

Item 10: Medium Term Financial Strategy and Transformation to 2019 Savings Proposals – Introduction to Debate by the Leader

This report deals with a difficult subject and with some difficult recommendations made first by our officers to Cabinet and now by Cabinet to Council albeit with some crucial changes.

Hampshire is facing similar problems to most other upper tier authorities, although we are probably better placed than many largely because of good forward planning.

Northamptonshire for instance is contemplating a negative budget only achieving a balance over a number of years. Somehow I doubt they will get permission to do that and are likely to get a negative auditors report.

Last time Hampshire got a negative auditors report was back in 1997 in the days of the Lib Lab pact when the auditors said the reserves were too low.

- In essence as a result of reductions in government Grant coupled with inflationary pressures - such as salaries and living wage alone costing another £50m and then demographic pressures - more elderly people and more children, even after assuming a Council Tax increase at the maximum permissible without a referendum, we have to take £140m out of our budget by 2019-20. That £140m figure was reported to Council way back in February last year.
- This further reduction comes on top of the £340m we have already taken out of expenditure which is why it is so hard to find it now by back office re-organisation. Even so, some £20million is coming from budget management measures.

And by law we have to set a balanced budget. That is non negotiable.

People tell us they are prepared to pay a bit more so although we do not set Council Tax today, to keep the expenditure reductions down to £140m we will work on the assumption of the maximum permissible Council Tax increase next year without a referendum i.e. of 1.99% + 3% allowed for social care increases.

- As this report makes clear Hampshire County Council remains in a stable financial state having successfully delivered our previous round of savings for Transformation to 2017. We achieved this while retaining high quality essential services and it is my determination to take the same approach again now. That is an approach predicated on living within our means, adopting a long term approach, taking difficult decisions in consultation and using our carefully managed reserves not to avoid the problem but to deal with it directly and in a way that minimises the impact of changes on our staff and especially our citizens.
- Section 3, page 52 outlines the significant contribution that our various forms of commercial activity make to our financial resilience. This activity is now extensive and wide ranging. Councillor Kendal will expand but it contributes some £130million helping maintain services.
- Section 4, page 63 - I would particularly ask you to note almost £20m extra for Childrens Services - increases related to demand pressures, social worker attraction and retention, home to school transport and special guardianship

orders. We do not get many petitions or deputations concerned with looked after children but they are our statutory responsibility.

- Section 5, page 69 outlines the feedback from our consultation exercise 'Serving Hampshire – Balancing the Budget' - the headline findings indicate that the public are in broad agreement with our financial strategy.
- Section 6 shows the Equality Impact Assessments and it is important to note we have full regard to those assessments and public comments.
- I want to pay particular emphasis on the recommendation which was added at Cabinet where we asked officers, to continue to explore all viable options to revise or refine proposals with particular regard to service continuity in areas such as community transport, school crossing patrols and waste and recycling centres, in consultation with partners. If we can find solutions we will.
- In meetings with ministers, in correspondence and through bodies such as the LGA and the CCN, I have regularly stressed the difficult position county councils are in and that sometimes a small, even nominal payment for a service can produce a significant income meaning we can avoid losing the service.
- E.g. a £1 charge per HWRC visit would produce close to £4m; if there were a £10 annual charge for Bus Passes then over £400,000 could be raised, enough to fund a community transport scheme; if there was a 50p charge per journey then that would produce some £4m, enough to keep contributions to commercial bus services that are uneconomic. The Minister of Transport, when I met him, gave a very promising reaction. No promises we can do this but we are determined to continue and I will add an additional recommendation to that effect to ask for your support. The national scheme may suit London but not rural areas like Hampshire.
- Section 9, page 84 reminds us that we will return to the budget in February next year when we will meet again to formally set the precept.
- I particularly want to highlight Recommendation XI from the Cabinet to provide £500K support to Town and Parish Councils to provide pump priming funding for targeted, joint initiatives aimed at improving local services. Where the local Parish or Town Council wants to retain a service, e.g. verge cutting, we want to help them be able to do that perhaps by purchase of equipment.
- I will ask the Council to support the recommendations with an addition (m):

“That the County Council calls on the Government to permit Councils responsible for administering the national Concessionary Travel Scheme, to levy modest charges on older persons' passes, .e.g. 50p for each use and £10 for issuing and renewing permits with the balance of revenue raised after costs to be used to support uncommercial, public or community transport services serving vulnerable or disadvantaged residents or areas.”