

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Hampshire 2050 and Corporate Services
Date:	23 January 2025
Title:	2025/26 Revenue Budget & Savings Report for Corporate Services
Report From:	Director of Corporate Operations and Director of People and Organisation

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

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

Section A: Purpose of this Report

1. The purpose of this report is to set out the proposed 2025/26 budget for Corporate Services, and for the Executive Lead Member for Hampshire 2050 (H2050) and Corporate Services to recommend for approval to Cabinet the proposed Savings Programme to 2025 (SP25) phase 2 savings proposals as set out in the report and in Appendix 2.

Section B: Recommendation(s)

- i. To recommend the revised 2024/25 Budget and proposed 2025/26 Budget for Corporate Services to Cabinet as set out in Appendix which reflects the Officer proposed SP25 phase 2 savings set out in the report.
- ii. It is recommended that the Executive Member approves the savings proposals set out in Appendix 2 for submission to Cabinet.

Section C: Executive Summary

2. This report provides the summary outputs of the detailed budget planning process undertaken by Corporate Services Directorate for 2025/26 and the revised budget for 2024/25. Despite finding significant savings of £66m (which rise to £84.1m in a full year) there remains a budget gap of £97.6m by 2025/26, which the Council is unable to close through savings alone. Put simply, the

escalating cost of our demand led services, Adult Social Care, Children's Social Care, School Transport and the impact of inflation exceeds the Council's ability to increase funding. Every Directorate continues to look for further efficiency savings and opportunities to raise income as we work tirelessly to bridge this gap.

3. The County Council recognises this period of financial challenge is difficult for our most vulnerable residents who may be concerned about the assistance they receive. Our financial situation does not, and will never, impede the services to those of our residents and neighbours most needing of our support. The County Council will continue to enact our Core Purpose; caring for our most vulnerable residents, assisting those with disabilities to lead fulfilling lives, providing protection to those children at risk of harm and supporting the education of those children with special educational needs.
4. It was hoped that the Local Government Finance Settlement would deliver on the government's commitment in the Autumn Statement to provide an 'initial rescue package' for local government through the 2025/26 financial settlement, with a wholesale review of the local government funding model to follow in 2026/27.
5. However, the detail of the draft settlement proved very disappointing for Hampshire, with the Council now expecting to receive an additional £3.1m compared with the MTFS assumptions from the additional settlement grants in 2025/26, subject to confirmation when the final settlement is published late January.
6. We are concerned that the Policy Statement published in December signals a worrying direction of travel, with the government likely to increase the weighting of deprivation in future grant distributions, a measure which is unlikely to assist the Council's financial prospects.
7. As a result of the Council's increasingly challenging financial position, Officers have been considering what further savings could be made if the Council reviews every service we deliver whilst ensuring we continue to support our core purpose, an exercise which has been supported by an Independent Panel of experts. The additional savings identified for Corporate Services are set out in Section J and Appendix 2. These savings will contribute a total of £2.8m to the remaining budget shortfall.
8. The proposed budget for 2025/26 analysed by service is shown in Appendix 1.
9. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2024/25 and detailed service budgets for 2025/26 for Corporate Services Directorate. The report has been prepared in consultation with the Executive Member and will be reviewed by the Hampshire 2050, Corporate Services and Resources Select Committee. It will be reported to the

Leader and Cabinet on 4 February 2025 to make final recommendations to County Council on 13 February 2025.

Section D: Background and Context

10. In the Medium Term Financial Update to Cabinet and Council in November 2024, it was reported that the Council's gross budget gap for 2025/26 had increased to £182m. After accounting for expected additional social care grant funding of £8.7m and after the savings agreed in the autumn through SP25 Phase 1 Savings were taken into account, a gap of £116m still remained.
11. Following the announcement of the draft Local Government Finance Settlement, the revised budget gap is £97.6m, as set out below.

	£m	£m
Budget gap as per MTFs		116.2
Impact of Draft Local Government Finance Settlement:		
Additional Social Care Grant (£13.5m increase compared with MTFs assumption of £8.7m)	(4.8)	
Change to other grant assumptions	1.7	(3.1)
Other Significant Grant Changes:		
Extender Producer Responsibility grant guarantee (One off impact)		(5.0)
Other Changes:		
Estimated Collection Fund Surplus ¹		(6.0)
Additional new savings achieved through the Mutually Agreed Resignation Scheme (MARS)		(4.5)
Revised Gap		97.6

12. As set out in the MTFs, given the size of the net budget gap and the extent of savings already achieved to 2025/26, the County Council believes that it has reached the point where it is unable to find the level of savings required to balance the budget on a recurring and sustainable basis, a position supported

¹ Will be confirmed once all Hampshire billing authorities confirm their estimated collection fund surplus / deficit due by end of January

by the work of an Independent Panel of subject matter experts. The impact of the Local Government Finance Settlement does not alter this view.

13. The current budget gap position represents the cumulative impact of financial pressures across Social Care, Special Education Needs and School Transport which have been building since 2021/22. Pressures across these key areas are expected to increase by a further £118m in 2025/26, and together with inflationary increases will add a total of £188m to cash limited budgets next year. This represents an increase of over 15% before savings, far outstripping the proposed 4.99% increase in the Council Tax Precept. The Council is working to identify every available route to bridging this gap and anticipates that a balanced budget can be presented for 2025/26 using drawings (if required) from reserves built up in previous years.
14. The 2024/25 budget position has also been affected by in-year pressures, with an overspend of £6.9m forecast based on month 8 after utilising all remaining corporate contingency budgets. The major contributing factors include a significant increase in pupils with Special Educational Needs and associated school transport costs, a lack of grant funding to cover the care costs of Unaccompanied Asylum Seeking Young Children, and the increasing complexity of client needs within Younger Adults care.
15. The Council continues to relentlessly seek further savings, while protecting the services delivering our Core Purpose. To address the in-year pressures strict in-year spend controls were introduced in September 2024 with the aim of reducing the overspend, including a freeze on all non-business critical recruitment.
16. It is against this backdrop that the Council continues to review all options for balancing the 2025/26 budget and directorates have therefore been required to bring forward additional savings for implementation in 2025/26 to help close the remaining gap.

Section F: Returning to our Core Purpose

17. Previous reports to Cabinet and County Council have outlined the need to consider what further savings could be made if we were to deliver only those services that form or are at the level of our Core Purpose as set out by statute. Officers have been working on this premise of delivering our core purpose over the Summer and have produced a significant body of evidence covering 177 separate service lines to evidence the thought processes and outcomes of this exercise, challenged and supported by an independent panel (Chaired by Rob Whiteman CBE), many of whom are already commissioners at other authorities and are very experienced in this sort of role.
18. The scale of this exercise should not be underestimated. The key challenge is that whilst regulations place many statutory requirements on local government, they are rarely defined in any detail (if at all) leaving local authorities to interpret what must be provided to meet that statutory duty.

19. The independent panel will provide a written report in support of their findings which will be included within the budget setting report to Cabinet and County Council in February 2025, but their emerging thoughts and feedback from discussion to date supports our view that the Council has reached a tipping point where we are now unable to find sufficient new savings to balance the budget on a recurring and sustainable basis.
20. The panel feedback also concluded that the Council is well run, is performing across its services, has delivered consistently on its savings programmes, but is now unable to find sufficient new recurring savings to balance the 2025/26 budget, with a significant risk that in the medium term the Council is no longer sustainable.
21. With the Council now unable to find sufficient savings to balance the budget on a recurring and sustainable basis, it is clear that whilst there remains a number of options to support the achievement of a balanced budget for 2025/26, ultimately Government need to find a solution to ensure the viability of local government, be that increased funding, additional Council Tax flexibility and the flexibilities and freedoms and changes to legislation which the Council has requested; the Local Government Finance Policy Statement has not provided any grounds for optimism.
22. Officers have been working across four separate service categories as set out below, applying a set of principles to ensure that future service delivery aligns with the Council's Core Purpose:
 - **Statutory** – resources will be focussed on statutory services
 - **Discretionary Preventative** – services we continue to deliver must evidence that they provide a positive financial impact within a year
 - **Enabling** – services will be provided as efficiently and effectively and possible from the centre of the organisation
 - **Discretionary** – services should at least break even and make a suggested target of 15% contribution to corporate overheads
23. The review of service activities and budgets against the Core Purpose principles was followed by a focused period of challenge with the Corporate Management Team, wider Chief Officer Group and with members of the Independent Panel to establish how directorates could achieve further efficiencies and savings, while still being able to provide services at the level identified by our assessment of Core Purpose. The additional savings identified through this exercise are set out in Section J.
24. Although the scale of the Council's financial challenges means that we must consolidate and recalibrate our activity back to our core purpose, underpinning this policy position is the principle that, irrespective of our financial challenges 'what we do, we will do well'. We will continue to perform to high professional standards, validated by external review and the Council will remain a £2.5bn a year business providing services to the most vulnerable in our society and

providing a range of other statutory services and discretionary services where they are able to cover their own costs from income.

25. It is important to recognise the County Council will continue to provide services to those in the Hampshire who need it most, caring for our most vulnerable residents, assisting those with disabilities to lead fulfilling lives, providing protection to those children at risk of harm and supporting the education of those children with special educational need. Our financial situation does not, and will never, impede the services to those of our residents and neighbours most needing of our support.

Section G: Directorate Challenges and Priorities

Corporate Operations

26. Corporate Operations includes the following services:
 - Finance
 - Pensions, Investments and Borrowing
 - Integrated Business Centre (IBC) - providing transactional services such as payroll, payments to suppliers, and resourcing services including General Enquiries – providing General Enquiry telephone, web and email contact services on behalf of the County Council, Directorate contact is now embedded in each Directorate.
 - Information Technology
 - Strategic Procurement
 - Audit Services
27. In addition, the Director of Corporate Operations has oversight of some smaller corporate budgets including for example, the External Audit fee for the County Council.
28. During the current year, the Directorate has been focussed on delivering the first phase of SP25 savings and the majority of these will be delivered early and will be used to contribute to the Budget Bridging Reserve, to help support budget setting in 2025/26.
29. The Directorate has been heavily involved in the Legal Minimum Service Level exercise and has been liaising with the Independent Panel on their work across the whole organisation. This included a review of financial management by a former County Council Chief Financial Officer who is also a Government appointed Commissioner in his own right. The detailed results of the review will be published as part of the budget papers in February, but the overall conclusion was that financial management within the County Council was strong.
30. The constantly changing world of IT brings both opportunities in terms of new technologies that can support more efficient ways of working and also threats with cyber security being one of the biggest risks for the County Council with new

tactics constantly being employed by cyber criminals and high-profile cases of ransomware crippling large organisations for months at a time. Given that the highest threat to the Council is through staff clicking phishing or malware links sent in emails, a new policy and training framework was implemented during the year, which seeks to strengthen the Council's mitigations against this threat.

31. The IBC has been in place for Hampshire Partners since 2014, with new Partners joining in 2015 and 2018. As you would expect, Partners continue to review their operating models to ensure that the IBC and wider shared services meets their changing requirements and this has led to a number of services being transferred back to Police, Fire and Oxfordshire County Council. The Royal Borough of Kensington and Chelsea continue to implement their own systems, supported by the County Council in terms of data transfer and will exit from the Partnership completely in April 2025. The transfer of these services has been handled efficiently and effectively with good relations maintained throughout, as would be expected of public sector organisations, so as to minimise any impact on service provision.
32. All Services have participated in the exercise to re-focus on Core Purpose, albeit the context is very different for enabling functions. For the most part services have found further savings or new income, but looking ahead the expectation is that further efficiencies supported by technology or process change can be achieved and savings passed back to the County Council. Further savings may also be delivered if the County Council is willing to take more risks across some its enabling functions, but this should not be at the cost of good governance and decision making.

People and Organisation

33. The People and Organisation Directorate comprises:
 - Legal Services
 - People Services, including Human Resources and Organisational Development Services
 - Public Affairs, including Communications and Engagement and Democratic Services
 - Organisation Resilience, including Corporate Risk, Emergency planning and resilience, Health and Safety, and Information Governance
 - Organisational Strategy
 - Chief Executive's, Leader's and Chairman's offices
 - Lord Lieutenancy Office
34. In addition, the Director of People and Organisation has oversight of some corporate budgets, including Members expenses.
35. The directorate continues to provide a key role in supporting the Corporate Management Team to develop and shape the existing organisational model, to

ensure that the County Council is 'Fit for the Future'. This has included work to continue to embed our organisational values and behaviours, as well as changes to how we provide corporate enabling functions to the organisation.

36. Our approach to Leadership and Management Development of the County Council has continued to be reviewed to ensure that this stands us in good stead for the future, including harnessing the opportunities that our apprenticeship programme can offer to the organisation to support how we develop and build leadership capabilities, replacing some of our previous leadership programmes. The directorate has also continued to develop the maturity of our approach to strategic workforce planning, intended to support and improve the attraction in to and retention of our workforce, but also to support the approach to how we manage the expected reductions in our overall workforce levels, through the introduction of new initiatives to support this, including the Mutually Agreed Resignation Scheme.
37. Our Legal Services team continues to provide advice and guidance to our directorates on the full range of County Council services, including management of complex safeguarding cases in Children's Services and Adults Health and Care. The team also provides comprehensive legal support to the County Council in respect of contracting and procurement, data protection, property, planning, employment and litigation, and governance and decision making. As part of the County Council's ongoing savings programmes, Legal Services is aiming to reduce the net cost of legal support to the County Council. Legal Services does this by working with internal client directorates to manage and control their demand for legal support and then deploying the capacity released on external, income generating, activity. In this way, Legal Services aims to retain a large, resilient and expert practice for the County Council's benefit, whilst at the same time reducing the net cost.
38. Through our Public Affairs Service, the directorate continues to develop our strategic approach to communications and to provide effective support to the organisation to enable it to effectively communicate with residents and partners about the discharge of its democratic function, as well as the County Council's strategic priorities. This has particularly focused on the development of our communications strategy in relation to the financial challenges faced by the County Council. More widely internal communications have heavily supported the cascading of important messages to our workforce, including more targeted communications to our managers to help them to share and better explain key messages within their teams.
39. The directorate has been pivotal in supporting the organisation to undertake important public consultations, which have in turn informed formal decisions taken by Cabinet in relation to the SP25 savings programme.
40. Ensuring we can provide robust support around assurance, compliance and governance of the County Council remains a key priority. The directorate has continued to strengthen the organisations resilience, bringing together out Corporate Risk, Emergency Planning and Resilience, Health and Safety and Information Governance functions, together into a single Organisational

Resilience service. During the year we have continued to support our assurance approach around the organisations Strategic Corporate Risks and mitigating controls. We have also continued to streamline processes and modernise systems which underpin our broader governance and democratic functions.

41. Looking to 2025/26, we continue to be focussed on delivery of our SP25 proposals, the ongoing work involved in overseeing and reporting any further consultations and decision relating to these, and to ensure that our communication and engagement strategy and plans continue to be fit for purpose, particularly considering the challenging financial circumstances.
42. As an 'enabling function', our Business-as-Usual work is ongoing and remains a priority, ensuring that we are delivering for our service directorates in support of their public facing duties.
43. All Services have been reviewed to ensure that these align with delivery of the County Councils core purpose, albeit as noted for Corporate Operations, the context is very different for enabling functions. This exercise has identified some further proposed savings, but the directorate will also continue to seek opportunities to make further process efficiencies and changes to how we work, for example using new assistive AI technology that is now available.
44. Significant savings have already been achieved by the People and Organisation directorate as part of the SP25 programme, which will require the organisation to work differently, but as with Corporate Operations, further savings may be possible if the County Council is willing to take more risks across some of the enabling functions, but again, this should not be at the cost of maintaining good governance, management grip, and effective decision making.

Section H: 2024/25 Revenue Budget Corporate Services

45. The anticipated business as usual outturn forecast for 2024/25 as at month 8 is an underspend of £2.7m primarily relating to recruitment challenges (£1.5m) across, Finance, Audit and Strategic Procurement. There is also an improvement (£0.9m) in income forecast for chargeable work within Audit and Pensions.
46. The budget of £57.9m for Corporate Services has been updated throughout the year to £65.1m, an increase of £7.2m made up of:
 - £3.9m was drawn from reserves for a planned replacement of devices across the County Council. Of this £3.9m, £1.3m won't be spent and will instead be given up as an SP25 Phase 1 saving.
 - £1m increase in budget for the FY24/25 pay award not included in the original £57.9m
 - £0.9m increase for the transfer in of budget to Corporate Services for enabling functions. (This has a neutral impact across the County Council as budgets transferred in from Childrens, Adults and Universal Services.)

Section I: 2025/26 Budget Pressures

47. Given the nature of Corporate Services, which are generally made up of staffing costs, it is unusual for there to be any specific ongoing revenue pressures, although additional staffing is sometimes appointed on a temporary basis to deal with specific time-limited problems or pieces of work.
48. The principle exception to this is within IT where the budget includes a high proportion of other costs related to the maintenance and refresh of hardware and licenses for software and other system costs. Many of these costs can be influenced by relative exchange rates with other currencies and by the wider market in terms of inflationary costs or where products or components are in short supply, pushing up prices.
49. IT pressures of £0.7m have been identified and included in the budget for 2025/26 onwards and relate to a number of costs, by far the biggest of which (£0.4m) is related to strengthening the Council's resilience to cyber-attack.
50. Also of note for the 2025/26 budget is the impact of off-boarding Royal Borough of Kensington & Chelsea. The 2025/26 budget includes a small temporary pressure as a result of the off-boarding which will be addressed during the year once they have fully exited the Partnership. This pressure is covered by reserves already set aside for this.
51. The remaining pressure of note (which is accommodated through the proposed cash limit budget for 2025/26) is £0.4m in Legal due to the need to ensure retention of key staff through payment of a market supplement.

Section J: Revenue Savings Proposals

52. Since the original budget for 2024/25 of £57.9m SP25 Phase 1 savings of £7.1m (including corporate house-keeping savings – see para 54) plus a further £1.7m of savings proposed via SP25 Phase 2 have been included in the 2025/26 budget (Appendix 2 provides the detail). The key contributors to these savings are as follows:
 - IT - £3.7m to be delivered via improvements in a variety of operating model and technical efficiencies
 - The remaining saving of £5.2m will be delivered primarily through organisational restructure notably HR Operational Services £1.3m and Finance £1.2m
53. During November, the County Council offered all staff (excluding schools) an opportunity to apply to voluntarily resign from their employment under the Mutually Agreed Resignation Scheme (MARS). The Scheme was introduced in order to minimise the need for compulsory redundancies given the Council's financial position and to allow the delivery of additional savings in 2024/25 with resignations effective from 31st January. For Corporate Services the MARS scheme has enabled the early delivery of £1.5m Phase 1 and 2 SP25 savings and £280k of additional savings which are reflected in the 2025/26 Budget Position.

54. As part of the budget preparation process, directorates were asked to undertake a detailed review of non-pay budgets to determine whether it was possible to make any further budget reductions to account for the impact of stringent spend controls implemented in the current financial year. For Corporate Services, these corporate housekeeping savings total £0.2m across budgets including staff travel, catering, printing and photocopying, postage and external room hire. The remaining budget of £0.4m is retained by the IBC - £0.2m primarily for postage, £0.1m of professional subscriptions and £0.1m of car allowances.
55. The savings that have been put forward have been profiled to reflect a realistic delivery during 2025/26 with a full year impact in future years. The savings in 2025/26 will be taken into account in setting the 2025/26 budget and should any of these be rejected as part of the political process or following any future stage 2 public consultations and decision making, then the assumption is that any lost savings will be met through a draw from reserves whilst other savings options are developed.
56. As part of the process for developing savings proposals, Directorates are required to assess the equality impact of each proposal that is put forward. For Corporate Services, most proposals are inward facing, in that they do not have a direct impact on members of the public. With this in mind, officers have carried out a high level Equality Impact Assessment and with the exception of the impact assessment completed for the savings proposal relating to the Solent Sea Rescue Organisation (attached at Appendix 3 and for which a separate engagement exercise will also be carried out with the organisation(s) concerned). The only other impact is on staff and this will be addressed through staff consultation processes as appropriate when revised structures or changes are brought forward. Given this position, no separate Equality Impact Assessments are being published with these papers for the remaining savings proposals.

Section K: Overall Budget Position for 2025/26

57. The budget update report presented to Cabinet on 10 December 2024 included provisional cash limit guidelines for each Directorate. The cash limit for Corporate Services in that report was £57.4m, a £0.5m reduction compared to the previous year although this change is actually represented by cost increases offset by an aggressive programme of savings:
 - (£7.1m) of savings via SP25 Phase 1 since the FY24/25 approved budget and a further (£1.7m) of savings proposed via SP25 Phase 2 included in the 2025/26 budget.
 - Offsetting these savings is £3.6m of pay inflation relating to 2024/25 plus the cost of the Government's recent announcement on Employers' National Insurance contributions and;
 - Pressures of £1.8m which are also referenced in Section I (and accommodated within the cash limit budget for 2025/26), for:
 - £0.7m in IT primarily for cyber security

- £0.4m due to RBKC off-boarding (a short-term pressure which will be addressed during 2025/26)
- £0.4m of market supplements in Legal
- £0.2m in Organisational Resilience, following a decision to no longer provide Emergency Planning support through a service level agreement to some district and borough councils
- The remaining significant change is due to a transfer of £2.8m of budget to centralise the enabling functions of communication and engagement, some elements of IT and trading units. This increases the budget for Corporate Services but is net neutral across the County Council.

58. The proposed 2025/26 budget position is as set out below:

	2025/26	
	£'000	£'000
Corporate Operations		
Cash Limited Expenditure	79,657	
Less Income	(35,469)	
Net Cash Limited Expenditure before SP25		44,188
Phase 2 Savings		
Officer Savings Proposal SP25 Phase 2 *		(1,292)
Corporate Housekeeping Savings		(79)
MARS Savings SP25 Phase 2		(149)
Total Net Expenditure		42,668
People & Organisation		
Cash Limited Expenditure	26,013	
Less Income	(10,645)	
Total Net Expenditure - People & Organisation		15,368
Net Cash Limited Expenditure before SP25		
Phase 2 Savings		
Officer Savings Proposal SP25 Phase 2		(367)
Corporate Housekeeping Savings		(112)
MARS Savings SP25 Phase 2		(131)
Total Net Expenditure		14,758
Total Net Expenditure - Corporate Services		57,426

*Excludes £1.1m of SP25 Phase 2 savings to be delivered from IT reserves

Section L: Climate Change Impact

59. 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.

60. This report deals with the revenue budget preparation for 2025/26 for the Corporate Services Directorate and further SP25 savings proposals. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process, and for individual savings proposals if appropriate as part of the implementation process. There are no further climate change impacts as part of this report, and therefore the two climate change decision-making tools are not considered relevant to this decision report.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Corporate Services Savings Programme to 2025 – Revenue Savings Proposals (Leader and Executive Member for Hampshire 2050 and Corporate Services) https://democracy.hants.gov.uk/ieIssueDetails.aspx?IId=57856&Opt=3	25 September 2023
Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments	Cabinet – 10 October 2023 / County Council – 9 November 2023
Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=11427	Cabinet – 15 November 2024 / County Council – 28 November 2024
Budget Setting and Provisional Cash Limits 2025/26 https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=11442	Cabinet – 10 December 2024
Direct links to specific legislation or Government Directives	
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:

As part of the process for developing savings proposals, Directorates are required to assess the equality impact of each proposal that is put forward. For Corporate Services all but one of the proposals are inward facing in that they do not have a direct impact on members of the public. (The exception noted is the Phase 2 proposal to remove the County Council's contribution to the Solent Sea Rescue Organisation.) For the other savings Officers have carried out a high-level Equality Impact Assessment and the only impact is on staff which will be addressed through staff consultation processes as appropriate when revised structures or changes are brought forward. For the proposal to remove the County Council's contribution to the Solent Sea Rescue Organisation see accompanying Equalities Impact Assessment in Appendix 3 of this report.

The budget setting process for 2025/26 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and services changes which are part of the Savings Programme to 2025 Programme were considered in detail as part of the approval process undertaken in

September, October and November 2023 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 7 of the October Cabinet report linked below:

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

Budget Summary 2024/25 – Corporate Services

Service Activity	Original Budget	Revised Budget
	2024/25 ²	2024/25
	£'000	£'000
Audit	888	920
Finance	6,053	6,124
Pensions, Investments & Borrowing	139	211
IBC	14,478	15,050
IT	34,108	42,367
Strategic Procurement	3,126	3,218
Shared Services Partnership Income	(16,629)	(17,118)
Other Central Management Costs ³	668	709
Cost of Change - Corporate Operations	0	(2,824)
Total Corporate Operations	42,831	48,657
Government Grants	0	0
Net Cash Limited Expenditure Corporate Operations	42,831	48,657
Organisational Resilience	1,413	1,410
Democratic & Member Services	684	689
Legal Services	3,586	4,141
HR Operational Services	4,672	5,612
Communications & Engagement	1,832	3,980
Members & Other Central Management Costs ⁴	2,985	3,105
Hampshire Printing Services & Printsmart	(84)	(84)
Cost of Change - People & Organisation	0	(2,389)
Total People & Organisation	15,088	16,464
Government Grants	0	0
Net Cash Limited Expenditure People & Organisation	15,088	16,464
Net Cash Limited Expenditure Corporate Services	57,919	65,121

² The original budget for 2024/25 has been restated to include Hampshire Printing Services & Printsmart (previously within Universal Services)

³ Other Central Management Costs includes Audit fee, Corporate & Democratic Representation and Other.

⁴ Members & Other Central Management Costs include Chief Executives and Leaders Office, Members Support costs, Subscriptions to LGA and corporate hospitality,

Budget Summary 2025/26 – Corporate Services

Service Activity	Original Budget 2024/25⁵ £'000	Forward Budget 2025/26 £'000
Audit	888	650
Finance	6,053	5,113
Pensions, Investments & Borrowing	139	(67)
IBC	14,478	12,884
IT	34,108	33,644
Strategic Procurement	3,126	2,703
Shared Services Partnership Income	(16,629)	(13,029)
Other Central Management Costs ⁶	668	770
Cost of Change - Corporate Operations	0	0
Total Corporate Operations	42,831	42,668
Government Grants	0	0
Net Cash Limited Expenditure Corporate Operations	42,831	42,668
Organisational Resilience	1,413	1,469
Democratic & Member Services	684	535
Legal Services	3,586	4,087
HR Operational Services	4,672	3,335
Communications & Engagement	1,832	2,460
Members & Other Central Management Costs ⁷	2,985	2,939
Hampshire Printing Services & Printsmart	(84)	(67)
Cost of Change - People & Organisation	0	0
Total People & Organisation	15,088	14,758
Government Grants	0	0
Net Cash Limited Expenditure People & Organisation	15,088	14,758
Net Cash Limited Expenditure Corporate Services	57,919	57,426

⁵ The original budget for 2024/25 has been restated to include Hampshire Printing Services & Printsmart (previously within Universal Services)

⁶ Other Central Management Costs includes Audit fee and CAYs

⁷ Members & Other Central Management Costs include Chief Executives and Leaders Office, Members Support costs and Subscriptions to LGA.

Corporate Operations – Proposed Phase2 Savings Options (Subject to consultation where appropriate)

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26 £'000	2026/27 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CO - AU1	Internal Audit – Income from additional Partners and reconfiguration of SMT	Recruitment of 2 additional auditors to ensure capacity meets demand of new onboarding Partners. There is some risk if we cannot recruit additional IT audit capacity	150	150	150	
CO - CBS1	Shared Services - Removal of Partnership Relationship Manager post	Remaining Partnership Managers will need to take on more Partners. This may impact development programme delivery and governance support and potentially increase demand on operational leadership.	24	24	24	1.0
CO - CBS2	Shared Services - Support Service Review. Removal of operational and transformational support structures post S/4HANA stabilisation	These are critical functions that support the operational and transformational delivery of Shared Services. Review would look to identify posts that could be removed but may compromise service delivery so would need to be agreed with Partnership.	0	100	100	TBC
CO - FIN1	Finance Service - More efficient ways of working enabled by system changes together with a review of the risk based support provided to Directorates	There is a risk that systems changes are not achievable within a reasonable cost and that the risk based support will not be fully achievable within the estimated timescales.	140	290	290	5.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26 £'000	2026/27 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CO - I&B1	Pensions - Investments and Borrowing - Review of Treasury Management charges for Partners	No risk identified	35	48	48	
CO - IT01	IT Services - Supply Chain Efficiency - Rationalisation and re-use of licenses and contract renegotiations.	Minimal impact although savings may be dependent on global economy	370	466	466	
CO - IT03	IT Services - Review Support Resources and change management process, including peer review principles, with aim of optimising process steps and risk levels to enable automated approval of low risk changes	Support Resources may not have the capacity to deal with volumes in peak times and there may be more unsuccessful change processes as a result of the automation but these risks are considered manageable	82	112	112	3.0
CO - IT04 a	IT Services - Technology Consolidation & Rationalisation - Removal of redundant technology, consolidating technology to remove duplication and reviewing the future business and technical specification requirements for new equipment	Minimal impact for the most part although some systems are higher risk than others. Some proposals will require significant investment funding to complete the project.	325	510	780	

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26 £'000	2026/27 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CO - IT05	IT Services - Review of existing mobile phone use and de-commissioning of lines	No impact, these savings are in addition to the cross cutting savings following a review of the mobile phone use policy (TBC)	66	94	94	
CO - SP1	Strategic Procurement - Introduction of an online 'document tool' to reduce the admin burden on the team and assist with new regulations coming into force. May be an opportunity to sell the tool to other Partners.	The new tool is still in development and is as yet untested, so savings are indicative at this stage.	100	100	100	
Total - Revenue			1,292	1,894	2,164	9.0
CO - IT02	IT Services - RCCO for replacement of devices - reduced contribution based on current cost and profile of spend	Limited risk and maintains the 3 year replacement profile currently in place. Costs in the market at point of replacement could be a risk but if necessary one off funding could be found at that point potentially from other IT reserves	1,000	1,000	1,000	
CO - IT04 b	IT Services - Technology Consolidation & Rationalisation - Removal of redundant technology, consolidating technology to remove duplication and reviewing the future	Minimal impact for the most part although some systems are higher risk than others. Some proposals will require significant investment funding to complete the project.	102	102	102	

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26 £'000	2026/27 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	business and technical specification requirements for new equipment					
Total – Reserves			1,102	1,102	1,102	
Total			2,394	2,996	3,266	9.0

People & Organisation – Proposed Phase 2 Savings Options (Subject to consultation where appropriate)

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26 £'000	2026/27 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
PO-CE-CE-E-1	Communications and Engagement Reduction in the level of County Council support provided to the Lord Lieutenancy Office.	There is a risk that a reduced level of support may impact the Lord Lieutenant's ability to fulfil his duties in relation to planning of Royal visits and events. Alternative sources of funding and ways of working will be explored by the Lord Lieutenant.	13	25	25	0.0
PO-LS-LS-E-1	Legal Services Review of the operating model for Legal Services including the Leadership Team and selected operational teams in the service, to reduce the number of positions.	Reduced leadership and management capacity to drive change and income generation with a small reduction in the legal resource available to support the Council.	120	150	150	3.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26	2026/27	Full Year Impact	Estimated Staffing Impact
			£'000	£'000	£'000	FTE
PO-DI-DI-E-2	Democratic & Information Compliance Further reduction in Democratic Services roles achieved through further efficiencies generated from changes to current ways of working and maximising the use of available technology.	Reduced capacity to manage democratic function could impact ability of team to respond to and support Members.	50	50	50	1.0
PO-DI-DI-E-3	Democratic & Information Compliance Redesign of Independent School Appeals service, to enable removal of corporate budget contribution.	Low risk in relation to removal of the corporate contribution.	16	16	16	0.0
PO-EP-EP-DP-1	Emergency Planning Removal of the County Council's contribution to the Solent Sea Rescue Organisation (SSRO), a charity made up of seven independent lifeboat organisations.	There is no statutory requirement for the County Council to make a financial contribution to the SSRO however, it is likely to mean that the charity will need to find alternative sources of funding. As such it is proposed the current level of funding will not be removed until 2026/27, to provide the SSRO time to plan for this change	0	49	49	0.0
PO-ME-ME-E-1	Members & Elections Removal of surplus budget allocated for Members Expenses.	No risk, this removes existing surplus budget which is no longer required.	105	105	105	0.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2025/26	2026/27	Full Year Impact	Estimated Staffing Impact
			£'000	£'000	£'000	FTE
PO-PO-PO-E-1 to PO-PO-E-3	People & Organisation Led - Other Removal of corporately held hospitality and events budgets, including budgets allocated to support events held by the Leader and Chairman of the County Council.	Reduced ability to recognise key events and / or achievements	23	23	23	0.0
PO-PO-PO-E-4	People & Organisation Led - Other Discontinue some corporate membership and publication subscriptions.	Potential strategic disadvantage in terms of position and standing in sector. Inability to access key information shared through these membership groups.	40	40	40	0.0
Total			367	458	458	4.0

People and Organisation – Equality & Impact Assessment

Name of SP25 Phase 2 proposal:	SP25 Phase 2 Proposal Reference:
Emergency Planning Removal of the County Council's contribution to the Solent Sea Rescue Organisation (SSRO), a charity made up of seven independent lifeboat organisations.	PO-EP-EP-DP-1

EIA writer(s) and authoriser

No.		Name	Directorate	Position	Email address	Phone number	Date	Issue
1	Report Writer(s)	Steph Randall	People + Organisation	Deputy Director	Stephanie.randall@hants.gov.uk	03707 791776	13.01.25	1.0
2	EIA authoriser	Jac Broughton	People + Organisation	Director	Jac.broughton@hants.gov.uk	0370 779 7499	13.01.25	1.0

Section one – information about the service and service change

Service affected	Funding provided to the Solent Sea Rescue Organisation (SSRO) by the Emergency Planning & Resilience Service
Please provide a short description of the service / policy/project/project phase	The County Council is a full Member of the Solent Sea Rescue Organisation (SSRO) which is a charitable organisation founded in 1978, established to preserve or assist in the preservation of life and prevention of injury at sea on the foreshore of the Solent and on the beaches of the counties of Hampshire and the Isle of Wight. The SSRO is an external body to Hampshire County Council, with representation from the County Council as Chairman and Trustee.

	<p>The SSRO was originally set up to co-ordinate grant funding by “Maritime Local Authorities” across the Solent (including Hampshire County Council) of various (non-RNLI) lifeboats, on the basis that this would be a more cost-effective way of funding (with some central savings) than each authority administering their own arrangements. There are five local authorities making financial contributions to the SSRO: Hampshire County Council, New Forest District Council, Fareham Borough Council, Gosport Borough Council, Isle of Wight County Council. Hampshire County Council provides an annual contribution of £49,000 and is the largest financial contributor to the central funding received by the SSRO.</p> <p>The annual funding provided to the SSRO by Hampshire County Council contributes towards the cost of marine insurance that is procured and paid for by the SSRO, to cover the seven independent lifeboat organisations who are part of the Charity: Freshwater Lifeboat, Gosport and Fareham Inshore Rescue, Portsmouth and Southsea Voluntary, Ryde Inshore, Sandown and Shanklin Inshore, Solent Rescue, and Stanswood Beach Rescue.</p>
<p>Please explain the new/changed service/policy/project</p>	<p>The proposal is to cease the provision of £49,000 annual funding provided by Hampshire County Council to the SSRO from 2026/27. This is a result of a review of the continued payment to the SSRO in line with the County Council’s core purpose, leading to the conclusion that, as for all local authorities, there is no legal requirement or statutory duty for the County Council to make a financial contribution or to provide such services to the SSRO. It is recognised that the likely impact of the removal of funding will mean the charity would need to identify alternative sources of funding to cover future insurance costs if the Charity is to continue. However, a review on 13.01.25 of the last financial year accounts filed with Charities Commission for the seven individual charities that make up the SSRO, indicates that should County Council funding cease, these insurance costs could potentially be absorbed across the charities themselves.</p>

Engagement and consultation

Where applicable, detailed proposals for making savings will be subject to further, more detailed 'stage two' consultation before any decisions on service specific changes are made.

Has any pre-consultation engagement been carried out?

Yes. Solent Sea Rescue Organisation have been advised of the proposals, and further engagement with them is planned.

Describe the consultation or engagement you have performed or are intending to perform.

Describe who was engaged or consulted. What was the outcome of the activity and how have the results influenced what you are doing? If no consultation or engagement is planned, please explain why.

Solent Sea Rescue Organisation have been advised of the proposals. In addition, Cllr Burgess has also been informed, in view of his role as Trustee and Chairman of the SSRO. There is no public consultation planned as the annual funding is provided by an allocated internal budget and not through a grant process.

Section two: Assessment

Carefully and consciously consider the impacts of the proposed change.

Consider at this point whether the assessment is of impacts on staff or service users. If it is both the impacts may be contradictory for each group (negative for staff but positive for customers, or vice versa). Consider completing two assessment tables (one for staff and one for customers) and providing one equality statement for both groups.

If the proposed change is expected to have a positive, neutral (no impact) or negative (low, medium or high) impact on people in protected characteristics groups or those who may be impacted by poverty or rurality. Indicate the impact by entering the risk score in the relevant column in the table below.

If an overview assessment of due regard is appropriate, please go to box 2.

Table 1 Impact Assessment [add ✓ to relevant boxes

Protected characteristic	Positive	Neutral	Negative - low	Negative - Medium	Negative - High	Affects staff, public or both?
Age			✓			Public
Disability		✓				Public
Gender reassignment		✓				Public
Pregnancy and maternity		✓				Public
Race		✓				Public
Religion or belief		✓				Public
Sex		✓				Public
Sexual orientation		✓				Public
Marriage & civil partnership		✓				Public
Poverty		✓				Public
Rurality		✓				Public

Table 2 Geographical impact

Does the proposal impact on a specific area? Consider the [demographic data](#) of the locations.

Area	Yes / no
All Hampshire	Yes
Basingstoke and Deane	
East Hampshire	
Eastleigh	
Fareham	
Gosport	
Hart	
Havant	
New Forest	
Rushmoor	
Test Valley	
Winchester	

Section three: Equality Statement

For all characteristics marked as either having a neutral or low negative impact, challenge your assessment - carefully consider the protected characteristics, if necessary, review the Inclusion and Diversity eLearning, discuss with an EIA co-ordinator.

Table 3 Consideration of and explanation for neutral or low negative impacts

Protected characteristic	Brief explanation of why this has been assessed as having neutral or low negative impact
Age	The removal of funding could have low negative impacts on any age who rely on the lifeboat services for assistance or rescue operations at sea, in Hampshire and the Isle of Wight, including the Solent and Portsmouth In particular, certain age groups, such as the elderly and children, may be more vulnerable and at a higher risk, requiring more assistance in emergency situations.

For all characteristics marked as either having a 'medium negative' or 'high negative', please complete table 4:

Table 4 Explanation and mitigation for medium and high impacts

Protected characteristic	Brief explanation of why this has been assessed as having medium or high negative impact	Is there a Geographical impact? If so, please explain - use list above to identify geographical area(s)	Short explanation of mitigating actions
n/a			

If you have specified mitigations as part of the assessment, now consider reviewing the impact severity/risk assessment.

For all characteristics marked as either having a positive impact please explain why in table 5.

Table 5 Consideration of and explanation for positive impacts

Protected characteristic	Brief explanation of why this has been assessed as having positive impact
n/a	

Further actions and recommendations to consider:

- If neutral or low negative impacts have been carefully considered and identified correctly, the activity is likely to proceed.

- If medium negative or high negative have been identified:
 - The policy, service review, scheme or practice may be paused or stopped
 - The policy, service review, scheme or practice can be changed to remove, reduce or mitigate against the negative impacts.
 - Consider undertaking consultation/re-consulting⁸.
 - If all options have been considered carefully and there are no other proportionate ways to remove, reduce, or mitigate - explain and justify reasons why in the assessment.
 - Carry out a subsequent impact severity assessment following mitigating actions.

Box 1

Please set out any additional information which you think is relevant to this impact assessment:

n/a

Box 2

If appropriate, (i.e., it is immediately evident that a full EIA is not necessary) please provide a short succinct assessment to show that due regard has been given and that there is no requirement for a full EIA:

n/a
