong new economy set within a compassionate County and we will shortly produce a new and dynamic economic growth strategy for Hampshire now the timing is right given the immediate crisis has lifted.</p> <ul style="list-style-type: none"> <li>• Improving people's health and wealth - building on the existing momentum across the County.</li> <li>• Leading the way towards becoming a net zero County and becoming an innovative, world class test bed for the UK.</li> <li>• Building more resilience into our broad-based economy.</li> <li>• Levelling up our most vulnerable, and tackling inequality across, our left behind communities.</li> <li>• Building on our strongest sectors, developing our new economy, knowledge-intensive, digital and green sectors</li> <li>• Adapting to accelerating trends in our working and travel patterns, digitisation changing town centres and use of our public spaces.</li> <li>• Delivering transformational projects across the County.</li> <li>• Promoting investment opportunities, economic identity, creative and cultural assets.</li> </ul>	

61. Hampshire County Council is stepping up to take a more active role to steer and support our economy, particularly given the uplifting of uncertainties arising post-Brexit and pandemic. This includes reinvigorating our strategic authority leadership role, setting and leading economic strategy; taking on the new asks from central Government to act as a lead authority for the Community Renewal Fund as the precursor to the Shared Prosperity Fund; working collaboratively across the Levelling Up Fund, coordinating and supporting bids; exploiting the success of the Freeport bid as part of Government's flagship policy; development of our international gateway role for the UK, and its levelling up aspects given the strategic importance to the Midlands and the North; and, continuing to provide a strong economic development support service. The County will also be seeking to collaborate at scale and to play a role at the national level.
62. Work has been commissioned from the New Economics Foundation on helping to shape a Green Economic Recovery, which will have a particular emphasis on skills for the future and on improving standards of living, rather than simply increasing GVA. This commission will help to inform the work on climate change and the Hampshire 2050 programme, as well as the economic recovery work. The initial report will be received in the early summer. In addition, work on the longer-term Hampshire Economic Strategy is anticipated to be complete by the winter and will be brought back to Cabinet for consideration at that time.

### **Collective Wisdom**

63. 'Collective Wisdom' is the name that CMT has given to a project that has the potential for a broad focus on the organisation's longer term, post-pandemic 'operating model', but which has, out of necessity, been prioritising 'ways of working' in its initial phases. The project was born out of a shared understanding that several factors make paying deliberate attention to the way in which we work essential at this time. Those factors include:

#### **The global pandemic:**

- Over the past 15 months the organisation has without exception adapted well to the many and varied challenges it has faced and what began as short-term emergency arrangements have now embedded into medium-term changes to the work we do and how we do it.
- As our attention begins to turn from 'response' in to 'recovery' it is clear that some of the 'temporary' changes in the way in which we work are serving us well, in terms of delivery to our service users, the experience of our staff and the efficiency of the organisation. It goes without saying that we would want to hold on to these beneficial changes.

#### **Long-term finances:**

- Covid-19 has had a considerable impact on our finances. On top of the pre-existing need for a Savings Programme over the next two years now necessary to generate £80m across the whole organisation (SP23), there is a lack of certainty related to one off COVID costs estimated at £210m over the

three-year period plus against future income and demand levels. It is therefore essential that we seek to embed changes over the longer term if the benefits and financial implications are fully understood and addressed.

#### **Ambitions as a learning organisation:**

- Over the past year we have paid further attention to the established frameworks of HCC developing as a 'learning organisation'. Our work in this space is centred around our belief that our collective wisdom is far greater than the wisdom of any one person or individual department.

#### **Need for a diverse and inclusive organisation:**

- An issue that has been important to us for many years, but which took on new meaning following the international responses to the killing of George Floyd in America has high-lighted issues, both from a service user and workforce perspective. As we have continued to engage with our workforce over the past 15 months it is clear that many of the changes to our ways of working have had positive impacts on our inclusiveness that we cannot and will not ignore.

#### **The drive to support a more sustainable future for Hampshire:**

- Like many organisations we are increasingly aware, and committed to, improving the sustainability of our environment for future generations. This commitment is not separate to 'the day job' rather embedded in our thinking about the future services we offer and the ways in which we deliver them.

64. The name 'collective wisdom' reflects the fact that no one individual or one department has all the answers. Senior managers have long been engaging across the organisation, amongst leaders, members and across our workforce, but never more so that over the past 15 months. The insight and wisdom gained from this engagement has been critical to our success.
65. CMT are clear that whilst much of the 'way we work' is specific to the work and circumstances of individual departments, it is essential that we take account of the fact that we are a large, complex, and multi-faceted organisation that requires every part of the system to be operating effectively in order to deliver maximum value to our service users and residents. In light of anticipated changes to Government Guidance, the early collective wisdom work has focused on 'accommodation' and what any 'return' to pre-pandemic practices might look like. This also links to the Open Workplace Policy which was recently approved by EHCC and essentially introduces the notion of 'hybrid working' whereby staff are able to work both from an HCC location and from an alternative suitable location such as their home.
66. Departments are all at slightly different stages of their thinking and have begun, or have plans to begin, staff and service user engagement to build their understanding and support decision making for the short and medium-term future.

67. Ultimately work will be required to make necessary changes to office locations to support the shift to permanent 'hybrid' working arrangements in the longer term but for now we are focussed on enabling people to work in this 'hybrid' way from 19 July with the equipment and accommodation we already have.
68. Colleagues in Property Services are working alongside Directors and their DMTs to understand their short and medium-term needs, make low cost or cost neutral changes to our current accommodation layout and configuration to ensure that any staff either needing (by management requirement) or wanting (by personal choice) to return to the office are able to do so as soon as the Government Roadmap allows.
69. CMT are coming together regularly to share examples, update and challenge each other and ultimately to ensure that our previously referred to principles remain at the heart of what each Department is intending to do.
70. It is recognised that this will be a dynamic and iterative process. Just as every other large organisation in the UK is doing, HCC will need to continuously monitor performance and seek to understand staff and service user experiences as we progress on this organisational journey.

### **Communications and community engagement**

71. The most recent communications and engagement activity has focused on the path towards COVID recovery. This has involved promoting the Government's four-step roadmap out of lockdown and supporting Hampshire residents to continue to follow the rules, to help suppress COVID-19, and look to the future positively. This dimension of HCC's handling of the crisis has been praised locally and with partners as the quality and speed of communication across so many levels has made such a difference to the speed and quality of responses and the engagement of the community. Examples of the work are outlined below:
  - Encouraging residents to take up their COVID-19 vaccination, when it is offered, aligned with the Joint Committee on Vaccination and Immunisation's (JCVI) advice on priority groups. Activities included the launch of the *Hampshire County Council Vaccine Champions Programme*, with bespoke materials, (including translated versions), webpages, targeted digital advertising and weekly communications broadcasts. Additionally, campaigns were targeted to unpaid carers and Gypsy, Roma and Traveller communities, and specific minority ethnic communities, in response to insight on vaccine hesitancy.
  - Reminding people of the importance of regular asymptomatic testing and continued adherence with symptomatic testing and self-isolation. Social media postings promoted '*isolate, test, trace*' advice, along with dedicated news media and social media campaigns to encourage regular testing without symptoms, '*Test-Record-Repeat*'. These initiatives also urged use of Community Testing, Pharmacy Test and Collect and workplace testing.

- Promoting a safe exit from lockdown as the Government's four steps progress with targeted and focused messages related to specific changes. This advice included the impact of events and celebrations including Easter and Ramadan, as well as public and school holidays.
- Undertaking specific research using the *Hampshire Perspectives* online residents' forum with residents to aid understanding of barriers to recovery, to inform and improve the effectiveness of campaigns and local communications priorities. This incorporated a series of focus groups to identify specific worries people have around self-isolation and the concerns of those considered to be 'vaccine hesitant'.

## **Conclusion**

72. It is possible that this may be the last such Covid report to Cabinet in its current form. As this report has outlined, the pandemic is certainly moving into a new if not final phase. It is likely restrictions will be largely lifted or lifting through the summer and the County Council's crisis management mechanisms are being wound down accordingly. The combined factors of the effective restrictions to date and the exceptional roll-out of vaccination have significantly subdued hospital activity and mortality rates, if not infection. While the phases of the pandemic may be changing now in welcome ways, the impact, on the community and on HCC, will remain profound for years to come. The Collective Wisdom project is preparing the organisation for new ways of post-pandemic working and the work on economic recovery will be core to the way forward for the community as well as the economy. All of these points noted, there will remain a strong emphasis on constant vigilance, subject to whatever roadmap decision is taken by Government in the very near future.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**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

<b>Decision Maker:</b>	Cabinet County Council
<b>Date:</b>	13 July 2021 22 July 2021
<b>Title:</b>	2020/21 – End of Year Financial Report
<b>Report From:</b>	Deputy Chief Executive and Director of Corporate Resources

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

**Tel:** 01962 847508

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

#### **Section A: Purpose of this report**

1. The purpose of this report is to provide a summary of the 2020/21 final accounts. It sets out the variance against the revenue budget for service departments and non-service budgets and explains the reasons for the variances. It makes recommendations for the use of budget underspends including transfers to earmarked reserves.
2. The report also covers capital expenditure and funding for 2020/21, revisions to the 2021/22 capital programme and reports on treasury management activity for the year ended 31 March 2021.

#### **Section B: Recommendations**

##### **RECOMMENDATIONS TO CABINET**

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

3. Notes the year end position in respect of Covid-19 costs and losses as outlined in Section D.
4. Notes the outturn position set out in Section E.
5. Notes the use of £30m of contingencies as part of the Covid Financial Response package as previously agreed by County Council.
6. Approves the allocation of unspent central budgets of £14.7m for the specific purposes set out in section F.
7. Approves one off funding of up to £64,000 from contingencies in the current year and recurring funding of £110,000 from 2022/23 onwards for additional senior capacity to support the health and safety and risk functions across the County Council. The outcome of a further review of health and safety roles will be built into the base budget as part of the budget setting process for next year.

8. Approves the increase of service capital programme cash limits for 2021/22 to reflect the carry forward of capital programme schemes totalling £99.7m and shares of capital receipts totalling £0.113m as set out in Appendix 3.
9. Approves the addition to the capital programme, as outlined in Section I, a scheme to reconfigure Rookwood office accommodation with an estimated cost of £430k to be funded from capital receipts and revenue contributions from the fund proposed in section F of this report.
10. Approves the increase in the capital programme value for the A3090 Winchester Road/Halterworth Lane Junction, Romsey junction improvements scheme, from £0.574 million to £1.3 million with the increase to be funded from developer contributions as outlined in Section I.
11. Recommends to the County Council approval of the County Council's treasury management activities and prudential indicators set out in Appendix 2.

## **RECOMMENDATIONS TO COUNTY 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 report on the County Council's treasury management activities and prudential indicators set out in Appendix 2.

## **Section C: Executive Summary**

12. This report provides a summary of the 2020/21 final accounts. In line with the revised statutory requirement, the draft statement of accounts will be published by 31 July and will be reported to the Audit Committee in September, in conjunction with the External Audit report on the accounts.
13. The volatility of the coronavirus pandemic with the various restrictions, lockdowns and new requirements and approaches for the County Council made it extremely difficult to form an accurate prediction of the financial impact of the pandemic both in the short and medium term. Given the unprecedented situation at the start of last financial year, it was essential that our financial management approach was robust. It was appropriate, therefore, that our initial assessment of the potential financial impact was a prudent one and it is much better that subsequent monitoring and updates have reported an improving position than to have started from an overly optimistic position and then descend into an unanticipated black hole. The revised forecast of £88.3m was included in the February budget report and has been updated as outlined in section D of this report. During the year, general and specific funding from the Government and NHS England has been received and applied to offset the visible costs and losses resulting from the pandemic. Consequently, the County Council's financial response package of £30m identified in the Medium Term Financial Strategy has not yet been required.

14. Our position throughout and at the year end is very much in alignment with other County Councils who experienced similar challenges. The future remains difficult to predict. Therefore, given the on-going uncertainty of the financial impact of the pandemic in the medium term, particularly fears of a potential time lag in its impact on council tax, business rates and social care costs as we move through 2021/22 and government support comes to an end, it will be important to protect the locally funded response package and carry it forward for this purpose.
15. Savings on non-cash limited budgets total just over £14.7m. This largely results from unused inflation and Adult social care contingencies partly offset by lower than planned interest on balances and the requirement for an increased contribution to the bad debt provision.
16. This report recommends that these corporate savings of £14.7m are earmarked for specific purposes set out in section F. This includes investment in highways maintenance, a contribution to the interest risk reserve in line with the approved investment strategy, new funds to support new ways of working and other recovery issues post pandemic and funding towards the County Council's celebrations for the Queen's Platinum Jubilee.
17. Net service cash-limited expenditure was £51.9m lower than originally planned against an overall gross budget of approaching £2.0bn; a variance of 2.9%. This position is after the allocation of Government funding to cover the cost of responding to the coronavirus pandemic during 2020/21 and therefore reflects the financial position of the 'usual' business of the County Council, albeit 2020/21 was unusual in many respects as a consequence of the pandemic.
18. The underspend against budget reflects the early achievement of Tt2021 savings in many service areas, savings in travel and printing as a result of new ways of working in line with our original digital strategy, which has been accelerated by the work from home response to the pandemic, and largely expected to continue into the future. Additionally, to some extent, there has been a shift in focus away from some planned projects and service developments and instead directed towards activity required in response to the pandemic, which is covered by Covid funding. The financial position also reflects funding from NHS England as part of the Hospital Discharge Scheme which was supplemented by the Hampshire CCGs with a one-off additional contribution to the Better Care Fund of £7.75m to support reablement services. This is a reciprocal arrangement that will be adjusted for within 2021/22.
19. The nature and timescales of the on-going impact of the pandemic are still uncertain, as is future Government funding and the position continues to be volatile. Against this backdrop, departments need to complete full delivery of Tt2019 and Tt2021 and plan for the savings programme required in 2023. The one-off funding arising from the 2020/21 final outturn position can be used to meet the future costs of change, for example in shaping services to meet the changing needs of a post-pandemic world, to cash flow the necessarily slower delivery of some savings or to offset other service pressures, for example within social care.

20. The position for each of the departments is summarised in the table below:

	<b>Variance (Under) / Over Budget</b>
	£M
Adults' Health and Care	(30.6)
Children's Services - Non Schools	(10.0)
Corporate Services	(6.1)
Culture, Communities and Business Services	(4.5)
Economy, Transport and Environment	(0.7)
<b>Total Departmental Expenditure</b>	<b>(51.9)</b>

21. The position for Adults' Health and Care largely reflects additional financial support from NHS England and Hampshire CCG to facilitate hospital discharge and also reduced demand for residential/nursing care and day services. The longer-term position for the Department is likely to present greater challenges than might be indicated by the 2020/21 outturn position. Moving into 2021/22, whilst further NHS funding has been received, it is cash limited and will have a significantly reduced impact. Short term services that support the discharge of clients from hospital are estimated to cost in the region of £20m - £22m in 2021/22 and in the region of £15m - £18m annually thereafter. Whilst local and national discussions are on-going to identify sources of funding, there remains considerable uncertainty regarding the level and sustainability of such funding. At the same time, it is expected that residential and nursing care demand may begin to recover; this will likely generate a pressure.

22. The position in Children's Services largely arises from early achievement of Tt2021 savings, lower demand for family support services and lower than anticipated numbers of secondary school pupils and pupils with special educational needs requesting local authority funded school transport. These combined savings more than offset cost pressures elsewhere including Safeguarding and Young People's Services.

23. Corporate Services continues to implement a strategy of strong budgetary control, managing expenditure and gaining economies of scale through expanded joint working and generating income, for example for legal services, pension administration, internal audit, procurement and other services. This has ensured early achievement of Tt2021 savings resulting in an underspend against budget for 2020/21.
24. Culture, Communities and Business Services continues to take every opportunity to make savings in business as usual activity where possible. This has been achieved by stopping all non-essential spend including delaying planned infrastructure developments at the Great Hall and a pause on awarding new grants in 2020/21 and generating increased income through new contracts and new initiatives, particularly within Property Services and Scientific Services. Early achievement of Tt2021 also contributes to the net underspend for the department.
25. The final outturn position for Economy, Transport and Environment (ETE) is the result of early achievement of Tt2021 savings, reduced need for highways winter maintenance as a consequence of the relatively mild winter weather and further savings across the department as every effort has been taken to minimise all non-essential spend and maximise efficiencies and income, given the context of the severe financial pressure the County Council is currently facing.
26. The savings on the winter maintenance budget will be carried forward to be spent in 2021/22 in accordance with established principles, providing additional one-off resources to supplement existing maintenance programmes and activities.
27. The one-off funding arising from the 2020/21 final outturn position has been set aside for use by the respective services in line with County Council policy. This funding will be required to meet the future costs of change, for example in shaping services to meet the changing needs of a post-pandemic world, to cash flow the necessarily slower delivery of some savings or to offset other service pressures, for example within social care.
28. Schools continue to face increasing financial pressure, in particular relating to high needs for children with special educational needs and or disabilities (SEND). 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 2020/21 the overall position has once again been balanced through the use of the Dedicated Schools Grant (DSG) Reserve, as allowed by the Department for Education (DfE).
29. The accumulated DSG deficit is now approaching £35.5m (up from £22.8m last year) and 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. Longer term the County Council is still looking to the Government to implement a solution to this increasing deficit and make policy changes to existing criteria whilst providing increased funding to fully meet growth in demand in the future.
30. The report contains a small section on reserves and balances highlighting a net increase in revenue reserves available to the County Council of £89m.

This largely equates to the unused locally funded Covid-19 response package and early achievement of savings and in line with the objective set out in the MTF5, the County Council has achieved a financial outcome for 2020/21 that leaves it no worse off as a result of the pandemic.

31. The report also recommends approval of:

- permanent funding for additional senior capacity to support the health and safety and risk functions across the County Council.
- The annual report on the operation of the treasury management strategy and the County Council's end of year prudential indicators.
- A revised capital financing plan for 2021/22.
- 2020/21 Revenue Outturn.

#### **Section D : Covid-19 Financial Impact**

32. Cabinet and county council have had regular reports throughout last year in respect of the financial impact of Covid-19. On top of the fact that the pandemic itself was unprecedented, as was the County Council's response to it, the constantly changing landscape and volatility of the virus meant that it was virtually impossible to form an accurate prediction of the eventual impact on the County Council's finances.

33. For example, spikes in the virus leading to new and extended lockdown periods had an adverse impact on income generation across the Council's Services but also reduced activity within social care services compared to what was expected which reduced anticipated extra costs (but may have the effect of pushing the demand into the current year).

34. Similarly, it was not until very late in the year (mid-December) that any relevant information on council tax and business rate losses became available for which the County Council had assumed quite large losses resulting from the pandemic. Government support was allocated in tranches and more latterly specific government grants around public health were distributed that help to offset some costs already incurred.

35. Our position throughout and at the year end is very much in alignment with other County Councils who experienced similar challenges. However, from a robust financial management perspective it is always better to err on the side of prudence and then have an improving position than the reverse of being overly optimistic developing into an unanticipated black hole.

36. The final position on gross costs and losses is shown in the following table:

	<b>Year End</b>
	<b>£'000</b>
Response and Recovery Costs	113,110
Lost Savings – 2020/21 only	9,742
Lost Sales Fees and Charges Income	10,094
Lost Commercial / Other Income	4,088
<b>Costs and Losses</b>	<b>137,034</b>
<i>Add Back:</i>	
Market Underwriting Costs	22,757
<b>Total Costs and Losses</b>	<b>159,791</b>

37. During the year funding was made available to help meet the visible costs of Covid by the Government and NHS England, together with savings made in the budget and budgeted market underwriting costs as shown below. Due to the way in which the MHCLG wanted figures reported, savings in costs have been netted off the costs and losses figures in the table above and the Other Savings figure below represents the balance of consequential savings arising from Covid-19.

	<b>Year End</b>
	<b>£'000</b>
<b>Total Costs and Losses</b>	<b>159,791</b>
Service Specific Funding (CCG's and Government)	(12,861)
Covid-19 Grant Allocations	(70,395)
Test and Trace, Infection Control and Emergency Assistance Grants	(57,151)
Income Reimbursement Scheme	(3,482)
Other Savings	(1,348)
Market Underwriting (Budgeted)	(22,757)
<b>Total Funding</b>	<b>(167,994)</b>
<b>General Covid-19 Grant Carried Forward</b>	<b>(8,203)</b>

38. Test and Trace, Infection control and Emergency Assistance Grants were applied in the year to actual spend and the balance of these specific grants has been carried forward to 2021/22. A total of just under £70.4m of general Covid-19 grant was received in the year and after taking into account all of

the other adjustments a balance of £8.2m of the general grant will be carried forward to 2021/22 to help offset expected costs in that year.

39. In terms of the medium term impact, it has not yet been possible to fully update the forward projections given the recent change to the Government's roadmap and extended period of restrictions to 19 July. The previous figures reported to County Council in February have therefore been updated to reflect the outturn for 2020/21 and other minor revisions and gives the current position:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2020/21 Spare Grant	(8,203)				(8,203)
Slipped T19 and T21 Savings		22,752	3,131		25,883
Departmental Pressures		37,921	25,704	15,000*	78,625
Covid Grant - Tranche 5		(23,979)			(23,979)
<b>Updated Total Gap</b>	<b>(8,203)</b>	<b>36,694</b>	<b>28,835</b>	<b>15,000</b>	<b>72,326</b>

\* A pure guess at this stage but the assumption is that the spike in social demand will eventually tail off and return to previous levels.

40. Whilst this once again shows an improvement against the previous forecast, the County Council is still in a 'less worse' position as funding of £72.3m will need to be found to meet this cost, which could have been used for other purposes.
41. A fuller update will be provided in the Medium Term Financial Strategy that will be presented to Cabinet and county Council in October and November respectively and this will reflect better data around social care and income pressures for the current year.

## Section E : 2020/21 financial outturn

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

	<b>Variance (Under) / Over Budget</b>
	£M
Adults' Health and Care	(30.6)
Children's Services - Non Schools	(10.0)
Corporate Services	(6.1)
Culture, Communities and Business Services	(4.5)
Economy, Transport and Environment	(0.7)
<b>Total Departmental Expenditure</b>	<b>(51.9)</b>

43. The budget report to Cabinet in February 2021 reported the forecast outturn position as at the end of November 2020 (month 8). In so doing it recognised that the financial landscape in the year was complicated by Covid-19. The report anticipated that there would be early delivery of savings in the majority of departmental budgets by the end of the 2020/21 year and that most services would make contributions to their departmental cost of change reserves.

44. Strong financial management has remained a key focus throughout the year to ensure that all departments stay within their cash limits, that no new revenue pressures are created and that they deliver the savings programmes that have been approved. Importantly, when the pandemic commenced just before the start of the financial year, directors were requested to minimise all non-essential spend. In addition to this normal financial resilience monitoring, specific monitoring has been in place to identify the financial impact of Covid-19 in order to ensure full and appropriate application of the various elements of Government funding that have been provided throughout the year.

45. The financial management approach has been 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. Uncertainty continues in the medium term as highlighted above, but for the financial year 2020/21, the strategy has proved to be successful and the final position for departments has improved since the November forecast.

46. Key issues across each of the departments are highlighted in the paragraphs below.

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

47. The impact of the pandemic on Public Health activity and Adult Social Care has been profound requiring a significant shift in focus; the financial consequences of which have been complex and dynamic. The cost of Covid-19 has been offset using a wide range of new Government grants. In addition, funding has been received from NHS England under the Hospital Discharge Scheme and from CCGs to support reablement services. Furthermore, there is a significant lower spend on social care activity as a consequence of excess deaths and alternative support being taken by residents, rather than be admitted to residential and nursing settings.
48. The planned delivery of savings as part of the Tt2019 and Tt2021 programmes has been delayed over the last year. The primary area savings were delayed is from sustainable reduced care package costs. The reason for the increased delay is two-fold; project resources to deliver the saving have been diverted to support the Covid-19 response effort, and any ability to affect the volumes of care and price paid has been significantly impacted by the need to support the NHS in freeing up acute capacity. Nevertheless, the department has achieved £6.9m early delivery against the Tt2021 target of £43.1m.
49. There are various minor savings across the Department, including: £2.9m from utilising spare HCC Care capacity to accommodate NHS funded Discharge to Assess beds, £0.4m income from one off back dated NHS funded nursing care for 2019/20 announced in 2020/21 and £5.3m from care packages across all client groups primarily arising from one off funding made available through the NHS Discharge Scheme and significantly reduced client volumes within Older Adults Residential and Nursing care settings in addition to Day Services due to enforced closures. In addition, where non care services have been focussed on Covid-19 activity this has reduced spend on other business as usual services saving approximately a further £4.3m.
50. The longer-term position for the Department is likely to present greater challenges than might be indicated by the 2020/21 outturn position. Moving into 2021/22, whilst further NHS funding has been received, it is cash limited and will have a significantly reduced impact. Short term services that support the discharge of clients from hospital are estimated to cost in the region of £20 - £22m in 2021/22 and in the region of £15m - £18m annually thereafter. Whilst local and national discussions are on-going to identify sources of funding, there remains considerable uncertainty regarding the level and sustainability of such funding. At the same time, it is expected that residential and nursing care demand may begin to recover; this will likely generate a pressure. This is further exacerbated as it is likely that the care market will, over the course of 2021/22 and beyond, have adapted to reflect lower overall demand, particularly from private clients, potentially leading to higher costs on average for Council funded clients.

51. Public Health ended the year with a balanced position having applied various Government grants to offset the cost of response to the pandemic. The balance of these specific grants has been carried forward to 2021/22.

### **Children's Services**

52. The outturn for 2020/21 on the non-schools' budget is an underspend of £10m. Of this, £8.8m relates to early achievement of Tt2021. The balance comprises a range of variances across all budgets as summarised below.
53. 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. The pressure eased slightly during 2020/21 with lower activity than forecast in Non-County Placements (NCPs), Independent Fostering Placements (IFPs) and children with disabilities placements. However, this was largely offset by pressures in post 16 accommodation and special guardianship order placements.
54. The Department continues to apply strong focus to these. However, these pressures continue to be areas of some concern in Children's Services and for the County Council as a whole, particularly in light of the potential impact of the Covid-19 pandemic, as a consequence of the prolonged lock down period and the impact on family settings; and will be closely monitored throughout the coming year.
55. Additional spend was required to deliver Safeguarding and Young People's Services mainly from the use of social work agency staff. Whilst recruitment through the Graduate Employment Trainee Scheme (GETS) continues, reliance on agency staff to cover for the short supply of qualified social workers and to balance the experience within frontline teams has continued to be required.
56. Excluding the impact of Covid-19, an underspend against budget for Home to School Transport resulted from lower than budgeted growth in pupil numbers. The number of pupils with EHCPs has increased as expected although the number requiring local authority funded transport has not seen the same increase. Similarly, the number of pupils moving into the secondary phase in mainstream schools increased in line with forecasts but the number requiring local authority funded transport was also lower than expected which has meant that we have not seen the 'step increase' in secondary costs that was anticipated when the budget was set.

### **Corporate Services**

57. Corporate Services departments achieved a saving against the budget of nearly £5.6m. This underspend is after substantial transformation costs have been met in year and largely results from early delivery of Tt2021 savings. This includes business efficiencies through the use of technology and additional income, for example for legal services, pension administration, internal audit, procurement and other services.

58. The overall Corporate Services cash limit also includes a number of non-departmental budgets, including Member Support Costs and Corporate Grants. The net saving of £0.5m largely reflects lower costs or additional income in a number of budget areas. This includes lower members support costs, one-off adjustments and lower grants to local organisations and grants to voluntary organisations as agreed projects will be progressed in subsequent years and the saving will be carried forward to match the expenditure as it is incurred.

### **Culture, Communities and Business Services**

59. The final outturn position for CCBS is a £4.5m under spend, as the Department continues to make every effort to minimise non-essential spend and maximise income and efficiencies, with savings arising mainly from staff savings across the Department. Savings totalling £3.728m have been achieved through a combination of generating increased income through new contracts and new initiatives, particularly within Property Services and Scientific Services; targeted staff savings through holding vacant posts and non-pay savings mainly within Library Services, Registration and Facilities Management; and stopping all non-essential spend including delaying planned infrastructure developments at the Great Hall and a pause on awarding new grants.

60. The remaining £0.8m of the Tt2019 savings target, which relates to office accommodation, continues to be delayed due to the dependency on other workstreams across the Council, including the consideration of new ways of working post pandemic, and also due to existing contractual commitments. However, agreed corporate funding has offset this slippage in 2020/21. The Tt2021 savings programme for CCBS has been delivered in full and this early achievement of savings is included in the overall underspend.

61. The successful implementation of the Tt2021 Programme and the resulting early delivery of savings will enable one-off investment in services including, for example, funding for the reinstatement of countryside footpaths, the condition of which has deteriorated significantly as a result of increased use during the pandemic and exacerbated by the wet winter weather.

### **Economy, Transport and Environment (ETE)**

62. ETE continues to maintain a relentless focus on core service delivery around Highways, Waste Management, Transport, Economic Development and statutory planning services. The first two of these being major universal demand led services. To date the Department has been able to make contributions to its Cost of Change Reserve to cash flow planned later delivery of savings and to provide for the necessary enabling investment to deliver transformation. This has been an effective strategy to date although the increased requirement for investment in assets and resources to generate the next phase of savings will place further pressure on the Department.

63. A position close to break even has been achieved for 2020/21 after one-off investment of nearly £4m in the year which has been funded from savings

across all service areas. In view of the current financial situation for Local Government (excluding the impact of Covid-19), the Department continues to take every opportunity to make savings in 'business as usual' work where possible. The identification of opportunities for the early delivery of Tt2021 activity has resulted in savings of £1.034m being achieved in 2020/21.

64. Included within this result is an amount just approaching £0.75m within the winter maintenance budget which will be carried forward to be spent in 2021/22 as part of an ongoing programme of maintenance work. As set out in the Revenue Budget and Precept 2020/21 Report approved by County Council in February 2020 this will be supplemented from corporate contingencies to ensure that a minimum allocation of £2.0m is available to provide greater certainty over reactive maintenance funding.

### **Overall Position**

65. Detailed explanations for the outturn position for all departmental budgets are provided in Appendix 1.
66. The departmental savings will be set aside to meet the future cost of change in line with the current financial policy which incentivises good stewardship.

### **Schools Budget**

67. The financial pressures facing schools are well documented and in 2020/21 there was a net pressure of £12.7m against the school budget (including a £15.8m pressure on the High Needs Block) which has been offset by a charge to the Dedicated School Grant (DSG) reserve, as allowed by the Department for Education (DfE).
68. This year, the charge will increase the deficit on the DSG reserve to a total of approaching £35.5m which 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.

## Other Budgets

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

	Variance (Under) / Over Budget
	£m
Capital Financing / Interest on Balances	0.8
Contingencies	(18.1)
Covid 19 financial response package	(30.0)
Increase in Doubtful Debt Provision	2.6
Total	<hr/> <u>(44.7)</u>

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

### Capital Financing and Interest on Balances (£0.8m increase)

71. Despite the reduction in the UK Bank Rate to 0.10% in March 2020 in response to the coronavirus pandemic, the County Council's treasury management strategy, which includes a mixture of variable and fixed rate and short and long term investments, has performed well. Further information is included in Appendix 2. This small variance against budget relates to the cash flow impact of the pre-payment of employer pension contributions on 1 April 2020 for three years.

### Contingencies (£18.1m Saving)

72. The level of contingencies held as part of the 2020/21 budget reflected the well documented pressures and risk around demand and costs. Through strong management, applied to manage demand and suppress the additional costs, savings against these contingency amounts were realised.

73. Contingencies which were not required in the year related to inflation, general risk (including Brexit) and Adult social care contingencies.

### Covid-19 Financial Response Package

74. The locally funded risk contingency of £30m was set aside early on in the pandemic given the significant uncertainty over the financial impact of the

Covid-19 crisis and potential Government Funding. Over the course of 2020/21, the Government has made available various sources of funding and the County Council has made appropriate use of these. Whilst the locally funded contingency has not been needed in 2020/21, the on-going uncertainty, particularly about council tax and business rates income, remains and this report recommends the unused contingency funding of £30m is carried forward to meet any future unfunded cost of Covid-19.

### **Doubtful Debt Provision (£2.6m Increase)**

75. The County Council's policy is to make a provision against a proportion of debts that could prove to be irrecoverable. The provision is assessed on the basis of the age profile of outstanding debts and partly on the probability of specific larger debts being irrecoverable. There is no annual budgeted amount because the provision varies significantly from year to year. Part of the increase relates to the potential for greater bad debts as a result of the Covid-19 pandemic and organisations' and individuals' reduced ability to pay.

### **Section F: Proposed Allocation of Net Saving**

76. As mentioned above, the full update for the medium term Covid-19 impact will be revised in light of data for the early part of 2021/22 albeit it is difficult to predict what the longer term impact might be in Adults' and Children's Social Care.
77. In any event, it is not anticipated that unfunded costs and losses will exceed the £72.3m to 2023/24 as stated above and therefore existing funding is already in place to meet this deficit on a one-off basis. Should some of the costs continue on a longer term basis this would need to be addressed as part of the Medium Term Financial Strategy at the time. The net one-off funding of £14.7m is therefore available to be applied to Council priorities during the current year.
78. The Budget Setting report for 2021/22 highlighted the significant challenges facing the maintenance and improvement of the County's highway network. Whilst additional funding has been approved to help with the planned maintenance programme, there is still a significant pressure every year to deal with a growing reactive maintenance problem. It is therefore suggested that a further £3m be approved for 2021/22 for this purpose.
79. Given the pressures on the maintenance budgets the longer term aim is to consider adding the equivalent of 1% council tax increase (£7m) to the highways budget (£3m for Operation Resilience and £4m Highways Maintenance) on a recurring basis from 2022/23 onwards. This will be considered as part of the next Medium Term Financial Strategy in the Autumn.
80. Part of the overall underspend relates to savings in travel and vehicle costs and printing and stationery, which is around £6m in total. It therefore seems appropriate that the equivalent of these consequential Covid-19 savings are used to create a 'Covid Recovery Fund' to be utilised as appropriate, but in the first instance to provide the necessary changes to accommodation,

equipment and technology to support new hybrid ways of working once staff are allowed to return to the office, albeit on a much reduced frequency compared to pre-Covid arrangements.

81. It is anticipated that the new ways of working will over time reduce the office footprint across the County Council and enable leased buildings to be returned or owned buildings to be sold off. There are already dilapidation and moving costs associated with the decision not to renew the lease on Hampshire House and the knock-on impacts of relocating those staff is also creating additional unbudgeted costs.
82. It is therefore proposed to allocate £4.3m as a property fund to facilitate future changes and savings in the overall property portfolio as the new ways of working are embedded. This will cover dilapidations, any refurbishment costs or costs of presenting properties to the market, together with any knock-on moves, alterations or spend associated with relocating staff currently in the buildings.
83. The County Council has been investing in higher yielding investments for some time now and to mitigate the slight extra risks associated with these investments, an 'investment risk reserve' was created. The Medium Term Financial Strategy approved last year set a target for the reserve equivalent to 2.5% of the maximum level of the higher yielding investment portfolio. This amounts to £6.25m and a further contribution of £1.292m is required to achieve this level.
84. Finally, a commitment was made during the last financial year to provide funding of £100,000 towards the County Council's celebrations for the Queen's Platinum Jubilee which it is proposed to take from this source.
85. Cabinet are requested to approve spend of £14.7m from the net savings in contingencies in order to enable these initiatives to proceed.
86. In addition Cabinet are also asked to consider a request for permanent funding for additional senior capacity to support the health and safety and risk functions across the County Council. This request is being considered at this stage following changes to the management structure within the Community Culture and Business Services (CCBS) Department and will ensure that sufficient senior capacity is available to maintain the strong focus on health and safety matters which CCBS are now overseeing for the County Council.
87. Members will recall that following an incident of a child being injured in Lymington, a thorough external review was undertaken of the health and safety function across the County Council to ensure that lessons were appropriately learned and applied. One of the changes was to move responsibility for health and safety to sit under the Assistant Director for Transformation within CCBS. Following the disaggregation of the Transformation and Governance Department earlier this year, further functions including Emergency Planning and Risk Management were also added to the remit of this post and it was re-designated as the Deputy Director for CCBS.
88. Whilst strong senior oversight will continue to be applied by both the Director and Deputy Director, an initial review of the structure within CCBS indicates that further senior resource will be required to add additional strategic

capacity and continued focus in this important area for the County Council. It is therefore recommended that funding be earmarked for additional senior capacity upto a total cost of £110,000 per annum and that this be available to CCBS during a forthcoming further review of the H and S roles. The part year cost of around £64,000 in 2021/22 will be met from general contingencies and the recurring impact from 2022/23 will be factored into the budget setting process for the next financial year.

### **Section G: General Balances and Earmarked Reserves**

89. The County Council's reserves strategy, which is set out in the MTFs, is now well rehearsed and continues to be one of the key factors that underpin our financial resilience and ability to provide funding for the transformation of services and give the time for changes to be properly planned, developed and safely implemented.
90. We have made no secret of the fact that this deliberate strategy was expected to see reserves continue to increase during the period of tight financial control by the Government, although it was always recognised that the eventual planned use of the reserves would mean that a tipping point would come and we would expect to see reserves start to decline as they are put to the use in the way intended as part of the wider MTFs.
91. At the end of the 2020/21 financial year the total reserves held by the County Council, including the general fund balance and individual schools' balances, but excluding the DSG deficit, total £754m an increase of nearly £89m on the previous year. Of this increase, over £28m relates to the increase in reserves held by individual schools and £30m relates to the Covid-19 financial response package. The balance includes contributions to Departmental cost of change reserves offset by agreed use of the Corporate Reserves. The following table summarises by purpose the total level of reserves and balances that the County Council holds and compares this to the position reported at the end of 2019/20. There is a new requirement this year to show the DSG deficit separately; previously it had been deducted from Non HCC earmarked reserves.

	<b>Balance 31/03/2020 £'000</b>	<b>Balance 31/03/2021 £'000</b>	<b>% of Total %</b>
General Fund Balance	22,298	23,198	3.1
HCC Earmarked Reserves			
Fully Committed to Existing Programmes	184,545	202,115	26.8
Departmental / Trading Reserves	92,217	149,490	19.8
Risk Reserves	45,913	45,839	6.1
Corporate Reserves	111,092	96,107	12.7
HCC Earmarked Reserves	<u>433,767</u>	<u>493,551</u>	65.4

	<b>Balance 31/03/2020 £'000</b>	<b>Balance 31/03/2021 £'000</b>	<b>% of Total %</b>
Non HCC Earmarked Reserves	43,190	71,428	9.5
<b>Total Revenue Reserves &amp; Balances</b>	<b>499,255</b>	<b>588,177</b>	<b>78.0</b>
<b>Total Capital Reserves &amp; Balances</b>	<b>166,637</b>	<b>166,672</b>	<b>22.0</b>
<b>Total Reserves and Balances</b>	<b>665,892</b>	<b>754,849</b>	<b>100.0</b>
<b>DSG deficit</b>	<b>(22,754)</b>	<b>(35,444)</b>	
<b>Net total</b>	<b>643,138</b>	<b>719,405</b>	

92. General Balances at the 31 March 2021 stand at £23.2m, following the planned contribution in 2020/21, which is broadly in line with the current policy of carrying a general balance that is approximately 2.5% of the County Council's Budget Requirement (currently a sum of circa £20m).

93. In addition to the general balance, the County Council maintains earmarked reserves for specific purposes and to a large extent the majority of these are committed either to existing revenue or capital programmes or to mitigate risks that the County Council faces through self insurance or funding changes by government.

94. In overall terms the total value of earmarked revenue reserves has increased largely due to the departmental underspends outlined in this report. This reflects the continued strategy of achieving savings early and then using those savings to fund the next phase of savings delivery and to allow delivery of the more complex savings to be achieved safely over a longer time period.

95. Other earmarked reserves have increased due to the timing of receipt of funds in advance of their planned use for an intended purpose, in particular in funding the Capital Programme and to cover specific on-going costs resulting from Covid-19.

96. Corporate Reserves relate to those reserves which whilst set aside for a specific purpose could be used to limit the impact of savings in services, which is exactly what for example the BBR does on a short term basis giving the County Council the time and capacity to properly and safely implement savings programmes. A net draw from the BBR in 2020/21 is in line with the planned use of this reserve as previously reported.

97. Non HCC reserves include individual schools' balances, over which the County Council has no direct control, and which have increased during 2020/21. In line with new statutory reporting requirements, the overall deficit in DSG is shown separately and not deducted from schools' balances. Non HCC reserves also include reserves held for the Enterprise M3 Local Enterprise Partnership (EM3 LEP).

98. In addition, a further £166.6m is held within capital reserves and balances, although of this sum almost £22.5m relates to the EM3 LEP which is included in the annual accounts, as the County Council is the Accountable Body. These reserves hold capital grants that have been received in advance of the matched spending being incurred. They are not available for revenue purposes.

## **Section H: Treasury Management and Prudential Indicators**

99. The County Council's treasury management policy requires an annual report to the Cabinet on the exercise of the treasury management function, details of which are set out in Appendix 2. The report is also scrutinised by the Audit Committee. This approach accords with the current Treasury Management Code of Practice.

100. The Prudential Code for Capital Finance in Local Authorities requires that the County Council reports its actual performance against the Prudential Indicators that were set in its Treasury Management Strategy. Appendix 2 summarises the relevant indicators for the 2020/21 outturn which are in accordance with the figures approved by the County Council.

## **Section I: Capital Spending and Financing**

101. From the 2020/21 Capital Programme, schemes to the value of £235.2m were committed during the year, leaving £124.2m to be carried forward to 2021/22. The approval of Cabinet is required for proposals to carry forward schemes to the value of £99.7m, which are largely committed against named projects. This sum excludes schemes to the value £0.9m for Adults, £8.4m for Children's Services and £15.2m of Policy and Resources schemes for which approval to carry forward to 2021/22 has previously been given during 2020/21.

102. During 2020/21 capital expenditure of £214m was incurred, which can all be financed within available resources. This includes prudential borrowing of just over £28m in line with previously approved funding sources. There will also be a further repayment of prudential borrowing from capital receipts and other funding sources of approaching £19m. Further details of the outturn position for capital are provided in Appendix 3.

103. Since the 2021/22 Capital Programme was approved in February, two changes have been identified as outlined below. Cabinet is recommended to approve these variations to the 2021/22 capital programme.

104. Rookwood office accommodation in Eastleigh offers a suitable location for the Children and Families teams who were previously located in Hampshire House. It is proposed to add a scheme to the CCBS capital programme to reconfigure Rookwood to provide conventional desk space, break out space, collaboration space, quiet areas, meeting rooms, family contact centre and spaces for case meetings and other public contact activity. The necessary building and mechanical and engineering costs, including costs to address roof leaks, window repairs, IT, furniture and moves, is estimated at £430k. It is proposed to fund these works from capital receipts and revenue contributions from the fund proposed in section F of this

report. Works to Rookwood are estimated to take four to five months with a target completion by February 2022.

105. The A3090 Winchester Road/Halterworth Lane Junction, Romsey junction improvements scheme was added to the 2018/19 capital programme based on a feasibility estimate value of £0.574 million. Since this time, the scheme has been paused as trigger points to secure the S.106 funding contribution had not been achieved. In addition, the mitigation deemed necessary at the planning stage, resulting from the adverse impact of the development on the highway network, has only recently been realised as the development is now mostly occupied. Therefore, this is the optimum time to deliver the project.
106. The scheme design has now been developed further to reflect current conditions and design standards and it is anticipated that the scheme value will now be up to £1.3 million. The additional cost estimate is partly due to increased scope and added value (including additional carriageway resurfacing and increased utility diversions), in combination with sector wide cost increases (including increased labour costs due to a national skills shortage and inflationary pressures from rising materials and construction costs).
107. However, this scheme will add benefit to the local area and build on the measures that have already been undertaken in this locality to improve accessibility to local amenities including the construction of a new footpath to link the new “Silverwood” development north of the A3090 to the existing bus stop on the A3090, which will need to be moved, and the footpath extended as part of the revised scheme
108. The increase in the scheme value of approximately £0.726 million will be funded by developer contributions currently held by HCC. The project will also be subject to a full project appraisal to be considered by the Executive Member before any final commitments are made.

## **Section J : Assurance Statement**

109. The code of Practice on Local Authority Accounting in the UK requires the County Council to publish, together with its Statement of Accounts, an annual governance statement signed by the Leader and Chief Executive. As part of this process, the Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control operating in the County Council as a whole. The Chief Internal Auditor’s Annual Report and Opinion is approved by the Audit Committee.
110. The Chief Internal Auditor has concluded that:
- “In my opinion, Hampshire County Council’s framework of governance, risk management and management control is ‘Reasonable’<sup>1</sup>. and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.”*

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

111. The separate accounts for the Hampshire Pension Fund will also be incorporated in the County Council's Statement of Accounts. The accounts for 2020/21 record that the value of the fund's assets increased significantly from £6.9bn to £9.07bn during the year. The Chief Internal Auditor has provided a separate assurance opinion for the Pension Fund and has concluded that:

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

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

112. For the Local Government Pension Scheme (LGPS) administered by Hampshire County Council, the latest actuarial valuation, as at 31 March 2019, showed it to be 98.9% funded – a significant increase from the position three years prior of 81%. Similarly to most investment markets, the Pension Fund has more than recovered the losses it sustained in 2020 as a result of the COVID-19 crisis and has now reached a record high valuation. The Fund is entering the final year of its actuarial valuation cycle and the estimates received from the Fund's Actuary indicate that the funding position has improved and the Fund is now more than 100% funded.

## **Section K: Statutory Statement of Accounts**

113. Usually, the Accounts and Audit Regulations 2015 require local authorities to publish their draft accounts by 31 May, with the audited accounts required to be published by 31 July.

114. Due to the disruption caused by Coronavirus, the Government issued legislation (The Accounts and Audit (Amendment) Regulations 2021) which gives local authorities more time to prepare their accounts for 2020/21. This year, the draft accounts must be published before 1 August, with the audited accounts due by 30 September. The change in publication dates relates to the financial years 2020/21 and 2021/22 only. Therefore, unless further amendments are made, the deadlines will revert to the usual dates for the 2022/23 accounts.

115. There are no major changes to the format of the statement of accounts and they continue to follow the requirements of the Code of Practice for Local Authority Accounting (the Code) as set by the Chartered Institute of Public Finance and Accounting (CIPFA). The narrative report within the Statement of Accounts includes an explanation of how the required accounting

presentation relates to the financial performance of the County Council as set out in this report.

## **Section L: Consultation, Equalities and Climate Change Impact Assessment**

116. Consultation on the budget is undertaken every two years when the County Council considers savings to help balance the budget. All savings proposals put forward by the County Council has an Equality Impact Assessment published as part of the formal decision making papers and for some proposals stage 2 consultations are undertaken before a final decision is made by the relevant Executive Member.
117. This report deals with the outturn position and accounts for 2020/21, which is an end of year reporting matter and therefore no consultation or Equality Impact Assessments are required.
118. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
119. This report deals with the outturn position for the revenue budget, capital programme and treasury management aspects of the County Council's business. For the first two items climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. For treasury management, in line with the CIPFA code, the County Council's treasury management investment balances are invested prioritising security, liquidity and then yield. Investments in pooled funds are managed by investment managers who are signatories to the PRI (Principles for Responsible Investment), managing investments in line with their own individual responsible investment policies. The County Council's Treasury Management Advisers, Arlingclose, have advised the County Council on Environmental, Social and Governance (ESG) issues in relation to investments in pooled funds.
120. There are no further climate change impacts as part of this report which is concerned with financial reporting.

1. CORPORATE OR LEGAL INFORMATION:

**Links to the Strategic Plan**

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

**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>Date</u>
Revenue Budget and Precept 2021/22 and Capital Programme 2021/22 – 2023/24 <a href="#">Agenda for County Council on Thursday, 25th February, 2021.</a>	Cabinet – 9 February 2021 County Council – 25 February 2021
Medium Term Financial Strategy <a href="#">Agenda for County Council on Thursday, 16th July, 2020.</a>	Cabinet - 14 July 2020 and County Council – 16 July 2020

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

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

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

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

- 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:**

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

**Adults' Health and Care Department – Revenue Expenditure 2020/21**

**Major variations in cash limited expenditure – Under Spend of £30.589m (6.36%) against the adjusted cash limit.**

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Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Director	(119)	(2.77)	The savings mainly relate to reduced spend on the wellbeing agenda budget and lower than expected staff related costs.
Strategic Commissioning & Business Support	(3,258)	(20.93)	The year end reported savings mainly relate to reduced spend on non-care contracts and staff budgets due to the difficulty in recruiting to vacant posts.
Transformation	(783)	(11.44)	The savings mainly relate to staffing budgets due to the delayed recruitment to vacancies. A significant proportion of the favourable variance has arisen from the reduced costs associated with training provided by the Workforce Development team.
Older Adults	(8,148)	(5.98)	The pressure within the homecare budget has been more than offset by the receipt of income available through the NHS discharge scheme to support the initial cost of all discharges from hospital. Additionally due to increased death rates and reductions in new clients entering residential and nursing settings there has been a material reduction in client numbers, albeit they have started to increase toward the later part of the year.
Younger Adults	(2,651)	(1.54)	The pressure on supported living budgets has been more than offset by savings within day care, the receipt of income available through the NHS discharge scheme to support the initial cost of all discharges from hospital and lower than anticipated client numbers.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
HCC Care	(5,772)	(12.08)	The savings are in part due to the closure of day centres during the pandemic and a significant and backdated increase in FNC rates. However, the primary reason for this variation is due to HCC Care beds being the NHS's preferred option to meet the need for Discharge to Assess and Designated Settings beds to aid in the rapid discharge of patients from hospital. These beds were fully funded by the NHS Discharge Scheme.
Governance & Assurance	(362)	(10.11)	The savings mainly relate to reduced spend on Best Interest Assessors and additional income in relation to deputyship fees.
Centrally Held	(9,496)	(34.6)	The savings relate to early achievement of Tt21 savings and unrequired one off provisions that were intended to offset potential in year pressures.
Public Health	0	0.00	
<b>Total</b>	<b>(30,589)</b>	<b>(6.36)</b>	

**Children’s Services Department – Revenue Expenditure 2020/21**

**Major variations in cash limited expenditure** – Underspend of £10.0m (0.9%) against the adjusted cash limit.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
<b>Schools Budget</b>			
Early Years free entitlements	(1,117)	(1.3)	There is an underspend on the free entitlements for two year olds and three and four year olds (universal and extended entitlement for eligible working parents) due to a reduction in the number of children accessing the entitlements across the year.  This includes £264,000 that was earmarked for sustainability grants to early years providers set up to provide support to providers that have proven financial issues but are required to support sufficiency of places. Funding will be made available in 2021/22 for this.
Growth Fund	(905)	(18.6)	The position includes savings for infant class size funding, falling rolls, temporary classrooms and growing schools, due to fewer schools being eligible for funding than budgeted.
Central Provision funded by Maintained Schools	(799)	(27.7)	There has been a reduction in expenditure as a result of the covid-19 pandemic. There is an underspend on the redundancy and premature retirement budget due to many schools pausing their restructures and redundancy processes and the Affordable Schools Programme has been delayed due to school improvement services and schools focussing on the pandemic.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
High Needs top up funding	9,357	18.6	The pressure experienced in Hampshire is reflected in many other authorities and relates predominantly to demand led budgets funding pupils with high levels of additional need, where there are increasing numbers of pupils with Education, Health and Care plans (EHCPs); and the result of extending this support for young people up to the age of 25. This includes mainstream schools, special schools, post-16 provisions and education centres. There is also a continuation of the pressure on the service for discretionary and direct payments.
Independent and Non-maintained Special Schools	7,395	24.8	The pressure is due to an increase in both the number of placements and the average cost per placement. Whilst there is a significant and increasing pressure on this budget, the High Needs Strategy to increase in-house capacity continues to be progressed and will have resulted in a lower overall overspend on the High Needs Block this year.
Various other (net)	(1,241)	(0.1)	Various smaller budget savings across the department.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Carry Forward of Dedicated Schools Grant (DSC) Deficit	(12,690)	(1.4)	The total 2020/21 pressure of £12.69m has been offset by a charge to the DSG reserve, as allowed by the Department for Education (DfE). This year, the charge will increase the deficit on the DSG reserve to over £35.4m which will be funded from future years DSG funding. A DSG Deficit Management 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.
<b>Sub-Total Schools Budget</b>	<b>0</b>	<b>0.0</b>	
COVID-19 pressures			£791,000 of COVID related costs are included within the figures above but funding will be allocated to the schools budget in 2021/22.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
<b>Non-Schools Budget</b>			
Home to school transport	(2,946)	(8.9)	<p>The underspend on HtST is due to lower than budgeted growth in pupil numbers on Transport.</p> <p>The number of pupils with EHCPs has increased as expected although the number requiring LA funded transport has not seen the same increase. Lower than forecasted SEN pupils on Transport.</p> <p>The service has seen a rise in the average cost of arranging transport for children with SEN, this is being investigated to understand the impact for future years.</p> <p>The number of pupils moving into the secondary phase in mainstream schools increased in line with forecasts but the number requiring LA funded transport was also lower than expected which has meant that we have not seen the 'step increase' in secondary costs that was anticipated when the budget was set.</p>
Children Looked After (including CLA placements, SGOs, adoption and leaving care)	(1,926)	(1.0)	<p>The saving has mainly arisen from one-off backdated health income relating to previous financial years, in house provision staff vacancies and fewer than anticipated children with disabilities placements. Lower activity than forecast in Non-County Placements (NCPs) and Independent Fostering Placements (IFPs) has been offset by pressures in post 16 accommodation and special guardianship order placements.</p>

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Swanwick Lodge	729	243.4	Progress has been made against the recovery plan, although this has been revised in year. The recruitment strategy is on course to ensure the unit can be appropriately staffed. A further review of the income strategy is underway to maximise income.
Safeguarding & Young People's Services	3,587	16.4	The pressure mainly results from the use of social work agency staff. Whilst recruitment through the Graduate Employment Trainee Scheme (GETS) continues, reliance on agency staff to cover for the short supply of qualified social workers and to balance the experience within frontline teams has continued to be required.
Skills & Participation	(412)	29.0	There has been an underspend as a result of early achievement of Transformation to 2021 savings targets alongside a review of working methods which has resulted in further on-going savings.
Family Support Services	(1,003)	(9.4)	The saving mainly relates to respite and support for disabled children, equipment and adaptations. In addition, there has been a saving on short breaks including underutilisation of care support in the community and the short breaks exceptions fund, compared to the budget.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Inclusion Services (Special Educational Needs, Educational Psychology and Services for young children inclusion)	555	53.5	This pressure is mainly due to the cost of agency Educational Psychologists (EP) and a significant decrease in income as EP resources were diverted on a risk assessed basis, away from income generating work towards statutory work; supporting clearing the backlog in SEN assessments.
Net Early Achievement of T2021 and other savings	(7,076)	(39.7)	Planned early achievement of savings used to offset the department's other pressures and contribute towards cost of change items across various budgets. The main early achievement is in relation to the Tt2021 Programme and £8.1m of additional funding for social care from central government allocated to Children's Services.
Various other (net)	(732)	(0)	Various smaller budget savings across the Department.
COVID-19 support package - Schools	(791)		To support COVID-19 related pressure across the service for Schools
<b>Sub-Total Non-Schools Budget</b>	<b>(10,015)</b>	<b>(4.2)</b>	
<b>Total Budget</b>	<b>(10,015)</b>	<b>(0.9)</b>	

**Corporate Services Department – Revenue Expenditure 2020/21**

**Major variations in cash limited expenditure – Under Spend of £6.1m (8.2%) against the adjusted cash limit.**

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Corporate Services	(5,587)	(9.0)	Corporate Services continues to implement a strategy of strong budgetary control, managing expenditure and gaining economies of scale through expanded joint working and generating income, for example for legal services, pension administration, internal audit, procurement and other services. This has ensured early achievement of Tt2021 savings to contribute to the cost of change reserve to be used for future investment in further transformation work.
Corporate Non-Departmental budgets	(545)	(4.1)	The saving largely reflects lower costs or additional income in a number of budget areas. This includes lower members support costs, one-off adjustments and lower grants to local organisations and grants to voluntary organisations as agreed projects will be progressed in subsequent years and the saving will be carried forward to match the expenditure as it is incurred.
<b>Total</b>	<b>(6,132)</b>	<b>(8.2)</b>	

**Culture, Communities and Business Services Department – Revenue Expenditure 2020/21**

**Major variations in cash limited expenditure – Under Spend of £4.5m (8.3%) against the adjusted cash limit.**

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Culture, Communities and Business Services	(4,520)	(8.3)	In view of the current financial situation for Local Government (excluding the impact of Covid-19), the Department continues to take every opportunity to make savings in business as usual work where possible. Savings totalling £3.728m have been achieved through a combination of generating increased income through new contracts and new initiatives, particularly within Property Services and Scientific Services; targeted staff savings through holding vacant posts and non-pay savings mainly within Library Services, Registration and Facilities Management; and stopping all non-essential spend including delaying planned infrastructure developments at the Great Hall and a pause on awarding new grants.  In addition, the Department secured a total of £1.856m from early achievement of Tt2021 savings and what is now looking to be sustainable over-achievement of earlier Tt2019 plans.
<b>Total</b>	<b>(4,520)</b>	<b>(8.3)</b>	

**Economy, Transport & Environment Department**

**Revenue Expenditure 2020/21**

**Major variations in cash limited expenditure** – Under Spend of £0.7m (0.5%) against the adjusted cash limit.

**Main variations**

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Highways, Traffic & Engineering	(704)	(1.7)	In Highways the relatively milder winter weather resulted in savings against the winter maintenance budget of £746,000, which will be reinvested in the main highways maintenance revenue budget in 2021/22 in accordance with established principles, providing additional one-off resources to supplement existing maintenance programmes and activities. Higher than budgeted staff recharges to capital schemes reflecting the significant scale of the current capital programme for the Department; staff vacancies; and increased income, have been offset by planned increased spend in Highways maintenance on drainage and other works, where the budget for other revenue maintenance work continues to be under significant pressure.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Transport	(758)	(3.4)	In Transport, payments to bus operators for Concessionary Fares journeys were based upon payments made in the previous financial year, rather than actual journeys, which were significantly lower due to Covid-19. Nonetheless, this has still resulted in a saving against the budget, combined with income from increased staff recharges, and holding staff vacancies.
Waste, Planning & Environment	(469)	(0.9)	Waste prevention measures have achieved savings of £400,000 against the Waste budget. The remaining savings in this area predominantly relate to holding staff vacancies as planned.
Economic Development	(75)	(7.3)	The outturn reflects savings as a result of delays in planned expenditure, which will now take place in 2021/22.
Departmental Support and Early Achievement of Savings	(1,088)	(23.1)	In view of the current financial situation for Local Government (excluding the impact of Covid-19), the Department continues to take every opportunity to make savings in 'business as usual' work where possible. The identification of opportunities for the early delivery of Tt2021 activity has resulted in savings of £1.034m being achieved in 2020/21. In addition, further targeted staff and non-pay savings of £54,000 were achieved.
Planned one-off investment	2,399		Planned one-off investment utilising in-year savings to support the timing delays of the Waste Tt2019 savings target as a result of the complexity of these savings, and the investment needed to support the Tt2021 savings programme.

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Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Total	<u>(0.7)</u>	<u>(0.5)</u>	

## **Treasury Management Outturn Report 2020/21**

### **Purpose of the Report**

1. The County Council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2017. The CIPFA Code requires the County Council to approve a treasury management strategy before the start of the year and a semi-annual and annual treasury outturn report. The purpose of this report is therefore to meet this obligation by providing an update on the performance of the treasury management function during 2020/21.

### **Recommendations**

2. That the outturn review of treasury management activities be noted.

### **Executive Summary**

3. The report fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the performance of the treasury management function during 2020/21.
4. The County Council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2021. The County Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the County Council's treasury management strategy.
5. Treasury management in the context of this report is defined as: "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
6. This annual report sets out the performance of the treasury management function during 2020/21, to include the effects of the decisions taken and the transactions executed in the past year.
7. All treasury activity has complied with the County Council's Treasury Management Strategy and Investment Strategy for 2020/21, and all relevant statute, guidance and accounting standards. In addition, support in undertaking

treasury management activities has been provided by the County Council's treasury advisers, Arlingclose.

8. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The latest iteration of the County Council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by Full Council in February 2021.

### **External Context**

9. The following sections outline the key economic themes in the UK against which investment and borrowing decisions were made in 2020/21.

### **Economic commentary**

10. The coronavirus pandemic dominated 2020/21, resulting in significant levels of government borrowing and expenditure to support the economy, with the UK also agreeing a Brexit trade deal within the period.
11. The Bank of England (BoE) held Bank Rate at 0.1% throughout the year and extended its Quantitative Easing programme by £150bn to £895bn in November 2020. The Bank expects Gross Domestic Product (GDP) to remain low in the near-term but believes that the easing of restrictions is likely to lead to a strong recovery in growth later in 2021, with inflation forecast to increase in the near-term. The economic outlook has improved but downside risks remain, such as a further increase in unemployment when the furlough scheme ends.
12. Inflation remained low during 2020/21, with the annual headline rate of UK Consumer Price Inflation (CPI) rising to 0.7% year-on-year in March 2021, below expectations and below the BoE's 2% target. Unemployment was higher for the three months to March 2021 than for the same period the previous year, while periods of GDP contractions and growth over the year largely mirrored the tightening and easing of restrictions, creating some significant quarterly swings.

### **Financial markets**

13. Monetary and fiscal stimulus helped provide support for equity markets which rose over the period. In the UK, the FTSE indices performed reasonably well during the period to November 2020 before being buoyed in December by both the vaccine approval and Brexit deal.
14. Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021

the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

### Credit review

15. After spiking in March 2020, credit default swap spreads subsequently declined to broadly pre-pandemic levels. Credit default swaps are used as an indicator of credit risk, where higher premiums indicate higher perceived risks.
16. Moody's downgraded the UK sovereign rating to Aa3 with a stable outlook during the period and this change had an impact on a number of other UK institutions, banks and local government.
17. The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the pandemic and the effects of lockdowns and restrictions. This uncertainty means the County Council's treasury management advisors, Arlingclose, continue to recommend maximum durations of 35 days for unsecured investments with banks and building societies on their list of recommended counterparties.

### Local Context

18. At 31 March 2021, the County Council's underlying need to borrow for capital purposes was £776.46m as measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment and amounted to £877.8m. These factors are summarised in Table 1.

<b>Table 1: Balance sheet summary</b>	<b>31/03/20 Balance £m</b>	<b>Movement £m</b>	<b>31/03/21 Balance £m</b>
CFR	783.48	(7.02)	776.46
Less: Other debt liabilities*	(149.43)	7.96	(141.47)
<b>Borrowing CFR</b>	<b>634.05</b>	<b>0.94</b>	<b>634.99</b>
External Borrowing	(307.24)	6.47	300.77
<b>Internal Borrowing</b>	<b>326.81</b>	<b>7.41</b>	<b>334.22</b>
Less: Usable Reserves	(665.89)	(88.96)	(754.85)
Less: Working Capital	(204.53)	81.62	(122.91)
<b>Net Investments</b>	<b>(543.61)</b>	<b>0.07</b>	<b>(543.54)</b>

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

19. The CFR reduced by £7.0m during 2020/21. Other debt liabilities reduced by £8.0m in accordance with the PFI repayment models while the County Council's borrowing CFR increased by just under £1m as a result of its capital programme. External borrowing reduced by £6.5m during 2020/21 as a result of repayment of £10.0m Public Works Loan Board (PWLB) borrowing and the scheduled repayment of other borrowing of £3.4m, partly offset by a change in the short-term balances held on behalf of other organisations, which vary from year to year. At the end of the 2020/21 financial year total reserves held by the County Council, including the general fund balance and individual schools' balances, but excluding the DSG deficit, total £754m an increase of nearly £89m from 1 April 2020. Of this increase, over £28m relates to the increase in reserves held by individual schools and £30m relates to the Covid-19 financial response package. The balance includes contributions to Departmental cost of change reserves offset by agreed use of the Corporate Reserves.
20. The County Council's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, to reduce risk and keep interest costs low. The treasury management position at 31 March 2021 and the change during the year are shown in Table 2.

<b>Table 2: Treasury management summary</b>	<b>31/03/20 Balance £m</b>	<b>Movement £m</b>	<b>31/03/21 Balance £m</b>	<b>31/03/21 Rate %</b>
Long-term borrowing	(261.2)	11.9	(249.3)	4.66
Short-term borrowing	(10.0)	1.5	(8.5)	4.10
<b>Total borrowing</b>	<b>(271.2)</b>	<b>13.4</b>	<b>(257.8)</b>	<b>4.67</b>
Long-term investments	274.3	(14.4)	259.9	4.01
Short-term investments	105.5	89.2	194.7	0.32
Cash and cash equivalents	201.7	(89.2)	112.5	0.03
<b>Total investments</b>	<b>581.5</b>	<b>(14.5)</b>	<b>567.0</b>	<b>1.95</b>
<b>Net investments</b>	<b>310.3</b>	<b>(1.1)</b>	<b>309.2</b>	

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

21. The reduction in net investments of £1.1m shown in Table 2 reflects a reduction in investment balances of £14.5m largely offset by the repayment at maturity of borrowing of £13.4m, in line with the County Council's policy on internal borrowing. Further details are provided in the Borrowing Activity and Treasury Investments Activity sections of this report.

## Borrowing Update

22. In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. The rate at which local authorities could borrow from the PWLB is defined by a margin above gilts and following the response to the consultation the margin above gilts on PWLB loans was reduced from 1.8% to 0.8%, however restrictions were introduced meaning that this rate would only be available to authorities not planning to purchase investment assets primarily for yield.
23. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Authorities planning to purchase investment assets primarily for yield will only be able to access the PWLB to refinance existing loans or externalise internal borrowing and not for other purposes.
24. The County Council is not planning to purchase any investment assets primarily for yield, so is able to retain full access to the PWLB, however there are no plans to take on any new external borrowing.

## Borrowing Activity

25. At 31 March 2021 the County Council held £257.8m of loans (a decrease of £13.4m from 31 March 2020) as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 3.

<b>Table 3: Borrowing position</b>	<b>31/03/20 Balance £m</b>	<b>Net movement £m</b>	<b>31/03/21 Balance £m</b>	<b>31/03/21 Weighted average rate %</b>	<b>31/03/21 Weighted average maturity (years)</b>
Public Works Loan Board	(226.5)	10.0	(216.5)	4.7	10.7
Banks (LOBO)	(20.0)	-	(20.0)	4.8	12.3
Other (fixed term)	(24.7)	3.4	(21.3)	4.0	18.7
<b>Total borrowing</b>	<b>(271.2)</b>	<b>13.4</b>	<b>(257.8)</b>	<b>4.7</b>	<b>11.5</b>

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

26. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the County Council's long-term plans change is a secondary objective.

27. Short-term interest rates have remained much lower than long-term rates and the County Council has therefore considered it to be more cost effective in the near term to use internal resources than to use additional external borrowing. In line with this strategy, £10.0m of PWLB loans were allowed to mature without refinancing and a further £3.4m of other borrowing was repaid, predominantly related to the repayment of borrowing from the Solent LEP for the Solent Economic Zone (Daedalus) Phase 1 programme.
28. This borrowing strategy has been monitored with the assistance of Arlingclose and has enabled the County Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
29. The County Council also continues to hold £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. None of the LOBO loan options were exercised by the lender in the year.

### Treasury Investment Activity

30. The County Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the County Council's investment balances ranged between £336m and £611m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4.

<b>Table 4: Treasury investment position</b>	<b>31/03/2020 Balance</b>	<b>Net movement</b>	<b>31/03/2021 balance</b>	<b>31/03/21 Income return</b>	<b>31/03/21 Weighted average maturity (years)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
Short term investments					
- Banks and Building Societies:					
- Unsecured	26.3	43.2	69.5	0.04	0.04
- Secured	15.0	(4.4)	10.7	0.31	0.78
- Money Market Funds	175.3	(97.3)	78.0	0.04	0.00
- Local Authorities	80.5	58.5	139.0	0.34	0.34
- Cash Plus funds	10.0	-	10.0	0.93	-
<b>Total</b>	<b>307.1</b>	<b>-</b>	<b>307.1</b>	<b>0.21</b>	<b>0.19</b>
Long term investments					
- Banks and Building Societies:					
- Secured	33.2	(13.2)	20.0	0.35	1.84
- Local Authorities	40.0	(5.0)	35.0	1.28	1.24

<b>Table 4: Treasury investment position</b>	<b>31/03/2020 Balance</b>	<b>Net movement</b>	<b>31/03/2021 balance</b>	<b>31/03/21 Income return</b>	<b>31/03/21 Weighted average maturity (years)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
<b>Total</b>	<b>73.2</b>	<b>(18.2)</b>	<b>55.0</b>	<b>0.94</b>	<b>1.46</b>
Long term investments – higher yielding strategy					
- Local Authorities					
- Fixed deposits	20.2	1.5	21.7	4.32	12.49
- Fixed bonds	10.0	(10.0)	-	-	-
- Pooled Funds					
- Pooled property*	75.0	-	75.0	4.03	N/A
- Pooled equity*	50.0	-	50.0	6.45	N/A
- Pooled multi-asset*	40.0	8.0	48.0	4.53	N/A
<b>Total</b>	<b>195.2</b>	<b>(0.5)</b>	<b>194.7</b>	<b>4.80</b>	<b>12.49</b>
<b>Total investments</b>	<b>575.5</b>	<b>(18.7)</b>	<b>556.8</b>	<b>1.89</b>	<b>0.76</b>
Thames Basin Heaths pooled fund investments	6.0	4.2	10.2		
<b>Total</b>	<b>581.5</b>	<b>(14.5)</b>	<b>567.0</b>		

\* The rates provided for pooled fund investments are reflective of annualised income returns over the year to 31 March 2021 based on the market value of investments at the start of the year.

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

31. The County Council made a payment of £226.7m on 1 April 2020 to prepay its employer's LGPS pension contributions. By making this payment in advance the County Council was able to generate an estimated saving of £9m over 3 years on its pension contributions, which will be added to the Budget Bridging Reserve.

32. Investment balances have subsequently increased and were £14.5m lower at 31 March 2021 than immediately prior to the pension prepayment. This is in part explained by the County Council not having to make monthly employer's pension contributions throughout 2020/21 (having already paid in advance) but also represents the impact of departmental underspends in 2020/21 and the balance of grants received but not yet applied. The impact of the coronavirus pandemic has created significant uncertainty, resulting in the need for significant assumptions within financial forecasts and a difference in timing between income and expenditure, both in terms of the direct response to the pandemic and in carrying out regular service delivery plans.

33. The CIPFA Code and government guidance both require the County Council

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

34. The security of investments has been maintained by following the counterparty policy and investment limits within the TMSS, taking advice from Arlingclose on changes in counterparty credit worthiness, and making use of secured investment products that provide collateral. The County Council invests in liquid investments to ensure money is available when required to meet its financial obligations, spreading these investments across a number of counterparties to mitigate operational risk.
35. In delivering investment returns, the County Council has operated against a backdrop in which the UK Bank Rate was cut to 0.10% in March 2020 in response to the coronavirus pandemic. It has remained at this rate throughout the year, having an impact on rates across the market. Returns had been at or around 0% for liquid investment options such as Money Market Funds (MMFs), bank call accounts and the UK Government's Debt Management Account Deposit Facility (DMADF) and have not been significantly higher for other short-term options like fixed duration loans to other local authorities and bank notice accounts. Investment income has therefore largely come from investments arranged at fixed rates of interest prior to the pandemic and through the County Council's investments in pooled funds.
36. The County Council benchmarks the performance of its internally managed investments against that of other Arlingclose clients. Internally managed investments include all investments except externally managed pooled funds but do include MMFs. The performance of these investments against relevant measures of security, liquidity and yield are shown in Table 5, providing data for the quarter ended 31 March 2021 and at the same date in 2020 for comparison.

<b>Table 5: Investment benchmarking (excluding pooled funds)</b>	<b>Credit rating</b>	<b>Bail-in exposure</b>	<b>Weighted average maturity (days)</b>	<b>Rate of return %</b>
31.03.2020	AA	50%	551	0.97%
31.03.2021	AA-	40%	393	0.50%
Similar LAs	AA-	39%	983	0.42%
All LAs	A+	63%	14	0.15%

37. Table 5 shows the average credit rating of the portfolio was lower at 31 March 2021 than at the same time the previous year, largely as a result of the impact

of the pandemic on credit ratings across the market, including that of the UK Government. Bail-in exposure was lower than at the same time in 2020, as the County Council held a greater investment balance with other local authorities, who are not subject to bail-in risk, while the weighted average maturity of investments was lower as the County Council held lower long-term balances and sold at a gain £10m of very long term bonds, reinvesting the money in externally managed pooled funds. In addition there were timing differences between receiving and spending of Covid grants. The average rate of return (0.5%) was lower than at 31 March 2020, but with the benefit of higher rates for fixed investments made prior to the pandemic helping to offset returns at or close to 0% for many investments across the market. The County Council compared favourably with the other local authorities included in the benchmarking exercise across all metrics.

### **Externally managed pooled funds**

38. In 2019 the County Council agreed to increase the amount of its cash balances earmarked for investments targeting higher yields of around 4% to £235m. This allocation was recently increased to £250m as part of the Capital and Investment Strategy for 2021/22 and the approach to investing this allocation was most recently set out in the Treasury Management Strategy Statement for 2021/22.
39. Approximately £205m of this allocation has now been invested, with the remaining balance earmarked. The total includes £10.4m 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.
40. 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.
41. The County Council's investments in pooled funds fell considerably in value when the coronavirus pandemic hit world markets but have since recovered well. These investments are now worth marginally more in aggregate than the initial sums invested, as shown in Table 6, demonstrating the importance of taking a longer term approach and being able to ride out periods of market volatility, ensuring the County Council is not a forced seller at the bottom of the market. The table also shows the County Council's investments in fixed deposits, which include long term loans to other local authorities and as part of

the Manydown programme.

Table 6 – Higher yielding investments – market value performance	Amount invested*	Market value at 31/03/21	Gain/(fall) in capital value	
			Since purchase	2020/21
	£m	£m	£m	£m
Pooled property funds	75.0	75.0	0.0	0.2
Pooled equity funds	50.0	49.5	(0.5)	12.0
Pooled multi-asset funds	48.0	48.7	0.7	1.3
<b>Total pooled funds</b>	<b>173.0</b>	<b>173.2</b>	<b>0.2</b>	<b>13.5</b>
Fixed deposits**	21.7	21.7	0.0	0.0
<b>Total higher yielding</b>	<b>194.7</b>	<b>194.9</b>	<b>0.2</b>	<b>13.5</b>

\* excludes £10.4m invested on behalf of Thames Basin Heaths JSPB

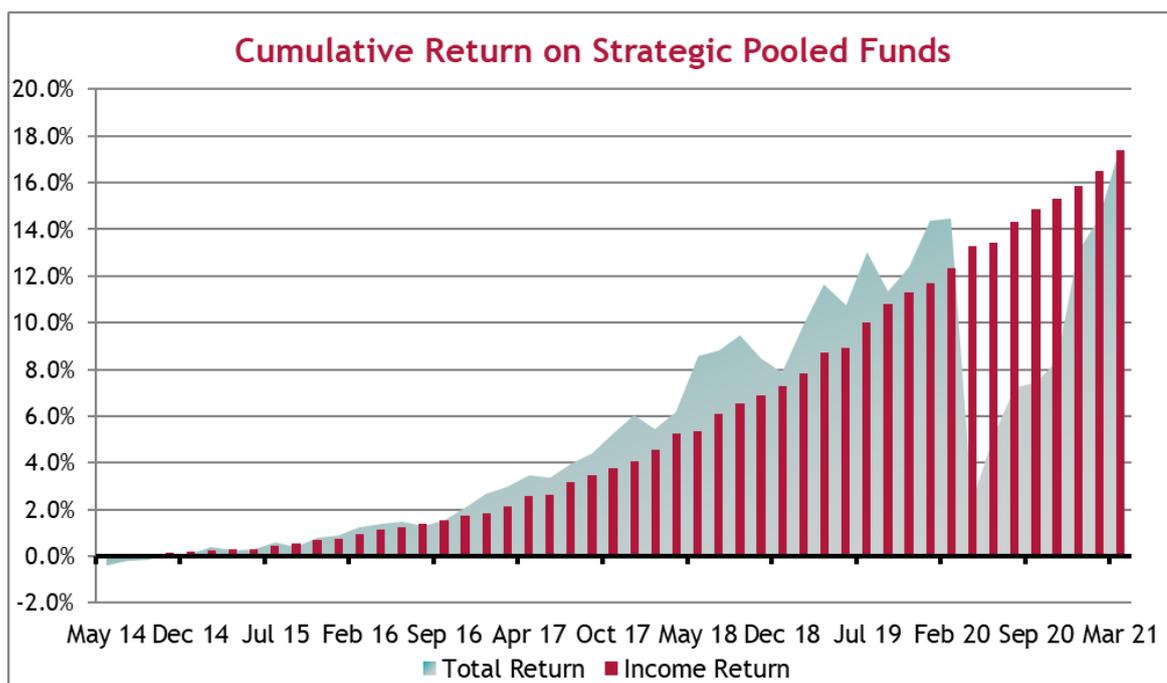
42. The County Council's investments in pooled funds target long-term price stability and regular revenue income and bring significant benefits to the revenue budget. As shown in Table 7 the annualised income returns have averaged 4.41% pa (per annum) since purchase against the higher yielding strategy target of 4% pa, contributing to a total return of 17.5%.

Table 7 – Higher yielding investments – income and total returns since purchase	Annualised income return	Total return
	%	%
Pooled property funds	4.16	20.0
Pooled equity funds	5.02	18.4
Pooled multi-asset funds	4.19	12.6
<b>Total pooled funds</b>	<b>4.41</b>	<b>17.5</b>

Note: excludes the performance related to £10.4m invested on behalf of Thames Basin Heaths JSPB

43. Following advice from Arlingclose, the County Council made prudent income forecasts for 2020/21 to reflect the impact of the pandemic and the challenging market conditions being faced by the investment managers of its pooled funds, identifying that any shortfall at the end of the year to budgeted income would be met from the Covid-19 financial response package. Actual income returns from pooled fund investments were more positive than this prudent forecast resulting in income of £7.1m, which was about 10% lower than in 2019/20. This is compared with the 25% to 30% reduction that could reasonably have been anticipated given the pandemic's impact on property rental income, company dividends and bond yields.

44. The County Council's pooled fund investments continue to deliver income returns far in excess of what could be generated from cash investments and in line with the County Council's agreed objective of targeting income of 4% pa from its higher yielding strategy.
45. The cumulative total return from the County Council's investments in pooled equity, property and multi-asset funds since purchase is shown in the following graph. This highlights that the County Council has benefited from strong and steady income returns over time and the way that capital values have recovered since March 2020.



Note: the graph above excludes the performance related to £10.4m invested on behalf of Thames Basin Heaths JSPB

46. The County Council is aware of the risks involved with investing in pooled funds that hold underlying investments in bonds, equities, property and other financial instruments. As a result, when the County Council began to specifically target higher returns from a proportion of its investments, it also established an Investment Risk Reserve to mitigate the risk of an irrecoverable fall in the value of these investments. The balance held in this reserve is currently approximately £5m and it is proposed to increase this to £6.25m. This equates to 2.5 % of the total earmark of £250m (in line with the recommendation to hold reserves of 2.5% for the general fund balance).
47. In addition to the risk of realising a capital loss, the IFRS 9 accounting standard that was introduced in 2018/19 means that annual movements in the capital values of investments need to be reflected in the revenue account on an annual

basis, although a five year statutory override was put in place for local authorities that exempts them from complying with this requirement.

48. Pooled fund investments have no defined maturity date but are available for withdrawal after a notice period and their performance and continued suitability in meeting the County Council's investment objectives is monitored regularly and discussed with Arlingclose.

### Financial Implications

49. The outturn for debt interest paid in 2020/21 was £13.0m against a budgeted £13.2m on an average debt portfolio of £267.4m.
50. The outturn for investment income received in 2020/21 was £13.17m. Excluding the £2.9m gain made by the County Council from the sale of bonds from its portfolio of investments targeting higher yields the investment income was £10.23m on an average investment portfolio of £485m giving a yield of 2.11%. By comparison, investment income received in 2019/20 was £13.4m on an average portfolio of £617m with a yield of 2.17%.

### Non-Treasury Investments

51. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the County Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in Ministry of Housing, Communities & Local Government's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
52. This could include loans made to Hampshire based businesses or the direct purchase of land or property and such loans and investments will be subject to the County Council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.
53. The County Council's existing non-treasury investments are listed in Table 8.

<b>Table 8 – Non-treasury investments</b>	31/03/21	31/03/21
	Asset value	Rate
	£m	%
Loans to Hampshire based business	9.5	4.00
Joint venture recruitment agency	0.2	5.00
Total	9.7	4.02

## Compliance Report

54. The County Council confirms compliance of all treasury management activities undertaken during 2020/21 with the CIPFA Code of Practice and the County Council's approved Treasury Management Strategy.
55. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 9.

<b>Table 9 – Debt limits</b>	<b>2020/21 Maximum</b>	<b>31/03/21 Actual</b>	<b>2020/21 Operational Boundary</b>	<b>2020/21 Authorised Limit</b>	<b>Complied?</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Borrowing	279	258	730	800	✓
PFI and Finance Leases	150	141	150	180	✓
<b>Total debt</b>	<b>429</b>	<b>399</b>	<b>880</b>	<b>980</b>	✓

## Treasury Management Indicators

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

### Interest rate exposures

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

<b>Table 10 – Interest rate risk indicator</b>	<b>31/03/21 Actual</b>	<b>Impact of +/-1% interest rate change</b>
Sums subject to variable interest rates		
Investment	£262m	+/- £2.6m
Borrowing	£2m	+/-£0.0m

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

### Maturity structure of borrowing

58. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity

exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

<b>Table 11 – Refinancing rate risk indicator</b>	<b>31/03/21 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied</b>
Under 12 months	3%	50%	0%	✓
12 months and within 24 months	3%	50%	0%	✓
24 months and within 5 years	11%	50%	0%	✓
5 years and within 10 years	21%	75%	0%	✓
10 years and within 20 years	52%	75%	0%	✓
20 years and within 30 years	9%	75%	0%	✓
30 years and above	0%	100%	0%	✓

59. 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 as set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. If not repaid before maturity, these loans have an average duration to maturity of 13 years (minimum 6 years; maximum 24 years).

#### **Principal sums invested for periods longer than a year**

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

<b>Table 12 – Price risk indicator</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Actual principal invested beyond year end	£260m	£215m	£205m
Limit on principal invested beyond year end	£340m	£330m	£330m
Complied?	✓	✓	✓

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

#### **Other**

##### **CIPFA consultations**

62. In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the

Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

63. In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, such as recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.
64. Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

#### **IFRS 16**

65. CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2022/23.

## **Capital Spending and Financing 2020/21**

### **Introduction**

1. This Appendix reports that:
  - capital schemes costing £235.2m were started during 2020/21 from the approved capital programme for the year of £359.4
  - this left £99.7m for named projects not started by 31 March 2021 which will be carried forward to 2021/22, subject to Cabinet's approval
  - capital payments of £214.1m were incurred in 2020/21 and this can be financed within available resources
  - it is proposed that, under the Prudential Code for Capital Finance, new prudential borrowing of £28.5m is used in 2020/21 to fund previously approved schemes.
  - repayments of prudential borrowing from capital receipts and other sources total £18.7m in 2020/21
  - £3.6m of resources will be drawn down from the capital reserve in 2020/21 for use in funding payments incurred in 2020/21
  - capital receipts of £3.9m were achieved from the sale of assets in 2020/21.

### **Capital Programme for 2020/21**

2. Table 1 below shows that 65.4% of the Capital Programme for 2020/21 was started in the year.

**Table 1 - Capital Schemes Committed in 2020/21**

	<b>£'000</b>	<b>%</b>
Approved value of the Capital Programme for 2020/21	359,458	100.0
Schemes committed in 2020/21	235,221	65.4
<b>Balance of Cash Limit at 31 March 2021</b>	<b>124,237</b>	<b>34.6</b>
Schemes for which approval to carry forward to 2021/22 is now requested	99,747	27.8
Schemes previously approved for carry forward	24,490	6.8
<b>Total Cash Limit to be Carried Forward to 2021/22</b>	<b>124,237</b>	<b>34.6</b>

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

**Carry Forward of Schemes not Committed by 31 March 2021**

4. The approval of Cabinet is required for proposals to carry forward schemes not started at 31 March 2021. The total value of such schemes is £99.7m. This excludes £0.9m of Adults, £8.4m of Children's Services and £15.2m of Culture, Communities and Business Services schemes for which approval to carry forward to 2021/22 has previously been given during 2020/21. These amounts are largely committed against named projects.
5. As Table 2 shows, the value of the 2020/21 programme committed in the year, at £235.2m, is higher than the level achieved in 2019/20 of £217.4m. Steady progress is being made given the significant size of the overall Capital Programme.

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

	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>
Value of Projects		
- Committed	217.4	235.2
- Carried forward	157.2	124.2
<b>Total Programme</b>	<b>374.6</b>	<b>359.4</b>
Percentage Committed	58.1%	65.4%

6. Individually, most of the schemes and provisions to be carried forward are relatively small amounts. The larger schemes include:
  - Adults with Disability – Accommodation Strategy (£3.8m) – A capital grants programme has been approved and is progressing
  - Extra care housing transformation (£3.1m) – the remaining projects within this programme are being considered
  - Improvements in SEND resource provision for Hampshire SEND pupils – Plans have been approved and are progressing (£4.6m)
  - Improvements to Schools (£5.7m) and Children's Services contingency provision to cover future projects and pressures on the capital programme (£4.2m)
  - Structural maintenance of roads and bridges – Future projects planned which are linked to the outcome of funding bids (£20.1m)
  - LED replacement programme (£3.2m) – Plans are progressing
  - Decarbonisation projects, Countywide (£29.3m) – schemes are progressing

- Strategic Land purchases (£15.0m) – Provision required to enable quick action should advantageous land appear in the market.

### Capital Expenditure and Financing 2020/21

- Total expenditure actually incurred in 2020/21, arising from the Capital Programme for 2020/21 and earlier years, was £214.1m. This is £22.1m or 9.3% lower than the revised estimate for 2020/21. The timing of capital expenditure flows between financial years is often difficult to predict. The delays in committing a fair proportion of the Capital Programme for 2020/21, as shown in Table 2, will have reduced the level of payments in the year.
- An analysis of the expenditure of £214.1m by service and type is included in Annex 2.
- The proposed method of financing this expenditure is summarised in Table 3:

**Table 3 – Capital Financing 2020/21**

<b>Funding</b>	<b>Adjusted Revised Estimate £'000</b>	<b>Actuals £'000</b>	<b>Variation £'000</b>
Prudential borrowing			
- for capital schemes	40,994	28,462	(12,532)
- repayments of specific schemes	(7,256)	(18,725)	(11,469)
Government capital grants	139,699	118,315	(21,384)
Contributions from developers and outside agencies	34,350	64,389	30,039
Capital receipts	92	3,970	3,878
Revenue contributions			
- general corporate provision	9,935	12,915	2,980
<b>Total Capital Resources</b>	<b>217,814</b>	<b>209,326</b>	<b>(8,488)</b>
Transfers from /(to) reserves			
- planned use of capital reserve to fund payments	18,322	3,633	(14,689)
- Revenue reserves	0	1,114	1,114
<b>Total funding for payments in 2020/21</b>	<b>236,136</b>	<b>214,073</b>	<b>(22,063)</b>

- In addition to this spend, during 2020/21, the Enterprise M3 Local Enterprise Partnership (LEP) invested £37.6m in Capital projects within the M3 corridor.

This spend is included in the annual accounts, as the Council is the Accountable Body for the LEP.

### **Borrowing**

11. Since 1 April 2004, local authorities have been permitted to borrow for capital purposes without specific approval from the Government, provided their actions meet the requirements of the Prudential Code for Capital Finance introduced by the Local Government Act 2003. This is known as 'prudential borrowing'. It does not attract any support from the Government towards the repayment and interest costs, which fall wholly on the County Council's own resources.
12. Cabinet agreed criteria for the use of prudential borrowing in November 2003, with revisions in February 2006. Since then, its use has been agreed for a number of capital schemes, primarily on an invest-to-save basis. It is proposed that a total of £28.4m is borrowed in 2020/21 for these schemes, in accordance with the approved criteria.
13. Prudential borrowing of £18.7m has been repaid in 2020/21 from the use of capital receipts, developer and other contributions.
14. The Prudential Code includes a number of indicators intended to illustrate whether local authorities are acting prudently. The County Council's latest position on these prudential indicators following the 2020/21 outturn is summarised in Appendix 2. It shows that the County Council continues to be in full compliance with the requirements of the Code.

### **Capital receipts**

15. Capital receipts from the sale of land and property in 2020/21 were £4.0m in total. This has been used to fund capital expenditure in the year.
16. Services' proposed shares of capital receipts in 2020/21 are summarised in Annex 3. The County Council's policy allows services to retain 25% of capital receipts from the sale of their assets, with up to 100% for approved rationalisation schemes.
17. In line with this policy, services are entitled to £1.2m of the £4.0m received in 2020/21. Cabinet has previously approved the addition of most of this amount to services' capital programmes, leaving a total of £113k for which approval is now required for allocation to services, as set out in Annex 3.

**Analysis of Capital Programme 2020/21 and Requests by Services to Carry Forward Capital Schemes to 2021/22**

	(1)	(2)	(3)	(4)	Total Cash Limit Carried Forward to 2021/22 (Columns 3+4)
	Approved Value of Programme	Schemes Committed in 2020/21	Schemes for Which Approval to Carry Forward is Requested	Schemes Already Approved for Carry Forward	
	£'000	£'000	£'000	£'000	£'000
Adults' Services	26,231	18,196	7,180	855	8,035
Children's Services	76,064	51,812	15,875	8,377	24,252
Economy, Transport and Environment	131,307	105,399	25,908	0	25,908
Culture, Communities and Business Services	125,856	59,814	50,784	15,258	66,042
<b>Total</b>	<b>359,458</b>	<b>235,221</b>	<b>99,747</b>	<b>24,490</b>	<b>124,237</b>
	100.0%	65.4%	27.8%	6.8%	34.6%

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

**Summary of Capital Expenditure in 2020/21****Analysis by Service**

	<b>£'000</b>	<b>%</b>
Adults' Services	18,638	8.7
Children's Services	56,877	26.5
Economy, Transport and Environment	104,177	48.7
Culture, Communities and Business Services	34,381	16.1
	<b>214,073</b>	<b>100.0</b>

**Analysis by Type of Expenditure**

	<b>£'000</b>	<b>%</b>
Land	1,597	0.7
Construction work	152,179	71.1
Fees and salaries	28,329	13.2
Furniture, equipment and vehicles	6,998	3.3
Grants	14,970	7.0
Pooled Property Fund	10,000	4.7
	<b>214,073</b>	<b>100.0</b>

**Analysis of Capital Receipts 2020/21**

	<b>Capital Receipts</b>	<b>Costs of Sales</b>	<b>Shares from in/out and Other Schemes</b>		<b>25% Share of Qualifying Receipts Now Due to Services</b>
	<b>£'000</b>	<b>£'000</b>	<b>Previously Added to Programme</b>	<b>Now Available to be Added to Programme</b>	<b>£'000</b>
Adults' Services	345	6	345	0	0
Children's Services	0	0	0	0	0
Economy, Transport and Environment	375	0	0	25	88
Culture, Communities and Business Services	3,250	8	723	0	0
	<b>3,970</b>	<b>14</b>	<b>1,068</b>	<b>25</b>	<b>88</b>
<b>Total Now to be Added to Services' Programmes</b>				<b>113</b>	

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5. The proposals support the activities in the County Councils Strategic Climate Change Action Plan and the reports previously approved by Cabinet. Cabinet are asked to approve the programme.

### **Contextual information**

6. The Council declared a Climate Emergency in June 2019 and committed to achieving net carbon neutrality. Corporately a Climate Change programme was established to deliver on the county-wide target of carbon emissions reduction to net zero and resilience to a 2°C temperature rise by 2050.
7. As part of this corporate programme the County Council is making significant progress on activities across the County Council's own estate and operations that reduce carbon emissions and mitigate the risks to the County Council from the potential impacts of climate change in the coming years. The diverse nature of the County Council's activities offers real challenge in building expertise and responding to Climate Change over a wide range of operational areas that include the County Council's built estate (including schools), the transport fleet, catering, procurement of supplies and countryside services. In addition, land holdings and land management practices present opportunities for the Council to sequester and store carbon. Examples of good evidence of the Councils commitment to Climate Change include making a policy decision to change all its small vehicle fleet to electric as they are replaced on a phased basis. There is also the recent success of securing government grant for a significant programme of carbon reduction projects. Around £30 million has been secured to deliver programmes of work to the built estate which includes window replacements, solar photo-voltaic and boiler controls. The expertise which exists within the Council secured these grants in a short timescale bidding process and programmes of work are now well underway.
8. The earmarking of £1.2m one-off funding for projects relating to the internal HCC climate change programme has enabled the identification of a series of new initiatives which will have a range of positive impacts related to climate change. In addition to carbon reduction, many of these projects will be visible to the public and will therefore play a key educational role.
9. Projects identified for funding fall into a number of climate change themes. These include:
  - de-carbonisation of fleet vehicles, operational plant and tools through a switch to electric or other carbon neutral power sources;
  - natural environment enhancements through tree planting, landscape regeneration and proof of concept projects;

- waste and recycling activities;
  - energy efficiency initiatives including examining the feasibility of a solar farm; and
  - further expansion of previous programmes that have delivered carbon reduction such as LED lighting and solar PV installation.
10. Support to implement energy efficiency options is proposed to be extended to community venues as well as more of the Council's own sites. Projects are also identified to examine the Council's resilience to climate change and consider how we may address this. The impact of the projects on the carbon footprint of the Council will be assessed as they are developed. At this stage financial allocations are preliminary and there will be some flexibility across the programme as the projects are progressed but the overall funding envelope will be adhered to.
11. Education and engagement with citizens is a central theme in a number of these projects. Collaborative opportunities exist across the County Council's public-facing services, particularly in the Countryside Service, Hampshire Outdoor Centres and the Library Service, all of which have a remit for the education of children and/or adult learners. Sir Harold Hillier Gardens is also strongly positioned to facilitate education objectives through their education programmes.

## Finance

12. The £1.2m funding for these projects over the next two years is already approved (Cabinet: 25 February 2021). The detail of the funding breakdown to the individual projects is shown in the table below.

## Summary of projects proposed

13. A summary of the project areas, value of spend, and anticipated start date is shown below:

Theme	Project title	Value	Start year
Transport	Enhancements to the electric vehicle fleet	£30,000	2021/22
	Electric alternatives for operational heavy vehicles and electric power tools	£20,000	2022/23
	Expansion of Hydrotreated Vegetable Oil pilot	£57,000	2021/22

Natural Environment	Hillier's Propagation Unit – phase one Frontier Garden project	£150,000	2021/22
	Tree Planting	£200,000	2021/22
	Rewilding / landscape-scale regeneration (proof of concept) and promotion	£100,000	2021/22
	Climate positive carbon negative country park at River Hamble	£35,000	2021/22
Waste & Recycling	Proof of Concept: Food waste station installation at Royal Victoria Country Park	£10,000	2021/22
	Onsite composting to facilitate sustainable approach to biodegradable and compostable food packaging in addition to food waste	£45,000	2021/22
	Increased recycling facilities and signage at customer-facing sites	£5,000	2022/23
Energy	Renewable Energy Studies including Solar Farm potential	£10,000	2022/23
	Extension of LED lighting programmes at HCC corporate sites	£100,000	2022/23
	Energy efficiency for community buildings (additional to Parish and Town Council Funding)	£150,000	2022/23
	Renewable energy in HCC depot locations	£10,000	2021/22
	Demonstration project for carbon neutrality at Runway's End Eco-Activity Centre	£50,000	2022/23
Education	Range of initiatives to engage positively with schools and visitor groups of all ages around climate change and to facilitate community learning	£118,000	2021/22
Climate Change Adaption	Commission expertise to look at the need to adapt our land and assets to be resilient to the impacts of climate change	£10,000	2021/22
Built estate	Feasibility, design and proof of concepts for building technologies to test reductions in carbon emissions and explore innovation	£100,000	2022/23

## **Consultation and Equalities**

14. A high-level Equalities Impact Assessment (EIA) has been completed and no negative impacts have been identified at this stage. It should be noted that further development of these projects is required and more detailed EIAs may be completed subsequently, if deemed appropriate for individual projects.
  
15. The climate change tools were not applicable because this is a programme of multiple projects. However, where appropriate, the tools will be applied to individual projects to assess carbon mitigation and vulnerabilities to adaptation to enable the best outcomes. The programme is anticipated to have a favourable impact on climate change, positively contributing towards carbon neutrality.

## **Conclusions**

16. These projects offer further opportunity for the Council to show leadership on climate change, and to demonstrate that it is putting investment behind its Climate Emergency declaration to reduce its emissions and examine its resilience to climate change.
  
17. The breadth of projects identified would enable the Council to reduce its carbon emissions, inform and inspire partners and other stakeholders to take further action on climate change and educate and engage with Hampshire citizens on this critical issue across a range of channels, locations and experiences.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Revenue Budget and Precept 2021/22 <a href="#">2021-22 Budget - Cabinet Report FINAL.pdf (hants.gov.uk)</a>	<u>Date</u> 9 February 2021
<b>Direct links to specific legislation or Government Directives</b>	
<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:**

### **18. 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.

### **19. Equalities Impact Assessment:**

19.1. No service is being reduced or withdrawn. Therefore, a full EIA is not necessary for these proposals because they will not have a negative impact on any group with a protected characteristic. Instead, these proposals represent an increased focus on tackling climate change by the County Council, in order to meet its targets of net zero emissions and resilience to a 2°C temperature rise by 2050.

19.2. The majority of the proposals will have positive benefits for Hampshire residents e.g.

- carbon emissions reductions from use of electric vehicles and tools or an increase in HVO fuel use, will contribute to improved air quality.

- Landscape regeneration and tree planting will similarly improve air quality and provide increased and improved areas of nature for people to enjoy.
- Educational activities will inform people about positive action that can be taken on climate change, promoting emissions reduction across the county.

19.3. Such benefits are expected to positively impact many Hampshire residents, but they are not targeted specifically at groups with protected characteristics, hence assessing the impact as neutral for each group.

19.4. More detailed EIAs may be carried out for individual projects at a later date, where appropriate.

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker</b>	Cabinet
<b>Date:</b>	13 July 2021
<b>Title:</b>	Hampshire Broadband Programme – Update and Top Up Voucher Proposal
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Patrick Blogg

**Tel:** 03707 796865      **Email** Patrick.Blogg@hants.gov.uk

#### Purpose of this Report

1. The purpose of this report is to provide Cabinet with an update on progress with the Superfast Broadband Programme and highlight developments in government's new Project Gigabit. It sets out the current UK Gigabit Voucher Scheme administered by government and explains the rationale and details of a Hampshire top up which would benefit rural Hampshire communities with poor broadband speeds.

#### Recommendations

Cabinet is asked to:

2. Note and endorse the success of the current Superfast Broadband Programme to date.
3. Note the government's new Gigabit Programme which is starting to gain momentum and that the opportunities this provides for Hampshire will become clearer over the coming months.
4. Note the success of the 2020/21 Gigabit Voucher Scheme Top Up fund and approve the implementation of a limited £1m Hampshire top up to government's current UK Gigabit Voucher Scheme, to be funded through future programme gainshare and for communities on a first come first served basis until the fund is exhausted.
5. Note that broadband infrastructure will play a critical role in supporting policies to mitigate and tackle climate change.

#### Executive Summary

6. Since the inception of the Superfast Broadband Programme, the importance of broadband infrastructure in Hampshire has continued to grow. The

Coronavirus pandemic has only served to highlight just how important digital connectivity is for economic and community wellbeing, and has shone a spotlight on the necessity of broadband as an enabler.

7. The Superfast Broadband Programme started in 2013 and through close working with our delivery partner, Openreach, and the central government team at the Department for Digital, Culture, Media, and Sport (DCMS), the programme has delivered approximately 115,000 superfast connections to date, nearly 12,000 of which are full fibre. The programme delivery is expected to conclude in summer 2022 delivering coverage of superfast broadband to around 97% of premises in the County.
8. In addition to the core programme, voucher schemes developed and administered by government have proved a successful route to extending gigabit-capable speeds to more communities. The County Council provided a top up to extend the value of the previous gigabit voucher scheme, and this has helped bring gigabit-capable broadband to over 2,000 premises across 23 different community projects.
9. The programme is now seeking to implement further funding of £1m from the limited gainshare rebate to provide a top up to government's current UK Gigabit Voucher Scheme, helping to bring faster broadband to communities more quickly than the future larger-scale procurements.
10. The report also outlines the developing national programme managed by government. DCMS has an ambition to deliver gigabit-capable broadband to everyone within the UK, with support from Local Authorities, through an entity they have set up within the department called Building Digital UK (BDUK).

### **Hampshire Superfast Broadband Programme**

11. The Superfast Broadband Programme started in 2013 when it was predicted that the private sector would only deliver superfast broadband services to 80% of premises across the county.
12. Through the nationally negotiated contract, Openreach upgraded more than 64,000 premises to superfast speeds between 2013 and 2015. A second contract was awarded to Openreach following a tendering exercise. Initially the contract was funded to increase coverage to 95% with a contract value of £16.4m, but in 2016, funding from Contract 1 underspend and advance payments of gainshare increased the contract value to £23m with coverage for 97% of premises across Hampshire.
13. The programme is expected to complete delivery in Summer 2022, with the outstanding in-scope structures in the New Forest, where specific conditions have led to extended timeframes.
14. Across these contracts, Openreach has delivered approximately 115,000 superfast connections to date, nearly 12,000 of which are full fibre. In total, to deliver the Superfast Broadband Programme, the County Council has

provided £12.95m of funding and attracted a total funding allocation of £29.6m.

15. A clause in the contracts ensures that the County Council receives a rebate, referred to as gainshare, if uptake of the infrastructure is higher than originally predicted. The rebates are shared with BDUK based on the ratio of capital investment into the contract.
16. According to an Ofcom<sup>1</sup> report published in December 2020, 95.5% of Hampshire premises can access superfast speeds (now defined as >30Mbps). Those without superfast access represents over 27,000 premises within Hampshire. Approximately 7,000 of these premises have speeds below 10Mbps. The distribution of those without superfast access is uneven across the county.

### **Voucher Schemes**

17. During 2019/20 government launched the Gigabit Voucher Scheme (GBVS) which offered funding of £3,500 per Small Medium Enterprise businesses (SME) and £1,500 per residential property towards the cost of installing gigabit-capable broadband, for community-led schemes.
18. Following a decision by the Executive Member for Commercial Strategy, Human Resources and Performance in July 2020, the County Council implemented £1m additional funding from the superfast Contract 1 gainshare to provide a top up for these schemes, increasing the value of individual vouchers from £1,500 per residential property to £3,000.
19. The voucher scheme is administered by BDUK including the allocation of County Council top up funding. Applications for vouchers are made by groups of residents via their chosen supplier and funding is allocated on a first come first served basis.
20. The voucher scheme was scheduled to close on 31 March 2021, but demand was so high that it closed to new applications on 19 February 2021. BDUK saw a ten-fold increase in applications per month from December 2020 as communities tried to get their schemes in before the deadline. Suppliers struggled to keep up with the volume of requests and many communities did not hear from their chosen supplier for several months causing them to miss the deadline for submissions.
21. A report supplied by BDUK on 1 April 2021 showed 23 projects had been approved within Hampshire, with 905 vouchers issued totalling £906,896 of top up funding, drawing down a further £1,357,500 from BDUK. The 23 projects supported will bring gigabit broadband to a total of 2,141 premises. We expect this figure to increase when a final balance is presented by DCMS later in the year.

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<sup>1</sup> Ofcom Connected Nations report, published December 2020:  
[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0024/209373/connected-nations-2020.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0024/209373/connected-nations-2020.pdf)

22. On 8 April 2021 government launched a new UK Gigabit Voucher Scheme (UKVS). Eligibility criteria are broadly the same as the previous scheme (premises must have speeds below 100Mbps) with the addition that they must be in postcodes defined by Ofcom as area 3 for telecoms competition. This scheme is supported with £210m of funding from DCMS. The scheme is due to run until funds are exhausted or until 31 March 2024, whichever happens sooner.
23. Projects which started under the old scheme but have not reached the contracting stage will be automatically moved over to the new UKVS. A significant number of projects in the pipeline require more funding than the DCMS voucher can provide.

### **Proposal for a Hampshire Top Up to the UK Gigabit Voucher Scheme**

24. The voucher schemes have proved popular and there are many more communities in the pipeline that will now be moved to the new scheme. Evidence from working with local communities and suppliers suggests that the cost to provide broadband speeds in rural areas can often exceed £1,500 per property, and therefore communities may need to raise additional funding to gain access to improved speeds.
25. Though not a statutory requirement, the broadband programme recommends allocating an additional £1m of programme gainshare to provide a top up fund towards the UK Gigabit Voucher scheme. It is proposed that this top up funding would increase the potential voucher value from £1,500 to a maximum of £3,000 per residential property. The top up would not be extended to SMEs as it is believed the current £3,500 cap does not need to be increased.
26. This limited funding would be provided to the scheme administered by BDUK and allocated on a first come first served basis until the funding is exhausted, which could happen sooner than the previous scheme drawdown given the increasing cost per premises for the last few percent. BDUK will continue to manage the relationship with the communities and the suppliers to deliver the schemes.
27. Evidence from the top up provided in 2020/21 indicates that this would be popular with communities in difficult to reach areas that are likely to be towards the end of a supply side deployment. The vouchers may bring gigabit connectivity to these areas sooner than the national Project Gigabit programme. To maximise the number of premises supported by the scheme, it is important for communities to maximise uptake of vouchers.
28. We will again need to make it clear with communities that the administration of the scheme and issuing of vouchers is with BDUK, and the accountability for delivery is between the communities and suppliers, with the limited top up funding allowing more infrastructure to be delivered and therefore more residents to benefit. That said, as has been the case throughout, the programme team will continue to support communities to navigate the scheme and apply.

## **Project Gigabit**

29. In March 2021, government launched the £5bn 'Project Gigabit' which has been developed to bring fast, reliable broadband to all premises across the UK. Government modelling suggests that 80% of premises in the UK will be provided with gigabit-capable connections through market forces by 2025. Project Gigabit will build on this by awarding contracts to suppliers to deliver gigabit capable connections in parallel with the commercial rollout to achieve 85% coverage by the end of 2025 and 100% coverage by 2032 or sooner if possible.
30. The project will concentrate on two main approaches; supply side delivery via competitive tendering contracts in tandem with demand side support such as the UK Gigabit Voucher Scheme.
31. The Project Gigabit Phase One Delivery Plan<sup>2</sup> was published by government on 21 April 2021 and recognised Hampshire as being part of the scope for early delivery in Phase 1b of the supply side procurement process. The programme will aim to maximise delivery to hard to reach premises. These are areas where the market has expressed interest in early intervention, where there is a high percentage of premises in the "Final 20%" and a relatively high proportion of premises unable to access superfast (>30Mbps) broadband.
32. An Open Market Review to determine where commercial suppliers will deliver is underway and it is hoped that procurements will start later this year. It is not clear how many premises will be included in this first procurement phase and the programme team continue to work with BDUK to help support development of the plans. It is expected that Local Authorities will continue to play a role in supporting the programme roll-out, working closely with BDUK, suppliers and communities, and the details of this are still being formed.

## **Finance**

33. The Superfast Broadband Programme contract was designed to underwrite the risk for the supplier of building a capital-intensive network in advance of future demand. As a result, there is a clawback or 'gainshare' mechanism which provides the taxpayer with a rebate if uptake of services is higher than originally projected.
34. The gainshare payments are made at two yearly intervals once the project is completed and split between DCMS and HCC proportionate to the capital contribution each party made to the contract. In July 2022 HCC can expect to see a gainshare payment of £1.07m.
35. Although the next gainshare payment is not due until July 2022, projects do not draw down vouchers until the new network has been built, typically 12 months after the project is first approved.

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<sup>2</sup> Project Gigabit: Phase One Delivery Plan – [www.gov.uk/government/publications/project-gigabit-phase-one-delivery-plan/project-gigabit-phase-one-delivery-plan](http://www.gov.uk/government/publications/project-gigabit-phase-one-delivery-plan/project-gigabit-phase-one-delivery-plan)

36. To date, HCC has received £1.9m gainshare, which has been re-invested in Contract 2 and the 2020/21 voucher scheme. The next gainshare payment will be received in July 2022 and HCC's share is forecast to be £1.1m. It is proposed to use this funding for the latest voucher scheme top up. The final gainshare from Contract 1 is expected in 2024.

### **Consultation and Equalities**

37. Access to broadband infrastructure and the internet reduces barriers and increases equality regardless of age, gender, race, religion or sexuality. The internet allows disparate groups and individuals to connect, reducing isolation, and to share experiences highlighting inequality such as the recent George Floyd video footage. Access to broadband provides access to education, employment, leisure and social activities without hindrance.

### **Conclusions**

38. Access to reliable and fast broadband services remains a key focus of government's Covid 19 recovery strategy, enabling social cohesion, access to employment, creation of new jobs, education and leisure opportunities.
39. The government has pledged £5bn of funding to support delivery of 100% gigabit broadband coverage by 2032.
40. The County Council should continue to both lobby and work with DCMS to ensure that residents and businesses across Hampshire benefit from these funds wherever possible. In addition, the County Council should promote relevant schemes such as the UK Gigabit Voucher and support communities through this process where possible.
41. The Broadband Programme should provide marketing material and other supporting collateral to communities to help increase take up of vouchers from both residential homes and SMEs. Doing so will increase the proportion of funding drawn down from DCMS and help more communities with the funding available.

**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:	No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes
<b>OR</b>	
<p><b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:</b></p> <p><i>NB: Only complete this section if you have not completed any of the Strategic Plan tick boxes above. Whichever section is not applicable, please delete.</i></p>	

*NB: If the 'Other significant links' section below is not applicable, please delete it.*

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> <a href="#">Rural Gigabit Connectivity Top-up Scheme</a>	<u>Date</u> 20 July 2020	
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u> <a href="#">Government launches Project Gigabit</a>	<u>Date</u> 19 March 2021	

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<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:

### 0. 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.

### 1. Equalities Impact Assessment:

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

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

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



- the Director of Economy, Transport and Environment manage the County Council's involvement in NSIPs in consultation with the Executive Lead Member for Economy, Transport and Environment and, depending on the scale and nature of the project, the Cabinet as appropriate;
- the Scheme of Delegation be reviewed to ensure that decisions at the various stages of the DCO process can be taken at the appropriate level and in an agile way;
- a policy be developed for pre-application charging in relation to NSIPs and included in a Cabinet report for approval;
- Planning Performance Agreements be sought for each project to cover the County Council's costs involved in the DCO process, except for those activities set out in Appendix A of this report, or the Pre-application charging policy be applied in the event that a Planning Performance Agreement is not secured at the earliest stage in the process; and
- decisions on legal support and Counsel representation be taken at an early stage by the Director of Economy, Transport and Environment in consultation with the Head of Legal Services and the Executive Lead Member for Economy, Transport and Environment.

### **Contextual information**

8. A Nationally Significant Infrastructure Project (NSIP) is a large-scale project that falls into one of the following categories:
  - Energy;
  - Waste;
  - Transport;
  - Waste Water;
  - Water; or
  - Business and Commercial.
9. The Planning Act 2008 sets out these categories of projects and provides more detail about the types and scale of infrastructure projects within these categories that are deemed to be nationally significant.
10. This legislation came about due to concerns that approvals for Nationally Significant Infrastructure Projects (NSIPs) were taking too long. Heathrow Terminal 5 was the longest inquiry in British planning history, held between 1995 and 1999, and it took a further two years before the decision was made in November 2001.
11. The Growth and Infrastructure Act 2013 and Infrastructure Planning (Business or Commercial) Regulations 2013 enable the Secretary of State for Business, Energy and Industrial Strategy to direct 'business or commercial' projects into the NSIP regime. This includes developments of a significant scale (typically over 40,000 sqm) which include offices, industrial, research and development, storage and distribution, conferences, exhibitions, sport, leisure and tourism.

12. In addition, a promoter can make a section 35 direction to the relevant Secretary of State to request that a project which falls under any of the categories be directed into the NSIP regime, provided they can demonstrate it is nationally significant. AQUIND made a successful section 35 direction to have its interconnector project deemed a NSIP. The previous interconnector project to be dealt with in Hampshire was determined by Fareham Borough Council through the usual planning application process as only energy generation, and not conversion, and is covered by the Planning Act 2008.
13. A project that is deemed to be nationally significant requires a DCO in order to be delivered. A DCO is a Statutory Instrument, a piece of legislation that gives the promoter all the powers needed to construct the project. Consequently, the DCO can disapply other areas of legislation that may normally apply to a project if it is dealt with through the planning process.

### The Process

14. The NSIP process is managed by the National Infrastructure Planning team at The Planning Inspectorate and involves six stages:



15. The County Council is deemed a 'host authority' in respect of the fact it is an upper tier authority and therefore would be invited to be involved in the process for all NSIP projects.
16. The Pre-application stage is led by the applicant and is more akin to the process that the County Council would undertake when a planning application is submitted to a local planning authority. There are various stages of public engagement and consultation, but the key stages of consultation during the pre-application process for the County Council are:
  - Statement of Community Consultation – commenting on the statement and ensuring it meets both the requirements of the regulations and the local needs;
  - Environmental Impact Assessment (EIA) scoping – commenting on the scope of the EIA and highlighting any areas missed or scoped out in error; and

- Preliminary Environmental Information Report (PEIR) statutory consultation – commenting on the proposals as presented within the PEIR and feeding back any issues or concerns to the applicant.
17. Following the PEIR consultation, the applicant is in a position to submit the application providing they can demonstrate that they've taken consideration of consultee responses. The applicant does not necessarily have to address any concerns the County Council may have raised, although they may seek to change the proposals in light of consultee responses prior to submitting the application.
  18. The comments that the County Council make and engagement had with the applicant at the pre-application stage will form the basis of the County Council's representations at the examination. Although not required to engage, it is important that the County Council does in order to protect its position.
  19. Once the applicant has submitted the application to the Planning Inspectorate, it has 28 days within which to accept it. Within that 28-day period it will ask the host authorities to confirm the 'Adequacy of Consultation', which seeks to ensure that the applicant followed the regulations in respect of public engagement and consultation.
  20. Once the application has been accepted the timescales for dealing with it are set out in legislation. In the pre-examination period, which is three months, the County Council will be asked to submit a Relevant Representation. This sets out a summary of the points in the application with which the County Council agrees and/or disagrees, highlighting what is considered to be the main issues and impacts.
  21. Once the examination starts the County Council is responsible for submitting a Local Impact Report (LIR) which goes into more detail about the likely impact of the proposed development on the Hampshire area (or part thereof). The deadline for submitting the LIR is set at the Preliminary Hearing and local authorities are given 28 days' notice of this deadline. However, given the detail expected to be covered in the report, local authorities are strongly encouraged to start drafting the report during the pre-application period, and to ensure that any approval process for the report is built into the timetable. Local authorities are instructed to prioritise preparation of the LIR irrespective of whether they consider the development would have a positive or negative impact on their area.
  22. The examination itself takes six months, and this is a very intensive period. The Examining Authority will consider representations made by interested parties (the County Council will automatically be registered as such) through a series of hearings, and deadlines will be set for those involved in the examination to respond to questions and submissions by the applicant as the examination progresses. Alongside this there will be a need to prepare and agree Statements of Common Ground, Section 106 agreements, and the draft DCO itself. Unlike a planning application, which may take several months of negotiations before a recommendation is made to committee, followed by several months of negotiations on the Section 106 agreement, all matters

relating to the NSIP must be agreed and finalised within the six-month examination period. Anything that is not agreed between parties will be determined by the Examining Authority.

23. Following the close of the examination, the Examining Authority has three months within which to make a recommendation on the application to the relevant Secretary of State. The Secretary of State then has a further three months to make a decision.

### **Nationally Significant Infrastructure Projects in Hampshire**

24. There are a number of these nationally significant infrastructure projects within Hampshire, some of which have been through the examination process and others are expected.
25. Esso submitted an application in 2019 for its Southampton to London Pipeline project, which sought to replace 90km (56 miles) of its existing 105km (65 miles) aviation fuel pipeline. This runs from Fawley Refinery in the New Forest to the West London Terminal storage facility in Hounslow. The Secretary of State for Business, Energy and Industrial Strategy granted the DCO for the project on 7 October 2020.
26. AQUIND Ltd is proposing to construct and operate an electricity interconnector between France and the UK. This would include a new High Voltage Direct Current cable landing at Eastney Portsmouth, and a new converter station in Lovedean, Waterlooville. To get to the converter station in Lovedean, AQUIND proposed to lay the cables in the highway, using the A3 London Road for much of the route. The examination of the application was held between September 2020 and March 2021 and required significant resources from the County Council.
27. Highways England is looking to submit an application early next year for improvements to Junction 9 of the M3 and A34 at Winchester. The scheme seeks to provide a grade-separated free-flow route for traffic travelling from the M3 to the A34 northbound, and vice versa for vehicles traveling from the A34 to the M3 southbound.
28. Associated British Ports outlined in its Port of Southampton Port Master Plan (2016-2035) Consultation Draft proposals to use Strategic Land Reserve at Dibden for future port expansion. It is stated that 'This land will enable the Port to expand as and when the existing port operational areas become utilised to the extent that opportunities for further land use intensification are, in practical and efficiency terms, exhausted'. There are no timescales currently for an application to come forward, however the Southampton Free Port proposals may necessitate proposals being accelerated.
29. Southern Water has recently consulted on its 'Water for Life' strategy which includes proposals to help meet current water shortages and to ensure resilience for the future in times of dry weather and drought. The current preferred solution for making up the shortfall is to install a desalination plant with direct input into the network at Testwood Water Supply Works. Southern Water has stated that it has not yet decided whether or not it will apply for planning permission through the Local Planning Authority or the NSIP regime.

Currently the proposal suggests the plant would deal with 75 million litres per day where the threshold for a NSIP is 80 million litres or above. If Southern Water wishes to have the project dealt with under the NSIP regime it can either increase the scale of the proposal or seek a section 35 direction from the Secretary of State.

### **Key Issues for the County Council**

30. There have been few NSIPs in Hampshire to date, but numbers are expected to increase in the future – particularly as the Government is encouraging use of the NSIP regime to speed up the decision-making process for strategic projects.
31. Once at examination, the NSIP regime requires agility in decision making to ensure the County Council can meet the examination deadlines and respond to issues raised during hearing sessions. However, it is also acknowledged that these projects have the potential to gain significant local and political interest. As such there is a need to put a process in place to ensure members are aware of the proposals and are fully briefed on the issues.
32. The process can be very resource intensive, particularly at the examination stage. Currently the County Council has a limited capacity to resource these projects, particularly given the compressed nature of the process.
33. The process requires a lot of work to be undertaken at the pre-application stage, and there is a risk that this work will be abortive as there is no guarantee an application will be made. For instance, the proposal by Wheelabrator for an Energy from Waste facility at a site on the A303 at Barton Stacey was withdrawn following a significant amount of pre-application discussion, provision of technical comments and liaison with partner local authorities and local members. The County Council did not have a Planning Performance Agreement in place to enable it to recover its costs in dealing with the proposal and, therefore, the time spent on it was at the expense of the County Council. Ensuring that a Planning Performance Agreement is entered into at the earliest opportunity to enable reasonable costs to be recovered in relation to discretionary activities, such as pre-application engagement, must therefore be a priority going forward.
34. To date, the NSIP projects that Hampshire County Council has been involved with have been coordinated by Strategic Planning within the Economy, Transport and Environment department, supported by officers providing technical advice on behalf of the key statutory roles – primarily the Local Highway Authority (including Public Rights of Way) and the Lead Local Flood Authority. The AQUIND project required a significant number of hours to be dedicated to it by the officers involved, including evening and weekend work to ensure deadlines were met. Colleagues from Legal Services were also involved in the examination phase, providing input into the draft DCO and preparing and agreeing the Section 106 and associated Section 111 agreements, which were required to be completed prior to the close of the examination.

35. The urgency of the examination deadlines, and the need to ensure the County Council's position at examination was protected, meant that those officers involved had to focus on the project at the expense of other work. This raises concerns about the County Council's capacity to deal with these projects in the future, particularly if there is more than one going through the process concurrently.
36. For the AQUIND examination the County Council engaged Counsel to represent the authority, due to the complexity of the issues, which was invaluable but costly. Legal Services does have the capacity to support on a lot of the work required, but it may be that some additional external legal resources are needed to supplement this offer due to the concentrated nature of the work and unpredictability of the pipeline of applications.

### **Proposed Approach to Managing the County Council's Involvement**

37. Each NSIP will be different in terms of scale, nature, political interest, technical issues and relationships with partner authorities, and so it is difficult to develop a protocol that will be appropriate to all projects. It is therefore proposed to adopt a set of guiding principles which will help govern how the County Council deals with each NSIP project within Hampshire.
38. The Director of Economy, Transport and Environment is the corporate lead on strategic developments and has the responsibility for directing and managing planning duties, and therefore has delegated authority to approve responses to consultations on NSIPs and agree DCOs. It is proposed that this is done in consultation with the Executive Lead Member for Economy, Transport and Environment and, depending on the scale and nature of the project, the Leader, as appropriate. It will be necessary to review the scheme of delegation to ensure that decisions can be taken on technical matters at the appropriate level and within the tight timescales required.
39. The Corporate Infrastructure Group is a good forum for keeping senior officers from across the County Council updated on NSIP projects. It is proposed that a sub-group be established to track which projects are coming forward, keep interested service areas updated and report key issues to the main group.
40. The Planning Inspectorate Advice Note two: 'The role of local authorities in the development consent process', makes it clear that local authorities are not obliged to participate in the DCO process, but it is strongly encouraged. As such it is reasonable for the County Council to seek to cover its costs in engaging in the process and working proactively with the applicant on issues as they arise through a Planning Performance Agreement (PPA).
41. Securing a PPA with the applicant will provide the funding to enable sufficient resources to be put in place to deal with the application. Whilst engaging consultants under the framework agreement may be one way of resourcing such projects, the preferred approach would be to use existing staff with the necessary experience and knowledge to deal with the proposal in-house. Funding through the PPA could then be used to provide resources to back-fill for those officers involved, particularly during the six months of examination when officers are likely to be required on the DCO project full time.

42. The County Council currently operates two pre-application charging policies which enable both the Minerals and Waste Planning Authority and the Local Highway Authority to cover the cost of engaging with applicants while applications are being developed. These policies were developed to ensure that applications submitted include all of the necessary information and meet the requirements of both authorities, and to cover the cost of any engagement should the proposal not be progressed to application stage.
43. It is proposed that a pre-application charging policy be developed for NSIPs to cover the process up to the point that the application is submitted. This will ensure that it can sufficiently resource the pre-application stage in the event that an applicant is not prepared to provide the County Council with a PPA.
44. Whilst there is no part of the process where the County Council is required to respond, it is acknowledged that there will be an expectation from the Examining Authority that, as a Host Authority, the County Council will participate. Therefore, Appendix A to this report sets out the activities that the County Council would not seek to be reimbursed for. Once the application is submitted, it is proposed that the County Council concentrate its resources on these activities if a PPA is not secured.
45. It will be necessary to assemble a multi-disciplinary team representing the key services areas impacted by the project. Coordinated by Strategic Planning, officers needed will most likely be representatives of the Local Highway Authority including Public Rights of Way, and the Lead Local Flood Authority. There may be other areas of the County Council that will need to be involved but those can be identified on a project-by-project basis.
46. Following the declaration of a Climate Emergency, and the adoption of the Climate Change Strategy and Action Plan, the County Council will want to ensure that any NSIP proposals that come forward are consistent with these objectives. Proposals that come forward through the NSIP regime must comply with the National Planning Statements, National Planning Policy Framework and relevant local plan policies, rather than the County Council's own Climate Change Strategy. However, planning policies relating to climate change will provide a sufficient hook to enable the County Council to comment in this regard.
47. It is proposed that a decision be taken at an early stage on what legal support will be required for the project and whether Counsel should be instructed to represent the County Council at examination. This decision will be taken based on the complexity of the project and the likely issues by the Director of Economy, Transport and Environment in consultation with the Head of Legal Services.

### **Equalities Impact Assessment**

48. The approach that the County Council is taking to Nationally Significant Infrastructure Projects is intended to benefit all communities in Hampshire. It is considered that there will be no additional impact on people with protected characteristics and therefore the strategy has been assessed as having a neutral impact overall.

## **Climate Change Impact Assessments**

49. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
50. The climate change tools were not applicable because this is a report relating to the strategic approach taken by the County Council when consulted on NSIPs and therefore does not require a climate change assessment. The NSIPs themselves may have an impact on climate change and this can be considered by the County Council in its consultation response for each specific project.
51. By ensuring that there is a protocol for dealing with NSIPs the County Council can ensure that these projects contribute positively to each of the strategic objectives, or conversely identify where there is potential conflict with the priorities and make appropriate representations.

## **Conclusions**

52. The Development Consent Order process is one that is likely to be used more frequently in the future for strategic infrastructure projects. Several issues that this type of project raises for the County Council are explored in this report, and the recommendations aim to help address these and ensure that we have a set of guiding principles for dealing with these projects in the future.

**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
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:	

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
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 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 approach that the County Council is taking to Nationally Significant Infrastructure Projects is intended to benefit all communities in Hampshire. It is considered that there will be no additional impact on people with protected characteristics and therefore the strategy has been assessed as having a neutral impact overall.

## **Appendix A:**

Activities that the County Council will not seek reimbursement for through a Planning Performance Agreement:

- Responding to the EIA Scoping Consultation;
- Statutory Consultation on draft Statement of Community Consultation;
- Responding to the Statutory Pre-application Consultation;
- Issuing an Adequacy of Consultation response;
- Providing a Relevant Representation;
- Attending the Preliminary Hearing;
- Preparing the Local Impact Report;
- Written Representations;
- Attendance and participation at Hearings;
- Answering questions from the Examining Authority; and
- Any other activity directed by the Examining Authority.



- 2.5 That the value of the M27 J10 Improvement scheme in the County Council Capital Programme be increased from a value of £4.65m to £97.55 million, to be funded from Housing Infrastructure Grant and developer funding, and that authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Leader, the Director of Corporate Resources and the Head of Legal Services to complete appropriate, aligned funding agreements;
- 2.6 That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Head of Legal Services to make and advertise necessary Road Orders and secure any additional statutory or land owner consents required; and
- 2.7 That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Leader, the Director of Corporate Resources and the Head of Legal Services to commence a staged procurement process, involving Early Contractor Involvement and main works contract and to spend up to £97.55 million, subject to confirmation of funding, following the completion of satisfactory financial agreements and approval of a scheme Project Appraisal by the Executive Lead Member for Economy, Transport and Environment.

### **Executive Summary**

3. This paper seeks to summarise the rapidly evolving financial situation for the M27 Junction 10 Improvement Scheme and sets out the rationale for a transition of the role of the County Council from Scheme Promoter for the development work to Delivery Body subject to the satisfactory conclusion of financial agreements. The paper provides contextual background as a brief update following the February report to Cabinet, followed by the move to a more 'optimistic' funding scenario based upon increased funding offers from both Homes England and the Developer which seek to address the County Council's concerns. The paper provides a financial analysis and an assessment of risk and concludes that the risks are now sufficiently addressed to enable a move to become the Scheme Delivery Body.

### **Contextual information**

4. 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.
5. On 15 September 2020 the Solent LEP Board allocated up to an additional £900,000, from the Solent LEP DfT retained, Local Growth Fund, (on top of the £4.65m already received and spent from DfT) 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.

6. Since the September Cabinet report, significant progress was made to advance through and complete Stage 3 of the PCF process and a Stage Review was undertaken in February 2021, to inform a further report to the County Council's Cabinet at that time. Fareham Borough Council also requested the review be conducted before March 2021 so that the County Council could provide an earlier formal view on whether it would take on the role of Delivery Body.
7. The February 2021 Cabinet Report identified the complex financial and delivery position and updated particularly on identified costs and funding. Scheme costs had been refined and estimates at the time (excluding risk / contingency provision) were in the region of £75.5million, plus risk / contingency costs in the region of £5 to £10million (it is best practice to have a risk / contingency amount at this stage of a project). To help meet the indicative costs, Homes England had identified additional Housing and Infrastructure Funding (HIF) to provide a potential £30 million contribution towards scheme delivery. In addition, Buckland Development Ltd, the developer had indicated, in discussion with Fareham Borough Council, a potential increased Section 106 offer to provide a £40million contribution towards scheme delivery. Design and other feasibility work to date at that time had cost some £5.55million, which had already been drawn down from DfT and the Solent LEP funding towards the total cost. This figure is included in the £75.5million estimate above.
8. The report summarised these developments in more detail and presented 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. The Cabinet approved the recommendations in the report and, following the completion of the Stage 3 review, the County Council stepped back from the role of Scheme Promoter and determined that it could not become the Delivery Body at that time due to the significant financial risks. The Cabinet also agreed to stop further technical work on the scheme development and design if further external funding was not in place by 31 March 2021 to support this work.
9. This report sets out the updated position since the Cabinet considered the M27 J10 and Welborne in February 2021, and in particular the evolving financial picture, following a period of intense discussion and negotiation between key interested parties, which has been convened by senior officials from MHCLG and Homes England.

## **Proposals**

10. In response to the funding challenges and following on particularly from the County Council decision that it was unable to agree to become the scheme Delivery Body due to the financial risks and liabilities, MHCLG convened a series of meetings with key stakeholders to try to find a way forward to ensure the scheme could be delivered and the development of Welborne Garden Village secured.
11. The initial focus of the stakeholder meetings was on the funding, governance and delivery mechanisms, which presented a number of obstacles to the County Council or the Borough Council taking on the scheme Delivery Body role.

Agreement was reached in principle with Homes England to allow the HIG funding agreement to be split, with one part, dealing with the payment of a 'grant' to deliver the motorway junction and highway works, and a separate agreement to cover the re-investment of the re-paid grant into the development and in particular delivery of affordable housing. This proposal would address the concerns of both the County and Borough Council as neither authority considered that they could be in a position to sign a comprehensive single agreement given the nature of the provisions that would be required. Splitting the HIG funding agreement into two parts, allowing the funding to be paid directly to the County Council, rather than through a 'back to back' funding agreement with the Borough Council, would also help to address the County Council policy requirement for a 'single capital pot' for the scheme.

12. A further area of discussion has concerned the role of Highways England who have responsibility for managing the motorway and trunk road network. Highways England have consistently resisted having a role in the promotion or delivery of the motorway junction scheme at Welborne, seeing it exclusively as a requirement of the development rather than a general motorway improvement. The County Council has worked closely at a technical level with Highways England to develop the design and secure their agreement up to Stage 3 of the approval process. However, the lack of senior organisational engagement with the project is a cause of concern and a significant risk for the Delivery Body. Significant progress has been made through inter-departmental discussions within Whitehall to secure a more active engagement with Highways England in respect of the scheme, and agreement has now been reached in principle for Highways England to sign a Memorandum of Understanding with the Delivery Body, alongside the normal Section 6 or 8 licence arrangement to allow works on the motorway. This MoU would acknowledge the principles that once Highways England have given final design approvals, if Highways England/DfT subsequently request any design or programme changes which affect J10, Highways England will bear the cost.
13. Following consideration of a number of potential financial options, a new 'optimistic' potential funding scenario has been proposed and the County Council has been invited to consider if this would sufficiently address its remaining concerns over taking on the scheme Delivery Body role. This scenario would see a significant increase in the HIG grant from £30M to £41.25m, plus £750k Capacity Funding from Homes England, and a further contingency provision through developer funding of an additional £10M, on top of the £40M Section 106 contribution in the event that costs over-shoot the available budget. In effect these changes increase the potential funding available, including that already spent to £97.55 million, against a scheme cost of £81 million (including normal risk / contingency allowances), albeit that this is not a routine capital scheme and there is the clear potential for 'exceptional' costs to arise beyond the £81M best estimate.
14. Further to the above increased funding offers the County Council could only consider taking on the role of Delivery Body if it agreed to identify a potential funding stream from within its own resources, which could be re-prioritised to off-set any cost overrun beyond the risk / contingency allowed for within the estimate. Any cost overrun would arise at the end of the construction period, and therefore would be a financial planning issue for 2024/5 onwards. One

potential candidate funding stream could be the Integrated Transport Capital Funding Block element of the Local Transport Plan annual grant settlement from the Department for Transport. This funding is around £5M annually at present, and therefore could provide a source of 'final underwrite' if the County Council were minded to re-prioritise this resource. With the provision required to be made from 2024/5, there is benefit in that these future funds have yet to be allocated to specific projects or programmes, albeit, that programmes like casualty reduction are key areas of activity and high political priorities. The likelihood of this funding being required is low; the chance of any funding call exceeding a single year allocation is also considered to be small. The dedicated funding and resourcing allocated for Junction 10 is anticipated to be sufficient to ensure that the rest of the capital programme is not adversely impacted.

### **Risk and Mitigation**

15. In order to assess the potential acceptability of the 'optimistic' funding scenario when assessed against the County Council's policy stance and wider considerations, the critical judgement concerns risk. With any normal Highways project of this scale there are always significant risks. These risks broadly fall into two categories: those that might arise pre-construction and those that might arise during construction. In this case there are particular additional considerations in relation to the complexity of both the technical engineering operations and the project governance. Whilst the County Council is experienced and successfully manages risks on 'normal' Highway Projects on its network all the time, managing and delivering a technically complex and demanding project on the Highways England Network is significantly more challenging.
16. The pre-construction risks can largely be categorised as risks of delays in getting the project's pre main works contract stages completed, and therefore includes potential cost increases due to issues with the approval processes, elongated programmes, or construction inflation if the works are delayed significantly. In this context the greatest risks surround the potential uncertainty and delay in the programme. If a Public Inquiry is triggered following objections to the Road Orders the programme would potentially be delayed and costs increased as a result. A Public Inquiry into objections to Road Orders may be costly in its own right depending on the scale and nature of objections being considered. The decision on whether a Public Inquiry is called rests with the Department for Transport who convene the hearing and appoint an Inspector, who subsequently reports back to the Secretary of State to make the final decision. Experience with Stubbington by-pass demonstrated that a very low-level objection was sufficient to trigger an Inquiry; the whole process took a period of months to complete with significant costs for the County Council as scheme and Order promoter in that case. Provision has been made in the 'quantified' risk contingencies to cover a potential Inquiry, however this cost depends upon a range of variables unknown at this time.
17. The other area of risk at the pre-construction stage relates to potential delays associated with the planning process. At the time of writing the planning

consent has not been issued, the S106 agreement has yet to be finalised and further changes are needed which may again delay the programme. Delays to the programme may result from any potential changes associated with an emerging commercial development opportunity being promoted by the Developer, particularly if this part of the development is prioritised over the currently intended first phases of housing development and re-sequencing of highway works is required. To facilitate this change a Reserved Matters Planning Application and Consent will be needed within a short time scale to meet the requirements of the business seeking to move in. There are also likely to be requirements for expedient discharge by FBC of pre commencement conditions and potential variation of a proposed 'Grampian' condition to enable the early delivery of the commercial opportunity with a start on site later this financial year.

18. In terms of the construction phase of the development the risks are more manageable, in that many may be passed to the contractor (eg. prolongation or failure to complete works to time due to equipment failure or late delivery of materials etc.). The risk of unexpected underground services or bad weather can also to a large extent be costed in the risk register and be passed to a contractor. The more generous grant funding envelope would support this as these types of provisions typically result in increased tender costs but reduce the likelihood of legitimate compensation events increasing costs during the project.
19. The most significant risk would be the failure to finish work on the underpass to allow the motorway to re-open on time, which could again largely be passed to the contractor. However, any risk associated with Highways England decisions or activities which interfere with the programme could not be passed to a contractor but would very probably lead to a contract variation or compensation event which would fall on the delivery body commissioning the work. Whilst the section 6 licence would enable some risk mitigation, in relation to risks that could materialise aligned to Highways England it would not allow any financial risk share. This makes the negotiation of an agreement or MOU with Highways England critical. Such an agreement must address the issue of programme delays and expectations that Highways England would avoid delays or agree financial recompense if such events occur. It is accepted that such an agreement would not be legally enforceable but would represent an agreement of guiding principles and commitments with the body responsible for managing the motorway on behalf of the Government.
20. The potential risks during the construction phase can be further mitigated through the progression of a staged, partial design and build contract which would enable the contractor to be involved in the completion of the detailed design of the most complex, structural aspects of the scheme. Following the completion of the design and approval process break points could be installed in the contract in case target costs for delivery are unacceptable to the Delivery Body. Further, the main works could be staged and split if appropriate to enable a further break point should cost escalation beyond the budget look likely. These break points would be aligned to break points in the HIG Agreement.

## Finance

21. The current base cost estimate for the M27 Junction 10 scheme is £72.8 million. This figure includes the development and design work completed to date, which has costed £5.55m (£4.65m funded from the Department for Transport (DfT) retained Solent LEP Local Growth Fund and £900k funded from the Solent LEP Local Growth Fund.). The £72.8 m base figure does not include any risk / contingency allowance for 'predictable and quantifiable' risks over and above the base cost estimate. The figure reported in the Cabinet Report in February was £75.5M, which included a nominal risk allowance, on top of the base cost estimate figure of £72.8M.
22. It is estimated that including quantified risks to give a more realistic value would increase the cost estimate to around £81 million. This is considered to be a reasonable and robust working estimate at this stage of the process (i.e. before target costs are provided as part of the tender process and to cover uncertainty over pre contract stages such as a potential Public Inquiry into objections to Road Orders). This higher figure, however, makes no additional allowance for exceptional costs which could arise because the work is on the motorway network managed by Highways England, or which could arise from at this point unknown third-party issues.
23. The Table in Appendix 1 sets out a more detailed analysis of the costs, including different risk scenarios and related cost estimates. Following further discussion and information sharing between the interested parties, the figure of £81M has been agreed and adopted as a robust scheme cost estimate at this stage.
24. The funding position in April 2021, was £56.3m, assuming £30M HIG funding, an offer of £0.75M Capacity Funding from Homes England for further development work and £20M from s106 contributions on top of the £5.55M Local Growth Fund already received and spent. Following protracted dialogue throughout May and June with key stakeholders, including MHCLG and Homes England, there has been a move towards a more 'optimistic' funding scenario in which the HIG increases from £30m to £41.25m, and the s106 contribution is increased from £20m to £40m with a further £10m of capped contingency funding should cost over-run above the budget estimate materialise. These figures are subject to formal decisions before final confirmation of the funding elements. Table 1 below sets out the April Funding Position against the June Funding Scenario.

<b>TABLE 1</b>	April Funding Position	June Optimistic Funding Scenario
	£m	£m
Already provided by Government and spent <sup>1</sup>	5,550,000	5,550,000
Capacity Funding Grant	750,000 <sup>2</sup>	750,000
Housing Infrastructure Grant	30,000,000	41,250,000
Developer Contribution	20,000,000	40,000,000
Developer Capped Contingency Fund <sup>3</sup>		10,000,000
<b>Total</b>	<b>56,300,000</b>	<b>97,550,000</b>

25. Table 2 below shows the funding deficit and surplus amounts against the base cost estimate £72.8m and the higher more realistic cost estimate £81m.

<b>TABLE 2</b>	April 2021	June 2021
<b>Scheme Cost</b>		
a)Base Cost - lower estimate	72,800,000	72,800,000
b)Higher Realistic Cost- including risk / contingency	81,000,000	81,000,000
<b>Scheme Funding (see Table 1)</b>		
Funding Allocated (subject to Agreement)	56,300,000	97,550,000
<b>Scheme Cost v Funding</b>		
a)Base Cost v Funding (Deficit / surplus)	<b>-16,500,000</b>	<b>+24,750,000</b>
b)Higher Realistic Cost v Funding (Deficit / surplus)	<b>-24,700,000</b>	<b>+16,550,000</b>

26. It is important to note that based upon 'April funding assumptions' the scheme could not be constructed within the available budget. It is also important to note that the additional funding referred to in the June funding scenario is not yet committed but represents the 'most optimistic' funding opportunities (maximum HIG grant and s106 contributions) for the purpose of modelling and testing financial scenarios and delivery options.
27. In the June 'optimistic' funding scenario the budget provides a surplus (contingency) of £16.55m against the higher / realistic cost estimate of £81m. Importantly, however, the funding scenario is capped and does not include an under-write or mitigation provision against any over-spend above the capped limit of £81m. In this scenario, the County Council could only agree to take on the role of Delivery Body if it accepted the potential uncapped liability should costs exceed the £97.55m budget provision. In order to find a

<sup>1</sup> This funding has been received and spent

<sup>2</sup> Bid for £2M submitted, and under consideration, with in principle commitment of £750k for immediate work.

<sup>3</sup> Developer funding for affordable housing to be re-purposed in the event of cost overrun beyond the main budget of £87.5M in the 'optimistic' scenario.

mechanism for the County Council to meet stakeholder expectations to take on the role of Delivery Body the Local Transport Plan Integrated Transport Capital Funding Grant could be utilised. The LTP Integrated Capital Funding Grant is received each year from the Department for Transport to support transport improvements in each Highway Authority area and is separate to the Highways Capital Maintenance Grant. Whilst the grant varies depending on Government priorities and programmes, it is typically worth around £4.5M in Hampshire.

28. If the LTP Integrated Transport Block were to be earmarked as a contingency for cost overruns at Welborne, the provision would be required to be made from 2024/5. There is benefit in that these future funds have yet to be allocated to specific projects or programmes, albeit, that programmes like casualty reduction are key areas of activity and high political priorities. The likelihood of this funding being required is low, and the chance of any funding call exceeding a single year allocation is also small. However, once works start on the main contract, there is unlikely to be an option to pause or stop work before completion, and therefore the issue of potential cost overruns is a serious consideration.

## Conclusion

29. The June 'optimistic' funding scenario clearly offers a more favourable financial environment. It is important to note that there is no formal agreement at this stage for the increased HIG grant and developer funding, but these are being assumed to see if this would resolve the issues, with the agreement of all the relevant parties concerned. The additional HIG grant, and the developers capped contingency provision substantially reduce the prospect of a cost overrun beyond the funding provision, and reduce the likelihood of cost overrun occurring at all. **However, the potential for excess cost overrun is still there, and the liability is both uncapped and without any underwrite provision.** The County Council's position as confirmed by the Cabinet most recently in February 2021, stated that the County Council was unable to take on the role of the Delivery Body for the M27 Junction 10 Improvement Scheme given the current high level of financial risk and uncertainty. Following the February report the circumstances have now changed, and there has been significant movement on the part of the other key interested parties to allocate additional funding, to seek to address the County Council's concerns.
30. The County Council could only consider taking on the scheme Delivery Body role if it agreed to identify a potential funding stream from within its own resources, which could be re-prioritised to off-set any cost overrun beyond the allowed for contingency within the budget. This could be the Integrated Transport Capital Funding Block element of the Local Transport Plan annual grant settlement, which would be a capital programme planning issue for 2024/5 onwards if there was a need to tap into this. This course of action would not be a comfortable one but may represent the only way in which the J10 scheme can be delivered in order to facilitate Welborne Garden Village and to draw down the large amounts of Government and Developer funding secured. In the longer term the ability of the County Council to mobilise and deliver large infrastructure projects to support growth and economic recovery may be a critical

consideration with the Government's own ambitions in these areas, the 'levelling up' agenda, and the on-going review of the role of LEPs.

31. The County Council is being asked to take on responsibility for delivering an improvement scheme on the motorway network, owned, managed and operated by Highways England, which is funded directly by the Government for these purposes. Highways England have declined to accept any direct responsibility for the scheme or delivery of the works, though it retains control through the approval process for the design and control over the programme through arrangements to enable any necessary traffic management or road closures during the construction process. An MoU with Highways England, whilst not fully legally enforceable, would seem a reasonable minimum requirement in terms of the County Council taking on the scheme Delivery Body role and providing financial support for the final potential cost overrun liability.

### **Climate Change Impact Assessments**

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

### **Climate Change Adaptation**

33. Following assessment using the Adaptation Tool, the project is not considered to be vulnerable to climate change. The location of the scheme is prone to surface water flooding, however, the design has been executed in line with the requirements of Hampshire County Council as Statutory Lead Local Flood Authority and the latest guidance from the Environment Agency. Appropriate storm return periods, with designs allowing for a one in a 100 year storm where appropriate, have been applied, with the latest climate change allowance included in accordance with the Environment Agency requirements. The drainage system ensures there is no increase in the rate of runoff discharged from the site, and on-site flooding is contained within the specially designated areas, removing the risk to people and property. There are no identified risks from extreme heat and storms.
34. This aligns well to the Strategic aims as set out at the start of this paper ensuring that Hampshire maintains strong and sustainable economic growth and prosperity, and supports strategic priorities for improving wellbeing and health through inclusion of new footways and cycle tracks to encourage active travel.

### **Carbon Mitigation**

35. Carbon emissions from this project will arise during the construction and operational stages of the new highway. The construction will involve heavy vehicles moving significant earth works to create embankments and an underpass. Mitigation will seek to ensure that cut and fill movements are limited with as much re-use and disposal on adjacent land as possible to reduce emissions. Emissions will be further mitigated by additional tree and scrub planting, over and above that which will need to be removed during the works phase of the scheme.
36. During the operational stage of the scheme, emissions associated with existing trips and journeys will be reduced, with shorter journeys facilitated by improved accessibility to the M27 from Fareham. Currently many vehicles access the M27 at J10 to head eastwards to perform a U-turn at M27 J11 to then enable them to head west. There will no longer be a need for these extraneous journeys. The reduced journey lengths will, however, be off-set by additional journeys around the junction that will increase incrementally over time in line with the build out over 25 years plus of the Welborne Garden Village development. There will be additional carbon emissions associated with these new trips to the network. In order to help provide some off-set, the proposed improvement will cater for more sustainable modes of transport, providing enhanced accessibility across the M27 for walking and cycling towards Fareham town centre and bus and rail stations, and the scheme also allows for dedicated Bus Rapid Transit links into the development. High proportions of self-containment are part of the key objectives of Welborne as a Garden Village with significant employment to enable walking to work.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Cabinet Report Cabinet Report	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>  EMET – M27 Junction 10  EMETE – M27 Junction 10 Update  Cabinet – M27 Junction 10 Scheme Update  Cabinet – M27 Junction 10 Project Review	<u>Date</u>  15 Jan 2019  14 Jan 2020  29 Sept 2020  9 Feb 2021

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<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>
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. When the Scheme is delivered, it will benefit all transport users, catering for cars, Bus Rapid Transit links, and including new and improved existing pedestrian and cycle provision. It will provide the key access to Welborne Garden Village and associated 6000 new homes and 5000 new jobs with enhanced connectivity to the local and strategic transport networks alongside improved connectivity for all across the M27, which will benefit the whole local community in Fareham.

## APPENDIX ONE: Scheme Costs

<b>M27 JUNCTION 10 COST BREAKDOWN</b>	<b>APRIL 2021</b>
<b>HE ELEMENTS</b>	£
HE works (TM, Prelims, supervision, fees)	39,200,399
Advanced works	4,850,572
OB 3%	929,059
Commuted sum	3,441,604
<b>Sub total</b>	<b>48,421,634</b>
Risk 50%	2,946,029
Risk 80%	4,155,022
<b>HCC ELEMENTS E-W LINK</b>	
HCC works ( Prelims, supervision, fees)	17,275,376
Advanced works / Pt 1 Claims	512,456
OB 3%	410,150
<b>Sub total</b>	<b>18,197,982</b>
Risk 50%	1,701,588
Risk 80%	2,399,886
<b>HCC ELEMENTS OTHER</b>	
HCC works ( Prelims, supervision, fees)	5,870,298
Advanced works / Pt 1 Claims	170,819
OB 3%	140,646
<b>Sub total</b>	<b>6,181,763</b>
Risk 50%	957,143
Risk 80%	1,349,936
<b>TOTAL WITHOUT RISK</b>	<b>72,801,379</b>
<b>TOTAL WITH NOMINAL (5-10%) RISK</b>	<b>75,000,000</b>
<b>TOTAL WITH 50% RISK</b>	<b>78,406,138</b>
<b>TOTAL WITH 80% RISK</b>	<b>80,706,223</b>

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	13 July 2021
<b>Title:</b>	<i>Serving Hampshire – 2020/21 Year End Performance Report</i>
<b>Report From:</b>	Chief Executive

**Contact name:** Antonia Perkins, Head of Customer Engagement Service

**Tel:** 03707 797390

**Email:** antonia.perkins@hants.gov.uk

### Report purpose

1. The purpose of this report is to:

- *provide strategic oversight of the County Council's performance during 2020/21 against the Serving Hampshire Strategic Plan for 2017-2021;*
- *outline ongoing work and achievements to advance inclusion and diversity;*
- *provide an overview of Local Government and Social Care Ombudsman (LGSCO) Determinations in 2020/21, and assessment decisions contained in the LGSCO 2019-20 report and;*
- *report for consideration by Cabinet a determination by the LGSCO under Section 30 of the Local Government Act 1974.*

### Recommendations

2. It is recommended that Cabinet:

- a) notes the County Council's performance for 2020/21;
- b) acknowledge and thank County Council staff for their contribution to maintaining good levels of performance during an exceptional year;
- c) notes progress to advance inclusion and diversity;
- d) notes the determinations of the Local Government and Social Care Ombudsman (LGSCO) in 2020-21, and the assessment decisions contained in the LGSCO Report 2019-20 report; and
- e) considers the determination of the LGSCO released on 20 May 2021.

## Executive Summary

3. Overall, performance measured against *Serving Hampshire* has been assessed as *good* during 2020/21, as services have remained resilient, with improvement in most measures. As a result, the County Council is on track to meet target in around half of its corporate performance measures, despite the arrival of the second COVID-19 wave and the continuation of substantial levels of 'response' activity.
4. The impact of COVID-19 on County Council services and performance has been significant during 2020-21. An overview of some of the key steps taken by the County Council in response to the pandemic has been reported separately to Cabinet throughout the year - including the financial context.
5. It is a statutory requirement to report 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. In accordance, a report is attached at Appendix Four.

## 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.

9. Performance information on children's and adults' safeguarding, major change programmes, and the County Council's financial strategy are reported separately to Cabinet.
10. Additionally, in support of the ongoing focus on external validation, the *Hampshire Perspectives* online residents' forum was launched in September 2020, with around 1,400 members of the public signed up to date. Forum members are invited to take part in a short survey once per month on a different topic each time, helping to shape service delivery and aid evidence-based decision-making.
11. Appendix one sets out the sources of external validation which apply to the County Council's performance during 2020/21.

### **Future arrangements**

12. The current *Serving Hampshire* Strategic Plan is due to be refreshed in 2021, and an updated Plan which will cover the period 2021 to 2025 is presented alongside this report. The revised draft Plan includes 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.
13. The updated Plan will be accompanied by a revised corporate Performance Management Framework which will govern the monitoring of the new strategic plan for 2021/22 onwards.

### **Overall performance**

#### **Performance against targets and improvement trend**

14. Overall, the majority of corporate performance measures (61%) were reported as either low or medium risk, with only three measures identified as high risk.
15. 43% of targets were met, as set by the relevant department at the end of 2020/21. The majority of measures (58%) were showing improved or maintained performance during 2020/21.
16. 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

17. Three measures remained as high risk at the end of 2020/21. These reflect the impacts of COVID-19 on services, as reported to Cabinet in separate regular updates throughout the year. The three high risk areas were:

- **CCBS external income** (including schools) reached £76.8m by the end of 2020/21, compared with a target of £85m. Income was initially affected by the closure of sites during the pandemic, (standing at just £27.7million at the end of Q2), but has recovered substantially in the second part of the year following the re-opening of facilities and development of a new commercial strategy.
- **HC3S school meal take up at primary schools** HC3S school meal take up at primary schools was 30.3% in 2020/21, compared with a target of 57.8% and performance of 50.7% in the previous year. The uptake was impacted by the number of pupils physically in schools during the pandemic lockdowns and has returned to better performance with the return to class-based teaching (52.6% in April 2021).
- **Percentage of waste diverted from landfill by HWRCs**, reached 74.7% in the final quarter of 2020/21 compared with a target of 90% and the 84.8% achieved in 2019/20. COVID-19 precautions at HWRCs made it more difficult to divert materials to their proper disposal/recycling destinations. Additionally, a reduced demand for some materials has made it uneconomical to reuse/recycle them, resulting in waste being landfilled. Limited measures have been possible to improve performance, but these have been dependent on changing behaviours, changes in waste composition and changes in guidance due to the pandemic.

### Performance highlights:

18. Performance highlights during 2020/21 were as follows:

#### Protecting Hampshire's vulnerable residents by:

- implementing a PA Consulting/Hampshire County Council COVID-19 initiative to support the extremely vulnerable during the COVID-19 pandemic which has received global recognition from Amazon. The initiative saw the two organisations work closely with Amazon Web Services (AWS) to develop a chatbot-driven outbound call system. The result was the 'Wellbeing Automated Call Service' (WACS) which, at its peak, made over 2,500 calls each day to shielding residents, asking them how they were feeling, whether they needed support and if they wanted to be contacted again in 10 days. This ensured that many of the county's most vulnerable residents received support during the most challenging of times.

The initiative has been awarded Amazon Web Services prestigious 2021 Global Public Sector Partner Award.

- 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 80 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, including the provision of grants totalling £625,000 from the Government's Contain Outbreak Management Fund;
- directly 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; and
- lifting the restriction on using free Older Person's Bus Passes before 9:30am in January 2021, enabling older people to use their bus pass at any time to attend vaccination appointments and to travel for essential trips at quieter times.

#### **Supporting local economic growth and employment by:**

- securing an award of almost £1 million 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;
- delivering the successful Solent Freeport bid for as a lead partner in a consortium of public and private sector organisations. As one of eight successful English Freeports in the Spring Budget Speech, this programme will support economic growth by facilitating international trade in Hampshire;
- implementing Operation Transmission, the plan to deal with non-border ready HGV congestion and disruption on Hampshire's and Portsmouth's road network, within time and budget, delivering full mitigation against the realistic worse-case scenario for the UK's departure from the European Union predicted by the Government;

- working with Southampton City Council and New Forest District Council to arrange a joint fund for the Hythe Ferry to compensate for financial losses due to falling passenger numbers during the COVID-19 pandemic;
- responding to over 1,000 enquiries following Storm Bella in December 2020, with Hampshire Highways removing fallen trees and clearing localised surface water flooding on the road network;
- delivering a congestion relief scheme in Farnborough, providing a second point of access to Invincible Road;
- loaning mopeds for travel to work, or vocational training, via the *Wheels to Work* loan scheme, enabling 26 young people to access employment, training, and apprenticeships during 2020/21 by supporting them to travel over 50,000 miles; and
- enrolling 251 new apprenticeships in 2020/21, with the programme to date seeing a retention rate of 84% for apprentices who have completed the programme (against a national average of 68%).

#### **Investing in a sustainable future for Hampshire by:**

- adopting a Climate Change Strategy and Action Plan and committing to work with partners to make Hampshire carbon neutral by 2050;
- reducing CO2 emissions in 2019/20, down to 72,394 tonnes compared with 75,868 tonnes the previous year, and delivering on the County Council's 74,700 tonne target ahead of the 2025 target date;
- 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
- creating 915 new primary school places for the start of the 2020/21 school year through the development of two new schools and the extension of two existing schools.

#### **Recognition for delivering positive service and innovation by:**

- 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 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 in 2020/21, 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:

- development of an innovative programme of engagement with target communities from ethnic minority groups to ensure COVID-19 key Public Health messages were delivered effectively;
- publication of the County Council's Modern Slavery Statement, requiring all key services to assess and log status against the statement;
- introduction of new departmental self-assessments of the inclusivity and accessibility of services;
- development of an inclusion and wellbeing survey, to launch in May 2021, to track the views and experiences of employees and progress made in inclusion issues since the previous survey in 2018;
- provision of an online programme of events for Black History Month, including a strong statement of support and endorsement from the Chief Executive;

- delivery of a series of ‘Let’s Talk Race’ interventions, which provided colleagues with the opportunity to share and reflect on their personal and workplace experiences;
- development of an online programme of events for National Inclusion Week, which engaged 127 staff in webinars and online activities;
- establishment of compulsory I&D e-learning for all line managers and supervisors;
- introduction of a new Health Assured App, Health Assured workshops, mental health and wellbeing Yammer groups, counselling and talking therapies, and interactive online informal sessions, to help support employee wellbeing;
- 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, as well as a SharePoint Page specifically dedicated providing information and support for mental health and wellbeing during COVID -19;
- delivery of 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, including refreshing and reminding on the *Every Mind Matters* campaign;
- development of an Inclusion Strategy to communicate how the County Council will improve inclusion and diversity to colleagues and its partner organisations.

## **Local Government and Social Care Ombudsman Determinations 2020/21**

22. There is a duty on the Monitoring Officer to report to the Authority / Executive on matters including maladministration or injustice under Section 5 and Section 5A of the Local Government and Housing Act 1989 (1989 Act).
23. Where complainants have exhausted the County Council’s complaints processes and remain dissatisfied, reference can be made to the Local Government and Social Care Ombudsman (LGSCO). Complaints to the Ombudsman can be made regarding the exercise of the County Council’s administrative functions (maladministration), and/or its service provision (injustice in consequence of maladministration). Upon receipt of a complaint the Ombudsman makes a determination whether or not to investigate. Cases are only investigated where the Ombudsman has jurisdiction to do so, and where the Ombudsman considers it appropriate to investigate under the LGSCO Assessment Code.
24. In 2020/21 (April 2020 – March 2021), 27 determinations were received from the LGSCO. In 22 cases the LGSCO determined that there had been

maladministration/injustice. In 5 cases the LGSCO determined that there had not been maladministration/injustice. More details of individual decisions are provided at Appendix Three. It should, however, be noted that this represents only a limited number of references to the LGSCO, which the LGSCO has determined should be investigated. The overwhelming majority of complaints made to the LGSCO regarding the County Council are not investigated by the LGSCO, and the County Council therefore only receives notification of those references to the LGSCO which the LGSCO determines he will investigate.

25. An annual report is published by the LGSCO in July each year with assessment decisions. In 2019/20, being the latest year for which statistics from the LGSCO are available, this demonstrated that the LGSCO conducted around 19% fewer detailed investigations regarding Hampshire County Council than other councils. In the same year, 21 of the County Council's complaints were upheld, a total which is around a third lower than comparator councils. Unlike the position in previous years, the annual report of the LGSCO for 2019/20 does not provide details of the total number of references to the LGSCO – although previously just 18% of the total number were investigated. The LGSCO also noted that the County Council had implemented their recommendations in 100% of cases.

### **Local Government and Social Care Ombudsman Determination**

26. On 20 May 2021 the Local Government and Social Care Ombudsman (LGSCO) issued a report under Section 30 of the Local Government Act 1974 (1974 Act) regarding determination of an investigation against the County Council. A copy of the report is shown at Appendix Four, separately to this report. The report sets out details of the complaint, findings, conclusions and recommendations of the LGSCO.
27. Where a report is issued by the LGSCO under Section 30 of the 1974 Act, the County Council is required to formally consider the report within three months of the date of issue and confirm to the LGSO the action it has taken or proposes to take. The LGSCO has indicated the reasons behind the issuing of a report under Section 30 of the 1974 Act within its report, and it is fully accepted that the County Council did get things wrong in this case, and lessons have been learned and actions undertaken.
28. All the recommendations of the LGSCO as contained in the report have now been completed. The report concerns a matter relating to Special Educational Needs and issue of a Health and Care Plan. It appears that the LGSCO's conclusion is reflective of a national issue, and the LGSCO has raised similar concerns with a number of other Authorities.

### **Climate Change Impact Assessment**

29. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
30. The Carbon Mitigation Tool and/or Climate Change Adaptation Tool was not applicable to this report as it relates to performance against the County Council's overarching Strategic Plan rather than any specific interventions. It is expected that these tools will be applied to any relevant projects which support the delivery of the Strategic Plan outcomes.

## **Conclusion**

31. This report and its supporting appendices demonstrate that the County Council continued to perform well in the delivery of core public services during 2020/21. A combination of sound stewardship, strong public support, and the exceptional commitment and flexibility of staff has enabled the County Council to remain resilient throughout the COVID-19 pandemic – sustaining high levels of performance and continuing to demonstrate ongoing improvement in many measures.
32. Good progress also continues to be made to advance inclusion, diversity and wellbeing within the organisation, supporting the County Council's overarching equality objectives.
33. The County Council also performed well in handling complaints, outperforming wider councils in the low number of complaints upheld.
34. As per requirements under Section 30 of the Local Government Act 1974 (Act), this report also provides for Cabinet details of a current investigation against the County Council.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Serving Hampshire - Strategic Plan for 2017-2021	19 June 2017
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

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

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

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

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

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

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

1.2. **Due regard in this context involves having due regard 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.

### **2. Equalities Impact Assessment:**

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

## 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 year end 2020/21.

Assessment title	Area	External/internal	Latest judgement
<b>Children's Services</b>			
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, the most recent inspection - and did not receive a <i>Statement of Action</i> from Ofsted, unlike the majority of local authorities.
Inspection of children's homes	Residential care homes inspection	External – Ofsted	Seven children's homes (out of ten in total) are rated Outstanding or Good.  Ofsted suspended inspections in April 2020 due to the COVID-19 pandemic but have resumed graded inspections of residential and secure children's homes with effect from 01 April 2021.
School Inspections	Inspections of schools	External – Ofsted	As at the end of August 2020, 93.2% of schools were judged to be <i>Good</i> or <i>Outstanding</i> by Ofsted. Ofsted inspections have been suspended due to COVID-19, until Autumn 2021.
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 2020 Social Care Self-Assessment was sent to Ofsted ahead of the annual conversation which took place on 31 March 2021.

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. <a href="http://www.justiceinspectorates.gov.uk/hmiprobation/inspections/hampshireyos/">www.justiceinspectorates.gov.uk/hmiprobation/inspections/hampshireyos/</a> This is a four-year inspection programme which will be extended because of COVID-19.
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
<b>Adults' Health and Care</b>			
Adult Social Care Services Inspection – HCC Care	Inspection of in-house provided <b>Residential and Nursing homes</b>	External – Care Quality Commission	In total there are 24 in-house Homes, currently 21 are rated as 'Good', 2 as 'Require Improvement' and 1 is yet to be inspected (New Woodcote Service)
Adult Social Care Services Inspection – HCC Care	Inspection of in-house provided <b>Residential and Nursing homes</b>	Environmental Health	All 24 homes are inspected regarding Kitchen and Food Hygiene and have met the necessary requirements
Adult Social Care Services Inspection – HCC Care	Inspection of in-house Community <b>Response Teams (Reablement service)</b>	External – Care Quality Commission	4 Services are registered with CQC and all have been rated as 'Good' by CQC
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 within the Gold Standards Framework: <ul style="list-style-type: none"> <li>• Emsworth House</li> <li>• Fleming House</li> <li>• Malmesbury Lawn</li> <li>• Westholme</li> </ul>

Assessment title	Area	External/internal	Latest judgement
<b>Economy, Transport and Environment</b>			
Accreditation to ISO9001:2015 – Quality Management	Economy, Transport & Environment (ETE) Department – whole department	External – British Standards Institute (BSI)	Audited twice a year, with surveillance assessments happening remotely during COVID restrictions. Last assessment (December 2020) resulted in accreditation being successfully maintained. The next assessment is due in June 2021.
<b>Culture, Communities and Business Services</b>			
Permission for Commercial Operations	Drone Service (Asbestos)	External – The Civil Aviation Authority	Permission granted from 18 August 2020 until and including 19 August 2021.
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>

<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
Learning Outside the Classroom (LOtC)	Hampshire Outdoor Centres	External - Council for Learning Outside the Classroom (CLOtC)	Calshot Activities Centre: Validation expires June 2021 Tile Barn Outdoor Centre: Validation expires Aug 2022 Runway's End Outdoor Centre. Expires February 2023
Adventuremark	Hampshire Outdoor Centres	External - Adventure Activity Industry Advisory Committee (AAIAC)	Calshot Activities Centre: Validation expires June 2021 Tile Barn Outdoor Centre: Validation expires Aug 2022  Runway's End Outdoor Centre. Expires February 2023
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 2022
Royal Yachting Association (RYA) Sailability accreditation	Hampshire Outdoor Centres	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – expires January 2022 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 – Quality mark – expires December 2021

<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
Green Flag Awards	Outdoor accreditation for a variety of areas	External - Keep Britain Tidy	Awards resumed post-COVID-19 and Green Flag awarded in 2020 to Lepe, Royal Victoria and Queen Elizabeth Country Parks, River Hamble will be applying in 2021. Royal Victoria Country Park has also been awarded the Green Heritage Award and Staunton Country Park will be applying for both Green Flag & Heritage awards in 2021
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
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) <sup>1</sup> , developed by the Joint Nature Conservation Committee (JNCC) for the whole of the UK
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
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

<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
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 has been delayed by GRO due to impact of COVID-19 and a date for next assurance review has not yet been scheduled
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 - May 2020 (slight delay in submission due to COVID-19 impacts). Positive comments received regarding performance and development of service. Next report and submission is to be June 2021
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. HACSG to provide new date for re-accreditation.

<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
Food Hygiene Rating Scheme	HC3S	External – Allergen Accreditation	EII Restaurant and Coffee Shop, SHHGA, secondary schools, Fareham Library, Winchester Discovery Centre, – annual accreditation awarded July 2019. Re-accreditation delayed due to COVID-19 and current award extended to end summer 2021.
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; 263 HKAs were completed in 2020/21.
Food for Life Served Here	HC3S	External - Soil Association	Bronze re-accreditation achieved in January 2021 having been assessed against their criteria as providing freshly made, locally sourced food.
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 5 workshops were audited and passed in 2021. As the duration is still three years, this is due again by Easter 2024. The technicians are assessed on a rolling three-year basis.

Assessment title	Area	External/internal	Latest judgement
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 2024
Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998)	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Endorsement of Oil Spill Contingency Plan. Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998). Five 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. Three yearly intervals. Expires September 2023
<b>Corporate Services</b>			
2019 National Inclusion Standard	Corporate	External – Inclusive Employers	Participated in the 2019 Standard Assessment and awarded <i>Bronze</i> (September 2019) – accreditation remained 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
Public Sector Internal Audit Standards	Audit services	External - Institute of Internal Auditors	Fully compliant – awarded September 2020 (valid 2020-2025)

<b>Assessment title</b>	<b>Area</b>	<b>External/internal</b>	<b>Latest judgement</b>
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 2020/21 based on the design and operating effectiveness of the control environment.
Annual Payment Card Industry (PCI) Data Security Standard	Corporate	Internal audit	Self-assessment against an industry standard, but is subject to Independent Internal Security Assessor. Self-assessment successfully completed, assessed and submitted in October 2020.

## Appendix two: 2020/21 key performance achievements

Serving Hampshire priority	Achievement
<p><b>Outcome one:</b> Hampshire maintains strong and sustainable economic growth and prosperity</p>	<p>Hampshire’s Highways teams undertook the annual programme of surface treatments in May 2020 during the COVID-19 lock down, so that work could be completed during low traffic levels. In addition, following Storm Bella in December 2020, Hampshire Highways teams responded to over 1,000 enquiries, removing fallen trees and clearing localised surface water flooding on the road network</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"> <li>• ‘Excellence in Walking’, for the Council’s <i>Walktober</i> project during October to celebrate International Walk to School Month; and</li> <li>• ‘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</li> </ul>
	<p>A congestion relief scheme in Farnborough, providing a second point of access to Invincible Road, is now complete</p>
	<p>The successful Solent Freeport bid was delivered by a consortium of public and private sector organisations, with the County Council as a lead partner. As one of eight successful English Freeports in the Spring Budget Speech, this programme will support economic growth by facilitating international trade in Hampshire</p>
	<p>Operation Transmission, the plan to deal with non-border ready HGV congestion and disruption on Hampshire’s and Portsmouth’s road network, was successfully completed within time and budget, delivering full mitigation against the realistic worst-case scenario for the UK’s departure from the European Union predicted by the Government</p>
	<p>The County Council, along with Southampton City Council and New Forest District Council, has produced a joint funding package for the Hythe Ferry to compensate for financial losses due to falling passenger numbers during the COVID-19 pandemic</p>

Serving Hampshire priority	Achievement
	<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>
	<p>£3 million in new funding from the County Council and the European Social Fund (ESF) has been allocated to develop an Apprenticeship and Skills Hub, to provide apprenticeships and skills training opportunities for jobseekers through at least 360 small and medium enterprises (SMEs), and other apprenticeship</p>
	<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>

<b>Serving Hampshire priority</b>	<b>Achievement</b>
<p><b>Outcome two:</b> people in Hampshire live safe, healthy and independent lives</p>	<p>A PA Consulting/Hampshire County Council COVID-19 initiative to support the extremely vulnerable during the COVID-19 pandemic has received global recognition from Amazon. The initiative saw the two organisations work closely with Amazon Web Services (AWS) to develop a chatbot-driven outbound call system. The result was the 'Wellbeing Automated Call Service' (WACS) which, at its peak, made over 2,500 calls each day to shielding residents, asking them how they were feeling, whether they needed support and if they wanted to be contacted again in 10 days. This ensured that many of the county's most vulnerable residents received support during the most challenging of times.</p> <p>The initiative has been awarded Amazon Web Services prestigious 2021 Global Public Sector Partner Award.</p>
	<p>More than 90% of children were awarded their first choice of school for year 7, to begin in September 2021, consistent with the performance in 2020</p>
	<p>915 new primary school places were created for the start of the 2020/21 school year through the development of two new schools and the extension of two existing schools, including Austen Academy school in Basingstoke for 125 children with special educational needs. Extra school places for children with special educational needs will also be available from September 2022 in the north of Hampshire, following agreement to go ahead with expansions at Icknield School in Andover and Samuel Cody Specialist Sports College in Farnborough</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>

Serving Hampshire priority	Achievement
	<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, has been 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. During the pandemic in 2020/21 the scheme supported 26 young people, with an average age of 21, travelling a combined total of over 50,000 miles</p>
	<p>In 2020/21 251 apprenticeships were enrolled by the County Council, recovering from the impact of the pandemic in the first quarter. Since the programme was introduced in 2017 the retention rate for completed apprenticeships has been 84%, compared with a national average of 68%</p>
	<p>The Clarence Unit opened in Gosport in August 2020, providing 80 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. Since shielding was reintroduced in December 2020, the Hampshire Coronavirus Support and Helpline has received calls from, and provided support or advice to more than 1150 local residents</p>
	<p>The County Council established a Local Tracing Service to support NHS Test, combining national resources and data with local knowledge</p>
	<p>A free 12-week programme funded by the County Council in partnership with Weight Watchers (WW) opened in March 2021, providing free support to Hampshire residents through face-to-face virtual coaching, online workshops and on-demand fitness classes, all available via Zoom</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>

<b>Serving Hampshire priority</b>	<b>Achievement</b>
<p><b>Outcome three:</b> 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 later in 2021, owing to the COVID-19 pandemic</p>
	<p>Property Services won the UK Civic Trust Award 2021 for The Lookout – a beachside restaurant and visitor centre overlooking the Solent at Lepe Country Park</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. As part of this, the County Council has reduced its CO2 emissions in 2019/20, down to 72,394 tonnes compared with 75,868 tonnes the previous year. This delivers on the Council's 74,700 tonne target ahead of the 2025 target date</p>
	<p>Hampshire Highway's new purpose-built recycling facility at Micheldever opened in March 2021, reducing carbon emissions, costs, and travel miles. Recycled material is used in road repairs, using a fifth of the energy of traditional materials and saving 40 per cent CO2 emissions. Within 12 months, the Micheldever facility aims to deliver a net reduction in CO2 of around 67,500kg by reducing use of virgin aggregates, replacing some warm and hot mixes with cold lay materials and reducing the total miles travelled for highway construction</p>
	<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>The County Council has been awarded £56 million grant funding from the Government's Transforming Cities Fund to support 10 new infrastructure schemes in Fareham, Gosport and Havant that aim to improve travel by walking, cycling and public transport</p>

Serving Hampshire priority	Achievement
	<p>A £6.2m scheme designed to reduce the risk of flooding to 170 properties in the Buckskin Area in Basingstoke has been completed by the County Council</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 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><b>Outcome four:</b> 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, including the provision of grants totalling £625,000 from the Government's Contain Outbreak Management Fund</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 distributing £150,000 of emergency funding to support food banks and charities that are helping to support the most vulnerable families in Hampshire during winter 2020/21, including support to vulnerable families over the October half term</p>
	<p>The County Council is to receive up to £2 million in funding to continue its Supporting Families Programme for a further year to 31 March 2022. This builds on the success of the programme between 2015 and 2020, which delivered a total of £27 million of savings and costs avoided to the public purse</p>
	<p>The Council increased each County Councillors' devolved grant budget to £10,000 for 2020/21 to support local projects, initiatives, and organisations</p>
	<p>The restriction on using free Older Person's Bus Passes before 9:30am was lifted in January 2021, enabling older people to use their bus pass at any time to attend vaccination appointments and to travel for essential trips at quieter times</p>

Serving Hampshire priority	Achievement
	<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 engaged 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>
<p><b>The way we work:</b></p> <ul style="list-style-type: none"> <li>• Develop accessible and efficient online services</li> <li>• Work closely with our partners</li> <li>• Use taxpayers' money wisely</li> <li>• Value people's differences</li> <li>• Keep improving</li> </ul>	<p>Decision meetings at the County Council 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 was 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 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>
	<p>The pension services of London Borough of Hillingdon and Westminster City Council formally agreed to join Hampshire's Shared Services Partnership, with work to deliver this underway.</p>

### Appendix three: LGSCO Determinations in 2020/21

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	The Council is failing to meet all the complainant's relative's care needs, or the complainant's needs as a carer.	Not upheld	None	N/A
Adults' Health and Care	The Council failed to properly monitor two homecare agencies it commissioned to provide care to the complainant's relative. The Council's safeguarding investigation could not determine the cause of bruising found on the complainant's relative's body after the relative was admitted to hospital in 2019. This was a joint investigation with an NHS Trust.	Upheld	Apologise	Yes
Adults' Health and Care	The Council failed to follow the Ombudsmen's recommendation to produce a section 117 aftercare plan for the complainant's relative in accordance with the Mental Health Act Code of Practice. The Council failed to take the complainant's comments or relevant medical evidence into account for the assessment. Portsmouth CCG has joint responsibility for the section 117 aftercare plans and was included in this investigation. The Council failed to agree a Disabled Facilities Grant (DFG) when the complainant applied in May 2016.	Upheld	Jointly review their section 117 aftercare planning governance arrangements.	Yes
Adults' Health and Care	The Council moved the complainant's spouse to a care home against theirs and the complainant's will. The complainant's spouse was assaulted in the care home and the Council failed to inform the complainant of the allegation and of its investigation into this incident until months later. The Council stopped the complainant's spouse from returning home.	Upheld	Financial remedy of £200	Yes
Adults' Health and Care	The Council unfairly considered that the complainant's relative was ineligible for a deferred payment arrangement.	Not upheld	None	N/A

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	The Council failed to assess the complainant's relative's needs properly and has failed to provide a personal budget which is sufficient to meet the relative's needs.	Upheld	Financial remedies (£450, plus backdate additional funding); apologise; reassess needs; provide report on improving joined up working, assessments, and recording.	Yes
Adults' Health and Care	The Council's decision to start a safeguarding enquiry after it received a safeguarding referral relating to the complainant's spouse was incorrect. The basis of the enquiry was a misunderstanding by an overtired, overworked care worker. No evidence was available or produced to substantiate the allegations. The manner of the unannounced visit was disproportionate and traumatised the complainant and the complainant's spouse. The social worker should not have informed the complainant's relative of the allegation and as a result the complainant's relationship with the relative had been destroyed.	Not upheld	None	N/A
Children's Services	The Council failed to arrange alternative education for the complainant's child when the child was absent from school for medical reasons in 2018 and 2019.	Upheld	Financial remedy of £700	Yes
Children's Services	The Council failed to properly assess the complainant's child when deciding the child did not qualify for services from the disabled children's team.	Not upheld	None	N/A
Children's Services	The Council delayed communicating its decision following the complainant's child's annual reviews in 2017 and 2018. The Council also failed to confirm the complainant's	Upheld	Financial remedy of £500; apologise; report to	Yes

Department	Complaint	Decision	Remedy	Remedy Completed
	child's continued placement at a specialist college. The Council has failed to take account of the complainant's needs as a carer in its communications.		Director of Children's Services as part of SEN Recovery Plan	
Children's Services	The Council delayed issuing an amended Education, Health and Care Plan (EHC Plan) for the complainant's child and failed to provide suitable education while it found a new placement.	Upheld	Financial remedy of £3300; apologise; report on findings of other actions from similar complaints.	In progress
Children's Services	The Council delayed in implementing the remedy on the last complaint investigated by the LGSCO; and failed to complete the 2019 annual review of the complainant's child's EHC plan.	Upheld	Financial remedy of £650; apologise; share copy of related business case, and provide an update on any changes made; confirm how missed emails will be avoided in the future.	Yes
Children's Services	The Council failed to support the complainant appropriately when caring full time for a child who the Council had said could not return home. The Council has not investigated this complaint, as the complainant has requested.	Upheld	Commission Statutory Stage 2 investigation	Yes
Children's Services	The Council delayed completing an EHC needs assessment for the complainant's child for over a year.	Upheld	Financial remedy of £1650; apologise.	Yes
Children's Services	The Council failed to provide a suitable education for the complainant's grandchild; delayed completing an EHC needs assessment for the grandchild, and delayed issuing the EHC plan; failed	Upheld	Financial remedy of £1600; apologise.	Yes

Department	Complaint	Decision	Remedy	Remedy Completed
	to prioritise their application for an EHC plan as promised; failed to communicate with them and keep them updated; and, delayed dealing with their complaint.			
Children's Services	The Council has failed to progress the complainant's two complaints about the actions of Children Services through the statutory Children Act complaints process, as required. This has meant that the complainant has not had an independent investigation and there has been avoidable delay.	Upheld	Progress complaint under the statutory complaints process; financial remedy of £250; apologise.	Yes
Children's Services	The Council has not responded adequately to the complainant and the complainant's relative's concerns about the complainant's grandson. The complainant raised concerns and was advised that a response would be provided, but the Council failed to do this. The complainant contacted the Council with concerns again, and received no response. The complainant then complained to the Council about this, and was advised that the Council could not consider the complaint because the complainant does not have parental responsibility.	Upheld	Apologise	Yes
Children's Services	The Council's handling of the complainant's child's EHC Plan assessment and the provision of education during the assessment period was faulty. In particular, the Council delayed in completing the assessment and issuing a final EHC Plan from February to December 2019; failed to make education provision for the child between June and December 2019; failed to take account of the complainant's comments or request for a meeting to discuss the draft plan before proceeding to issue the final Plan; failed to identify a school; and	Upheld	None	N/A

Department	Complaint	Decision	Remedy	Remedy Completed
	named a school on the child's plan from September 2020 that the complainant does not want and reduced the amount of support in the plan from September 2020.			
Children's Services	The Council failed to properly meet the complainant's child's special educational needs. The Council made no arrangements for the child's post-16 education in a mainstream sixth form contrary to the requirements detailed in the Special Educational Needs Code of Practice, and delayed putting in place the occupational and speech and language therapy provision specified in EHC plan after the child transferred to a post 16 setting in 2019.	Upheld	Financial remedy of £1000; apologise; wider review of SEN service and policies.	Yes
Children's Services	The Council failed to invite the complainant to a child protection conference relating to the complainant's child, despite being aware of the complainant's role in the child's life. The Council refused to consider a complaint the complainant made on behalf of the child under the children's statutory complaints procedure because the complainant did not have parental responsibility for the child. The Council refused to investigate the complainant's complaint about a social worker because the complainant had raised the matter with Social Work England.	Upheld	Financial remedy of £250; apologise.	Yes
Children's Services	The Council failed to provide the complainant's child with any education between September 2019 and May 2020; failed to provide sufficient education in the form of home tuition from May 2020; failed meet the child's special educational needs and provide the support detailed in the Education, Health and Care Plan since September 2019; delayed issuing the decision of an Annual Review meeting in June	Upheld	Financial remedy of £2000; apologise; provide details of actions taken to address EHCP delays; provide details on how children with	Yes

Department	Complaint	Decision	Remedy	Remedy Completed
	2019 until March 2020 delaying the complainant's right to appeal to the SEN Tribunal; and failed to deal properly with her complaints about this in September 2019, and January and February 2020.		EHC Plans not attending school are monitored.	
Children's Services	The Council delayed in first agreeing to and then finalising an EHC Plan for the complainant's child. In the interim the Council provided medical home tuition which the complainant says was insufficient.	Upheld	Financial remedy of £1285; apologise; report on delays to all EHC Plans and steps taken to rectify these.	Yes
Children's Services	The Council failed to assess fully and properly the complainant's child's special educational needs as part of the Education, Health and Care needs assessment; failed to issue the draft and final EHC Plan within the statutory timescales; refused to reimburse legal fees paid to get advice about the Council's delays in finalising the EHC Plan; refused to reimburse the cost of expert reports; and incorrectly said the complainant had asked for a delay in arranging a meeting to discuss the child's draft EHC Plan.	Upheld	Financial remedy of £2921; apologise.	Yes
Children's Services	The Council failed to start a Stage 2 investigation, under the statutory Children Act complaints procedure.	Upheld	Agree a statement of complaint; appoint an Investigating Officer and Independent Person; apologise.	Yes
Children's Services	The Council mishandled an allegation of domestic abuse, aided the complainant's ex-partner in custody proceedings by not carrying out investigations properly, and failed to investigate the	Upheld	Progress complaint under the statutory complaints process;	Yes

<b>Department</b>	<b>Complaint</b>	<b>Decision</b>	<b>Remedy</b>	<b>Remedy Completed</b>
	complainant's concerns about their child.		apologise; share decision with staff to learn from it.	
Children's Services	The Council failed to ensure the complainant's child received alternative provision between October 2019 and February 2020, when the child was unable to attend school for medical reasons; made alternative provision from February 2020 onwards but it was insufficient; failed to handle one of the complainant's complaints appropriately as it was answered by the subject of the complaint.	Upheld	None	N/A
Economy, Transport and Environment	The Council failed to ensure a developer properly complied with planning conditions for the development of a new housing estate. In particular, the developer has not properly carried out landscaping or flood prevention works.	Not upheld	None	N/A

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**Report by the Local Government and Social Care  
Ombudsman**

**Investigation into a complaint against  
Hampshire County Council  
(reference number: 19 010 890)**

**24 March 2021**

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## 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 Y	The complainant
Z	Her son

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## Report summary

### Education – Special Educational Needs and Alternative Provision

Mrs Y complained the Council delayed issuing an amended Education, Health and Care Plan (EHC Plan) for her son, Z, and failed to provide him with suitable education while it found a new placement.

### Finding

Fault found causing injustice and recommendations made.

### Recommendations

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*)

In addition to the requirements set out above, and to remedy the injustice caused to Mrs Y by its faults, the Council has agreed it will, within four weeks from the date of this report, pay Mrs Y:

- £100 to acknowledge the opportunity she lost to appeal the Council's decision of 14 May 2019 to keep Z's EHC Plan in place;
- £200 to acknowledge the opportunity she lost to appeal the provision made for Z in an amended EHC Plan from July 2019 to May 2020 and to reflect her time and trouble caused by this delay;
- £200 for each school month of inadequate SEN provision for Z from April 2019 to July 2019 (three school months), making a total of £600, to be used for the benefit of Z's education;
- £550 for each school month of education Z missed from September 2019 to the start of January 2020 (three school months), making a total of £1,650 to be used for the benefit of Z's education; and
- £750 to acknowledge her time and trouble in trying to get the Council to fulfil its statutory responsibilities and the distress and uncertainty caused to her and Z by its failure to do so.

It has also agreed to apologise to Mrs Y for its failings in the completion of the annual review process and amendment of Z's EHC Plan, and provision of a suitable education for him.

The Council should reflect on the service improvements it agreed to make further to our decisions in June and October 2020 on three other complaints about its provision of SEN services, in particular delays with annual reviews and amendment of EHC Plans. And, within three months of the date of this report, provide us with:

- confirmation of the steps it has taken to remind officers the statutory guidance allows parents to give their views and make representations about a draft amended plan. And where a parent suggests changes the council agrees, it should amend the draft and issue the final EHC plan as quickly as possible and within the statutory deadlines;
- an update of the number of any outstanding EHC assessments, annual reviews and draft amended plans and the timetable for finalising this work;

- 
- confirmation the Director of Children's Services and the Lead Member for Children's Services have reviewed whether the resourcing of the SEN team is now sufficient to allow it to carry out its current workload within the statutory timescales; and
  - confirmation the Director of Children's Services and the Lead Member for Children's Services have reviewed the details of the SEN Recovery plan.

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## **The complaint**

1. Mrs Y complained the Council:
  - delayed issuing an amended Educational, Health and Care Plan for Z; and
  - failed to ensure Z received suitable education and his special educational provision while it reached a decision regarding his school placement.

## **Legal and administrative background**

### **The Ombudsman's role and powers**

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. Under the information sharing agreement between the Local Government and Social Care Ombudsman and the Office for Standards in Education, Children's Services and Skills (Ofsted), we will share this report with Ofsted.

### **Education, Health and Care Plan; annual review process**

4. A child with special educational needs may have an Education, Health and Care Plan (EHC Plan). This sets out the child's needs and arrangements for meeting them. Councils are responsible for making sure these arrangements are put in place and the child's needs are met.
5. The SEND Code of Practice issued by the Department of Education, provides statutory guidance for councils.
6. The guidance says councils must review EHC Plans at least every 12 months and sets out the process they must follow for these annual reviews.
7. Within four weeks of the review meeting, the council must decide whether it will keep the EHC Plan as it is, amend or cease to maintain the plan, and notify the child's parent. If it needs to amend the plan, the council should start the process of amendment without delay.
8. The council must send the draft amended EHC Plan to the child's parent or young person and give them at least 15 days to give views and make representations about the content.
9. Following representations from the child's parent or young person, the council must issue the amended EHC Plan as quickly as possible and within eight weeks of the issue of the draft amended plan. It must also notify the child's parent of their right to appeal to the Tribunal and the time limit for doing so. The Special Educational Needs and Disability Tribunal is responsible for handling appeals against local authority decisions about special educational needs. Perhaps it could be in brackets at the end of this paragraph.

### **Alternative educational provision**

10. The Education Act 1996 says if a child of compulsory school age cannot attend school for reasons of illness, exclusion from school or otherwise, the council must make arrangements to provide suitable education either at school or elsewhere such as home. This is known as alternative provision.

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11. The term “suitable education” is defined as efficient education suitable to the child’s age, ability and aptitude and any special educational needs they may have. The education to be arranged by the council should be on a full-time basis unless, in the interests of the child, part-time education is considered more suitable, for reasons of their physical or mental health.
  12. There is no statutory requirement as to when suitable full-time education should begin for pupils placed in alternative provision for reasons other than exclusion. But councils should arrange provision as soon as it is clear an absence will last more than 15 days.

### **How we considered this complaint**

13. We produced this report after speaking to Mrs Y and considering all the information she and the Council provided about her complaint.
14. We gave Mrs Y and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before the report was finalised.

### **What we found**

#### **What happened**

15. Z has been diagnosed with autism and attention deficit hyperactivity disorder (ADHD) and has an EHC Plan. As at 2019 his plan identified a need for 25 hours of one to one support each week to be provided by his mainstream primary school.
16. On 1 April 2019 the school and Z’s parents met for the annual review of his plan. The school returned the annual review documents to the Council on 3 April. Mrs Y and her husband felt mainstream schooling was no longer the right environment for Z. They said his anxiety levels had greatly increased and asked for a change in his placement. They wanted Z to go to a special school and named their preferred choice. The school said Z was finding it increasingly difficult to access the classroom, his behaviour was unpredictable, and he was refusing to come to school. The school was finding it increasingly difficult to meet Z’s needs. It asked for an increase in hours to ensure Z’s safety and that of his peers and staff members.
17. Mrs Y contacted the Council on 3 May. She explained the severity of Z’s current situation, the increase in his distress and violent outbursts. She felt he was no longer able to cope with a mainstream school and needed a placement at a special school. She named her preferred new school. She contacted the Council again on 8 May with details of recent incidents at school and how Z’s mental health was deteriorating very quickly. He was becoming very anxious about going to school.
18. On 14 May the Council wrote to Mrs Y about the annual review. It told her it intended to maintain Z’s EHC Plan and the special educational provision in it. It also said it was considering the request for a change of placement and would let her know whether it intended to amend the Plan. And the delay in responding to the annual review was due to a backlog of work.
19. On 28 May the Council agreed to the school’s request to increase Z’s support hours to 32.5.

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20. In June the Council agreed to put Z's case to its Social Emotional and Mental Health (SEMH) Panel. On 5 June the Council wrote to a number of schools, including Mrs Y's preferred choice, with a copy of Z's unamended EHC Plan asking whether they would consider admitting him as soon as possible or in September 2019.
  21. At the SEMH Panel meeting in July it was decided a SEMH placement was appropriate for Z. But the Council had not yet been able to find a suitable available placement for him.
  22. On 15 July Mrs Y wrote to the Council explaining what Z would need from a new placement and that he was unable now to attend his current school because of his complex difficulties. On 16 July the school told the Council Z had not attended that month. On 17 July it forwarded information confirming Z was seen by Children and Adolescent Mental Health Services (CAMHS) on 1 July as he was refusing to come to school.
  23. On 5 August Mrs Y told the Council she understood it was not yet able to name a new placement for Z, but he was not currently receiving an education. She asked the Council for its proposals for providing Z with a full-time education suitable for his needs, and a copy of the draft amended EHC Plan. In response the Council said it did not have a draft EHC Plan to share as it was still trying to find a placement for Z at a special school.
  24. By September the Council had still not found a suitable placement for Z. It had been told by Z's school he was not attending as his anxiety was too extreme for a mainstream setting. On 9 September Mrs Y contacted the Council about her concern at the time it was taking to find a placement for Z. It was five months since the annual review and Z was currently not receiving an education.
  25. The Council replied on 25 September. It said Z's case would be presented to the SEMH Panel on 4 October. Although her preferred school was full at the moment, Z's school had offered a reduced timetable or home tutoring visits by a member of its staff, but Mrs Y had declined these offers because Z was too anxious to engage. It told her it would publish an amended plan after the SEMH Panel meeting.
  26. Mrs Y complained to the Council in October. She said it was obstructing her right to appeal by not naming a school or instructing one to accept Z. She had asked for a home tutor specialising in autism, but this had not been provided. The Council knew Z was not receiving an education. She also complained about the Council's failure to complete the annual review process, it should have named a school by May 2019. She asked the Council to provide Z with a specialist home tutor two to three hours a day as a temporary measure.
  27. The Council responded to Mrs Y's complaint in November. It said she had declined the school's offer of a reduced timetable or visits by a staff member to provide home tutoring because Z was too anxious to engage. She has been told by a member of the SEN team the school could arrange an independent tutor and suggested she speak to the school about this. It did not uphold the complaint it had failed to provide Z with a suitable education.
  28. It accepted it had not completed the annual review process within the required timescale. It said this was due to an increased workload and the difficulty in securing a new placement. It was not able to amend the plan by naming a school until it could find a new placement. It accepted this delayed her right of appeal.

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29. The Council secured a place for Z at a special school from January 2020. Mrs Y told it her complaint was now partially resolved, but the amended plan had still not been completed.
30. In its response the Council said:
- Mrs Y had made a number of comments and requests for changes to the draft amended plan. These, together with its increased workload, were delaying the completion of the final plan; and
  - if Mrs Y agreed to withdraw her comments and requests, the final amended plan, naming the new school, could be issued more quickly. Otherwise it would take several months to complete it.
31. Mrs Y replied saying she had not made any comments or requests for changes to the draft amended plan as she had still not received this. The Council responded on 28 February 2020. It said there had been a misunderstanding in its previous letter. The changes referred to were the amendments proposed in the annual review. It apologised for the confusion and said the draft amended plan had now been issued.
32. Mrs Y referred her complaint to us in February 2020. The Council issued the final amended plan, naming the new school, in May 2020.

## **Conclusions**

### **Annual review process**

33. The Council did not decide within four weeks of the annual review whether it would keep, amend or cease to maintain Z's plan. It should have made this decision by 29 April 2019. It did not make a decision until 14 May 2019. This is fault. We consider this caused Mrs Y injustice by adding to the cumulative impact of the delays on her injustice.
34. The Council told Mrs Y its decision was to maintain Z's current plan and special education provision. It did not inform Mrs Y of her right to ask for a review of this decision. This is fault which caused injustice. Mrs Y lost the opportunity to appeal to a SEN Tribunal.
35. At the same time the Council made its decision to keep the current plan, it told Mrs Y it was considering whether to change Z's placement and amend his plan. In our view, the Council should have made this decision within four weeks of the annual review. It did not do so and this is fault which caused delays in the process of amending the plan. The Council did not agree the increase in support hours until 28 May 2019. It did not start the process of looking for a new placement for Z until early June 2019, two months after the annual review. These delays caused Z to miss out on additional SEN support and avoidable worry and uncertainty for Mrs Y about whether the Council would agree to their requested changes to the plan.

### **Issue of amended EHC Plan**

36. We do not consider the time taken – from 5 June 2019 to January 2020 - to find a place at a special school for Z was the Council's fault. The evidence we have seen shows the Council contacted a number of special schools, including Mrs Y's preferred choices but was told they either could not meet Z's needs or did not have a place available. In our view, the Council was not in a position to make a school accept Z if it did not have the capacity to do so.

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37. But, in our view, if it could not name a particular school, the Council should have issued a draft amended plan naming the type of school. This would have allowed the Council to meet the statutory timescales and given Mrs Y the right of appeal. By waiting until it had found a school place for Z before issuing an amended plan, the Council left Mrs Y and Z in limbo. The injustice caused by the delay in finalising the plan was the loss of appeal rights. And also the missed opportunity by the Council to make alternative educational provision for Z until it was able to name a particular school.
38. A place was found for Z in January 2020. The Council sent Mrs Y a draft amended plan and issued the final amended plan in May 2020. But the annual review was in April 2019. Notice of amendment should have been issued within four weeks of the annual review and the final amended plan within the following eight weeks, by July 2019. So there was a delay from July 2019 to May 2020. This is fault causing injustice. Z had already started his placement but the delay meant his new school did not have an up to date understanding of his needs and how to meet them. Mrs Y did not have any appeal rights until the final amended plan was issued and she was caused avoidable time and trouble chasing the Council about its completion.
39. The statutory guidance allows parents to comment on a draft plan and request changes, which Mrs Y did, and requires a council to consider these. In our view the Council was wrong to tell Mrs Y the final plan would be delayed by several months if it had to consider her representations. And wrong to tell her the plan could be issued more quickly if she withdrew her comments. The Council has now explained Mrs Y had not actually made any comments on the draft amended plan at that stage (as it had not yet been issued) but has acknowledged this suggestion should not have been made. This is fault and Mrs Y was caused injustice by the worry and uncertainty about any proposed changes to the plan, the Council's response to any comments she was entitled to make and the effect on the timescale for the issue of the final plan.

### **Provision of alternative education**

40. It should have been clear to the Council from the annual review information, Z was now struggling with mainstream school and the current level of his SEN support was no longer fully meeting his needs. Both the school and Mrs Y provided the Council with details of the severe problems Z was now experiencing in the mainstream setting. The Council agreed to provide Z with additional help by increasing his one to one support by five hours a week from 28 May 2019. But there is no evidence it considered Z's need for alternative provision. This is fault causing injustice. Z's SEN provision was inadequate from April 2019 to July 2019 and his needs were not fully met during this period.
41. The Council was told in July 2019, before the end of the summer term, Z had not been able to attend school since the beginning of the month. Once Z had been out of education for 15 days the Council had a responsibility for providing him with alternative education.
42. And had the Council issued an amended plan by July 2019, within the statutory guidelines, naming the type of school, it could have set out appropriate alternative education provision for Z until it was able to find a school place.

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43. Mrs Y contacted the Council in August 2019 to ask for its proposals for providing Z with a suitable education while it was looking for a new placement for him, as he was no longer able to attend his mainstream school. There is no evidence to show the Council gave any thought at that stage to the arrangements it should make to provide Z with alternative provision.
44. The Council knew in September 2019 Z had not been able to return to his mainstream school and was not receiving any education. It told Mrs Y the school had offered to make some alternative provision, which she had declined. The Council suggested she contact the school about the possibility of it arranging an independent tutor. But it was the Council's responsibility, not Mrs Y's or Z's mainstream school, to make sure Z received a suitable education. Mrs Y had told the Council she felt two to three hours a day of specialist support at home from a tutor experienced in autism would be appropriate for Z. The Council did not take action to follow this up or monitor the position and did not ensure appropriate alternative provision was in place for Z. It failed to carry out its duty to make sure Z received a suitable education and this is fault.
45. Because of this Z missed out on an education from September 2019 until he started his new school in January 2020. And Mrs Y was left to make whatever provision she could for Z, with no support from the Council, causing her avoidable time and trouble.
46. Where fault has resulted in a loss of educational provision, we normally recommend a remedy payment of between £200 and £600 a month to acknowledge the impact of that loss. The figure is based on the circumstances of each case, to reflect the particular impact on that child.
47. We consider the payment for the period from April 2019 to July 2019 should be at the lower end of the scale because some SEN provision was in place during this time. But we consider the payment for the period from September 2019 to January 2020 should be at the higher end of the scale because the Council did not make any educational provision at all for Z during this time.

## Recommendations

48. 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*)
49. In addition to the requirements set out above, and to remedy the injustice caused to Mrs Y by the above faults, the Council has agreed it will, within four weeks from the date of this report, pay Mrs Y:
- £100 to acknowledge the opportunity she lost to appeal the Council's decision of 14 May 2019 to keep Z's EHC Plan in place;
  - £200 to acknowledge the opportunity she lost to appeal the provision made for Z in an amended EHC Plan from July 2019 to May 2020 and to reflect her time and trouble caused by this delay;
  - £200 for each school month of inadequate SEN provision for Z from April 2019 to July 2019 (three school months) making a total of £600, to be used for the benefit of Z's education;

- £550 for each school month of education Z missed from September 2019 to the start of January 2020 (three school months), making a total of £1,650 to be used for the benefit of Z's education; and
- £750 to acknowledge her time and trouble in trying to get the Council to fulfil its statutory responsibilities and the distress and uncertainty caused to her and Z by its failure to do so.

It has also agreed to apologise to Mrs Y for its failings in the completion of the annual review process and amendment of Z's EHC Plan, and provision of a suitable education for him.

### **Service improvements recommended in recent decisions**

50. We issued decisions in June and October 2020 on three other complaints about the Council's provision of SEN services, in particular delays with annual reviews and amendment of EHC Plans. The Council agreed to carry out the following service improvements.
- Within three months of 24 June, provide us with a copy of the business case presented to the Children and Young People's Select Committee in May 2019 and the outcome of this. The Council should also say what, if any, changes were implemented in the SEN team and its procedures and practice as a result of this, provide details of the current numbers and proportion of annual reviews completed on time and its comments on this. And provide details of a recent internal audit of its SEN services.
  - Within three months of 15 October provide a report to the Director of Children's Services, as part of its SEN recovery plan, on the number of annual reviews which have not been completed (including all administrative tasks) within statutory timescales. This will include what actions it will take to address any continuing failure to meet these deadlines. A copy of the report will also be provided to the Lead Member for Children's Services.
  - Identify all cases since January 2018 where a decision has not been communicated on time following an annual review. It will write to affected families to apologise for the delays and set out the actions the Council will take to prevent the same fault occurring in the future.
51. In the case we decided on 22 October we noted the Council accepted there had been a backlog of cases awaiting EHC assessments and EHC Plans. It said this had been reduced significantly and its aim was to have finished all outstanding EHC Plans by the end of September 2020.
52. It also said its service capacity continues to be reviewed due to the high number of requests for EHC assessments. It had recruited 24 additional Special Educational Needs caseworkers. And its Educational Psychology service has increased its capacity to complete statutory advice by employing locums and trainees.

### **Service improvements following this report**

53. The Council should reflect on the above service improvements it recently agreed to make and, within three months of the date of this report provide us with:
- confirmation of the steps it has taken to remind officers the statutory guidance allows parents to give their views and make representations about a draft amended plan. And where a parent suggests changes the council agrees, it should amend the draft and issue the final EHC plan as quickly as possible, and within the statutory deadlines.

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- an update of the number of any outstanding EHC assessments, annual reviews and draft amended plans, and the timetable for finalising this work.
  - confirmation the Director of Children's Services and the Lead Member for Children's Services have reviewed whether the resourcing of the SEN team is now sufficient to allow it to carry out its current workload within the statutory timescales.
  - confirmation the Director of Children's Services and the Lead Member for Children's Services have reviewed the details of the SEN Recovery plan.

### **Final decision**

54. We have completed our investigation into this complaint. We found fault by the Council. The action we have recommended, as set out in paragraphs 48,49 and 53 is a suitable remedy for the injustice caused.

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	13 <sup>th</sup> July 2021
<b>Title:</b>	<i>Serving Hampshire</i> Strategic Plan 2021-2025 and Corporate Performance Management Framework
<b>Report From:</b>	Chief Executive

**Contact name:** Antonia Perkins

**Tel:** 0370 779 7390

**Email:** antonia.perkins@hants.gov.uk

#### **Purpose of this Report**

1. The purpose of this report is to seek approval of the new Strategic Plan for 2021-2025, and its accompanying Corporate Performance Management Framework.

#### **Recommendation(s)**

2. That Cabinet approve the Corporate Performance Management Framework.
3. That Cabinet recommend to the County Council approval of the *Serving Hampshire* Strategic Plan for 2021 – 2025.

#### **Executive Summary**

4. This paper sets out the proposed revised Strategic Plan: *Serving Hampshire* 2021-2025. The Strategic Plan comprises four strategic aims, each supported by a set of key priorities, and eight principles for 'the way we work'.
5. Accompanying the proposed new Strategic Plan is the corporate Performance Management Framework, which provides a mechanism to demonstrate progress achieved against the Strategic Plan and has been revised to take account of new strategic priorities.

## Contextual information

6. The County Council's Strategic Plan is a four-year document which sets out the main outcomes that it seeks to achieve for Hampshire, as well as several key priorities. The Strategic Plan is supported by the corporate Performance Management Framework, which is reported to the Corporate Management Team (CMT) on a quarterly basis, and six-monthly to Cabinet.
7. The Serving Hampshire Strategic Plan provides the overarching framework for the County Council and its services and is intended to guide decision-making to ensure that Hampshire taxpayers' money is targeted where it is needed most, and where it can make the most impact. The Strategic Plan is informed, and underpinned, by various, more detailed departmental plans, including: The Children's and Young People's Plan, Adults' Health and Care Service's vision, the Public Health Strategy, the Climate Change Strategy, and the COVID-19 Recovery Plan. The Strategic Plan covers the period of 2021-2025, reflecting the term of office for the new administration.
8. The current Strategic Plan comes to an end this year, and there are a number of significant issues for local government which will come to the fore during the period of the next Strategic Plan. These include recovery and restoration in Hampshire following the COVID-19 pandemic, an unprecedented financial context, increasing pressure on social care, the proposed new Planning system, and the response to climate change - amongst others. Therefore, it is important that the County Council takes these into account when shaping its strategic direction over the medium term.
9. A comprehensive exercise to review the current Strategic Plan was undertaken to develop the proposed document (attached at appendix one):
  - Review of departments' business plans and other key documents which underpin the Strategic Plan to understand principal areas of focus for services;
  - Inclusion of strategic priorities identified by the Hampshire 2050 Commission of Inquiry;
  - Analysis of feedback from residents via surveys and consultation exercises over the past four years, with key themes highlighted;
  - Identification of priorities for national bodies such as the NHS, County Council Network (CCN) and the Local Government Association (LGA).
10. It is recognised that the COVID-19 pandemic has exacerbated and highlighted the impact of health and social inequality. Therefore, the proposed Strategic Plan places a strong emphasis on advancing social

equality in Hampshire. Further commentary on the main issues facing the County Council in the next five years, which will be addressed by the Strategic Plan, are set out in the overview in appendix one.

## **Serving Hampshire – Strategic Plan 2021 – 2025**

11. The Strategic Plan sets out four strategic aims, each supported by a set of key priorities. The four strategic aims are intended to guide the County Council in prioritising its resources, whilst also reflecting the breadth of the County Council's responsibilities.
12. The proposed Strategic Plan retains the existing four strategic outcomes from the current Strategic Plan, as they remain the principle focus for the County Council's work. These are:
  - **Outcome one:** Hampshire maintains strong and sustainable economic growth and prosperity;
  - **Outcome two:** People in Hampshire live safe, healthy, and independent lives;
  - **Outcome three:** People in Hampshire enjoy a rich and diverse environment; and
  - **Outcome four:** People in Hampshire enjoy being part of strong, inclusive communities.
13. Beneath these priorities sits a new set of objectives for the County Council, aligned with its medium-term priorities and designed to focus work on the key areas of importance for the County Council. These are also set out in appendix one.

## **Commentary on the Strategic Plan**

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

14. The first strategic aim relates to Hampshire's future economic growth and prosperity - this is of strategic importance because Hampshire's economic success underpins a number of other positive outcomes for Hampshire's residents and communities.
15. The new priority areas for the first outcome closely reflect the *Hampshire 2050 Commission of Inquiry's* recommendations and the significant body of evidence developed by the Commission - as well as the need to promote Hampshire's economic recovery from the pandemic in a sustainable way. There is also a focus on exploiting Hampshire's strengths around innovation,

research, and knowledge sectors - this is alongside the development of a skills agenda which is inclusive and supports the matching of people with skills that support the right type of economic growth for Hampshire.

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

16. The second strategic aim is about supporting people to live safe, healthy, and independent lives by focusing the County Council's resources where they are needed most. It also prioritises work to enable residents to stay well, both physically and mentally, enabling people to do more for themselves.
17. The County Council's ongoing commitment to capitalising on technological innovation to deliver services is also amplified in the proposed priority areas for outcome two. This is expressed as an opportunity across the organisation, for all its services.

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

18. The third strategic outcome provides a strong alignment to the County Council's key corporate programmes relating to climate change and place shaping – the review of the Strategic Plan for 2021-2025 now provides the opportunity to ensure these areas of work are overtly embedded in the County Council's strategic vision.
19. Reference is also made in the proposed new Strategic Plan to striving for *Environmental Net Gain*, defined by the Ministry for Housing, Communities and Local Government as the aim to reduce pressure on and achieve overall improvements in natural capital, ecosystem services and the benefits they deliver for people and nature.

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

20. This strategic aim is about recognising the resources, skills and strengths that exist in local communities and that, when utilised, can help reduce the demand and dependency on County Council services. With the support of family, friends, volunteers and carers, the majority of people are able to live full and independent lives. In this way, residents and communities become more resilient, doing more for themselves, and less reliant on County Council services. This enables more resources to be targeted where they are needed most.
21. This current review of the Strategic Plan has sought to further strengthen the County Council's essential partnership with the voluntary, community and social enterprise (VCSE), as well as its commitment to tackling health and social inequalities. Both sustaining the positive relationship with the VCSE in

Hampshire, and the need to advance social equality are two issues which will be key to the county's recovery from the COVID-19 pandemic. The review of the Strategic Plan in 2021 provides a timely opportunity to ensure that a strategic focus is maintained on these two matters.

### **'The way we work' principles**

22. The Strategic Plan also includes eight principles for 'the way we work', which signal the approach the County Council will take in delivering the four strategic aims. These eight principles represent the Collective Wisdom design principles for an external audience and are closely aligned.
23. All eight ways of working underpin an overarching ambition to put residents at the heart of everything the County Council does. This means engaging, involving, and informing residents in understanding issues and developing solutions. This will support the County Council to ensure its resources are targeted and responsive to people's needs, thereby aiding efficiency and helping to increase customer satisfaction.
24. These principles also signal the County Council's intention to continue to develop additional accessible, efficient online services – part of its work to enable people to do more for themselves - and reducing dependency on more costly, council services.
25. The importance of working with partners is also recognised within these principles. The County Council's place-shaping role is delivered in partnership with individuals, community and voluntary sector groups and a plethora of other public and private sector organisations – all seeking to serve the same population.
26. The County Council's approach will continue to be characterised by a relentless focus on maximising efficiency and using Hampshire taxpayers' money wisely to provide good value for money. This recognises the County Council's role as the representative body in Hampshire, elected to steward the county well for future generations.
27. The Strategic Plan also recognises the importance of delivering services in ways that value people's differences and treat people fairly. This means empowering residents and employees to fulfil their potential, including by supporting positive emotional and mental health and wellbeing.
28. Finally, the ways of working highlight the County Council's intention to always keep improving. The County Council remains one of the top performing councils in the country – a significant achievement in view of the volume of change and spending reductions that the Authority has had to absorb,

combined with the challenges of the COVID-19 pandemic. Over the next four years, Officers and Members will continue to act in the interests of Hampshire, seeking to find innovative, more efficient ways of working and to maximise value for Hampshire residents.

### **Review of the corporate Performance Management Framework (PMF)**

29. Alongside the County Council's Strategic Plan sits the corporate Performance Management Framework. The PMF offers assurance to Cabinet and CMT against the delivery of the Strategic Plan, and provides evidence that the County Council 'knows itself' as an organisation and is aware of its areas of strengths, as well as opportunities for improvement.
30. It includes a range of performance measures which are regularly monitored by departments, demonstrating measurable progress against the priorities in the Strategic Plan. In addition to this, independent, external validation of the County Council's performance is also captured and reported to Cabinet - this is achieved through recording the County Council's performance against a range of accreditations and certifications. Furthermore, corporate performance reports to Cabinet provide narrative against the County Council's progress against its Inclusion, Diversity and Wellbeing work programme, and the annual Local Government and Social Care Ombudsman determinations.
31. Currently, the corporate performance cycle as per the PMF is on a quarterly, exception basis to CMT. A half yearly and then annual performance report is presented to Cabinet, which also provides information on external validations and significant achievements relating to the Strategic Plan priorities.

### **Proposed changes to the PMF**

32. The refresh of the County Council's Strategic Plan provides the opportunity to review the existing PMF to ensure it continues to be a fit-for-purpose vehicle to monitor its delivery.
33. The new PMF, described below, retains and amplifies key elements of the existing framework, whilst also introducing several new aspects for consideration, including a new Director's performance assessment and the incorporation of the performance monitoring of significant corporate programmes, such as the *Hampshire 2050 Commission of Inquiry* recommendations, and the *Climate Change Strategy*. These will supplement the PMF and provide CMT and Cabinet with additional assurance as well as a more rounded view of the County Council's performance.

34. The new PMF will be implemented for the start of 2021/22 for CMT's quarterly corporate performance reporting, and in the half-year performance reporting to Cabinet towards the end of 2021.

### **Retained elements of existing PMF**

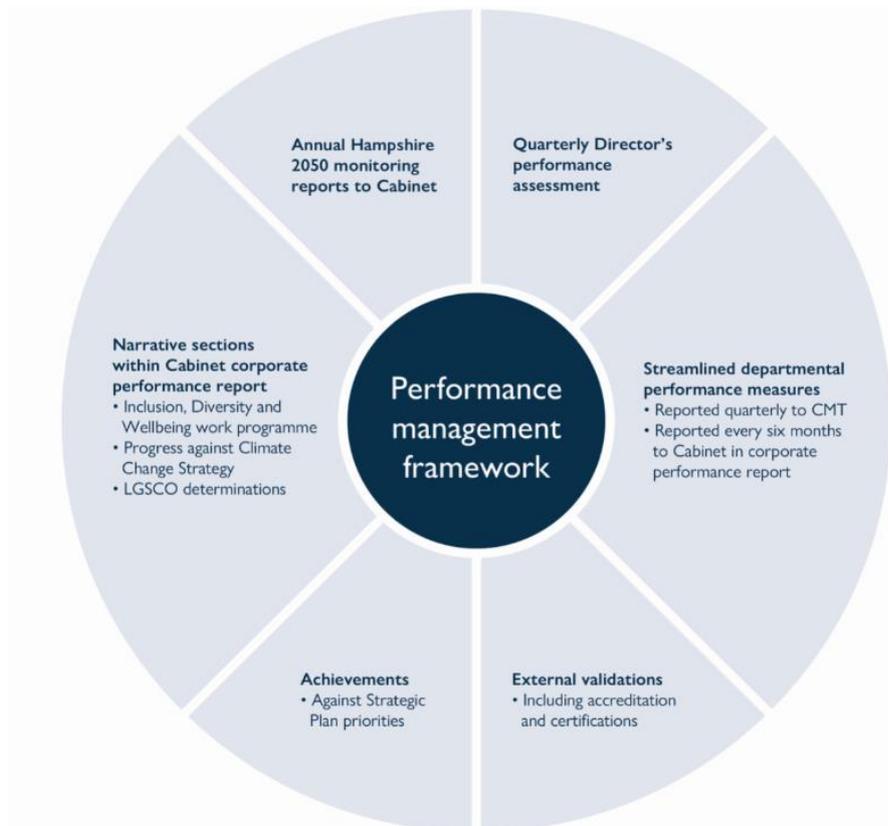
35. *Performance measures:* A revised set of measures reflect a more streamlined and focussed approach and have been proposed by departments as the key measures of their work.
36. *External validation:* The biannual corporate performance reports to Cabinet currently include an appendix which sets out all external accreditations and certifications that services hold during the relevant time period for the report. This section will be retained in the new PMF and amplified in future corporate performance reports as a key source of independent assurance for Members regarding the County Council's performance.
37. *County Council achievements:* Services' key achievements for the performance report's relevant time period are also included as an appendix for Cabinet, with significant items highlighted in the covering report. This would be retained in the new PMF.
38. *Narrative on Inclusion, Diversity and Wellbeing:* A stronger and more overt focus on fairness and equality has been woven into the new Strategic Plan, and the performance reports to Cabinet will continue to include a narrative section on progress against the County Council's Inclusion, Diversity and Wellbeing work programme.
39. *Local Government and Social Care Ombudsman determinations:* The annual summary of LGSCO determinations will continue to be included within the annual corporate performance report to Cabinet.

### **New, additional elements to be included in the PMF**

40. *Narrative on Climate Change Strategy:* The first proposed additional element to the new PMF is the inclusion of a short narrative section on progress against the Climate Change Strategy in the annual corporate performance report to Cabinet. As this programme of work requires the involvement of a number of partners, and indicators relating to carbon measures are not available on a frequent basis, an annual, activity-based narrative is proposed as the most appropriate way of integrating this key work programme into the PMF. This narrative will cross-reference to the existing reporting mechanisms for the *Climate Change Strategy* and provide sign posting as far as possible to avoid the duplication of work.

41. *Hampshire 2050 Commission of Inquiry recommendations:* The second additional element is the incorporation of the annual *Hampshire 2050* monitoring report into the wider PMF, to enable Cabinet to have a full view of some of the wider outcomes the County Council wishes to achieve via the Strategic Plan, but do not lend themselves to a direct measure of the County Council's performance.
  
42. *Director's performance assessment:* A further, qualitative layer of self-assessed assurance will be added to the PMF via a regular Director's performance assessment. This provides an opportunity to highlight performance risks and challenges to Cabinet and CMT and will be undertaken by departments. Directors will also be asked to provide narrative around the department's performance levels, incorporating a focus on residents' needs, and staff engagement.
  
43. Figure one below summarises the elements described above which will comprise the new corporate PMF.

Figure one



44. Figure two below sets out the proposed reporting cycle of the different PMF elements.

Figure two

**Proposed reporting of draft corporate performance management framework**

<b>Annual corporate performance report to Cabinet (and Policy &amp; Resources Select Committee)</b>	Streamlined departmental performance measures set
	Narrative sections within Cabinet report: <ul style="list-style-type: none"> <li>• Inclusion, Diversity and Wellbeing work programme</li> <li>• Progress against Climate Change Strategy</li> <li>• LGSCO determinations</li> </ul>
	External validations
	Achievements
	Director's performance assessment
	Signpost to annual Hampshire 2050 reporting
<b>Six-monthly corporate performance report to Cabinet (and Policy &amp; Resources Select Committee)</b>	Streamlined departmental performance measures set
	Narrative sections within Cabinet report <ul style="list-style-type: none"> <li>• Inclusion, Diversity and Wellbeing</li> <li>• Progress against Climate Change Strategy</li> </ul>
	External validations
	Achievements
	Director's performance assessment
<b>Quarterly corporate performance measure reporting to CMT</b>	Streamlined departmental performance measures set
	Director's performance assessment

**Climate Change Impact Assessment**

45. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C

temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

46. The carbon mitigation tool and/or climate change adaptation tool was not applicable because this report relates to the County Council's overarching Strategic Plan rather than any specific interventions. It is expected that these tools will be applied to any relevant projects which support the delivery of the Strategic Plan outcomes.

## **Conclusions**

47. The proposed new Strategic Plan for 2021-2025 sets out the ambitions and priorities for Hampshire County Council for the term of the new Administration. It reflects the significant challenges facing the County Council during this period, and where it will focus its efforts to ensure resources are targeted where they are most needed.
48. Delivery of the Strategic Plan will be monitored and reported to Cabinet and the CMT through the corporate PMF, which will provide assurance through several different elements to provide a holistic view of the County Council's performance and progress.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**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:

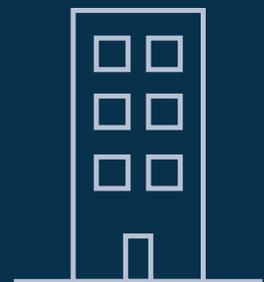
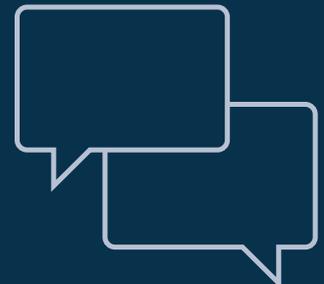
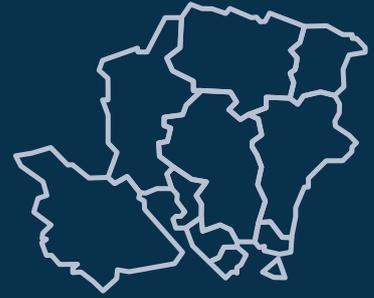
- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share 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:**

3. The Serving Hampshire Strategic Plan is intended to provide a framework for the County Council's business which supports positive outcomes for all Hampshire residents, including groups with protected characteristics. It will have either a positive or neutral impact on all protected groups.
4. The Strategic Plan has a particular emphasis on prioritising the needs of Hampshire's most vulnerable residents and specifically states that the County Council will work to ensure fair access to services and advance social equality in Hampshire.

# Serving Hampshire's residents

## Strategic Plan 2021 – 2025



Hampshire County Council is the third largest shire council in the country, delivering the majority of Hampshire's public services, to almost 1.4 million residents (excluding people living in the Southampton and Portsmouth unitary council areas). We are responsible for around 80% of all spend on council services in Hampshire, amounting to £2.1 billion a year.

Along with many other public sector organisations, local government has faced significant financial pressures over the past decade. Over half a billion pounds has been removed from the County Council's budget since 2008, due to ongoing reductions in central government funding, increasing costs and a steadily rising demand for our vital services such as social care for vulnerable children and adults. This reduction in our budget has been achieved whilst also sustaining some of the highest performing public services in the country – the result of sound financial stewardship alongside an ongoing focus on delivering good public services to Hampshire residents.

We know that the next four years, covered by this Strategic Plan, will be even more financially challenging – not least because of the direct impact of the COVID-19 pandemic on public finances. During this crisis period, significant additional costs were incurred, including the extra resource required for ensuring that the most vulnerable people in Hampshire were supported.

None of us have been left unaffected by the COVID-19 pandemic – which represents a defining period of our history. Our priority will remain to keep Hampshire residents safe and do all we can to help our communities and the local economy to 'build back better'.

We want to ensure that we work with our partners to take the opportunity to rethink and reshape how we deliver public services for the future – not only to build a more resilient Hampshire, but also to take robust action to promote a green/sustainable? economy.

The findings of the Hampshire 2050 Commission – an examination of compelling and thought-provoking evidence presented by experts, academics, residents, businesses and Hampshire's young people – identified the most important and complex challenge we must face if we are to ensure quality of life for future generations in Hampshire is adapting to and mitigating the impact of a changing climate, whilst also meeting the current needs of Hampshire's population. The County Council's ability to address this challenge will also be significantly influenced and impacted by the regime changing proposals for the planning system in England, set out in the Government's 'Planning for the Future' White Paper.

With a challenge of this scale, the County Council must work collaboratively with its partners, and not least the voluntary sector, supporting the sector to thrive within Hampshire in order for us to successfully deliver the far reaching and complex outcomes of the Commission.

The four outcomes below reflect these challenges and form the County Council's Strategic Plan. The Plan will guide all of our work for the next four years.

## Outcome one: Hampshire maintains strong and resilient economic growth and prosperity

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Our priorities are:

- Promoting a **green economic recovery across Hampshire,**
- Ensuring Hampshire has the right conditions for economic innovation to flourish
- Enhancing our competitiveness as an **international gateway and globally connected economy**
- Maximising **opportunities for employment and inclusion** by equipping people with the right skills to support, and benefit from, economic growth
- Promoting **Hampshire's assets and opportunities** as an excellent place to work, visit, live and do business

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

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Our priorities are:

- Enabling all children and young people to **have the best possible start in life**
- Secure high achievement for all children and young people, especially those from more vulnerable groups
- Helping people to **stay well** and look after their physical and mental health, whilst maintaining their independence
- Ensuring services meet the **eligible, statutory needs** of our residents and that people are cared for in the right place, for the right time and at an appropriate cost
- Working with partners to keep our communities safe, particularly children and vulnerable adults
- Ensuring that everyone has **fair access** to services, opportunities and life chances, and supporting those groups in our communities who have been disproportionately affected by COVID-19
- Embracing **opportunities offered by technology** to enhance public services, social care and connectivity; that complement rather than compromise human relationships and quality of life

## Outcome three: People in Hampshire enjoy a rich and diverse environment

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Our priorities are:

- Working towards securing **carbon neutrality for Hampshire** by 2050, and becoming resilient to a two degree rise in temperature – leading and collaborating on climate change action, ensuring climate change is embedded into everything we do
- Maintaining and enhancing Hampshire's **unique natural and built environment** and striving for Environmental Net Gain across both
- Protecting Hampshire's breadth of **character and heritage** and valuing both rural and urban communities
- Planning and delivering low carbon **infrastructure** that meets business need and promoting a sustainable and more resilient transport network
- Leading on opportunities to **shape places** across the County that enhance communities and environments – facilitating partners and people to come together with common vision and purpose

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

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Our priorities are:

- Advancing **social equality** in Hampshire by tackling health and social inequalities, improving equity of educational achievement, and creating opportunity for all residents
- Enabling communities to be **more resilient and connected**
- Promoting the **development of communities** that support and uphold equity, diversity and sustainability
- Supporting, and working in partnership with a thriving and diverse **Voluntary and Community Sector** and body of volunteers
- Upholding our commitment to the **Armed Forces Covenant** – removing potential disadvantage for Armed Forces families and veterans, and supporting a successful transition into civilian life

## The way we work

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We will keep Hampshire's residents at the heart of everything we do. We will:

- be accountable and transparent in all that we do;
- use taxpayers' money wisely;
- work closely with our partners;
- engage, inform and involve residents;
- develop accessible and efficient online services;
- exploit digital innovation to deliver effective and efficient services;
- enable people to do more for themselves;
- respond flexibly to people's needs;
- value people's differences;
- treat people fairly;
- keep improving.



## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	13 July 2021
<b>Title:</b>	Constitutional Matters
<b>Report From:</b>	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. Consequential to the revised allocation of Executive Functions, this report also proposes changes to the Local Outbreak Engagement Board (LOEB), and the Cabinet Sub-Committee on Economic Growth and Recovery.

### Recommendations

Cabinet is asked to:

3. 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 of 22 July 2021.
4. Agree that the Cabinet Members of the LOEB will be the Executive Member for Policy and Resources, the Executive Lead Member for Economy, Transport and Environment, the Executive Member for Adult's Services and Public Health, and the Executive Lead Member for Children's Services.
5. Agree that the Cabinet Members of the Cabinet Sub-Committee on Economic Growth and Recovery will be the Executive Member for Policy and Resources, the Executive Lead Member for Economy, Transport and Environment, the Executive Member for Commercial Strategy, Estates and Property and the Executive Member for Recreation, Heritage and Rural Affairs.

### Executive Functions

6. 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 determined by the Leader, be reported to the Cabinet and then to the County Council.

7. At the Annual General Meeting of the County Council on 27 May 2021, the Leader announced to the County Council, the Cabinet Members and titles of their respective portfolios for the new Administration.
8. The Leader has also determined that there should be two Assistants to the Executive posts to support the Children's Services and Adults' Services and Public Health functions.
9. Attached at Appendix 1 to this report are the details of the new Executive portfolios and the new Assistant to the Executive posts, approved by the Leader.

### **Local Outbreak Engagement Board (LOEB)**

10. In Constitutional terms, the LOEB is a Cabinet Committee previously comprising four members of Cabinet. Following changes to Executive portfolios, it is necessary to review the membership of the LOEB. It is proposed that four Executive Members are appointed, namely: the Executive Member for Policy and Resources, the Executive Lead Member for Economy, Transport and Environment, the Executive Member for Adults' Services and Public Health, and the Executive Lead Member for Children's Services.
11. Other attendees of the LOEB are a representative of the main Opposition Political Group on the County Council, a representative of the District and Borough Councils in Hampshire, and a Non-Executive CCG representative. However these other attendees are not part of the formal LOEB, as by law a Cabinet Sub-Committee can only comprise members of Cabinet.

### **Cabinet Sub-Committee for Economic Growth and Recovery**

12. The Cabinet Sub-Committee for Economic Growth and Recovery is also a Cabinet Committee, which previously comprised four members of Cabinet. Following changes to Executive portfolios, it is also necessary to review the membership of the Sub-Committee. It is proposed that four Executive Members are appointed, namely: the Executive Member for Policy and Resources, the Executive Lead Member for Economy, Transport and Environment, the Executive Member for Commercial Strategy, Estates and Property and the Executive Member for Recreation, Heritage and Rural Affairs.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

**This proposal does not link to the Strategic Plan but, nevertheless, requires reporting to Cabinet and a review of membership of the LOEB and the Cabinet Sub-Committee on Economic Growth and Recovery for the good governance of the County Council.**

**Other Significant Links**

**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
Hampshire Local Outbreak Control Plan and Local Outbreak Engagement Board.	14 July 2020

**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:**

### **Equality Duty**

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

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

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

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

### **Equalities Impact Assessment:**

It is considered that this report will have no adverse impact or cause no disadvantage to groups with protected characteristics.

# 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 department 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>
Deputy Leader and Executive Lead Member for Economy, Transport and Environment	<p>Overall direction, strategy, budgets and resources for Economy, Transport and Environment Services (including the Capital Programme), but excluding regulatory matters within the remit of the Regulatory Committee.</p> <p>Primary department links – Economy, Transport and Environment and Culture, Communities and Business Services Departments</p> <p>Service area responsibilities – within the remit of the above departments.</p> <p>Functional areas - Economic Strategy &amp; Recovery Plan; Local Transport Plan; Highway maintenance and Management Plan; Highway Asset Management Plan; Transport for the South East/Solent Transport; Minerals and Waste Local Plan; Joint Municipal Waste Strategy; County Planning Services; Strategic Transport projects (£2Million plus); Local Bus Improvement Plan; Waste and Recycling Infrastructure, Strategic Environment Projects (£1Million plus), Economic Development Programmes and Projects including Tourism, Marketing and Inward Investment, Main Service Contracts and Contract Management/Performance, Highway Safety and Casualty Reduction Policy, Emergency Planning functions pursuant to the Civil Contingencies Act 2004.</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 Strategic Board Joint Committee and Solent Transport.</p>
Executive Member for Highways Operations	<p>To assist the Executive Lead Member for Economy, Transport and Environment because of the breadth of the portfolio, by providing additional capacity at Executive level.</p> <p>Primary department link - Economy, Transport and Environment Department.</p> <p>Service area responsibilities – within the remit of the above department.</p> <p>Functional areas - Operation Resilience Annual Programme; Structures Annual Programme; Road Safety Projects and Programme; Road Safety Education; Local Road Safety Partnerships; Street Lighting; Parish Lengthsman Scheme; Parish and District Highways Liaison; Traffic Management Projects and Programmes; On Street Parking and Parking Agencies; Active Travel projects; Local Highways Improvements (&lt;£2Million); Local Subsidised Bus Contracts; Community Transport Schemes and contracts; Local Passenger Transport Infrastructure; Community Transport Local Projects.</p>
Executive Member for Climate Change and Sustainability	<p>To assist the Executive Lead Member for Economy, Transport and Environment because of the breadth of the portfolio, by providing additional capacity at Executive level.</p> <p>Primary department link - Economy, Transport and Environment Department, but with engagement across all departments of the County Council.</p> <p>Service area responsibilities – within the remit of the above department.</p> <p>Functional areas - Environment Strategy; Flood Risk Management Strategy; Local Nature Partnership; Climate Change Action Plan; Bio-diversity/Ecology; Historic Landscape/Gardens; Archaeology; Annual State of the Environment Report; Protected Landscapes Outside National Parks (incl. AONB Management Plans); Local Environment Projects (&lt;£1Million); Local Flood</p>

	Protection/Mitigation Schemes (<£1 Million); Flood and Water Management Act Responsibilities; Environmental Campaigns and Ambassador Role; Climate Change Expert Forum; Local Environmental Partnerships (incl. Fly-Tipping Partnership); Waste Minimisation Programme; Community Waste Minimisation and Recycling Programme and Projects; Local Air Quality Improvement Programme and Projects.
Executive Member for Commercial Strategy, Estates and Property	<p>To assist the Executive Member for Policy and Resources.</p> <p>Primary department links – Corporate Services and Culture, Communities and Business Services Departments.</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>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).</p>
Executive Lead Member for Children’s Services	Designated Lead Member for Children’s Services pursuant to Section 19 of the Children Act 2004 and the Statutory guidance on the roles and responsibilities of the Director of Children’s Services and the Lead Member for Children’s Services (2013).

	<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 links – Children’s Services Department and Adults’ Health and Care.</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; co-ordination of post 16 skills policies and initiatives.</p> <p>Responsibility for building relationships with businesses in Hampshire in relation to the Corporate Apprenticeship Programme.</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>
Assistant to the Executive – Children’s Services	<p>To support the Executive Lead Member for Children’s Services across the breadth of the portfolio.</p> <p>Primary department links – Children’s Services Department.</p> <p>Assisting the Executive Lead Member for Children’s Services in supporting the delivery of their Executive function, but not to include any Executive Member decisions or other statutory functions.</p> <p>To champion particular the voice of particular service users as required by the Executive Lead Member for Children’s Services</p>
Executive Member for Adult Services and Public Health	Overall strategy and policy for all Adult Social Care and Public Health matters.

	<p>Primary department links – Adults’ Health and Care Department and Children’s Services.</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>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 – services for population health and wellbeing (Public Health functions), adults, including older people, learning disability, physical disability, mental health and all ancillary services.</p> <p>Development of the County Council’s strategy and policy in relation to public health.</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>Assistant to the Executive – Adult Services and Public Health</p>	<p>To support the Executive Member for Adult Services and Public Health across the breadth of the portfolio.</p> <p>Primary department links – Adults’ Health and Care and Children’s Services Departments.</p> <p>Assisting the Executive Member for Adult Services and Public Health in supporting the delivery of their Executive function, but not to include any Executive Member decisions or other statutory functions.</p>
<p>Executive Member for Performance, Human Resources and Partnerships</p>	<p>Overall strategy for Performance, Human Resources and Partnership 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, including strategic workforce development and corporate performance, and otherwise where relevant to the role. Services within Culture, Communities and Business Services relevant to the role.</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>Corporate oversight of the County Council’s Grant Management System.</p> <p>Responsibility for the County Council’s relationships with the Voluntary and Community Sector, and other partners.</p> <p>Functions related to the Supporting Troubled Families Programme.</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 EHCC.</p>
Executive Member for Recreation, Heritage and Rural Affairs	<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</p>

	<p>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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