

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Performance, Human Resources and Partnerships
Date:	21 January 2022
Title:	2022/23 Revenue Budget Report for Culture, Communities and Business Services (Corporate Health and Safety)
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Operations

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2022/23 budget for the Council's Corporate Health and Safety service in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2021. The Corporate Health and Safety service is managed by the Culture, Communities and Business Services (CCBS) Department and falls under the remit of the Executive Member for Performance, Human Resources and Partnerships.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2021/22 as set out in Appendix 1.
3. The summary revenue budget for 2022/23 as set out in Appendix 1.

Section C: Executive Summary

4. This report provides the revised budget for 2021/22 and the summary outputs of the 2022/23 budget planning process for the Corporate Health and Safety service. This process has been undertaken against a backdrop of considerable uncertainty, both in terms of the resources available to the Council and the ongoing impacts of Covid-19 on service delivery. As we transition towards a

'new normal' post-Covid, the distinction between latent and longer term Covid impacts and 'business as usual' financial pressures is difficult to establish. For the purposes of budget setting, the impact of Covid-19 continues to be dealt with as a discrete one-off financial impact as far as possible, separate from the business as usual medium term financial strategy.

5. The 2021 Spending Review announced a 3% per annum real terms increase in local government core spending power to 2024/25. In 2022/23, local authorities will benefit from a considerable boost to grant funding allocated through the local government finance settlement, however this is set against a requirement for £26m additional grant as part of the SP2023 programme. The Spending Review has therefore not diminished the challenges that the authority faces in securing financial sustainability over the medium term.
6. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering departmental savings targets, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR). In line with this strategy, there will be no new savings proposals presented as part of the 2022/23 budget setting process. Savings targets for 2023/24 were approved as part of the MTFs in July 2020 and detailed savings proposals, developed through the Savings Programme to 2023 (SP2023), were agreed by Cabinet and County Council during October and November last year.
7. The anticipated delay to delivery of some aspects of the existing Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) programmes has been factored into our financial planning, and a combination of one-off corporate and departmental funding will be provided to bridge the forecast savings gap in 2021/22 and 2022/23. As of November 2021, £9m of Tt2019 savings and £38m of Tt2021 savings have yet to be delivered, in addition to the £80m of SP2023 savings required by 2023/24. The Council therefore faces the substantial challenge of delivering three overlapping change programmes, requiring a total of £127m budget savings. The report discusses the specific issues impacting delivery of the savings programme for Corporate Health and Safety in Section F.
8. The report also provides an update on the business as usual financial position for the current year. The outturn forecast for the Corporate Health and Safety service for 2021/22, excluding the financial impact of Covid-19, is a budget saving of £67,000.
9. The proposed budget for 2022/23 for Corporate Health and Safety is shown at Appendix 1.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2021/22 and proposed budget for 2022/23 for Corporate Health and Safety. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 8 February 2022 to make final recommendations to County Council on 17 February 2022.

Section D: Contextual Information

11. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in October and November respectively, addressed the challenges of long term financial planning in an environment of significant uncertainty, in respect of both ongoing spending commitments and the national funding position for the local government sector.
12. The 2021 Spending Review represents the first multi-year budget since 2016/17 following single year spending announcements in 2019 and 2020 linked to uncertainty surrounding the UK's exit from the EU and recently the economic impacts and fiscal response to Covid-19. Whilst the additional certainty offered by a multi-year settlement is welcome, it is disappointing that local authority funding will remain relatively flat in 2023/24 and 2024/25. The settlement therefore does not present a long term solution to funding growth in service demand, for which the Council has lobbied the government for a number of years.
13. The impact of Covid-19 continues to be dealt with as a discrete one-off financial impact, separate from the business as usual medium term financial strategy. The budget summary presented in this report does not take account of Covid impacts as these will be centrally funded on a one-off basis in line with the pressures reported by departments in their financial monitoring returns. However, it should be noted that as we transition towards a 'new normal' post-pandemic, the distinction between latent and longer term Covid impacts and 'business as usual' financial pressures is difficult to establish. The complex inter-relationship between numerous variables post-pandemic makes forecasting challenging but based on recent analysis carried out as part of detailed budget preparation work, the medium term forecast for departmental spending now anticipates significant pressure building by 2024/25 within Adults' and Children's social care.
14. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
15. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, placed it in a very strong position to produce a 'steady state' budget for 2022/23, giving itself the time and capacity to develop and implement the SP2023 Programme to deliver the next phase of savings totalling £80m by April 2023. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community.

16. Consequently, there are no new savings proposals to be considered as part of the 2022/23 budget, however other factors will still affect the budget, such as the publication of specific grant allocations and potential increases in unavoidable pressures such as inflation.
17. The Autumn Budget and Spending Review announcement took place on 27 October 2021 and the key elements were as follows:
 - Local government Core Spending Power will increase by 3% per year in real terms in the period to 2024/25, however this includes raising Council tax and the Adult Social Care (ASC) Precept by the maximum permitted increases.
 - Over the next three years, local authorities will be allowed to increase core council tax by up to 2% per year without a referendum. In addition, ASC authorities will be allowed to raise the ASC Precept by 1% each year. The MTFS assumes that the Council will have the flexibility to raise the ASC Precept by 2% each year and the reduction in the available precept therefore presents a further funding shortfall for the Council of £14m by 2023/24.
 - An additional £4.8bn grant funding was announced for social care and other services to 2024/25. This includes around £1.5bn per year to be distributed through the local government finance settlement in addition to an extra £200m for the Supporting Families Programme and over £70m to boost cyber security and to further strengthen local delivery and transparency.
 - The Spending Review confirmed that £3.6bn of the additional £5.4bn funding for adult social care reforms announced on 7 September 2021 will be routed through to local government. The funding is expected to cover all additional costs resulting from the personal care cap and revised capital limits.
 - Included within the Department of Health and Social Care settlement was an additional £1.7bn over three years to improve the wider social care system, including the quality and integration of care. At least £500m of this will be allocated to improve qualifications, skills, and wellbeing across the adult social care workforce.
 - £2.7bn funding for local road maintenance for non-mayoral authorities over the remaining years of the parliament, equivalent to £900m per year. This allocation is expected to maintain highways funding at 2021/22 levels.
 - The government published its report on the outcome of the Fundamental Review of Business Rates. The review reaffirmed the advantages of business rates as a form of business taxation and did not propose any fundamental changes to the basis on which the tax is levied. However, the government announced a move to 3-yearly revaluations starting in 2023, a freeze on the multiplier and significant new temporary and permanent reliefs, including a 50% relief for retail, hospitality and leisure businesses

in 2022/23. Local authorities will be fully compensated for the multiplier freeze and new reliefs via Section 31 grants.

Provisional Local Government Finance Settlement

18. The Provisional Local Government Finance Settlement sets out the key funding allocations that the Council will receive from Government for the coming financial year. This year's settlement covers 2022/23 only as the allocations of funding from 2023/24 will be the subject of a review of the local government funding regime and further consultation, to be carried out in Spring 2022.
19. The key outcomes of the settlement for the County Council are show below and are split between general resources which will contribute to meeting the Council's overall budget requirement, and specific resources which are needed to meet new departmental costs:

Funding Source	2021/22 allocation (£m)	2022/23 allocation (£m)	Change (£m)
Social Care Grant	26.2	37.2	+11.0
2022-23 Services Grant	-	8.3	+8.3
Business rates grant	6.3	9.9	+3.6
Total 'general' resources	32.5	55.4	+22.9

Funding Source	2021/22 allocation (£m)	2022/23 allocation (£m)	Change (£m)
Market Sustainability and Fair Cost of Care Fund	-	3.2	+3.2
Improved Better Care Fund	30.4	31.3	+0.9
New Homes Bonus	3.9	3.4	-0.5
Total 'specific' resources	34.3	37.9	+3.6

20. The key features of the settlement are:
- A 6.3% increase in Core Spending Power, of which 3% is attributable to the grant allocations set out above and 3.3% is attributable to council tax increases (including 1% for ASC) and tax base growth. This compares with an average 7.5% increase for Shire Counties.
 - The 2022/23 Services Grant will be distributed based on the 2013/14 local government funding formula for 2022/23 only. The distribution will be re-evaluated for future years in light of the proposed review of local government funding.
 - The Market Sustainability and Fair Cost of Care Fund is part of the government's package to support the recently announced social care reforms, providing funding for local authorities to prepare their care markets for reform and move towards paying providers a fair cost of care.

There are a number of conditions associated with the funding which will require new consultation and market intervention activity and therefore it will not contribute towards meeting the budget deficit in 2022/23.

- The New Homes Bonus was expected to end in 2022/23 but will instead continue for a further year to 2023/24, albeit at a reduced level and has traditionally been used for one-off purposes by the County Council.
21. The final grant settlement for 2022/23 is not due out until January / February 2022. The impact of the final settlement will be reflected in the budget setting report to Cabinet and County Council.
 22. The CCBS Department, which includes the Corporate Health and Safety service has been developing its service plans and budgets for 2022/23 and future years in keeping with the County Council's priorities.

Section E: 2021/22 Revenue Budget and Budget Summary 2022/23

23. The Corporate Health and Safety budget was moved during 2021/22 from the Policy and Resources portfolio to the CCBS Department. The budget is reported to the Executive Member for Performance, Human Resources and Partnerships and will be reviewed by the Policy and Resources Select Committee.
24. The anticipated business as usual 2021/22 outturn forecast for Corporate Health and Safety is for a saving against the budget of £67,000 mainly resulting from staff vacancies.
25. The budget update report presented to Cabinet on 07 December 2021 included provisional cash limit guidelines for each department. The cash limit for the CCBS Department in that report was £44.8m of which £770,000 related to Corporate Health and Safety. The Corporate Health and Safety budget has increased by £22,000 for inflation.
26. Appendix 1 sets out a summary of the revised 2021/22 budgets and the proposed 2022/23 budgets for the service activities provided by the CCBS Department including Corporate Health and Safety and show that these are within the cash limit set out above.

Section F: Revenue Savings Proposals

27. Savings targets for 2023/24 were approved as part of the MTFs by the County Council in July 2020. Proposals to meet these targets have been developed through the SP2023 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2021.

28. In line with the Council's financial strategy, SP2023 savings will be delivered over a two year period with the business as usual deficit in 2022/23 being met from the Budget Bridging Reserve.
29. This approach in developing and implementing the savings programme for 2023/24 means that the County Council is able to set a balanced budget in 2022/23 and that no new savings proposals are being considered as part of the budget setting process for the 2022/23 financial year.
30. Given the medium term deficit due to Covid-19 pressures and the resulting financial response package, which uses up all available financial flexibility, it remains critical that SP2023 is delivered by 1 April 2023. Rigorous monitoring of the delivery of the programme is therefore already underway to ensure that the Department is able to deliver its savings in full by this date.
31. The Corporate Health and Safety service had a target saving of £50,000 for Tt2021. Given the significant pressures on the service as a key part of the County Council's Covid-19 response the planned income generation programme was put on hold, but the saving is expected to be fully delivered in 2022/23. CCBS has made appropriate provision in its Cost of Change reserve to cash flow this timing shortfall.
32. The service also has a target saving of £75,000 for SP2023. To meet its SP2023 savings target, the Health and Safety service is proposing to conduct a thorough review and explore opportunities to make changes to the way in which proactive (and potentially reactive) work is delivered. The review will include an appraisal of the service's current range of activities, options for income generation and the resources required to deliver them, including consideration of any additional strategic capacity which may be needed for the service to meet corporate needs. Supporting technology for the service will also be considered to improve efficiency and to capitalise on the technological advancements and capability that exist in the corporate IT systems.
33. As part of the overall review, consideration will be given to the need to provide greater strategic capacity for the service and, as part of this, how best to deploy the recurring additional funding of £110,000 agreed by Cabinet on 13 July 2021 for additional senior capacity to support the health and safety and risk functions across the County Council.

Section G: Consultation, Equalities and Climate Change Impact Assessment

34. 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.

35. This report deals with the revenue budget preparation for 2022/23 for the Corporate Health and Safety service. This is the interim year of the two year financial planning cycle when no new savings proposals are being considered. Therefore no consultation or Equality Impact Assessments are required.
36. 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.
37. This report deals with the revenue budget preparation for 2022/23 for the Corporate Health and Safety service. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2022/23 for the Corporate Health and Safety service.

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>
Savings Programme to 2023 – Revenue Savings Proposals (Executive Member for Performance, Human Resources and Partnerships) https://democracy.hants.gov.uk/documents/s82562/Report.pdf	29 September 2021
Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=7737	Cabinet – 12 October 2021 / County Council – 4 November 2021
Budget Setting and Provisional Cash Limits 2022/23 https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=7745	Cabinet – 7 December 2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

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

2. Equalities Impact Assessment:

The budget setting process for 2022/23 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Savings Programme to 2023 Programme were considered in detail as part of the approval process carried out in October and November 2021 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 8 in the October Cabinet report linked below:

<https://democracy.hants.gov.uk/ieListDocuments.aspx?CIId=163&MIId=7737>

For proposals where a Stage 2 consultation is required the EIAs are preliminary and are to be updated and developed following this further consultation when the impact of the proposals can be better understood.

Budget Summary 2022/23 – CCBS Corporate Health and Safety

Service Activity	Original Budget 2021/22 £'000	Revised Budget 2021/22 £'000	Proposed Budget 2022/23 £'000
Health and Safety	748	748	770
Net Cash Limited Budget	748	748	770
CCBS Recreation, Heritage and Rural Affairs	19,160	21,352	19,134
CCBS Commercial Strategy, Estates and Property	23,170	28,497	24,570
Emergency Planning	295	289	301
CCBS Cash Limited Budget	43,373	50,886	44,775