

COUNTY COUNCIL – 22 FEBRUARY 2024

REVENUE BUDGET 2024/25 AND CAPITAL PROGRAMME 2024/25 TO 2026/27

Questions the Leader has been asked and responses.

1. Why don't you make the Council more efficient?

Since 2010 savings have been made across the Council. Wherever possible this had been by transforming services through four separate transformation programmes over eight years, which had contributed significantly to balancing budgets.

In Adult Services a Strength Based Approach has been implemented, seeking other way for people to secure the help they need and concentrating on reablement to ensure people can look after themselves longer without needing the County Council's services. The County Council's technology enabled care service is one of the first in the country, helping to meet the needs of 10,000 clients per year.

In Children's Services the social care function is still transforming, concentrating on early help to give support to the families that need it and re-uniting children with their families rather than keeping them in long term care settings. This approach has meant that the County Council had managed to keep the number of children in care remaining stable for at least the last four years, something which very few other councils in the country have achieved.

The County Council has big contracts in waste and highways and is constantly working with our contractors Veolia and Milestones on ways to improve efficiency so that both the County Council and the providers gain some benefit from the changes. Only last year the approach to pothole repairs was changed to give Milestones more flexibilities in fixing potholes in a locality.

The County Council's back-office functions constantly looks to technology to make them more efficient, automating systems and processes, and introducing chat bots to answer some of the more routine queries received. The IT service is currently looking at an Artificial Intelligence (AI) programme that can identify a problem with a device and fix it with no human intervention.

This is just a small sample of the sorts of things the County Council has been doing and further positive examples were expected when the County Council completes its productivity plan later in the year.

2. Why don't you lobby the Government for more funding?

As reported to a previous meeting of the Council Meeting, Hampshire County

Council and Kent County Council sent a joint letter to Government in November 2022 detailing the difficult financial position both County Councils faced even though both authorities were well run and well respected for the services they deliver. We believe that this letter influenced the improved settlement received in 2023/24.

Since then, lobbying activity has been stepped up, concentrating specifically on the sustainability of the County Council's budgets going forward in the face of high inflation and high demand for our services, and the limited options open to the County Council for balancing that position due to the restrictions and expectations imposed by Government.

Over the last 15 months, the Leader and Deputy Leader had:

- Written 10 separate letters to Government (including the Local Government Minister, Secretary of State, the Chancellor and the Prime Minister) highlighting financial pressures as well as specific pressures in areas such as school transport and Adults social care.
- In addition to the regular meetings with MPs, five further meetings had been held with them to discuss financial matters and seeking their support to resolve them.
- Met with the former Local Government Minister, Lee Rowley, last year and provided data for him to use in negotiations he held with the Treasury. Currently a convenient date for the current Local Government Minister, Simon Hoare, to come to Hampshire for a meeting is being sought.
- Taken part in 10 separate television and radio interviews highlighting the reasons for the difficult financial position the County Council is faced with.
- Issued over 20 press releases and stakeholder newsletters.
- Highlighted key areas where legislative change would enable local decision making to help improve the County Council's situation, which had been highlighted both as a local authority and through the County Council's Network (CCN).
- Lobbying Hampshire MPs to support the letter from an All-Party Parliamentary Group for Counties was successful in securing an additional £600m for the sector.

A lot of activity had been carried out in the last year or so to seek solutions to the problems the County Council faces, and efforts to ask Hampshire MPs to support the letter from the All-Party Parliamentary Group for Counties was successful in securing a badly needed additional £600m for the sector, equating to £10m for Hampshire County Council.

Attention would now be turning to the next Spending Review and to seek fundamental change to the way in which local government is funded.

3. Why don't you sell off assets to raise money?

If you ignore the fact that receipts from the sale of capital assets can't be used to support revenue spending, this is already something that the County Council does on a routine basis.

Many years ago, the County Council had a programme Workstyles that consolidated the number of administrative buildings that the County Council owned. The County Council's Strategic Asset Management Plans sets out how its assets are managed, reducing these wherever possible and since returning back to the offices after Covid the County Council is reviewing again its need for office space across the County.

Many other County authorities have taken the bold step to sell their headquarters building. The County Council has taken a different approach, and instead is looking to consolidate staff into its headquarters building to make best use of it, and selling other assets released as a result. The Chief Executive is working with the Corporate Management Team to ensure maximum utilisation of the space.

4. Why don't you raise more income?

As an upper tier authority, the County Council has less ability to raise income than some other councils. This is an area that has been looked at as part of previous savings programmes and further opportunities will be sought.

It is important to note that whilst generating more income may be preferable to service reductions, it does create risk in the budget as the County Council would become reliant on maintaining that level of income in every subsequent year.

Despite these risks, in the current financial year the County Council expects to generate over £200m in sales, fees, charges and rents across its services. This is approximately £50m more than 10 years ago and highlights the commercial approach the County Council has adopted.

Investment income has grown in recent years due to interest rate changes, generating over £20m by putting the County Council's reserves to good work through a range of sensible investments. Whilst the interest earned is small compared to the overall size of the County Council works, given that £20m is significantly bigger than most district council net budgets across Hampshire.

5. Why don't you use reserves instead of reducing budgets?

The County Council's reserves strategy is clear that using reserves to plug a recurring budget gap makes no sense at all. Instead, the County Council uses its reserves sensibly to balance the budget whilst continuing to find ways of making permanent spending reductions or increase income earned.

This strategy has served the County Council well with the early delivery of savings that has helped to boost the reserves for use in future years. These reserves haven't happened by accident, and by taking difficult decisions has meant we're in a much better position than many other authorities.

But we are now reaching a tipping point:

- In 2022/23 £38m was used to balance the budget
- this figure has risen to £51m for the current year
- the budget papers show that for 2024/25 £74.1m must be drawn to balance the bottom line

It is easy to spot the trend and it is not a trend I like to see. That is why lobbying the government and Hampshire MPs will be continued to highlight the near impossible task the County Council has going forward.