

# Public Document Pack



## NOTICE OF MEETING

<b>Meeting</b>	Cabinet
<b>Date and Time</b>	Tuesday, 6th February, 2024 at 2.00 pm
<b>Place</b>	Ashburton Hall, Ell Court, The Castle, Winchester
<b>Enquiries to</b>	members.services@hants.gov.uk

Carolyn Williamson FCPFA  
Chief Executive  
The Castle, Winchester SO23 8UJ

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## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

### 3. MINUTES OF PREVIOUS MEETING (Pages 5 - 12)

To confirm the minutes of the previous meeting.

**4. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**5. DEPUTATIONS**

To receive any deputations notified under Standing Order 12.

**6. DRIVING TOWARDS ECONOMIC STRENGTH (Pages 13 - 32)**

To consider an update report of the Director of Hampshire 2050 on the state of Hampshire's economy and to highlight latest developments on sub-national economic policy making, recognising the importance of a strong and prosperous economy on wider long-term outcomes across the county.

**7. REVENUE BUDGET AND PRECEPT FOR 2024/25 (Pages 33 - 142)**

To consider a report of the Deputy Chief Executive and Director of Corporate Operations on proposals for the revenue budget and precept for 2024/25, and an update on the financial position for 2023/24.

**8. CAPITAL PROGRAMME FOR 2024/25 TO 2026/27 (Pages 143 - 178)**

To consider a report of the Deputy Chief Executive and Director of Corporate Operations regarding the proposed capital programme for 2024/25 and provisional programmes for the subsequent two financial years.

**9. SCHOOL STREETS (Pages 179 - 188)**

To consider a report of the Director of Hampshire 2050 on the current School Streets trials and to set out a proposed way forward for the existing trial sites and other interested schools.

**10. ADOPTION OF LOCAL TRANSPORT PLAN 4 (Pages 189 - 350)**

To consider a report of the Director of Hampshire 2050 seeking recommendation to Council for the adoption of the draft new Local Transport Plan (LTP4) as the Council's principal transport policy document.

**11. CONSTITUTIONAL UPDATE, STANDING ORDERS AND PROTOCOL FOR MEMBER OFFICER RELATIONS (Pages 351 - 420)**

To consider a report of the Chief Executive on updates to the Constitution on Standing Orders and the Protocol for Member Officer relations.

**12. DIGITAL HAMPSHIRE: FUTURE STRATEGY (Pages 421 - 432)**

To consider a report of the Director of Hampshire 2050 on the future approach to the County Council's strategy for Hampshire as a Digital Place.

**ABOUT THIS AGENDA:**

**On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.**

**ABOUT THIS MEETING:**

**The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

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

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# Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Tuesday, 12th December, 2023

Chairman: \* Councillor Rob Humby

- |                            |                                  |
|----------------------------|----------------------------------|
| * Councillor Roz Chadd     | * Councillor Steve Forster       |
| * Councillor Liz Fairhurst | * Councillor Nick Adams-King     |
| * Councillor Jan Warwick   | * Councillor Russell Oppenheimer |
| * Councillor Edward Heron  | * Councillor Kirsty North        |

Also present with the agreement of the Chairman: Councillors Jonathan Glen, Tim Groves, Peter Latham, Neville Penman, Martin Tod and Sean Woodward.

## 158. **APOLOGIES FOR ABSENCE**

All Members were present and no apologies were noted.

## 159. **DECLARATIONS OF INTEREST**

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

## 160. **MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 10 October 2023 were agreed as a correct record.

## 161. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

Following the decision by Full Council last month to approve Hampshire's financial strategy to 2025-26, the County Council would be launching a public consultation on the future of some local services. The County Council was keen to hear from as many people in Hampshire as possible who may be affected by the proposals.

He had attended the County Councils Network Conference in November. It was a sobering reminder that Leaders of upper tier authorities were having to make difficult decisions in response to the sector's financial challenges.

Following confirmation in the Autumn Statement, he confirm that from April 2024, the County Council would continue to pay monthly 'thank you' payments of £500 to all Homes for Ukraine hosts for another 12 months, regardless of how long their guest had been in the UK.

He and the Deputy Leader attended the Hampshire 2050 Summit the previous month to discuss next steps for future collaboration and delivery of the Hampshire 2050 Vision. More information about the Partnership's activities would be shared in the months ahead.

He was pleased to report that the County Council was one of the finalists of the Supportive Local Authority Award in the Community Energy Awards. The County Council's response to climate change would continue to be embedded into business as usual across all Directorates, and was outlined in the Annual Report later on the agenda.

He attended and spoke at the Hampshire Business Awards ceremony at the Farnborough International Exhibition and Conference Centre in November. The Awards were well received by local businesses, attracted 260 quality nominations and over 500 attendees. He expressed thanks to all those who had made the event a success.

He welcomed the recent awards of £20 million to Gosport Borough Council and £18 million to Test Valley Borough Council from the UK Government's Levelling Up Fund to progress local regeneration schemes.

He reminded members that the deadline for donating a gift for the County Council's care leavers via the Care Leavers Service was 14 December.

## 162. **DEPUTATIONS**

Two deputations were received relating to the Hampshire Minerals and Waste Plan – Approval for Consultation, expressing concern regarding the partial update and the proposed inclusion of the Midgham Farm site. A deputation was also received in relation to the Climate Change Annual Report, welcoming the report and commending the work of the climate change team.

The Chairman thanked all three deputations for their comments.

## 163. **DRIVING TOWARDS ECONOMIC STRENGTH**

Cabinet considered a report of the Director of Hampshire 2050 and Assistant Chief Executive regarding long-term economic strength for Hampshire. Cabinet welcomed the recent global investment announcement which was good news for the UK economy as a whole and awaited details of schemes relevant to the Hampshire area.

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

**164. FINANCIAL UPDATE AND BUDGET SETTING AND PROVISIONAL CASH LIMIT 2024/25**

Cabinet considered a report of the Chief Finance Officer and Director of Corporate Operations on the in-year financial position, including the Transformation to 2021 Programme and Savings Programme to 2023, and the framework for setting the 2024/25 budget and next steps for closing the 2025/26 budget deficit. During the discussion, it was confirmed that there was confidence that the funding gap to 2025/26 would be closed and there was no immediate expectation of a Section 114 notice being required. The Chairman thanked officers and Cabinet members for their work with directorates. Cabinet acknowledged the significant challenge ahead.

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

**165. SUPERFAST BROADBAND: PROJECT CONCLUSION**

Cabinet considered a report of the Director of Hampshire 2050 on the achievements and lessons learnt from the delivery of the Superfast Broadband programme.

At the invitation of the Chairman, Councillor Martin Tod addressed Cabinet. He declared a personal interest as a member of the LEP Joint Leaders Board covering the Winchester district. He welcomed and supported the achievements within the report and suggested moving forward with new and more demanding targets.

Cabinet discussed the outcomes of the Superfast Broadband programme with coverage increasing to over 95% in all areas. The Director confirmed that consideration of the future of Digital Hampshire would be brought forward to Cabinet in the new year.

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

**166. CLIMATE CHANGE ANNUAL REPORT**

Cabinet considered a report of the Director of Hampshire 2050 on progress on climate change over the last 12 months, including planning for the year ahead. The Chairman acknowledged receipt of a letter from the Hampshire 2050, Corporate Services and Resources Select Committee following its scrutiny of this matter at its meeting on 30 November. The Committee made a number of observations, and the letter had been published alongside the agenda papers on the County Council's website. The Chairman thanked the committee for its helpful comments.

During the discussion, Cabinet heard that the County Council was actively working in partnership with district and borough councils, engagement with an expert forum and with residents on local projects and programmes. The County Council's powers to affect climate change alone were limited and partnership engagement was essential in delivering key priority programmes as set out in the Strategic Framework.

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

**167. HAMPSHIRE MINERALS AND WASTE PLAN - APPROVAL FOR CONSULTATION**

Cabinet considered a report of the Director of Hampshire 2050 on the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan, which would form the basis of the public consultation scheduled for winter 2023.

The Chairman had received some correspondence, including a letter from the Leader of Dorset Council, regarding the proposed site allocations within the Hampshire Minerals and Waste Partial Update Plan. He assured those who had contacted him that all comments received would be considered, and that the proposed consultation would provide the opportunity for everyone to have their say. Cabinet was being asked for approval to enable that public consultation to take place. He explained that, following the consultation, and subject to further County Council approval, the Plan would be submitted to the Planning Inspectorate along with all comments received. It would then be subject to an independent examination in public, providing a further opportunity for the community to make their views known.

The Director summarised the report and in responding to questions from Cabinet, confirmed and clarified the following points:

- There was a requirement to plan for oil and gas development set out in national policy. The oil and gas policy had therefore been included in the Plan to ensure the County Council retained local control. The policy had been strengthened to have regard to climate change.
- The three sites currently subject to planning applications were being closely monitored and, if refused, would be reviewed to consider future suitability for inclusion in the Plan.
- The proposed consultation statement would refer to all comments received. All sites had been reviewed with specialists to consider which sites could be taken forward. Some sites had been removed because issues could not be mitigated.

Cabinet acknowledged the need to have a suitable Minerals and Waste Plan for Hampshire and not having a Plan put the County Council at risk. The Chairman thanked the officers for the report and put the recommendations to Cabinet.

Councillor Edward Heron indicated that he would not support the Plan in its current form and abstained.



The recommendations in the report were considered and agreed by Cabinet, with the exception of Councillor Heron as indicated above. A decision record is attached to these minutes.

**168. ANNUAL SAFEGUARDING REPORT - CHILDREN'S SERVICES 2022-23**

Cabinet considered a report of the Director of Children's Services on safeguarding children activity within Children's Services during 2022/23. During the discussion, the Director confirmed that a Refugee team had been established to support unaccompanied asylum-seeking children (UASC). It was recognised that those children had already been through trauma. The team was committed and passionate about supporting those children, with officers having learned languages and researched cultures to provide the best possible support.

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

**169. ANNUAL SAFEGUARDING REPORT – ADULTS' HEALTH AND CARE 2022-23**

Cabinet considered a report of the Director of Adults' Health and Care and Deputy Chief Executive providing an annual update on the local authority statutory duty to safeguard vulnerable adults. During the discussion, it was heard that reports of concern had increased, which were welcomed as it enabled more proactive intervention. The growth was driven mainly by self-neglect and mental health issues.

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

**170. HAMPSHIRE COMMUNITY SAFETY STRATEGY GROUP**

Cabinet considered a report of the Director of Adults' Health and Care on the work of the Hampshire Community Safety Strategy Group during 2023. It was heard that the group was a multi-agency partnership overseen by the County Council.

Cabinet heard that drug misuse was a continuing concern across the country as well as the county area. A clear priority was disruption to the business model of drug delivery to local areas and disrupting supply and demand. Teams were working between the local authority and the Police regarding county lines and supporting young people caught up in it.

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

**171. ANNUAL PREVENT REPORT**

Cabinet considered a report of the Director of Adults' Health and Care on the County Council's delivery of the Prevent duty and Channel Panel responsibilities, over the last 12 months. The Director explained that the County Council

responsibility was in the pre-criminal space related to those at risk of radicalisation. An independent review of Prevent was published in February 2023, and in May 2023 the Home Secretary accepted all recommendations, which would come into force on 31 December 2023. The County Council was awaiting Channel Panel guidance and was in a good position to respond to that guidance.

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

#### **172. M27 JUNCTION 10 UPDATE REPORT**

Cabinet considered a report of the Director of Universal Services on progress regarding the M27 junction 10 infrastructure proposals to support the Welborne Garden Village development.

At the invitation of the Chairman, Councillor Sean Woodward addressed Cabinet. He declared a personal interest as Leader of Fareham Borough Council and confirmed that he was speaking in his capacity as local Hampshire County Councillor for the Fareham Sarisbury division. He sought reassurance on the costs and grant funding. Although he supported the need for Cabinet to consider the cost implications before agreeing to continue, he expressed his view that a withdrawal would have an impact on the Welborne development and be a backwards step in terms of economic growth in the area.

Cabinet heard that the financial picture would emerge early in 2024, and that, if required, the County Council would approach stakeholders to close any funding gap as set out in the report. The Director explained that costs for the required additional emergency area would be met by National Highways. It was noted however that National Highways was unlikely to assist with funding for the junction improvements as, although they would reduce journey lengths and relieve pressure on the junction, they would have little impact on the strategic highways network. Cabinet was reassured that the officer team had worked tirelessly exploring all options and seeking additional funding from government and that, if it was agreed to progress with delivery, the contract would be let based on a target cost incentivising contractors to drive down costs as much as possible.

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

#### **173. EXCLUSION OF PRESS AND PUBLIC**

In accordance with Part 3, Chapter 4 of the Constitution, it had not been possible to provide advance notification of the intention to hold part of the Cabinet meeting in private. Therefore, the Chairman of the relevant Select (Overview and Scrutiny) Committee was consulted in advance of agenda publication and provided agreement that the following matter needed to be considered urgently, to meet funding deadlines for the junction 10 project.

As Cabinet had not needed to discuss the content of the exempt appendix during its consideration of the M27 Junction 10 Update report, there was not a need to exclude the press and public.

174. **M27 JUNCTION 10 UPDATE REPORT - (EXEMPT APPENDIX)**

Cabinet received an exempt appendix in relation to the M27 Junction 10 Update Report. There was no discussion on the content.

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Chairman,

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Title:</b>	Driving Towards Economic Strength
<b>Report From:</b>	Director of Hampshire 2050

**Contact name:** Ivan Perkovic

**Email:** ivan.perkovic@hants.gov.uk

#### Purpose of this Report

1. The purpose of this report is to provide a timely update on the state of Hampshire's economy and to highlight latest developments on sub-national economic policy making including current issues affecting skills, economic development and strategic planning, recognising the importance of a strong and prosperous economy as a critical enabler of wider long-term outcomes across the County.

#### Recommendations

It is recommended that Cabinet:

2. Notes that the recent resilience of Hampshire's economy appears to be fading as the drag from high inflation and interest rates constrain spending, investment and economic growth which places an emphasis on the County Council to continue to use its scale and influence to drive towards long term economic competitiveness of Hampshire, through shaping and influencing the key priorities set out in the Economic Strategy approved by Cabinet in December 2022. This also includes the County Council's role in promoting place-based Regeneration and Growth Partnerships.
3. Notes a range of supply side reforms, tax cuts and spending decisions announced in the Autumn Statement including a £50 million investment from the Levelling-Up Fund into Hampshire and projected decrease in day-to-day spending in unprotected departments over the spending period.
4. Notes the update on the integration of Local Enterprise Partnership (LEP) functions following the recent Government announcement that Upper-tier Local Authorities will take on the responsibility for LEP functions from April 2024 and the government's decision to rapidly expand devolution to single council areas that do not have a neighbouring or island unitary.

## **Executive Summary**

5. Under the combined weight of high inflation and high interest rates the economy has flatlined in the third quarter of 2023 and at the start of the fourth quarter. Higher than expected inflation is projected in 2024 and beyond with little to no growth in the economy projected for 2024.
6. The labour market in Hampshire got even tighter over the summer months but forward-looking data points to some early signs of cooling demand for labour at the start of the fourth quarter of 2023.
7. The Autumn Statement introduced a series of well-targeted specific policies aimed at increasing labour supply, boosting business investment, competitiveness, and growth, including a £50 million investment from the Levelling-Up Fund into Hampshire but unprotected departments face significant reductions in their real spending between 2022/23 and 2027/28.
8. As has been noted previously, the County Council has continued its ambition to increase Hampshire's competitiveness and ensure sustainable rates of economic growth that would lead to increases in wages, living standards and economic prosperity over the medium-to-long term.
9. The announcement by Government in August 2023 that the functions of Local Enterprise Partnerships will be transferred to Upper Tier Local Authorities from 1 April 2024 plays a critical role in driving economic strength in the County. This new approach will enable a strategic approach to economic development across Hampshire, based on a recognised functional economic area. This report provides an update on the integration work being carried out to ensure a smooth transition to the new way of working.

## **The Current Economic Challenge**

10. In the first half of 2023 the UK economy proved more resilient to the combined impact of high inflation and rising interest rates than the Office for Budget Responsibility (OBR) thought back in March 2023. Hampshire and Isle of Wight economy also weathered the cost-of-living crisis better than expected but our preliminary estimate suggests that economic growth was sluggish and broadly in line with the UK economy.
11. The latest official and survey data suggest that high interest rates have started to weigh more heavily on consumer spending, investment, business activity and economic growth. Our preliminary estimate suggests that economic growth in Hampshire and Isle of Wight stalled in the third quarter of 2023 in line with the UK average. The start to the fourth quarter of 2023 was equally subdued according to a range of official and survey data.
12. Retail sales volumes unexpectedly decreased in October and over the previous three months with sales volumes at their lowest level since February 2021. Consumer confidence fell sharply leaving retailers concerned that consumers may cut spending in the run-up to Christmas. Business activity (output) and the volume of new orders (a leading indicator of economic growth) contracted for a fourth consecutive month in the region in October. The fall in business activity in the region was greater than in the previous

month and at a level that has historically been consistent with a contraction in economic output.

13. However, over the past six months surveys of purchasing managers have been under-reporting the strength of economic activity in the UK. Despite subdued demand, private sector companies in the South East remain upbeat for output growth over the next 12 months. The overall level of positive sentiment in October was the second strongest in England but the weakest in eight months.
14. With only a quarter of the impact from the Bank of England's 14 consecutive increases in interest rates feeding through, Hampshire's economy remains exposed to a further slowdown in demand which could trigger a mild recession in early 2024.
15. The latest independent forecasts from Experian (September 2023) suggest that the Hampshire and Isle of Wight economy is expected to remain flat in 2024 with the County economy forecast to expand by just 0.1% followed by 1% growth in 2025. Economic growth in Hampshire over the next three years is projected to be considerably slower than the 2.1% p.a. growth rate observed in the pre-pandemic decade.
16. The OBR forecast that accompanied the Autumn Statement suggests that the UK economy will expand by 0.7% in 2024, considerably slower than the 1.8% forecast in the Spring Budget. The latest OBR forecast is much more in line with a range of published forecasts, although this is still much stronger than the Bank of England which in November 2023 cut its growth forecast from 0.5% in 2024 to zero with the 2025 forecast unchanged at 0.25%.
17. Better than expected performance of the economy in the first half of 2023 has also translated into a stronger labour market in Hampshire. Economic activity and employment increased strongly in the year to June 2023 compared to the previous year. Employment growth was driven by the increase in employee numbers. Self-employment continued to bear the brunt of the cost-of-living crisis, but Hampshire saw a small increase in self-employment. There were significant disparities within Hampshire with the County area generally performing better than the South East average while Hampshire and Isle of Wight on average performed better than the national average.
18. The strong performance of the labour market in the year to June 2023 and growth in PAYE employment over the summer months means that an already tight labour market in Hampshire got even tighter. However, the more recent forward-looking data points to some early signs of cooling demand in Hampshire.
19. The number of online job postings in Hampshire and Isle of Wight in the three months to October was broadly unchanged but October alone saw growth in seasonal pre-Christmas demand in lower intermediate and low-skilled occupations. Labour demand for higher and upper intermediate skilled occupations that command higher wages decreased slightly in October.
20. The OBR expects the UK labour market to continue softening with employment growth forecast to stall in 2024. Under the weight of high interest rates and slower economic growth the unemployment rate is expected to peak

at 4.6% in the second quarter of 2025. This is more optimistic than the latest Bank of England November forecast which expects unemployment to reach 5% in 2025.

21. If the OBR 2025 peak rate of 4.6% came to pass this could (all else being equal) potentially equate to around 5,500 additional unemployed residents in the county area and close to 8,000 additional unemployed residents in Hampshire and the Isle of Wight. However, in tight labour markets employers are often reluctant to reduce headcount as they experience difficulties recruiting suitably skilled labour.
22. The tight labour market meant that median PAYE pay growth in Hampshire and Isle of Wight eased slightly in October, with wage growth remaining elevated and above the South-East average. Survey evidence suggests that wage pressures are past their peak, but it is not clear how quickly wage growth will slow. The tight labour market alongside the gradual loosening in labour demand suggest that Hampshire's wage growth will ease but possibly more slowly than anticipated.
23. From April 2024 the National Living Wage will increase by almost 10% and the age threshold will be lowered, from 23 to 21 years olds. Nominal wage growth across the country has been robust but according to the OBR real average weekly earnings in the UK are expected to remain below their 2008 level until 2028.
24. The living standards, as measured by real household disposable income per person, are forecast to be 3.5% lower in 2024/5 than their pre-pandemic level. This represents a considerable improvement on the March forecast, but still represents the largest reduction in real living standards since ONS records began in the 1950s.
25. Consumer price inflation (CPI) in the UK eased to 4.6% in October 2023, faster than expected. This was the slowest increase in inflation in two years as energy costs eased from last year's high. Core inflation (excluding food and energy) also decreased but services inflation was uncomfortably high at 6.3%.
26. Forward looking data from business surveys suggests that business costs in the region eased to a 33-month low in October which suggests that inflation will continue to ease throughout 2024 but constrained labour supply in Hampshire and Isle of Wight and across much of the country and sticky inflation expectations could mean that core and services inflation ease more slowly than anticipated.
27. Sluggish easing in wage growth and the near-term boost to the economy from the new tax cuts announced in the Autumn Statement imply that the headline CPI inflation is projected to be higher in 2024 and according to the OBR 7% higher in 2027/28 than expected in March 2023. The Bank of England also hiked its inflation forecast to 3.25% and 2% respectively for 2024 and 2025. Interest rates have peaked but higher inflation expectations and the new upside risk to inflation associated with the events in the Middle East suggest that the Bank of England is likely to keep the rates unchanged until the second half of 2024.



28. July saw some growth in house prices in Hampshire, but house prices are still expected to decrease across much of the country in 2024. A tight labour market, relatively strong growth in wages and a trend towards longer mortgage terms means that house prices in Hampshire may not fall as far as previously thought.
29. The weakness in the housing market has reduced residential investment across the country, and there are signs that higher interest rates are gradually starting to weigh more heavily not just on residential investment but also on business investment and business survival. Business investment in the UK fell in the third quarter of 2023 with forward-looking data suggesting that business investment could come under further strain in 2024.
30. Hampshire and Isle of Wight had about 1,575 fewer businesses in the year to March 2023 compared to the previous year, but the good news is found in the increase in the number of small (about 85 additional businesses), medium (about 65 additional businesses) and large businesses (about 15 additional businesses) in Hampshire and Isle of Wight. Subdued demand and insolvency levels in the UK increasing by 18% in October 2023 compared to October 2022 point to a further decline in the number of businesses in Hampshire in 2024.
31. Total commercial take-up in Hampshire and Isle of Wight in October stood at 119,879 sq. ft, with industry accounting for about two thirds of total demand, followed by offices. The share of offices in total demand was higher than the quarterly average but demand for hotels and leisure remains subdued with no new take-up in the third quarter and October.
32. Alongside the take up of commercial space, a number of recent investments and new project awards have been made over the past quarter including:
  - the UK Space Agency through its Enabling Technologies Programme (ETP) has announced 23 ground-breaking space technology projects worth £4 million. Two projects at the University of Southampton will receive £303,000
  - Newmedica opened a multimillion-pound sight-saving clinic for people in Whiteley, Hampshire
  - Aldi is looking to create new stores in Hampshire as it looks to invest £1.4billion over the next two years, with two sites of interest in Aldershot and Winchester
  - Skelton Group Investments has leased 21,000sqft of office space at Midpoint building in Basingstoke to BNP Paribas Leasing Solutions
33. The acquisition market remains relatively quiet with a handful of takeovers including Antelope Retail Park (138,000 sq ft) based in Thornhill (Southampton) bought by M Core for £35million.
34. The latest Economic Intelligence Dashboard (Annex 1) produced in late-November contains additional information on the current economic and labour market trends in Hampshire.

## The Sub-National Economic Policy and Our Response

### The Autumn Statement

35. A better-than-expected performance of the economy in 2023, and higher prices and wages mean that tax receipts are projected to be much higher than expected between 2023/24 and 2027/28, which has led to the biggest single package of tax cuts since 1988 totalling £20billion announced in the Autumn Statement.
36. The Chancellor announced 16 measures under the broad *Cutting Taxes and Rewarding Hard Work* theme that will have both tax and spend impacts. The main headline measures were:
- The main employee National Insurance rate is to be cut by 2 percentage points to 10% from January rather than April 2024. A worker on an average salary of £35,000 will save over £450 a year. There are around 648,000 PAYE employees in Hampshire County Council area and rising to 914,000 across Hampshire & Isle of Wight who potentially benefit from the cut.
  - The self-employed will also gain from a 1p cut to the main rate of Class 4 self-employed NICs and from the abolishment of the compulsory Class 2 self-employed NICs liability from April 2024. There are an estimated 66,000 working age self-employed people in the County area, just under one in ten of the workforce and rising to 100,000 for Hampshire & the Isle of Wight that on average stand to benefit by about £350 a year.
  - A cornerstone of the Autumn Statement is reducing economic inactivity and getting people back to work. The Back to Work Plan that see £2.5 billion of investment to 2028 (including over £300m of additional investment in 2024). This builds on the £7 billion package announced at this year's Spring Budget. Universal Support aims to match 100,000 people per year with existing vacancies and supporting them in their new role. In the year to June 2023 the County area had 32,000 working age residents reporting inactivity due to long-term sickness, close to one in four of total working age economically inactive population. This population increases to 57,300 for Hampshire & the Isle Wight (also one in four inactive residents).
  - To get people back into work the government plans on expand the NHS Talking Therapies program and Individual Placement and Support for people with mental health conditions. The government is also reforming the Work Capability Assessment (WCA). According to DWP benefit data Hampshire (County area) had nearly 48,000 residents claiming Personal Independence Payment (PIP) in July 2023, of which nearly half (23,000) are on the enhanced mobility award (requiring more assistance). This rises to 79,000 across Hampshire & the Isle of Wight, with 37,000 on the enhanced mobility award.
  - There are plans for stages in getting people back to work with the first stage geared to support from more work coaches and wider roll out of Additional Jobcentre Support (currently live in 90 Jobcentres, including

Aldershot, Gosport, Havant, and Newport (IoW)). If no work is found after six months claimants will be progressed to stage 2 and referred to Restart, a scheme providing 12 months of intensive tailored support to tackle barriers and if unsuccessful to stage 3 - a claimant review and a time-limited mandatory work placement or take part in other intensive activity. This model will be rolled out gradually from 2024.

37. The Chancellor announced eight new measures aimed at *Backing British Businesses*. The main headline measures were:

- A business rates support package worth £4.3 billion over the next 5 years will help high streets and protect those small businesses that are the backbones of communities. This includes a rollover of 75% business rates relief for Retail, Hospitality and Leisure sectors for another year, up to a maximum of £110,000. This could benefit up to 3,360 hospitality businesses in the County area that directly employ around 49,000 workers and rising to 5,940 businesses in Hampshire & the Isle of Wight with 73,000 employees. These estimates do not include any self-employed workers in hospitality, so the number of people working in the hospitality sector in Hampshire is likely to be higher.
- Small businesses tend to be less resilient to economic downturns than larger businesses. For businesses that do not qualify for small business rate relief the government announced freezing of the small business multiplier in 2024-25. R&D reliefs will be simplified, and the system improved from April 2024. Tens of thousands of Hampshire businesses potentially stand to benefit from either the freezing of the multiplier or from small business rate relief.
- Made Smarter Adoption Programme, a programme helping SME manufacturers access technology and digital skills, is to be rolled out to all nine English regions in 2025-26. This programme could support a large number of SME businesses in Hampshire and especially in several manufacturing clusters found in the south and north of the County area and Portsmouth and the Isle of Wight.
- The Government will support plans to catalyse the growth sectors by committing £50 million to deliver a two-year apprenticeships pilot to explore ways to stimulate training in engineering and key growth sectors (Advanced Manufacturing, Green Industries, Digital Technology and AI, Life Sciences and Creative Industries) where there are shortages.
- Permanent full expensing for capital allowances has been announced from 2026-27. This should allow businesses to commit to more significant investments into plant and machinery thus boosting overall investment and productivity growth. The scheme enables businesses to reclaim 100% of the capital allowances in year one.
- The Climate Change Agreement Scheme will be extended, giving energy intensive businesses like steel, ceramics and breweries around £300 million of tax relief every year until 2033 to encourage investment in energy efficiency and support the Net Zero transition.

38. In the Autumn Statement the Chancellor announced 11 new *Devolution, Public Spending, and Housing* measures. The main headline measures were:

- The Investment Zones programme and freeport tax reliefs will be extended from 5 years to 10 years, and a new £150 million Investment Opportunity Fund will support Investment Zones and Freeports to secure specific business investment opportunities. The Solent freeport stands to benefit from the new measure.
- The chancellor announced the West Midlands, East Midlands and Greater Manchester as the sites of the next three investment zones, focused on advanced manufacturing and green industries.
- Some £4.5 billion of funding has been allocated for British manufacturers in the high-growth industries of the future, including £960 million earmarked for the Green Industries Growth Accelerator to support clean energy.
- In a bid to position the UK as an 'AI powerhouse', the Autumn Statement also allocated £500 million over the next two years to establish additional 'innovation centres'. The life sciences will also be supported as one of the key-growth sectors, with £20 million to speed up the development of new dementia treatments coming as part of the government's full response to the O'Shaughnessy Review of commercial clinical trials in the UK. There are over 200 life sciences (biopharmaceuticals and medical technology) sites across Hampshire and Isle of Wight.
- To support the growth in University Spin Offs, the government will provide £20 million for a new cross-disciplinary proof-of-concept research funding scheme, to help prospective founders in the UK's universities demonstrate the commercial potential of their research. There is provision for £121 million for the UK's Space sector, supporting new space clusters and infrastructure. Hampshire has two growing space clusters, one in the north of the County and another in South Hampshire.
- To speed up planning, the government wants to bring in a system where businesses can pay extra for an assured timeline for their application. Should the local authority not meet these timeline schedules, the company will get its money back and its application will be processed free of charge.
- £450million has been allocated for the Local Authority Housing Fund to help deliver 2,400 homes which will be for the most vulnerable. The government also wants to introduce a permitted development right to convert a house into two flats provided there are no exterior changes.
- After months of advocacy by the County Councils Network (CCN), the Autumn Statement confirmed that the government is to rapidly expand level 2 devolution agreements, which are deals without an elected mayor to more eligible councils that cover a functional economic or whole county area, and meet relevant criteria as set out in the Levelling Up White Paper, where there is local consent to such arrangements. The first of these will be Lancashire, Cornwall and Surrey. Taken with previous announcements, this will increase the proportion of people in England benefiting from devolved powers to over two-thirds.

- The government has agreed with local partners a Memorandum of Understanding outlining the approach to the single funding settlements which will be implemented at the next Spending Review for the West Midlands and Greater Manchester Combined Authorities.
  - The government also publishing a new 'Level 4' of the devolution framework for extending deeper devolution to existing Level 3 Mayoral Combined Authorities (MCAs). The Level 4 framework provides new powers for MCAs to draw down on, based on the trailblazer deals negotiated with the Greater Manchester and West Midlands Combined Authorities, including powers over adult skills, local transport, and housing.
39. The £20billion cost of tax cuts announced in the Autumn Statement in 2027/28 almost exactly matches the real-terms reduction in public service spending (£19billion) in that year relative to what OBR expected in March 2023.
40. The OBR estimates that day-to-day spending in departments which are not protected like health and care, education, defence, and international development would need to fall by 2.3% a year in real terms from 2025/6 after the end of the current Spending Review to meet current forecasts. The analysis by the Resolution Foundation suggests that unprotected departments face reductions of 14 per cent in their real per-person day-to-day spending between 2022/23 and 2027/28 which will leave many public services facing implausible spending cuts in the future.
41. The OBR analysis further suggests that the fall in spending in unprotected departmental spending would 'present challenges' and mentions the 11 S114 notices issued by councils as an example of 'signs of strain.' The OBR analysis showed that use by councils of current reserves for current spending increased by £2.3bn in 2022/23 for the first time since 2019/20 and it predicts that 'there will be further drawdowns during the current Spending Review period, of £1.5bn in 2023/24 and £0.8bn in 2024/25 'compared to an assumption of no drawdown in both years in its March 2023 forecast.'
42. The County Council Network (CCN) analysis shows that well managed local authorities face overspending by over £600m in 2023 and a total budget shortfall over £4bn over the next three years, even with council tax rises as uncontrollable spending pressures drive up the cost of delivering services.

### The Levelling-Up Fund

43. Ahead of The Autumn Statement the government released a list of successful bids for the Levelling Up Fund (LUF) Round 3. Three projects from Hampshire and Isle of Wight worth £50.07 million have been successful among 55 projects worth £1,105 million across Great Britain:
- Gosport - *Reconnecting Historic Gosport Waterfront*, worth £18,117,915 to create better connections and walking routes between Gosport town

centre and the historic waterfront and to support the restoration and development of the former naval Rum Store at Royal Clarence Yard.

- Test Valley - *Andover Revealed* worth £18,316,968 for new theatre, cultural hub, and accelerated town centre redevelopment.
- Isle of Wight - *Island Green Link* worth £13,634,420 to enhance travel between Ryde and Yarmouth by improving cycling, walking and bus routes while also making accessibility improvements.

### LEP Integration

44. Local Enterprise Partnerships have played an important role in supporting local economic growth since 2011. They have brought together businesses, education and local government with a clear strategy for economic success and have targeted funding to the areas that will benefit most at a local level, releasing economic capital.
45. The Levelling up White Paper set out the Government's commitment to extending devolution across England, empowering local leaders and integrating LEP functions into local democratic institutions. In August 2023 Government confirmed their expectation that those LEP functions carried out under current core funding agreements (business representation, strategic economic planning, and responsibility for delivery of specific government programmes where directed, including Growth Hubs, and Careers Hubs) to now be exercised by upper tier local authorities where they are not already delivered by a Combined Authority, or in areas where a devolution deal is not yet agreed.
46. The County Council will therefore have accountability, funding and responsibility for these functions from the 1 April 2024, and any future governance or partnership arrangement would need to reflect this.
47. Work is in progress on integrating the current LEP arrangements in order to achieve integration of the functions, including financial and contractual arrangements and staffing.
48. Further guidance on post LEP integration was received just before Christmas. This guidance reconfirmed the Government's intention that LEP functions will transfer to Upper Tier Authorities from the 1 April 2024 and that new governance arrangements must be put in place in the form of an Economic Growth Board, that should be business led, and will be responsible for developing and delivering an economic strategy for the area.
49. The guidance also confirmed core funding of up to £240,000 for each Upper Tier Local Authority accountable body managing previous LEP functions. At the time of writing the report confirmation of specific funding streams, such as for Careers Hubs and Growth Hubs is still outstanding.

## Post LEP Governance

50. Work on the new governance arrangements is underway.
51. Engagement sessions with business, education and local authority stakeholders were held in December 2023 to understand the priorities of partners and what has worked well from the existing governance arrangements. This information has been used in the development of the governance proposals.
52. A shadow Economic Growth Board was put in place in January 2024, made up of representatives from businesses, education and Local Government. The purpose of the Shadow Board is to lead the set-up of, and recruitment to, the main Economic Growth Board which will be in place from 1 April 2024. The Shadow Economic Growth Board will also oversee the implementation of the governance structure that will sit under the main Economic Growth Board. It is intended where possible that the supporting governance will also be in place in a shadow form before 1 April to ensure key stakeholders are fully engaged in the preparation of priorities for the Economic Growth Board to consider. A shadow Local Authorities Leaders Board has been set up and met for the first time in January, and a shadow Business Forum and shadow Hampshire Skills Partnership will meet later in February.
53. The work of the Economic Growth Board will be framed by the Hampshire Economic Strategy and based around themes such as Town Centre Regeneration, Housing Growth, Rural Economy, and Skills Retention and Development. These themes will be identified by the sub-groups (Local Authority, Business and Education) and agreed by the new Board.
54. The terms of reference for the Economic Growth Board will be agreed at the first formal meeting of the Board and it is expected that it is likely to include the following:
- be accountable for the Hampshire Economic Strategy
  - support the significant ambition for inclusive economic growth in Hampshire and its Sub-Region
  - maximise the benefits of the designated Freeport, Enterprise Zones and any emerging Government opportunities as part of the wider region
  - drive the ambition for housing growth in sustainable and well-planned locations, including new affordable homes to meet identified housing needs
  - ensure effective connectivity between the existing and planned major conurbations, surrounding neighbourhoods, market towns and key business locations
  - support critical infrastructure improvements and national and regional connectivity
  - ensure a focus on effective placemaking

- encourage sustainability and minimise the carbon footprint of future developments as a whole
- ensure input from relevant experts and organisations to ensure that outputs meet the requirements of a successful economy, including stakeholders from business and education

55. It is the County Council's intention to engage proactively with neighbouring governance arrangements such as Surrey County Council and the cities of Southampton and Portsmouth. At the current time the focus is on agreeing the governance structure for the Hampshire County area. Once the new Economic Growth Board is operational, arrangements for collaboration at a more regional level will be developed.

### Next Steps

56. As we approach 1 April 2024 work continues to progress on the transfer of LEP functions to the Council. The immediate priorities for LEP integration are;
- a. Set up the Economic Growth Board, including the recruitment of Board members,
  - b. Disaggregate current LEP contracts and agreements and ensure new arrangements are in place where required from 1 April 2024,
  - c. Confirm the assets and funding to move across from the existing LEPs to enable to continued delivery of programmes and functions,
  - d. Ensure the right resources are in place to deliver LEP functions from 1 April 2024, including staffing.

### **Conclusion**

57. Despite continued economic challenges Hampshire performed better than expected in first half of 2023 but growth has now stalled with the economic outlook for 2024 materially weaker than previously thought. The outlook over the medium term is equally uncertain and presents significant challenges particularly in regard to business activity and growth and possibly the labour market.

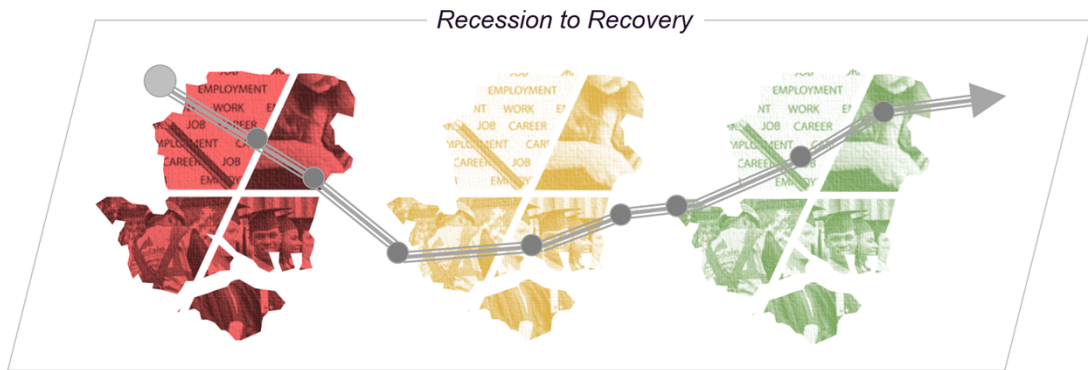
58. The Autumn Statement introduced a range of business support and supply side reforms aimed at increasing the productive capacity of the economy and labour supply that should boost economic growth in Hampshire and across the country but greater investment is needed to ensure sustainable rates of economic growth that would lead to increases in wages, living standards and economic prosperity over the medium-to-long term.

59. The work the Council is doing in the employment and skills arena is a key part of overcoming these challenges and the disaggregation of the LEPs and the moving of functions to Upper-Tier authorities provides an opportunity to consolidate this work and deliver the services in the most efficient way. An Economic Growth Board for the County area will provide a structure to identify



the actions needed to maintain Hampshire's economic advantage and to monitor outcomes and impacts to ensure that Hampshire is a place where all can benefit from its economic success.

# ANNEX 1



## Hampshire Monthly Intelligence Dashboard

November 2023

Hampshire County Council  
Hampshire 2050

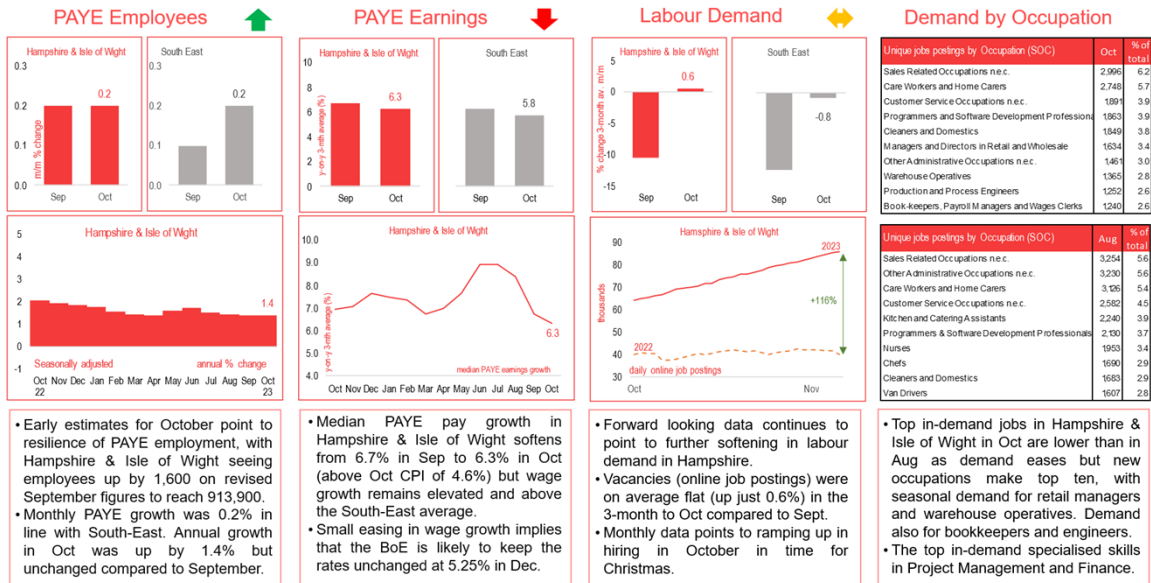


### Contents

Theme	Indicators	
Business Activity	<ul style="list-style-type: none"> <li>Economic Growth</li> <li>Business Activity</li> <li>Business Prices</li> <li>Inflation</li> </ul>	Page 1
Jobs and Earnings	<ul style="list-style-type: none"> <li>PAYE Employees</li> <li>PAYE Earnings</li> <li>Labour Demand</li> <li>Jobs Demand by Skills Level</li> </ul>	Page 2-3
Unemployment	<ul style="list-style-type: none"> <li>Claimant Unemployment</li> <li>Local Claimants</li> <li>Youth Unemployment</li> <li>Local Young Claimants</li> </ul>	Page 4
Sentiment and Investment	<ul style="list-style-type: none"> <li>Business Investment</li> <li>Retail Sales</li> <li>Consumer Confidence</li> <li>House Sales</li> </ul>	Page 5

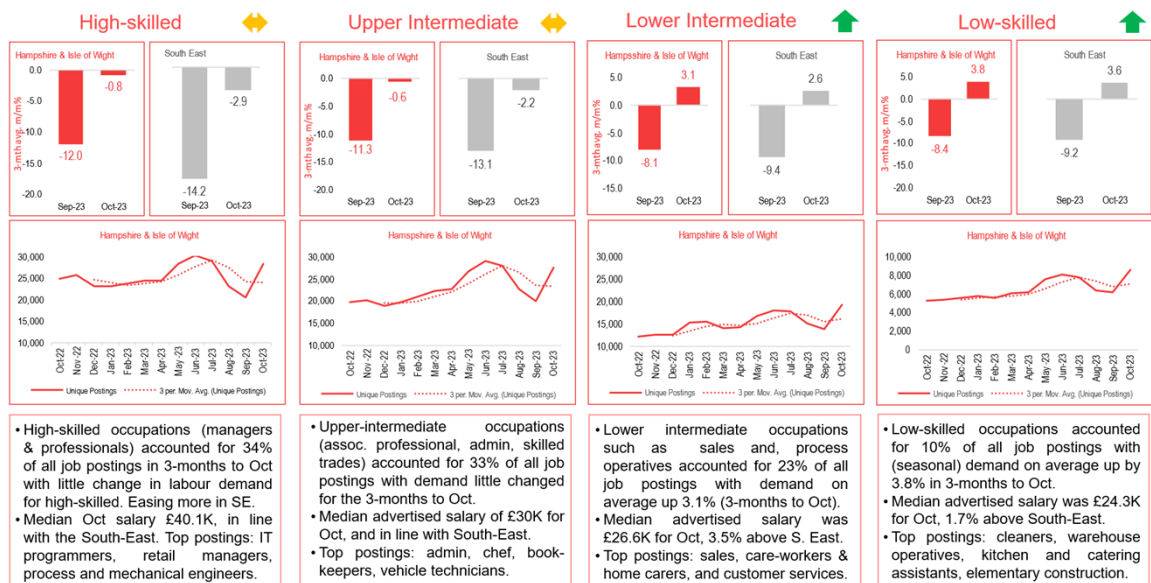
## Jobs and Earnings

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## Jobs demand by skills-level (occupational demand)

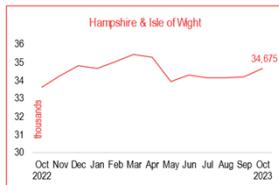
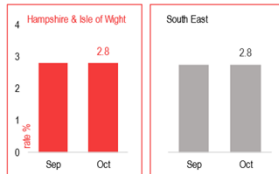
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## Unemployment

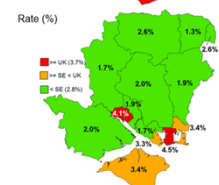
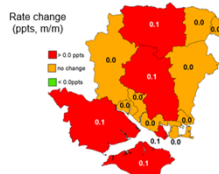
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### Claimant Unemployment



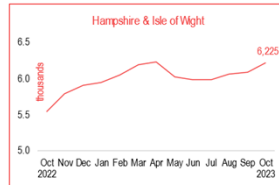
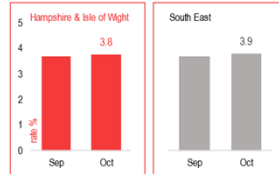
- The number of working age unemployed claimants (not adjusted for seasonal factors) in Hampshire & Isle of Wight rose for 4th consecutive month to reach 34,675 in Oct, driven mostly by those aged 18-24 years.
- However, the unemployed claimant count rate was unchanged at 2.8%, but 35% above pre-pandemic levels.

### Local Claimants



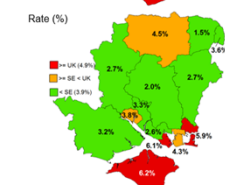
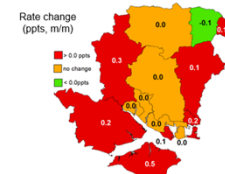
- Just over half of the 14 Hampshire & Isle of Wight authorities saw no change in their working age unemployment rates, while five saw an increase on the previous month.
- Most Hampshire & Isle of Wight authorities are below the two benchmark areas. Only the two cities are above the UK rate.

### Youth Unemployment



- The number of young unemployed claimants aged 18-24-year-olds in Hampshire & Isle of Wight increased by 135 claimants in Oct to stand at 6,225 and was higher on a year ago.
- However, the youth claimant unemployment rate was unchanged at 3.8% in Oct, and lower than South-East (3.9%) the UK (4.9%) averages.

### Local Young Claimants

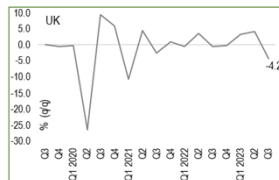
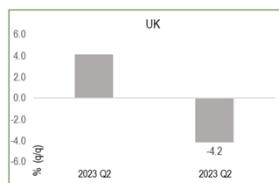


- A mixed picture for Hampshire & Isle of Wight local authorities, with seven seeing youth unemployment rates increase on the month, six saw no change, while Hart saw a decrease.
- Most Hampshire & Isle of Wight districts had rates below the SE and UK rates, while Havant, Gosport and IoW remain above the UK rate.

## Sentiment and Investment

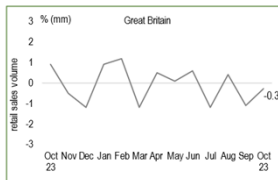
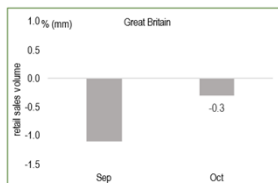
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### Business Investment



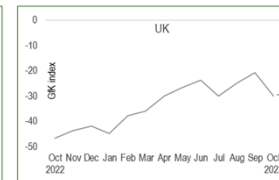
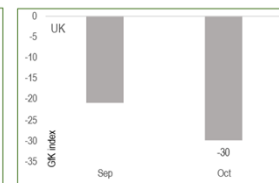
- UK business investment fell 4.2% in Quarter 3 2023 (Jul to Sep) but is 2.8% higher than a year ago.
- British Chambers of Commerce survey points to businesses being averse to large investments while many BoE contacts reported that pressure on cash flow and margins acted as deterrents to investment.

### Retail Sales



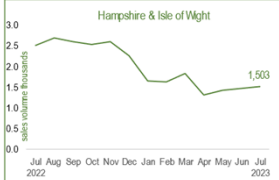
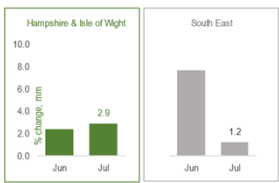
- Retail sales volumes unexpectedly decreased by 0.3% in Oct 2023, although slower than Sep's revised 1.1% fall. Compared to the previous 3-months sales are down 1.1%.
- Sales volumes are at lowest level since Feb 2021 which suggests that higher interest rates are taking a bigger toll on consumer spending.

### Consumer Confidence



- UK Consumer confidence falls nine points in October to -30 and back to July levels, driven by cost-of-living pressures and headwinds from high costs of heating homes, fuel prices and higher mortgage and rental rates.
- Fall in the major purchase of concern to retailers as consumers may cut spending in the run-up to Christmas.

### House Sales



- July saw seasonal uptick in house sales in Hampshire with the rate outpacing the South-East. Prices increased in County area, IoW & Portsmouth, but down for Soton.
- Timelier survey data saw UK prices rise in October which in part reflects fewer transactions, longer mortgage terms and a tight labour market.

#### How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE employment & earnings and consumer sentiment it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators, the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

\* The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of Hampshire and the Isle of Wight and the national sectoral impacts.

#### Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry and the Bank of England.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Median pay figures differ from the ONS estimates and are based on gross PAYE earnings which do not cover other sources of income, such as self-employment.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

This publication is produced by the Economic and Business Intelligence Team, Hampshire County Council



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**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

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

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

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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

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

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

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

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

No equality impacts have been identified arising from this Report.

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet County Council
<b>Date:</b>	6 February 2024 22 February 2024
<b>Title:</b>	Revenue Budget and Precept 2024/25
<b>Report From:</b>	Deputy Chief Executive and Director of Corporate Operations

**Contact name:** Rob Carr

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

#### Section A: Purpose of this Report

1. The purpose of this report is to set out the County Council's proposals for the revenue budget and precept for 2024/25. It also provides an update on the financial position for 2023/24.

#### Section B: Recommendation(s)

##### RECOMMENDATIONS TO CABINET

##### It is recommended that Cabinet:

2. Notes the latest position for the current year as compared to that reported to the last Cabinet.
3. Approves the updated cash limits for directorates for 2024/25 as set out in Appendix 2.
4. Approves that the stage 2 consultation results and subsequent decision making are reported to Cabinet in July rather than individual Executive Members.
5. Delegates authority to the Director of Corporate Operations, following consultation with the Leader and the Chief Executive to make changes to the budget following Cabinet to take account of new issues, changes to figures notified by District Councils or any late changes in the final Local Government Finance Settlement.

**6. Recommends to County Council that:**

- a) The Treasurer’s report under Section 25 of the Local Government Act 2003 (Appendix 6) be taken into account when the Council determines the budget and precept for 2024/25.
- b) The Revised Budget for 2023/24 set out in Appendix 1 be approved.
- c) The revenue pressures set out in Section G be approved.
- d) The Revenue Budget for 2024/25 (as set out in Appendix 3 and Appendix 4) be approved.
- e) The Reserves Strategy at Appendix 5 be approved.
- f) The **council tax requirement** for the County Council for the year beginning 1 April 2024, be £826,732,345.43.
- g) The County Council’s band D council tax for the year beginning 1 April 2024 be £1,533.24, an increase of 4.999%, of which 2% is specifically for adults’ social care.
- h) The County Council’s council tax for the year beginning 1 April 2024 for properties in each tax band be:

	<b>£</b>
Band A	1,022.16
Band B	1,192.52
Band C	1,362.88
Band D	1,533.24
Band E	1,873.96
Band F	2,214.68
Band G	2,555.40
Band H	3,066.48

- i) Precepts be issued totalling £826,732,345.43 on the billing authorities in Hampshire, requiring the payment in such instalments and on such date set by them previously notified to the County Council, in proportion to the tax base of each billing authority’s area as determined by them and as set out below:

<b>Local Authority</b>	<b>Tax Base</b>	<b>Council Tax Precept (HCC share)</b>
Basingstoke and Deane	69,800.30	107,020,611.97
East Hampshire	52,599.43	80,647,550.05
Eastleigh	49,037.29	75,185,934.52
Fareham	44,188.90	67,752,189.04
Gosport	26,980.90	41,368,195.12
Hart	42,690.97	65,455,502.84
Havant	42,774.50	65,583,574.38
New Forest	72,371.50	110,962,878.66
Rushmoor	33,011.65	50,614,782.24
Test Valley	52,059.00	79,818,941.16
Winchester	53,691.65	82,322,185.45

- j) The Capital & Investment Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 7 be approved.
- k) The Treasury Management Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 8 be approved.
- l) Authority is delegated to the Director of Corporate Operations to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.
- m) The Council's Constitution and Policy Framework are reviewed and updated in due course and where necessary to ensure that they align with the principles of legal minimum service provision.

## **RECOMMENDATIONS TO COUNCIL**

This single report is used for both the Cabinet and County Council meetings, the recommendations below are the Cabinet recommendations to County Council and may therefore be changed following the actual Cabinet meeting.

### **County Council is recommended to approve:**

- a) The Treasurer's report under Section 25 of the Local Government Act 2003 (Appendix 6) and take this into account when determining the budget and precept for 2024/25.
- b) The Revised Budget for 2023/24 set out in Appendix 1.
- c) The revenue pressures set out in Section G.
- d) The Revenue Budget for 2024/25 (as set out in Appendix 3 and Appendix 4).

- e) The Reserves Strategy at Appendix 5.
- f) That the council **tax requirement** for the County Council for the year beginning 1 April 2024, be £826,732,345.43.
- g) That the County Council's band D council tax for the year beginning 1 April 2024 be £1,533.24, an increase of 4.999%, of which 2% is specifically for adults' social care.
- h) The County Council's council tax for the year beginning 1 April 2024 for properties in each tax band be:

	£
Band A	1,022.16
Band B	1,192.52
Band C	1,362.88
Band D	1,533.24
Band E	1,873.96
Band F	2,214.68
Band G	2,555.40
Band H	3,066.48

- i) Precepts to be issued totalling £826,732,345.43 on the billing authorities in Hampshire, requiring the payment in such instalments and on such date set by them previously notified to the County Council, in proportion to the tax base of each billing authority's area as determined by them and as set out below:

<b>Local Authority</b>	<b>Tax Base</b>	<b>Council Tax Precept (HCC share)</b>
Basingstoke and Deane	69,800.30	107,020,611.97
East Hampshire	52,599.43	80,647,550.05
Eastleigh	49,037.29	75,185,934.52
Fareham	44,188.90	67,752,189.04
Gosport	26,980.90	41,368,195.12
Hart	42,690.97	65,455,502.84
Havant	42,774.50	65,583,574.38
New Forest	72,371.50	110,962,878.66
Rushmoor	33,011.65	50,614,782.24
Test Valley	52,059.00	79,818,941.16
Winchester	53,691.65	82,322,185.45

- j) The Capital & Investment Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 7.

- k) The Treasury Management Strategy for 2024/25 (and the remainder of 2023/24) as set out in Appendix 8.
- l) The delegation of authority to the Director of Corporate Operations to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.
- m) That the Council's Constitution and Policy Framework are reviewed and updated in due course and where necessary to ensure that they align with the principles of legal minimum service provision.

### **Section C: Executive Summary**

- 7. The purpose of this report is to set out the County Council's proposals for the revenue budget and precept for 2024/25. It also provides an update on the financial position for 2023/24.
- 8. Savings targets for 2025/26 were approved as part of the Medium Term Financial Strategy (MTFS) in 2020 and detailed savings proposals have been developed through the Savings Programme to 2025 (SP2025) which were agreed by Cabinet and County Council during October and November last year. Any early achievement of resources from proposals during 2024/25 as part of the SP2025 Programme will be contributed to the Budget Bridging Reserve to help fund predicted budget deficits in future years, as per the revised policy agreed by County Council.
- 9. During January individual Executive Members have been considering their revenue budget proposals with the Leader and Cabinet and Select Committees who provide overview and scrutiny. This report consolidates these proposals together with other items that make up the total revenue budget for the County Council in order to recommend a budget, precept and council tax to the meeting of full County Council on 22 February 2024.
- 10. Financial performance in the current year remains relatively stable given that a further £80m was removed from budgets in 2023/24, but there are a number of service pressures that have been reported during the year which will impact on the budget for 2024/25 and are set out in the report. Overall recurring funding of £6.068m and one off funding of £1.661m is recommended for approval.
- 11. In line with the MTFS and Government presumption, this report recommends that council tax is increased by 4.999% in 2024/25, of which 2% is specifically for adults' social care.
- 12. It should be noted that the figures in this report in respect of government grant levels and figures notified to the County Council by District Councils are provisional at this stage and will be subject to change. In particular, we await to see what share we will receive of the additional funding announced on 24 January and at this stage no allowance has been made for this in this report.

Revised figures will therefore be presented to full County Council and this report seeks delegated authority for the Director of Corporate Operations in consultation with the Leader and Chief Executive to make these changes as appropriate.

13. At this stage the draw required from the Budget Bridging Reserve (BBR) for 2024/25 is £84.7m, which is in line with the previous forecast of a draw of £86m for the year.
14. In addition, this report includes both the County Councils Capital and Investment Strategy and the Treasury Management Strategy (TMS) for 2024/25 (and the remainder of 2023/24), set out in Appendix 7 and Appendix 8 respectively.
15. The financial position to 2025/26 is well documented and following a neutral provisional local government finance settlement for 2024/25 there is no major update on the position for 2025/26 other than to note that some of the service pressures may impact on the current forecast deficit of £132m, However, with the lack of any Government proposals beyond 2024/25 and so many other unknowns within the forecast it is considered appropriate not to fully update the forecasts until later in the year.
16. The Government announced a late funding package of £600m on 24 January but individual authority amounts are not yet known, although Hampshire can expect to receive up to £10m. The additional funding is very welcome and will help to reduce the level of reserves required to balance the budget in 2024/25, thereby providing further re-assurance that we will be able to balance the remaining budget gap in 2025/26 from reserves. However, there are no indications as to whether this funding will be built into future settlements and even if we assume that it is, it means we still face a recurring budget deficit of over £30m from 2025/26 onwards, even if all of the current SP25 savings proposals are progressed following the current consultation process. In essence, the extra funding helps to shore up our finances further to 2025/26 but it does not change the underlying fact that our recurring budget position is unsustainable.
17. Members will be aware that the strategy at this stage is to fund the deficit in 2024/25 and the remaining gap in 2025/26 from the BBR whilst we carry out the legal minimum service level exercise that was reported to December Cabinet.
18. We have repeatedly said to Government that without a long term sustainable funding solution to the growth in social care costs, the County Council is not financially sustainable in the longer term and this has never been truer for our current outlook. We will look to the Government to address this serious position with us over the coming year and will look to build the body of evidence that demonstrates that as a council with a statutory duty to set a balanced budget but also to provide a wide range of statutory services, we have nowhere left to go.

19. In order to demonstrate that we have exhausted all locally available options, Members should note that the Council will heighten its focus on what a legal minimum provision of services looks like over the next year. This will partly be achieved through the implementation of the SP25 programme following the outcome of the current consultations but may in some areas require us to go further in line with the outcomes of the legal minimum service review. As part of this work, it is recommended that the Council's Constitution and Policy Framework are reviewed and updated where necessary to ensure that they align with the principles of legal minimum service level provision and reflect the constraints of the Council's current budgetary position.
20. These are not changes which the Council would wish to make but are an unavoidable consequence of the serious financial position in which we find ourselves. Without wholesale change to the financial system for local government, the range and level of services which the Council is able to deliver will continue to reduce.
21. The Treasurer's report under Section 25 of the Local Government Act 2003, which has to be taken into account when the Council determines the budget and precept for 2024/25, is set out in Appendix 6 and also considers the future financial resilience of the County Council in this context.

#### **Section D: Contextual Information**

22. Members will be aware of the two year cycle that the County Council operates for addressing its budget deficits and a similar pattern has been followed working towards 2025/26 and a predicted deficit of £132m. What is different for this cycle is that we still have a recurring budget deficit of £50.8m in the current year despite £80m of new savings and following County Council approval of the Savings Programme to 2025 (SP25) we still have a recurring £41.6m gap in the 2025/26 budget, plus the further one off impact of delayed savings.
23. Members will also recall that the approach to the SP25 programme was different to other years in that no specific savings targets were set for Directorates. They were instead asked to look at what savings might be achieved if we were to start to move towards a legal minimum level of service. The outcome of this was a set of savings totalling £90.4m, which is not surprising given the level of savings that have already been taken out of the budget.
24. This is the first time we have not been able to close the budget gap and is a combination of high inflation and growth pressures and a system of local government finance which is not fit for purpose and has been identified as such since 2016.
25. The financial pressure across local government services is now being described as 'systemic' and despite significant lobbying from the sector and

acknowledgements from Government that the financial case had been made, there was no new funding announced in the Autumn Statement nor the provisional local government finance settlement released in mid-December.

26. The Government chose instead to divert what resources they had to fund tax cuts and the announcement on the National Living Wage was above what most authorities were expecting and will create further pressure on costs.
27. Members will be aware that following lobbying by MPs the Government announced a further £600m package of funding for local government, although individual allocations will not be known until the final grant settlement for 2024/25, which is not due out until this report has been dispatched. Whilst the extra funding is welcome, the Government is still effectively expecting councils to rely on their reserves to balance budgets, despite the fact that these are not evenly distributed and the majority are set aside for specific purposes as part of a wider financial strategy and good management of an authority's business as set out in Appendix 5 for the County Council.
28. In December 2023 Cabinet received a budget update report that set provisional cash limit guidelines for directorates, taking into account inflation, savings and base changes. This report confirms the cash limits that will be applied to directorates next year and the individual reports approved by Executive Members during January all show that the proposed budgets are within the cash limit guidelines that have been approved, albeit that there are additional pressures that will be covered off in this report.
29. Following the approval of the SP25 savings proposals in November last year, the County Council is currently carrying out stage 2 consultations that seek stakeholders views on a range of options for making savings across 13 separate service areas.
30. It would be usual for the outcome of the consultation exercises and final decisions to be taken by individual Executive Members, however, given the extent of the consultation exercise and the fact that they are all being undertaken over the same time frame, it is recommended that the results and subsequent decisions around the proposals are taken collectively by Cabinet in July rather than by individual Executive Members.
31. Given the recurring budget gap of £41.6m from 2025/26 onwards (which may be reduced if the £600m is rolled into future years) the County Council is undertaking an exercise on what a legal minimum level of service looks like and what potential further savings could be proposed, initially to help close the gap in 2025/26 but then to consider what other options might we need to implement in the face of a Section 114 notice.
32. This will be a significant exercise for the Council and could have major impacts on the services that we provide going forward. With this in mind County Council is recommended to approve that a review of the Constitution and Policy Framework is conducted once the outcome of the legal minimum exercise is known to ensure that there is consistency across these areas.



## Section E: 2023/24 Financial Monitoring

33. An updated position on the in year monitoring was provided as part of the December Cabinet report and at the end of the third quarter, the position remains broadly the same. The key areas to highlight, which have also been picked up as part of the revenue pressures in Section G are:
- **Adult's Services (£10.8m)** - Increased residential and nursing clients during the year have increased costs but a proportion of these can be met from the unallocated Market Sustainability and Improvement Fund (£6.4m).
  - **SEN Service (£3.5m)** - The 2023/24 budget included additional funding of some £3.8m for the Special Educational Needs Service and Educational Psychologists as a result of a significant rise in the number of requests for Education Health and Care Plans (EHCPs) in recent years. Despite this additional funding, the service is forecasting a pressure of £3.5m. Options to provide a new structure for the service have been considered and the ongoing impact of this is included in the pressures in Section G.
  - **Children with Disabilities and Post 16 Support (£3.8m)** – this pressure was not flagged previously as it is covered by the overall budget for Children Looked After and it was not clear if it was a temporary blip in numbers or a longer term issue. It now seems likely that this pressure will continue into future years and will need to be closely monitored in the context of the overall CLA budget.
  - **School Transport (£12.9m)** – The growth in this service is well documented and it continues to be the highest growth area in relative terms in the council. This overspend is despite significant extra resources that have been added to the budget in recent years and following the new school year starting in September 2023, we are seeing further pressure on numbers and costs such that the overspend has increased by £3m since Quarter 2.
  - **Coroners (£1m)** - The 2023/24 provisional cash limits report to Cabinet in December 2022 highlighted a 50% increase in Coroners inquests since 2019 resulting from increasing numbers of complex or uncertified referrals and acute shortages in mortuary capacity. An additional £578k was added to the service's budget for 2023/24, however a pressure of £546k is expected for the current year, rising to around £1m in 2024/25 and is reflected in the proposed growth pressures for next year as set out in Section G.
34. Adults Health and Care are forecasting a £5m net budget pressure after fully utilising £13m remaining Cost of Change reserves, most significantly to deliver the required investment to achieve outstanding T21 and SP23 savings and to cashflow later delivery of these savings. Children's Services are forecasting a net budget pressure of at least £13m after fully utilising £14m remaining Cost of Change reserves, the majority of which is required to offset the in-year pressures discussed above. The residual pressure, which is expected to total at least £18m, will be offset by savings on corporate budgets as far as possible but could require the Council to draw on the BBR at year end.

**Section F: Revised Budget 2023/24**

- 35. During the current financial year there have been a number of changes to the original budget that need to be taken into account, some of which have already been reported to Cabinet. In addition, it is also timely to review some of the high level numbers contained within the revenue budget to assess the likely impact on the outturn position for the end of this year.
- 36. Appendix 1 provides a summary of the original budget that was set for 2023/24 together with adjustments that have been made during the year. The proposed Revised Budget for 2023/24 is then set out for information. The variance between the adjusted and revised budget gives an indication of any one off resources which may be available at the end of the year and could be used to fund one off investment or reduce the required draw from the BBR to balance the budget.
- 37. The following paragraphs explain the main adjustments that have been made to the budget during the year:

**Adjusted Budget 2023/24**

- 38. **Directorate Spending** – Budgeted directorate spending has increased by around £61.1m and the reasons for this are highlighted in the following table:

	<b>£m</b>
Net increase in specific grants	24.6
Allocations from Corporate Inflation Underwrite	9.9
Tt2021 Corporate Cashflow Support	5.4
Use of directorate earmarked reserves	4.3
In Year Adult’s Services draw from central contingency	10.8
In Year Children’s Services draw from central contingency	9.1
In Year Universal Services draw from central contingency	2.2
Changes to Revenue Contributions to Capital Outlay (RCCO)	(3.3)
Other Net Changes	(1.9)
<b>Total</b>	<b>61.1</b>

- 39. The increases in budgeted directorate spending are mainly due to increases in government grants and the allocation of approved inflationary and growth funding for Children’s and Adults Services, but this reflects a transfer rather than new unanticipated spend.

40. **Non-directorate Spending** - The paragraphs below outline changes to the other items that make up the overall revenue account.
41. **Revenue Contributions to Capital Outlay (RCCO)** – The increase in RCCO reflects changes made to the Capital Programme and its financing during the year but this is entirely offset by other funding changes in budgets or to earmarked reserves so that there is no bottom line impact in 2023/24.
42. **Contingencies** – The reduction in contingencies is partly the result of transfers made to Directorate budgets during the year in relation to the items set out in paragraph 38, most notably growth funding for Children’s and Adults Social Care. Additionally, a saving on the corporate inflation underwrite is expected due to careful budget management by Directorates and robust negotiation with suppliers, recognising the longer term implications for the Council’s budget of any additional price increases agreed during the year.
43. **Dedicated Schools Grant (DSG) and Specific Grants** – The reduction in DSG reflects the conversion of some maintained schools to academies during the year. The increase in specific grants is mainly due to Homes for Ukraine grants and Covid-related Public Health Grants which were carried forward to 2023/24 and a further allocation of the Market Sustainability and Improvement Fund for Adult Social Care announced by the government in-year.
44. **Business Units (Net Trading Position)** – An improvement in the net trading position for the School Improvement Service is expected.
45. All of these changes have had no overall impact on the bottom line of the revenue account as they mainly represent transfers between different areas of the budget or represent matching changes to expenditure and income as is the case with specific grants.

#### **Revised Budget 2023/24**

46. The fourth column of figures shown in Appendix 1 outlines the proposals for the revised revenue budget for the County Council for 2023/24. The revised budgets for directorates include £21.9m funding for the 2023/24 Local Government Pay Award an increase in specific grants allocated to Children’s Services of £1.6m, and funding for the conversion of analogue to digital networks as approved by Council in July 2023.
47. It is anticipated that there will be some limited early delivery of SP2025 savings in directorate budgets by the end of the year. In line with the change in policy agreed by Council in February 2023, any early delivery of savings will be transferred to the Budget Bridging Reserve at the end of the year. This is therefore expected to result in a minor reduction to the final bottom line position of the Council’s revenue account for 2023/24.

48. As detailed in Section E, the forecast pressures in Adults and Children's Services exceed the Cost of Change reserves remaining for these directorates. These pressures will be offset against corporate budgets as far as possible, and any remaining pressures will need to be met from the BBR.
49. **Interest on Balances and Capital Financing Costs** – The County Council adopts a very prudent approach to estimating for treasury management given the number of different variables involved. Additionally, as detailed in the Treasury Management Strategy (Appendix 8) investment returns have continued to rise over the last 12 months due to increasing interest rates over the first half of 2023/24. As a result, it is anticipated that we will receive around £9m more than originally budgeted this year. However, this will be required to offset the pressures in Adults and Children's Services, and it should be noted that average returns are expected to reduce over the medium term as interest rates begin to fall.
50. **Contingencies** – The key items within this budget relate to risk contingencies set aside to reflect the pressures in social care, the major change and savings programmes that were being implemented during the year, growth in waste disposal costs, contingencies in respect of pay and price increases, and the general inflation underwrite.
51. In considering the revised budget position, it is timely to review these contingencies in light of the extremely challenging medium term financial position discussed in Section L. At this stage of the year, it is considered possible to release contingency budget of £13m earmarked for the inflation underwrite and an allowance for general risk given the significant level of additional interest income forecast. However, should the forecast positions outlined for the social care directorates worsen further, it might be necessary to utilise predicted savings to offset these in year.

## **Section G - Unavoidable revenue pressures**

52. Cost pressures arising from growth and inflation have been reported during the year and whilst for some of these we will continue to monitor the trajectory and deal with the impact in future years if needed there are some pressures which need to be reflected in the 2024/25 budget position. This is an important part of the budget process and provides re-assurance within the Section 25 report (Appendix 6) that the basis of the estimates are robust.
53. The table below provides a summary of the proposed recurring and one off additions to the budget over and above the cash limits approved in December and further explanations are contained in the paragraphs that follow.

	<b>Recurring £'000</b>	<b>One-Off £'000</b>
IT Cyber Security and Growth Pressures	574	
Mosaic and Care Director Support Costs		323
Special Education Needs and Education Psychologist Resources	3,539	
Subject Access Request and Complaints Team Resources		486
Independent Reviewing Service Resources	700	352
Hampshire Equipment Store Improvement Work	250	500
Coroners Service	1,005	
<b>Total</b>	<b>6,068</b>	<b>1,661</b>

54. **IT Cyber Security and Growth Pressures** – This additional investment was highlighted in the December Cabinet report and is primarily associated with adding further layers of protection against cyber attacks. The decision was delayed to allow Corporate Management Team (CMT) to discuss how the additional investment compared to a legal minimum level of service, given that this expenditure is not technically unavoidable. CMT agreed unanimously that since IT underpinned all of the statutory functions that it provides, the extra security was essential to ensure that the council was as prepared as it could be to withstand cyber attacks.
55. **Mosaic and Care Director Support Costs** - Both Childrens' Services and Adult's Health and Care implemented new social care systems last calendar year, replacing the joint Swift system which has been in place for many years. Inevitably, there will be higher running costs for two new systems compared to the single Swift system and there is extra resource in place in the early stages following implementation to ensure that any initial technical problems are dealt with efficiently and effectively. Additional one off funding of £323,000 is therefore requested for 2024/25 after which time the resource requirements will be reviewed and appropriate permanent funding put in place going forward.
56. **Special Education Needs and Education Psychologist Resources** – Financial monitoring throughout 2023/24 has highlighted the pressures in this service created by ever growing demand for Education Health and Care Plans (EHCPs) and difficulties in recruiting staff leading to high agency staff costs. As part of the Financial Resilience meetings held between the Chief Financial Officer and the Director of Childrens' Services, a review has been undertaken of both services looking at the resource requirements based on a number of different factors such as caseload, numbers of annual reviews, likely levels of agency staff going forward etc. This provides a more formulaic approach to funding such that if the number of EHCPs increase as we expect it to it will determine the resource requirements to deal with the increased activity. Alongside this, the service continue to look for efficiencies in ways of working supported by increased staff training and other activity designed to drive performance and assist with staff recruitment and retention. Whilst this is a

significant amount of additional funding it is in line with the predicted additional spend this year, and also takes into account an increased caseload next year and the statutory requirement to undertake 100% of annual reviews which is not being met at the moment.

57. **Subject Access Request and Complaints Team Resources** – This item in some respects links to the above pressure but is also related to numerous requests for information on historic Children Looked After cases. Again, a similar approach has been taken to review the service based on expected activity levels and the increase of £486,000 is the minimum that is considered necessary to deal with the predicted activity levels. The reason that this funding is one off is to provide time to look at the way that subject access requests, FOIs and complaints are dealt with across the Council to determine if there are efficiencies that could be made by bringing these services together.
58. **Independent Reviewing Service Resources** – Following the review of children’s social care undertaken by the Government there has been uncertainty for some time as to whether the requirement to have Independent Reviewing Officers would remain going forward. Recent clarification suggests that this role will need to be provided in the future and once again this has prompted a review of activity levels based on a formulaic approach as outlined above. This sets a maximum caseload per reviewing officer which at the moment we are well above and would be criticised by Ofsted in a future inspection. Additional resources are therefore required to put the service back on an even footing and bring caseloads down to manageable levels. The reason that part of the funding is one off is to allow for the fact that the approach to child protection conferences (which IROs also currently undertake) is going to change over the next year which will free up capacity in the longer term and hopefully reduce the reliance on agency staff. Based on current projections that will mean the £352,000 will reduce to just under £100,000 from 2025/26 onwards.
59. **Hampshire Equipment Store Improvement Work** – The December Cabinet report outlined the need for additional one off and recurring funding to ensure that the County Council complies with its obligations in respect of the inspection and maintenance of lifting equipment. Whilst the Health and Safety Executive have confirmed that we have complied fully with our improvement notice there is still further work to be done to improve systems and processes going forward and this funding will enable that to happen together with introducing a separate external inspection regime going forward.
60. **Coroners Service** – This pressure has been highlighted in monitoring reports during the year and is a combination of a number of factors. The number of postmortems and inquiries continues to increase with numbers well above pre pandemic levels. In 2019 there were 7,264 referrals leading to 2,772 postmortems (38% of referrals) and 692 inquests (9.5% of referrals). In 2022 whilst referrals dropped to 6,612 there were 4,036 postmortems (61%) and 1,021 inquests (15%). This not only causes increased activity for the coroners service but also feeds through to higher funeral director and mortuary fees. The overall increase in the service cost is expected to be in excess of £1.7m

but some of this is met by Southampton and Portsmouth bringing the pressure down to around £1m for the County Council.

### **Other Pressures**

61. This report proposes additional funding for a range of pressures that are outlined in detail above. There are also a range of other pressures which are effectively on a 'watch list' for now and whilst specific extra funding is not being provided we will need to take account of these in setting contingency levels for next year.
62. **Children with Disabilities and Post 16 Support** – Children's Services have been very successful in keeping the numbers of children in care stable over the last few years but there are signs in the current year that the costs of children with disabilities and post 16 support is starting to increase above budgeted levels. In overall terms in the current year, the Children Look After total budget is managing to absorb this pressure and we would hope that this continues to increase going forwards, however it is an area to keep an eye on in 2024/25.
63. **Unaccompanied Asylum Seeking Children (Care Leavers)** – The number of UASC cases has increased in Hampshire in line with Government targets and whilst additional funding has been provided for UASC costs whilst they are children, UASC care leavers now account for 21% of all care leavers receiving our support for which we get no extra money from the Government. This continues to be a pressure and we will lobby the government to provide adequate funding for this area in future years, although the Directorate is managing to fund this within the bottom line at the present time.
64. **School Transport** – This is very well documented and represents the highest risk budget in the County Council at the present time due to the pace of change and the exponential increases in costs that we are seeing. We had already reported that the forecast to 2025/26 had increased by £18m above what we had already allowed, and recent forecasts suggest that this could be at least another £8m higher than this albeit we are waiting for the third quarter figures at the moment. The current plan is to meet this years and next years increased costs from increased investment income, but clearly this pressure will continue to have an impact on the forecast for 2025/26 which will be updated later in the year.
65. **Children's Services Partnership with the Isle of Wight** – Members will be aware that Hampshire is withdrawing from the partnership after 10 years and the Isle of Wight (IOW) have taken over the running of their children's services from the start of February this year. The funding arrangements mean that the contribution that the IOW made to our overheads is lost and could lead to a pressure of £400,000 from 2024/25 onwards. However, in the short term some 'paid for services' have been taken by the IOW which will be reviewed at the end of the year to determine which if any will continue. It may therefore be necessary to provide some funding to meet this gap in 2024/25 and on an ongoing basis but it is not clear at what level at this stage.

- 66. **National Living Wage (NLW)** –The announcements in the Autumn Statement did not provide any additional funding to local government which was disappointing but the further announcement on the higher than expected increase in the NLW means that we will face increased pressure in some service areas as a result. It is difficult to predict with any certainty the overall cost impact of this but some general funding will need to be held back in contingencies for allocation during the year if necessary.
- 67. In overall terms, what is interesting to note is that the majority of pressures are within Childrens’ Services which is a pattern repeated up and down the country and the reason that most of our lobbying effort was focussed on the pressures in this area. Past monitoring has also highlighted ongoing pressure in adults social care with many more residential and domiciliary clients during 2023/24 than expected. Additional funding for this has already been included in the budget for 2024/25 as part of the cash limits report presented in December and the additional funding from the Government will help to offset part of this next year (albeit other funding was lost as set out in the next section).

**Section H: Local Government Finance Settlement**

- 68. 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 2024/25 only as the final year of the current Spending Review period. Funding allocations for 2025/26 onwards will be subject to the outcome of the next Spending Review.
- 69. The key outcomes of the settlement for the County Council are shown below:

<b>Funding Source</b>	<b>Budgeted increase/ (reduction)</b>	<b>Actual increase/ (reduction)</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Increase in Social Care Grant	9.4	10.5	+1.1
Increase in Market Sustainability Fund	0.7	2.4	+1.7
Improved Better Care Fund	-	-	-
Increase in Discharges Fund	2.9	2.9	-
Reduction in New Homes Bonus	(1.4)	(0.5)	+0.9
Reduction in Services Grant	-	(4.1)	(4.1)
<b>Total</b>	<b>11.6</b>	<b>11.2</b>	<b>(0.4)</b>

In addition to the grants set out above, an inflationary increase to business rates and associated grants totalling around £10m has been budgeted. At the time of writing



the grant allocations and business rates payable have yet to be confirmed, however these are expected to be approximately in line with budgeted levels.

70. The key features of the settlement are:

- A 6.5% increase in Core Spending Power, of which 2% is attributable to the grant allocations set out above and 4.5% is attributable to council tax increases (including 2% for ASC) and tax base growth. This compares with an average 6.7% increase for Shire Counties.
- The Services Grant, which was introduced in 2022/23 to aid transition to a new funding formula, was cut by over 80% in a move that was unforeseen by the sector. The reduction in Services Grant was used to fund increases to other grants within the settlement, including Social Care Grant and Revenue Support Grant, and a small amount of grant has been held back by DLUHC to cover “unexpected movements”; the allocations of this amount are expected to be included in the Final Settlement.
- The Market Sustainability and Improvement Fund includes the additional Workforce Fund announced in July 2023 from which the Council has received an allocation of £7.2m in 2023/24. This funding will reduce to £4.1m in 2024/25, however a £5.6m increase to the level of core MSIF grant means that overall, the Council will receive £2.4m additional funding in 2024/25.
- The New Homes Bonus has been extended for a further year to 2024/25, albeit at a reduced level. The grant has traditionally been used for one-off purposes by the Council, but given the significant shortfall in Services Grant, it is assumed that this will be used to support the Council’s budget position.

71. The net impact of these changes on the bottom line compared to what was reported in December is a reduction in resources of £0.4m, which has been accounted for in the revised budget position for 2024/25.

72. Members will be aware that following lobbying from a number of County MPs across the country and the consultation feedback received by the Government on the provisional finance settlement that a funding package of £600m was announced on 24 January. No individual authority allocations were provided but it is likely that the County Council will receive up to £10m funding for 2024/25. Due to the late announcement no assumptions for additional funding have been made in this report and figures will be updated as part of the papers to full County Council.

73. The additional funding is very welcome and will help to reduce the level of reserves required to balance the budget in 2024/25, thereby providing further re-assurance that we will be able to balance the remaining budget gap in 2025/26 from reserves. However, there are no indications as to whether this funding will be built into future settlements and even if we assume that it is, it means we still face a recurring budget deficit of over £30m from 2025/26 onwards, even if all of the current SP25 savings proposals are progressed following the current consultation process.

74. What is pleasing to note is that the Government have listened to the views of MPs and the wider sector and have recognised the financial pressure that local government is under. Hopefully this will now act as a trigger for more fundamental changes to the whole funding system as we move towards 2025/26 which is a critical year for the County Council.

### **Council Tax**

75. The MTFS approved by the County Council in November 2023 assumed that Council Tax will increase by the maximum permissible without a referendum in line with government policy. This was expected to be a total increase of 4.99% in each year of the MTFS in line with the limits announced in the 2022 Autumn Statement. The Settlement has confirmed the threshold at 4.99%, consisting of a 2.99% increase for core Council Tax plus a 2% Adult Social Care Precept, so there is no impact on the Council's budget gap for 2024/25.
76. Given the long term financial outlook, it is recommended in this report that Council tax is increased in line with the referendum limit of 4.99%. This proposed increase will see the council tax for a Band D property increase by £72.99 per annum (approximately £1.40 per week) to £1,533.24.
77. This will generate around £39m of additional income, however forecast inflationary and growth pressures are expected to exceed £150m in 2024/25, equivalent to a 19% increase in Council tax. Even after accounting for the proposed 4.99% increase it is anticipated that Hampshire will have the second lowest council tax of any county across the country in 2024/25 and with this position continues to maintain strong performance both within its financial management and service provision. The average council tax across all counties in 2023/24 was just over £1,570, around £110 higher than Hampshire's level in that year. If the County Council set its council tax at this average amount, it would receive around £59m a year more income than current levels.
78. Total income from council tax in 2024/25 is expected to be around £826m and represents 72.1% of the total funding of the County Council's net budget. This includes a forecast surplus on the collection fund for 2023/24 of £6.4m.

### **Section I: Service Cash Limits 2024/25**

79. In December Cabinet considered a budget update report which set provisional cash limit guidelines for directorates for 2024/25.
80. Appendix 2 sets out the cash limits agreed in December and provides information on adjustments that have been made subsequently, which are largely a result of changes to grants within the local government finance regime. Overall, cash limits have increased by £113.7m. This is principally

due to an increase in DSG, however it also reflects the allocation of funding to Directorates for the 2023/24 Local Government Pay Award as set out in Appendix 2.

81. Appendix 3 provides a summary for each directorate of the main services under their control and shows the original budget for 2023/24, the revised budget for 2023/24 and the proposed budget for 2024/25. All directorates are proposing budgets that are within their cash limits, albeit the additional pressures in adults' and children's services are being dealt with corporately.
82. It is worth reiterating that directorates have been required to achieve some £640m in savings since the period of austerity began. These have been applied on a straight line basis proportionate with directorate cash limits, which has allowed the Council to protect spending in non-social care directorates in relative terms compared to many other local authorities. However, growth allocations provided in recognition of growing demand and service pressures, which principally arise in social care services, mean that spending in these areas continues to increase at a faster rate than in non-social care directorates as set out in the table below. Over the two years to 2024/25, directorate cash limits will have increased by almost a third after accounting for £80m SP2023 savings. This is an unprecedented and wholly unsustainable position and highlights the severity and pressing nature of the financial challenges we face.

	<b>2022/23</b>	<b>2024/25</b>	<b>Change</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Adults' Health and Care	445,112	612,242	+167,130	+37.5%
Children's Services – Non Schools	257,816	361,762	+103,946	+40.3%
Universal Services	139,780	159,861	+20,081	+14.4%
Hampshire 2050	13,715	16,415	+2,700	+19.7%
Corporate Services	53,486	58,003	+4,517	+8.4%
	<b>909,909</b>	<b>1,208,283</b>	<b>+298,374</b>	<b>+32.8%</b>

### **Section J: 2024/25 Overall Budget Proposals**

83. Whilst service budgets make up the clear majority of the total budget there are several other items that need to be taken into account before the overall budget and council tax can be set for the year.
84. Appendix 4 sets out a summary of the overall revenue account starting with the cash limited expenditure for directorates discussed above. The following paragraphs outline the other items that make up the overall revenue account

and provide explanations for any significant variances compared to the 2023/24 budget.

85. **Revenue Contributions to Capital Outlay (RCCO)** – Each year, revenue contributions are made to help fund the Capital Programme. The capital cash limit guidelines approved by Cabinet in December 2023 allocated the funding from these revenue based contributions to directorates for 2024/25 only, with the amounts for subsequent year to be held centrally pending further review in light of the current MTFs position. This may result in the RCCOs for future years being returned as a revenue saving.
86. **Contingencies** – The budget for contingencies has reduced by around £39m compared to the 2023/24 original budget. This reflects the earlier allocation of contingency amounts held for Adult Social Care and School Transport in light of the substantial in-year budget pressures reported for these services. The reduction also reflects the lower level of contingency for inflationary uplifts (£15m in 2023/24 and £5m in 2024/25) given strong performance by services in managing inflationary pressures in 2023/24 and recent reductions in the headline rate of inflation. Finally, the centrally held allowance for the pay award has been reduced following the significant pay awards in 2022/23 and 2023/24 and with regard to levels of affordability within the current budget envelope. However, this does represent a risk to the budget position in the event that the local government pay award is on a similar scale to those agreed in recent years.
87. The unprecedented increase in energy prices since 2021 remains a key driver of general inflation. The Council continues to adopt a progressive buying approach to achieve best value, which involves purchasing ‘blocks’ of gas and electricity at different times as and when market conditions are favourable in order to spread risk. A one-off inflationary provision of £4m was included within central contingencies for in 2023/24 and based on in-year forecasts a further provision of £2.5m will be included within contingencies for 2024/25, which will be allocated to directorates during the year as required.
88. Contingency provisions in respect of a limited number of key risk items, notably the one-off funding set out in Section G, the general inflation contingency and allowance for the 2024/25 local government pay award have been retained in the base budget. These provisions represent the recommendation by the Director of Corporate Operations, as the Authority’s Chief Financial Officer (CFO) of a prudent approach to budgeting given the potential pressures the County Council faces. In addition to these contingencies, the County Council has access to sufficient reserves to manage any unforeseen risks that may impact the 2024/25 budget position.
89. **DSG** – The increase in the DSG reflects the increase in funding announced by the Government in the 2022 Autumn Statement, the detail of which was clarified in the schools’ revenue funding settlement in December 2023. However, a substantial DSG deficit of some £130m is expected by the end of this financial year, which is effectively carried as an ‘overdraft’ on the balance sheet and at these levels is starting to impact the amount of investment income

we are able to earn. As the deficit grows larger (expected to be up to £250m by 2025/26) this may also require the County Council to borrow money earlier than it expected further increasing the pressure on the revenue budget. Options for how to deal with the position are currently being explored.

90. **Specific and Non-Specific Grants** – These income budgets have been updated following grant notifications for 2024/25. The increase in specific grants is largely due to the uplift to the Market Sustainability and Improvement Fund for Adult Social Care and an additional grant to support schools with the Teacher’s Pay Award. The increase to non-specific grants reflects the funding allocated through the Provisional Local Government Finance Settlement, particularly in respect of business rates and core social care grant.
91. **Business Units** – The net trading position of business units has been updated, and whilst overall the current business as usual estimate is a net trading surplus, it is always difficult to predict at this stage future income generation. In any event, at the end of the year the position will be balanced through a contribution to or from earmarked reserves that the trading units hold and so there is no impact on the revenue budget.
92. **Earmarked Reserves** – Changes to earmarked reserves mainly reflect changes to other budgets elsewhere in the revenue account. However, there is a significant draw from earmarked reserves in 2024/25 due to the planned use of the BBR to balance the budget in 2024/25 as outlined elsewhere in the report.
93. **Use of General Balances** – The 2023/24 original budget assumed a net contribution to general balances of £0.9m and this has been increased to £1m for 2024/25 in order to maintain general balances at around 2.5% of the County Council’s net budget requirement; in line with the CFO’s recommended level.

## **Section K: Budget and Council Tax Requirement 2024/25**

94. The report recommends that council tax is increased by 4.99% in 2024/25, in line with the referendum limit and with government policy which presumes that local authorities will put up their council tax by the maximum they are allowed.
95. In addition to the recommended increase for council tax, there are other changes within the council tax calculation that have an impact on the budget. The council tax base represents the estimated number of houses eligible to pay council tax and the final forecasts provided by the Districts which take into account expected growth and any adjustments for the impact of their Council Tax Reduction Schemes result in additional income of £5.7m in 2024/25. This has been included in the forecast budget position for 2024/25 as set out in section 98.
96. The County Council is also notified by Hampshire Districts, of the estimated level of collection fund surpluses or deficits that need to be taken into account in setting the council tax for 2024/25. In addition to the figures for council tax,

Districts are required to provide estimates of their surplus or deficit on the business rates collection fund, following the introduction of Business Rates Retention in April 2013.

97. For 2024/25 a net council tax collection fund surplus of £6.4m is anticipated, mainly due to general increases in the council tax base during the year. Most Districts have yet to provide estimates of the business rates income they expected to receive for 2024/25 as recent technical updates to the business rates system have increased the complexity of the calculations required for the coming year. The current budgeting position assumes that business rates and associated grants will increase with inflation for 2024/25 in line with government policy, and a balanced position has been assumed for the business rates collection fund. We will await confirmation of final figures and any adjustment will be reported at County Council. Any net surplus on the Council tax and Business Rates collection funds will reduce the required draw from the BBR and contribute to bridging the budget gaps in future years.
98. Taking account of all the budget changes outlined in this and previous sections of this report, the County Council can set a balanced 2024/25 budget as follows:

	<b>£m</b>
<b>Forecast Gap per December report to Cabinet</b>	<b>86.0</b>
Recurring budget additions per Section 54	6.1
One-off budget additions per Section 54	1.7
Contingency for energy inflation	2.5
Net variance on Finance Settlement grants	0.4
Increase in contribution to the General Fund	0.1
<b>New gross budget gap</b>	<b>96.8</b>
Tax base growth	-5.7
Council Tax Collection Fund surplus	-6.4
<b>New Net Budget Gap</b>	<b>84.7</b>
Draw from the Budget Bridging Reserve	-84.7
<b>Balanced Budget</b>	<b>0</b>

99. As highlighted above, these figures do not take account of the late announcement of £600m of funding for 2024/25 and this position will be updated in the papers to full County Council once individual authority allocations have been confirmed in the final local government finance settlement. Local authorities are required to report a formal council tax requirement as part of the budget setting process and the recommendations to Council in this report show that the Council Tax Requirement for the year is £826,732,345.43.

## Section L - Medium Term Financial Position

100. In normal circumstances, the County Council would expect to maintain a 3 or 4 year forward look of its financial position. However, a combination of no Government forecasts beyond 2024/25 and the fact that we are unable to balance the 2025/26 budget on a sustainable basis means that we continue to concentrate only on the period up to 2025/26. Even looking to 2026/27 there are other unknown issues, such as what will happen when the DSG deficit statutory override is removed, which makes any sort of credible financial planning almost impossible.
101. Members will be fully aware that we have a predicted recurring budget deficit of £132m by 2025/26. In reality, this represents a 3 year net deficit, given that we are 'carrying over' a deficit of £50.8m from the current year rising to £84.7m in 2024/25.
102. Since calculating the £132m deficit we have added a further £18m for school transport pressures and the recurring items outlined in Section G will also feed through into the 2025/26 budget position. Despite this, it is not proposed to change the £132m forecast at the current time, the main reasons for this are:
- The 2025/26 forecast assumes no increase in grants for social care services. Given the pressure in the system and the announcement of a late funding package for 2024/25, it would seem very unlikely that no additional support will be provided in 2025/26.
  - We still retain some contingency amounts as part of the budget forecast as part of our prudent approach to financial planning. Should we be forced to provide more direct funding for services in 2025/26 then we would need to reduce contingencies to balance this off. Whilst this gives us flexibility to manage the bottom line position, it does increase the risk in the budget, which is inevitable given the financial position we are in.
  - We make prudent assessments of income lines such as business rates and investment income which hopefully will be better than expected once we come to set the budget for 2025/26.
103. It is also worth remembering that our current strategy is to balance any remaining budget gap in 2025/26 by re-purposing other existing reserves, but we would also hope to achieve some early SP25 savings that will increase the Budget Bridging Reserve in the meantime. The extra funding announced by the Government late in January helps to shore up our finances further to 2025/26 but it does not change the underlying fact that our recurring budget position is unsustainable.
104. At this stage therefore it is proposed to keep the 2025/26 forecast position at £132m with the next major update expected once we have more information from the Government on the prospects for that year, which is not likely to be available until after a general election and is almost certainly going to be for a single year.

## **Section M: Capital and Investment Strategy**

105. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the Treasury Management Code of Practice require local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. In addition, Government investment guidance includes the requirement to produce an Investment Strategy. For the County Council, these are combined into a single Capital and Investment Strategy which is set out in Appendix 7 for approval by full County Council.
106. The Treasury Management Strategy (TMS), as referenced below and set out in Appendix 8, supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and treasury investments, and the associated risks.
107. The County Council's Capital and Investment Strategy is presented in three sections:

### **Section A: Capital Strategy**

This gives a high-level overview of how capital expenditure, capital financing, treasury management and investment activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

### **Section B: Minimum Revenue Provision (MRP) Statement**

This is a statement that the County Council is required to prepare and approve each year setting out its policy on making MRP for the repayment of borrowing in respect of the upcoming financial year. The statement sets out how the County Council proposes to discharge its duty to make prudent MRP charges to the revenue budget.

### **Section C: Non-treasury Investment Strategy**

This focuses on investments that are not made for treasury management purposes and supports transparent reporting and democratic accountability for any such non-treasury investments.

## **Prudential Indicators**

108. The Prudential Code that applies to local authorities ensures that:
  - Capital programmes are affordable in revenue terms.



- External borrowing and other long-term liabilities are within prudent and sustainable levels.
  - Treasury management decisions are taken in line with professional good practice.
109. Some of the limits have been altered to reflect the revised TMS and Capital and Investment Strategy although this does not expose the County Council to any greater levels of risk.
110. Section 4 of Appendix 7 also contains the Prudential Indicators required by the Code for the County Council which will now be submitted for approval by the full County Council in setting the budget for 2024/25.

## **Section N: Treasury Management Strategy for 2024/25**

111. The CIPFA Treasury Management in the Public Services: Code of Practice (the CIPFA Code) requires authorities to determine their Treasury Management Strategy Statement (TMSS) before the start of each financial year.
112. The County Council's TMS (including the Annual Investment Strategy) for 2024/25, and the remainder of 2023/24, has been reviewed in the light of current and forecast economic indicators and is set out in Appendix 8 for approval and fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

### **Investments Targeting Higher Returns**

113. The CIPFA Code requires the County Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest yield. As a result, the County Council's investments targeting higher yields have been made from its most stable balances and with the intention that they will be held for at least the medium term.
114. Higher yields can be targeted through longer term cash investments and by investing in asset classes other than cash. Following advice from our advisers, Arlingclose, the County Council has constructed an investment portfolio that is diversified across asset classes and regions. This has been achieved by investing in pooled investment vehicles (pooled funds) alongside long term lending to other local authorities and, hitherto, loans relating to the Manydown development project. This diversification helps to mitigate the risk of overexposure to a single event affecting a specific asset class.
115. The use of pooled funds also enables the County Council to achieve a greater degree of diversification than could effectively be achieved by directly owning individual assets. Pooled funds are managed by specialist external fund managers who are best placed to select and manage investments, for example

with property investments in selecting appropriate buildings and then managing the relationship with tenants and the maintenance of those buildings.

116. Following the increases in UK Bank Rate the decision was made to subsume the investments targeting higher returns within the long-term investment portfolio as there was no longer a significant difference between the interest rates being achieved by those investments and cash, as short-term interest rates are now comparable with longer term interest rates.
117. The County Council will however continue to make use of long-term balances, making investments in longer term investments including local authorities, other asset classes and regions, fixed capital value and pooled funds to mitigate the risk of low interest rates which will affect cash investments when the UK Bank Rate is reduced. This diversification also helps to mitigate the risk of overexposure to a single event affecting a specific asset class.
118. Past performance does not guarantee that funds can replicate successful outcomes in future and knowing which funds will perform well is not an exact science. The County Council will therefore continue to conduct its own ongoing review and scrutiny of the performance of its pooled fund investments. The County Council will also discuss these investments regularly with Arlingclose, who provide advice based on regular meetings with representatives from the pooled funds and their own ongoing due diligence on areas such as performance and investment style, strategy and process.
119. It is worth reminding Members that going forward, changes to International Financial Reporting Standards means that capital gains and losses on investments need to be reflected in the revenue account on an annual basis. There is currently a statutory override in place for local authorities that exempts them from complying with this requirement for 2024/25. At the current time, given the medium to long term nature of the investments, it is unlikely that a capital loss would ever materialise since the County Council would avoid selling investments that realised a capital loss. The changes in interest rates means that our approach to higher yielding investments has also needed to change as mentioned above. The investment risk reserve now stands at over £10m following the contribution of the gains made on the sale of pooled investments last year. Originally, the Investment Risk Reserve was set at a level of 2.5% of the total higher yielding investments, however, due to the change in the investment strategy and the increased risk arising from the removal of the statutory override, it is now proposed that the Investment Risk Reserve is set at a minimum level of 2% of total investments.

## **Section O: Consultation, Equalities and Climate Change Impact**

120. A consultation was undertaken against the background of the next stage of the County Council's transformation and efficiencies programme, SP2025, to inform the overall approach to addressing the £132m budget gap to 2025/26.

121. The County Council undertook an open public consultation called '*Making the most of your money*' which ran for six weeks from 12 June to the 23 July 2023. The public consultation sought residents' and stakeholders' views on options for managing the anticipated budget shortfall. The options necessarily extended beyond cost reduction and income raising possibilities to areas such as council tax increases, possible legislative changes and the organisation (structure) of local government in Hampshire.
122. Agreement that the County Council should continue with its financial strategy now stands at 60%, with the data suggesting that respondents are concerned about the implications of further service changes and charges. Respondents increasingly felt that the solution lies with central government, with 89% agreeing that the council should lobby for additional funding to deliver social care services. Generating additional income remains the most preferred approach to meeting the budget shortfall, with 91% of respondents ranking this option among their top three.
123. The findings from the Consultation were provided to Executive Members and Directors during September 2023, to inform directorate savings proposals, in order for recommendations to be made to Cabinet and the full County Council in October and November 2023 on the MTFs and SP2025 Savings Proposals. The results were also reported to Cabinet and County Council as part of the final decision making process.
124. Following the '*Making the most of your money*' Consultation, the County Council launched a set of 13 'stage 2' consultations on 8 January 2024. It is intended that the outcome of this second round of consultation will help to inform final decisions on these proposals in the Summer.
125. 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.
126. This report deals with the revenue budget preparation for 2024/25 for the County Council. 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 to be considered as part of this report at this stage.

**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**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals <a href="https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments">https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments</a>	Cabinet - 10 October 2023 and County Council – 9 November 2023
Budget Setting and Provisional Cash Limits 2024/25 (Cabinet) <a href="https://democracy.hants.gov.uk/documents/s114838/Financial%20Update%20and%20Budget%20Setting%20and%20Provisional%20Cash%20Limit%20202425.pdf">https://democracy.hants.gov.uk/documents/s114838/Financial%20Update%20and%20Budget%20Setting%20and%20Provisional%20Cash%20Limit%20202425.pdf</a>	12 December 2023
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>
<b>Section 100 D - Local Government Act 1972 - background documents</b>	
The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)	
<u>Document</u>	<u>Location</u>
None	

## EQUALITIES IMPACT ASSESSMENT:

### 1. Equality Duty

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

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

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

- The need to remove or minimise disadvantages suffered by persons sharing a relevant 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 2024/25 does not contain any new proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Savings Programme 2025 were considered in detail as part of the approval process carried out in Cabinet and County Council during October and November 2023 and full details of the Equalities Impact Assessments (EIAs) relating to those changes can be found in Appendices 3 to 7 in the November Council report linked below:

[\(Public Pack\)Agenda Document for County Council, 09/11/2023 10:15 \(hants.gov.uk\)](#)

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

## **REVENUE BUDGET – LIST OF APPENDICES**

1. Revised Budget 2023/24
2. Final Cash Limit Calculation 2024/25
3. Proposed Directorate Service Budgets 2024/25
4. Proposed General Fund Revenue Budget 2024/25
5. Reserves Strategy
6. Section 25 Report from Chief Financial Officer
7. Capital and Investment Strategy 2024/25
8. Treasury Management Strategy Statement 2024/25

**Revised Budget 2023/24**

	<b>Original Budget 2023/24 £'000</b>	<b>Adjustment £'000</b>	<b>Adjusted Budget 2023/24 £'000</b>	<b>Revised Budget 2023/24 £'000</b>	<b>Variance £'000</b>
<b><u>Directorate Expenditure</u></b>					
Adults' Health and Care	528,166	41,401	569,567	579,661	10,094
Children's – Schools	1,075,676	(22,879)	1,052,797	1,052,737	(60)
Children's – Non Schools	313,118	22,310	335,428	342,848	7,420
Universal Services	147,465	2,311	149,776	152,477	2,701
Hampshire 2050	15,333	844	16,177	16,661	484
Corporate Operations	37,256	17,329	54,585	57,092	2,507
People and Organisation	16,257	(207)	16,050	17,081	1,031
	<b>2,133,271</b>	<b>61,109</b>	<b>2,194,380</b>	<b>2,218,557</b>	<b>24,177</b>
<b><u>Capital Financing Costs</u></b>					
Committee Capital Charges	155,575	0	155,575	155,575	0
Capital Charge Reversal	(158,269)	0	(158,269)	(158,269)	0
Interest on Balances	(16,402)	(8,243)	(24,645)	(25,740)	(1,095)
Capital Financing Costs	52,228	(175)	52,053	52,565	512
	<b>33,132</b>	<b>(8,418)</b>	<b>24,714</b>	<b>24,131</b>	<b>(583)</b>
<b><u>RCCO</u></b>					
Main Contribution	3,804	13,341	17,145	17,770	625
<b><u>Other Revenue Costs</u></b>					
Contingency	94,272	(17,536)	76,736	56,261	(20,475)
Dedicated Schools Grant	(1,005,981)	22,453	(983,528)	(983,468)	60
Specific Grants	(222,112)	(47,055)	(269,167)	(270,723)	(1,556)
Levies	2,907	14	2,921	2,921	0
Coroners	2,968	175	3,143	3,230	87
Business Units (Net Trading Position)	(383)	(53)	(436)	(436)	0
	<b>(1,128,329)</b>	<b>(42,002)</b>	<b>(1,170,331)</b>	<b>(1,192,215)</b>	<b>(21,884)</b>
<b>Net Revenue Budget</b>	<b>1,041,878</b>	<b>24,030</b>	<b>1,065,908</b>	<b>1,068,243</b>	<b>2,335</b>
<b><u>Contributions to / (from) Earmarked Reserves</u></b>					
Transfer to / (from) Earmarked Reserves	(29,990)	(24,083)	(54,073)	(56,297)	(2,224)
Trading Units Transfer to / (from) Reserves	534	53	587	476	(111)
	<b>(29,456)</b>	<b>(24,030)</b>	<b>(53,486)</b>	<b>(55,821)</b>	<b>(2,335)</b>
Contribution to / (from) Balances	900	0	900	900	0
<b>NET BUDGET REQUIREMENT</b>	<b>1,013,322</b>	<b>0</b>	<b>1,013,322</b>	<b>1,013,322</b>	<b>0</b>

	<b>Original Budget 2023/24 £'000</b>	<b>Adjustment £'000</b>	<b>Adjusted Budget 2023/24 £'000</b>	<b>Revised Budget 2023/24 £'000</b>	<b>Variance £'000</b>
<b>Funded by:</b>					
Business Rates and Government Grant	(123,917)	0	(123,917)	(123,917)	0
Non-Specific Grants	(102,669)	0	(102,669)	(102,669)	0
Business Rates Collection Fund Deficit / (Surplus)	(709)	0	(709)	(709)	0
Council Tax Collection Fund Deficit / (Surplus)	(4,265)	0	(4,265)	(4,265)	0
<b>COUNCIL TAX REQUIREMENT</b>	<b>781,762</b>	<b>0</b>	<b>781,762</b>	<b>781,762</b>	<b>0</b>

**Note:** The adjusted and revised budgets for Corporate Operations include centrally held Homes for Ukraine Grants totalling £15.5m



**Final Cash Limit Calculation 2024/25**

	<b>December Cash Limit Guideline</b>	<b>Grants</b>	<b>Other</b>	<b>Final Cash Limit 2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults' Health and Care	604,947		7,295	612,242
Children's – Schools	1,052,540	91,782		1,144,322
Children's – Non Schools	355,570		6,192	361,762
Universal Services	155,753		4,108	159,861
Hampshire 2050	15,984		431	16,415
Corporate Operations	39,948		2,883	42,831
People & Organisation	14,147		1,025	15,172
	<b>2,238,889</b>	<b>91,781</b>	<b>21,934</b>	<b>2,352,605</b>

**Notes:**Grants

- The increase for Children's – Schools reflects increases in a number of schools grants, most significantly the Dedicated Schools Grant, Teachers Pay Additional Grant, Pupil Premium Grant and Universal Infant Free School Meals Grant

Other

- The increases for all directorates reflect an adjustment for the impact of the 2023/24 Local Government Pay Award agreed in November 2023

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## Proposed Directorate Service Budgets 2024/25

### Adults' Health and Care Directorate

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
<b>Director</b>	<b>1,555</b>	<b>1,555</b>
<b>Headquarters</b>	<b>20,478</b>	<b>20,478</b>
<b>Older Adults</b>		
Older Adults Community Services	209,460	209,460
Reablement and equipment store	18,097	18,097
	<b>227,557</b>	<b>227,557</b>
<b>Younger Adults</b>		
Learning Disabilities Community Services	134,985	153,769
Mental Health Community Services	22,648	26,795
Physical Disabilities Community Services	40,147	49,265
Younger Adults Commissioning and Management	7,922	10,036
Directorate wide Contact Assessment and Resolution Team	4,123	4,110
	<b>209,825</b>	<b>243,975</b>
<b>HCC Care</b>	<b>45,388</b>	<b>61,769</b>
<b>Governance &amp; Assurance</b>	<b>1,729</b>	<b>1,726</b>
<b>Centrally Held</b>	<b>(32,778)</b>	<b>(46,609)</b>
<b>Total Adult Social Care</b>	<b>473,754</b>	<b>556,055</b>

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
Children and Young People 0-19	24,267	25,004
Community Safety & Violence Prevention	1,161	1,162
Drugs and Alcohol	8,586	8,745
Health Check	1,187	1,187
Protection & Intelligence	30	57
Mental Health & Wellbeing	1,939	1,939
Nutrition, Obesity & Physical Activity	465	465
Older People	256	256
Public Health Central	4,916	5,511
Sexual Health	9,390	9,646
Tobacco	2,215	2,215
<b>Total Public Health</b>	<b>54,412</b>	<b>56,187</b>
<b>Total Adults Health and Care</b>	<b>528,166</b>	<b>612,242</b>

**Children's Services**

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
<b>Early Years</b>	<b>90,035</b>	<b>147,969</b>
<b>Schools Block</b>		
Schools Budget Shares	679,252	697,372
Schools De delegated	2,310	2,539
Central Provision funded by Maintained Schools	5,191	6,352
Growth Fund	4,845	3,565
	<b>691,598</b>	<b>709,828</b>
<b>High Needs</b>		
High Needs Block Budget Shares	43,203	43,636
Central Provision funded by Maintained Schools	126	158
High Needs Top-Up Funding	128,124	136,919
SEN Support Services	7,903	7,801
High Needs Support for Inclusion	3,315	3,607
Hospital Education Service	1,710	1,699
	<b>184,381</b>	<b>193,820</b>
<b>Central School Services</b>	<b>7,967</b>	<b>7,959</b>
<b>Other Schools Grants</b>	<b>101,695</b>	<b>84,746</b>
<b>Schools</b>	<b>1,075,676</b>	<b>1,144,322</b>

**Social Care**

Residential & Supported Accommodation	73,024	87,856
Fostering & Adoption	52,473	57,237
Leaving Care	8,727	9,981
Special Guardianship Support	7,312	8,495
Asylum Seekers	14,198	14,957
<b>Children Looked After Total</b>	<b>155,734</b>	<b>178,526</b>
Safeguarding Children & Early Help	48,306	52,530
Targeted and Universal Services for Families	21,205	7,444
Children with Disabilities	6,738	7,076
Management & Support Services	10,278	10,679
<b>Social Care Total</b>	<b>242,257</b>	<b>256,255</b>
<b>Education, Learning &amp; Business Support</b>		
School Transport	39,941	65,807
Inclusion	6,508	11,196
Participation & Lifelong Learning	2,034	2,572
Standards & Improvement	99	100
Early Years Education & Childcare	1,505	1,598
Library Service	10,482	11,152
Management & Business Support Services	6,798	8,221
<b>Education, Learning &amp; Business Support Total</b>	<b>67,367</b>	<b>100,646</b>
<b>Partnerships</b>	<b>3,421</b>	<b>4,861</b>

<b>Non-Schools</b>	<b>313,045</b>	<b>361,762</b>
<b>Children's Services</b>	<b>1,388,721</b>	<b>1,506,084</b>
<b>Children's Services Trading Units</b>	<b>(289)</b>	<b>230</b>
<b>Children's Services Total</b>	<b>1,388,432</b>	<b>1,506,314</b>

**Corporate Services**

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
<b>Corporate Operations</b>		
Audit	812	888
Finance	7,026	6,053
Pensions, Investments & Borrowing	-23	139
IBC	13,758	14,478
IT	31,684	34,108
Strategic Procurement	2,201	3,126
Shared Services Partnership Income	-18,841	-16,629
Other Central Management Costs	663	668
<b>Total Corporate Operations</b>	<b>37,280</b>	<b>42,831</b>
<b>People &amp; Organisation</b>		
Democratic Services	973	1,005
Emergency Planning	297	314
Legal Services	3,153	3,586
HR Operational Services	6,228	4,672
Health & Safety	741	778
Communications & Engagement	1,560	1,832
Members & Other Central Management Costs	2,930	2,985
<b>Total People &amp; Organisation</b>	<b>15,882</b>	<b>15,172</b>
<b>Total Corporate Services</b>	<b>53,162</b>	<b>58,003</b>



**Universal Services**

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
Highways Maintenance	27,125	32,005
Street Lighting	10,551	9,268
Winter Maintenance	6,489	6,880
Traffic Management and Road Safety	2,034	2,618
Capital Works Implementation	449	531
Concessionary Fares	11,718	12,288
Passenger Transport	4,223	4,732
<b>Highways, Engineering &amp; Transport</b>	<b>62,589</b>	<b>68,322</b>
Waste Disposal	53,430	58,368
Environment	538	528
Development Management, Minerals and Waste Policy	160	256
Asbestos	75	130
Scientific Services	204	263
Trading Standards	1,746	1,814
<b>Waste &amp; Environmental Services</b>	<b>56,153</b>	<b>61,359</b>
Countryside Services	3,262	3,599
Outdoors Centres	291	394
Rural Estates (County Farms)	(316)	(305)
Sir Harold Hillier Gardens (room hire)	64	64
Registration	(1,026)	(947)
Archives	728	771
<b>Recreation, Information &amp; Business Services</b>	<b>3,003</b>	<b>3,576</b>
Business Support	1,164	1,319
Business Development Team	754	805

Business Strategy & Improvement and Transition	1,311	1,404
Contact Centre Team	278	304
Departmental and Corporate Support	2,161	2,080
Facilities Management	4,474	4,805
The Great Hall	13	11
PrintSmart	(57)	(57)
Hampshire Printing Services	(24)	(27)
Property Services	4,296	4,937
Repairs & Maintenance	9,980	10,291
Feasibility	1,035	1,035
Corporate Estate	(177)	(174)
Sites for Gypsies and Travellers	44	46
Development Account and Other Miscellaneous	(378)	(376)
<b>Property, Business Development &amp; Transformation</b>	<b>24,874</b>	<b>26,403</b>
Net Contribution To / (From) Cost of Change	-	201
<b>Net Cash Limited Expenditure</b>	<b>146,619</b>	<b>159,861</b>
Hampshire Transport Management	(42)	(24)
River Hamble	(52)	(56)
<b>Universal Services Trading Units</b>	<b>(94)</b>	<b>(80)</b>
<b>Coroners</b>	<b>2,968</b>	<b>4,099</b>

**Hampshire 2050**

<b>Service Activity</b>	<b>Original Budget 2023/24 £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
Spatial Planning	1,390	1,377
Economic Development	1,047	1,070
Integrated Transport	866	1,069
Skills & Participation	198	261
<b>Skills, Economy &amp; Planning</b>	<b>3,501</b>	<b>3,777</b>
Arts & Museums	2,795	2,795
CCBS Grants Fund	32	32
Leader's Grants	400	400
Members' Devolved Budgets	624	624
Sport	116	116
Rural Broadband	5	61
Climate Change & Environmental Strategy	689	705
H2050 Policy	68	71
<b>Culture &amp; Communities</b>	<b>4,729</b>	<b>4,804</b>
Disposal of sites	243	250
Property Services	602	676
Strategic Land	1,996	1,782
Premises Management	38	(35)
Strategic Development Team	121	150
Office Accommodation	4,223	4,552
<b>Strategic Assets</b>	<b>7,223</b>	<b>7,375</b>
<b>H2050 Directorate</b>	<b>438</b>	<b>459</b>
<b>Net Cash Limited Expenditure</b>	<b>15,891</b>	<b>16,415</b>

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**Revenue Budget 2024/25**

	<b>Original Budget 2023/24 £'000</b>	<b>Adjustment £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
<b><u>Directorate Expenditure</u></b>			
Adults' Health and Care	528,166	84,076	612,242
Children's – Schools	1,075,676	68,646	1,144,322
Children's – Non Schools	313,118	48,644	361,762
Universal Services	147,465	12,396	159,861
Hampshire 2050	15,333	1,082	16,415
Corporate Operations	37,256	5,575	42,831
People and Organisation	16,257	(1,085)	15,172
	<b>2,133,271</b>	<b>219,334</b>	<b>2,352,605</b>
<b><u>Capital Financing Costs</u></b>			
Committee Capital Charges	155,575	0	155,575
Capital Charge Reversal	(158,269)	0	(158,269)
Interest on Balances	(16,402)	(9,088)	(25,490)
Capital Financing Costs	52,228	(472)	51,756
	<b>33,132</b>	<b>(9,560)</b>	<b>23,572</b>
<b><u>RCCO</u></b>			
Main Contribution	3,804	9,925	13,729
<b><u>Other Revenue Costs</u></b>			
Contingency	94,272	(38,542)	55,730
Dedicated Schools Grant	(1,005,981)	(53,595)	(1,059,576)
Specific Grants	(222,112)	(21,034)	(243,146)
Levies	2,907	14	2,921
Coroners	2,968	1,131	4,099
Business Units (Net Trading Position)	(383)	533	150
	<b>(1,128,329)</b>	<b>(111,493)</b>	<b>(1,239,822)</b>
<b>Net Revenue Budget</b>	<b>1,041,878</b>	<b>108,206</b>	<b>1,150,084</b>
<b><u>Contributions to / (from) Earmarked Reserves</u></b>			
Transfer to / (from) Earmarked Reserves	(29,990)	(45,521)	(75,511)
Trading Units Transfer to / (from) Reserves	534	(1,195)	(661)
	<b>(29,456)</b>	<b>(46,716)</b>	<b>(76,172)</b>
Contribution to / (from) General Balances	900	100	1,000
<b>NET BUDGET REQUIREMENT</b>	<b>1,013,322</b>	<b>61,590</b>	<b>1,074,912</b>

	<b>Original Budget 2023/24 £'000</b>	<b>Adjustment £'000</b>	<b>Proposed Budget 2024/25 £'000</b>
<b>Funded by</b>			
Business Rates and Government Grant	(123,917)	0	(123,917)
Non-Specific Grants	(102,669)	(15,211)	(117,880)
Business Rates Collection Fund Deficit / (Surplus)	(709)	709	0
Council Tax Collection Fund Deficit / (Surplus)	(4,265)	(2,118)	(6,383)
<b>COUNCIL TAX REQUIREMENT</b>	<b>781,762</b>	<b>44,970</b>	<b>826,732</b>

## **Reserves Strategy**

### **1. Introduction**

- 1.1 The level and use of local authority reserves has been a regular media topic over a number of years, and more recently the Government has reiterated the view that reserves should feature more significantly in plans to reduce the impact of current financial pressures. Whilst helpful in the short term, as demonstrated by the County Council's use of its Budget Bridging Reserve, in the medium term however, one-off reserve funding does not provide a sustainable solution to on-going financial pressure.
- 1.2 The County Council has continually explained that reserves are kept for many different purposes and that simply trying to bridge the requirement for long term recurring savings through the use of reserves only serves to use up those reserves very quickly (meaning that they are not available for any other purposes), and merely delays the point at which the recurring savings are required with even less time to seek and implement any further savings that can be found.
- 1.3 The County Council's published balance sheet as at 31 March 2023 shows that reserves held by the County Council, including the general fund balance and individual schools' balances, but excluding the ring-fenced DSG deficit, total £845m. This is £38m lower than the year before and represents the 'tipping point' anticipated in the MTFs as reserves are used as intended to support transformation and to cash flow budget gaps until permanent savings are fully implemented.
- 1.4 This Appendix sets out in more detail what those reserves are for and outlines the strategy that the County Council has adopted. During 2023/24, further draws from reserves have been made in line with the strategy and any early achievement of SP2025 savings will be transferred into the Budget Bridging Reserve. The net movement is expected to result in a further reduction in total reserves and this will be reported as part of the outturn position.

### **2. Reserves Position 31 March 2023**

- 2.1 Current earmarked reserves together with the General Fund Balance totalled £845m at the end of the 2022/23 financial year. The table below summarises by purpose the total level of reserves and balances that the County Council holds and compares this to the position reported at the end of 2021/22. It also shows the reserve transfers agreed by County Council in July 2023 and the revised total of £817.3m.
- 2.2 The narrative beneath the table explains in more detail the purpose for which the reserves are held and in particular why the majority of these reserves cannot be used for other reasons.

	Balance 31/03/2022 £'000	Balance 31/03/2023 £'000	Post Transfers 20/07/2023 £'000	% of Total %
General Fund Balance	24,098	24,998	24,998	3.1
<b><u>Fully Committed to Existing Spend Programmes</u></b>				
Revenue Grants Unapplied	8,438	9,590	7,190	0.9
General Capital Reserve	167,414	172,441	110,741	13.6
Street Lighting Reserve	26,835	26,953	26,953	3.3
Public Health Reserve	8,869	10,768	10,768	1.3
Other Reserves	1,361	1,513	1,513	0.2
	<b>212,917</b>	<b>221,265</b>	<b>157,165</b>	<b>19.2</b>
<b><u>Directorate / Trading Reserves</u></b>				
Trading Accounts	11,038	10,238	10,238	1.3
Directorate Cost of Change Reserve	175,079	141,801	141,801	17.4
	<b>186,117</b>	<b>152,039</b>	<b>152,039</b>	<b>18.6</b>
<b><u>Risk Reserves</u></b>				
Insurance Reserve	43,684	47,529	47,529	5.8
Investment Risk Reserve	6,250	6,250	6,250	0.8
	<b>49,934</b>	<b>53,779</b>	<b>53,779</b>	<b>6.6</b>
<b><u>Corporate Reserves</u></b>				
Budget Bridging Reserve	98,971	73,111	134,371	16.4
Invest to Save	15,581	16,462	2,362	0.3
Corporate Policy Reserve	8,107	9,158	1,361	0.2
Organisational Change Reserve	3,163	3,003	0	0.0
	<b>125,822</b>	<b>101,734</b>	<b>138,094</b>	<b>16.9</b>
<b>HCC Earmarked Reserves</b>	<b>574,790</b>	<b>528,816</b>	<b>501,076</b>	<b>61.3</b>
EM3 LEP Reserve	3,741	3,572	3,572	0.4
Schools' Reserves	83,903	81,323	81,323	10.0
<b>Total Revenue Reserves &amp; Balances</b>	<b>686,533</b>	<b>638,710</b>	<b>610,970</b>	<b>74.8</b>
<b>Capital Grants Unapplied</b>	<b>196,447</b>	<b>206,292</b>	<b>206,292</b>	<b>25.2</b>
<b>Total Reserves and Balances</b>	<b>882,980</b>	<b>845,002</b>	<b>817,342</b>	<b>100.0</b>



	<b>Balance 31/03/2022 £'000</b>	<b>Balance 31/03/2023 £'000</b>	<b>Post Transfers 20/07/2023 £'000</b>	<b>% of Total %</b>
<b>Transferred to the revenue budget:</b>				
Highways maintenance			22,500	
Analogue to digital networks			5,240	
<b>Total</b>			<b>845,002</b>	

### General Fund Balance

- 2.3 The General Fund Balance is the only reserve that is in effect not earmarked for a specific purpose. It is currently set at a level recommended by the Chief Financial Officer (CFO) of around 2.5% of the net budget requirement and it represents a working balance of resources that could be used at very short notice in the event of a major financial issue. This will be kept under review and is likely to need to increase as the total of earmarked reserves falls.

### Fully Committed to Existing Spend Programmes

- 2.4 By far the biggest proportion of revenue reserves are those that are fully committed to existing spend programmes and around £111m of this funding is required to meet commitments in the Capital Programme. These reserves really represent the extent to which resources, in the form of government grants or revenue contributions to capital, are received or generated in advance of the actual spend on projects.
- 2.5 A planned review of the capital programme to identify options to reduce scope, stop or not start approved projects or seek alternative funding sources will commence shortly. However, given that 80% of the capital programme is funded by grants and contributions that cannot always be re-purposed, the scope for releasing significant reserve funding may be limited.
- 2.6 The Street Lighting Reserve is used to manage the cash profile of the financial model for this Public Finance Initiative scheme whereby surplus cash is invested up front and then applied to the contract payments in future years, and the Public Health reserve represents the balance of the ring-fenced government grant carried forward for future public health expenditure.
- 2.7 Based on current plans, these reserves are fully committed to be spent in the coming years and do not therefore represent 'spare' resources. However, the County Council could potentially re-consider some of the planned expenditure in order to repurpose some of this reserve funding for higher priority one-off spend.

### Directorate / Trading Reserves

- 2.8 Trading services within the County Council operate as semi-commercial organisations and as such they do not receive a budget allocation from the

County Council in respect of capital investment or annual pressures arising from spending or income fluctuations.

- 2.9 Given this position, any surpluses generated by the trading services are earmarked for their use to apply for example to equipment renewal, service expansion, service improvement, innovation and marketing. They are also used to smooth cash flows between years if deficits are made due to the loss of the customer base and to provide the time and flexibility to generate new revenues to balance the bottom line in future years.
- 2.10 Directorate reserves are generated through budget savings in annual revenue expenditure and Council policy was changed in 2010 to allow directorates to retain budget savings in order to provide resources to implement changes associated with savings proposals and to manage the cash flow impact of later delivery of savings and in year budget pressures.
- 2.11 Utilising reserves in this way and allowing directorates and trading services to retain surpluses has encouraged prudent financial management as managers have been able to ensure that money can be re-invested in service provision without the need to look to the corporate centre to provide funding.
- 2.12 However, given the significant financial challenges which the Council currently faces, it is no longer possible to allow directorates to retain savings delivered in the interim years of two year savings programmes. All planned savings delivered from 2023/24 agreed as part of the SP2025 Programme will be transferred to the Budget Bridging Reserve at the end of each financial year (see paras 2.21 – 2.23) to contribute towards meeting the budget gap on an interim basis.
- 2.13 It is acknowledged that this will lead to a decline in directorate reserves over time as existing balances are put to use as planned by directorates. Consequently, a more corporate approach to manage these reserves will be required to ensure that these reducing funds are used for the highest priority purposes. In addition, any additional enabling investment required to facilitate savings delivery will be considered and managed corporately through the Invest to Save Reserve (see para 2.24).

### **Risk Reserves**

- 2.14 The Council holds specific reserves to mitigate risks that it faces. The County Council self insures against certain types of risks and the level of the Insurance Reserve is based on an independent valuation of past claims experience, current risks and the level and nature of current outstanding claims.
- 2.15 Each year the County Council sets aside an insurance provision to meet claims resulting from incidents that have occurred during the year, along with reserves to cover potential claims arising from incidents in that year but where the claims are received in the future.
- 2.16 Regular actuarial reviews on the overall Insurance Fund have provided assurance that the County Council has been setting aside appropriate levels of funding against future liabilities to date.

- 2.17 The Investment Risk Reserve was established in 2014/15 to mitigate the slight additional risk associated with the revised approved investment strategy as a prudent response to targeting investments with higher returns. The original aim was to hold a minimum risk reserve of 2.5% of the total higher yielding investment portfolio and a reserve balance of £6.25m was established in 2021 representing 2.5% of the then earmarked investment. This is being reviewed in the light of changing conditions in financial markets over recent quarters and the fact that the statutory override on accounting for gains and losses on pooled investment funds ends on the 31 March 2025.
- 2.18 As reported to Cabinet in October 2023, the investment risk reserve will be increased by the £3.9m net capital gain crystallised from the disinvestment of £68m pooled investment funds. This will take the total investment risk reserve to £10.15m, which is an appropriate level based on the current market value of the remaining pooled fund investments including the remaining pooled fund property investments and the potential for having to account for any unrealised losses from after 31 March 2025 under the new accounting requirements. This takes the investment reserve to 2% of current total investments, which is reasonable minimum basis for the level of the reserve moving forward.

### Corporate Reserves

- 2.19 The above paragraphs have explained that most reserves are set aside for specific purposes and are not available in general terms to support the revenue budget or for other purposes.
- 2.20 This leaves other available earmarked reserves that are under the control of the County Council and totalled nearly £102m at the end of last financial year. Whilst it is true to say that these reserves could be used to mitigate budget pressures resulting from increasing demand and inflation, the County Council has decided to take a more sophisticated long term approach to the use of these reserves, that brings many different benefits both directly and indirectly to the County Council and the residents of Hampshire. These reserves are broken down into four main areas:
- 2.21 **Budget Bridging Reserve (BBR)** – This reserve was set up many years ago to deal with changes in government grant that often came about due to changes in distribution methodology that had an adverse impact on Hampshire compared to other parts of the country.
- 2.22 More recently the reserve has been used to fund budget deficits in the 'interim' year of the two year savings cycle and to provide any corporate cash flow support needed for the planned later delivery of savings.
- 2.23 The increased deficit over and above the £80m savings accounted for in the 2023/24 budget and the predicted deficit in the 2024/25 'interim' year will need to be met from the BBR. A review of the Council's reserve balances was undertaken in July 2023 resulting in the repurposing and transfer of £61.26m from other corporate and earmarked reserves into the BBR to contribute to bridging the budget gap for 2024/25. This is in addition to a significant shortfall of £56.9m in 2025/26, after accounting for the profile of identified SP2025 savings.

- 2.24 **Invest to Save** – This reserve is earmarked to provide funding to help transform services to make further revenue savings in the future. Rather than just prop up the budget on a short term basis, the County Council feels it is a far more sensible policy to use available reserves to generate efficiencies and improve services over the longer term, by re-designing services and investing in technology and other solutions that make services more modern and efficient.
- 2.25 An allocation of £5m from the reserve will be made available to fund major change initiatives to support delivery of the Savings Programme to 2025, supplementing available directorate resources as these are depleted following the change in policy as set out in para 2.12. Requests from directorates to access the funding will be considered by the Corporate Management Team on a case by case basis and approved under the recommended delegation.
- 2.26 **Corporate Policy Reserve** – This small reserve is available to fund new one off budget initiatives that are agreed as part of the overall budget. It offers the opportunity to introduce specific service initiatives that might not have otherwise gained funding and are designed to have a high impact on service users or locations where they are applied.
- 2.27 **Organisational Change Reserve** – The reserve was formally used to meet the additional costs of the Council’s enhanced voluntary redundancy (EVR) scheme, introduced in 2011, associated with large scale organisational change programmes. In recent years, following changes to the EVR scheme, all redundancy costs have been fully met Directorates and this will continue to be the case for any future change programmes. The balance of the reserve was therefore repurposed in July 2023 and was transferred to the BBR to contribute towards bridging the budget gap for 2024/25.
- 2.28 It should be highlighted that even after increasing the BBR to cover the anticipated budget gaps this year and next, the total ‘Corporate Reserves’ outlined above accounted for only 16.9% of the total reserves and balances that the County Council holds, and these have largely been set aside as part of a longer term strategy for dealing with the significant financial challenges that have been imposed on the County Council.
- 2.29 The reserves detailed above represent the total revenue reserves available to the County Council and amount to £501,076m as shown in the table above. In addition, the County Council is required to show other reserves as part of its accounts which are outlined below.

### **Enterprise M3 Local Enterprise Partnership (EM3 LEP) Reserve**

- 2.30 The County Council is currently the Accountable Body for the funding of the EM3 LEP and has therefore included the EM3 LEP’s income, expenditure, assets and liabilities, (including reserves) in its accounts. The County Council does not currently control the level or use of the EM3 LEP Reserve, however, following the Government’s announcement of the transfer of LEP functions to upper tier authorities from April 2024, the County Council is working with the LEPs on the transfer of any assets or liabilities to relevant authorities to enable continued delivery of programmes and functions from 1 April 2024.

### **Schools' Reserves**

- 2.31 Schools' reserves accounted for over £81m or 10% of total reserves and balances. Schools' reserves must be reported as part of the County Council's accounts, but since funds are delegated to schools any surplus is retained by them for future use by the individual school concerned. Similarly, schools are responsible for any deficits in their budgets and they maintain reserves in a similar way to the County Council to smooth fluctuations in cash flow over several years.
- 2.32 The County Council has no control at all over the level or use of schools' reserves.
- 2.33 In line with statutory reporting requirements, the table of earmarked reserves excludes the cumulative deficit against the Dedicated Schools Grant (DSG) which was just over £86m at the end of 2022/23. This deficit is forecast to increase to £130m by the end of the 2023/24 financial year with School's Forum agreeing for this to be carried forward and be funded from future years DSG allocations. The statutory override which keeps the DSG deficit separate on the Council's balance sheet is due to end in 2026/27. The DSG deficit is projected to reach almost £250m by the end of 2025/26, and even if the override is extended for a third time, the deficit will have significant implications for the Council's cashflow position. This also impacts the revenue budget by limiting the cash available to the Council for investment. Any suggestion that ongoing in year deficits or the cumulative deficit must be made good by the local authority will put the Council in the position of issuing a Section 114 notice and starting discussions with Government.

### **Capital Reserves**

- 2.34 The Capital Grants Unapplied Reserve holds capital grants that have been received in advance of the matched spending being incurred. They are not available for revenue purposes.
- 2.35 A sum of more than £206m was held within capital reserves and balances at the end of the 2022/23 financial year, although of this £18.9m related to the EM3 LEP which is being reviewed as part of the LEP transition to upper tier authorities from 1 April 2024.

## **3. Reserves Strategy**

- 3.1 The County Council's approach to reserves has been applauded in the past by the Government and the External Auditors as a sensible, prudent approach as part of a wider MTFs. This has enabled the County Council to make savings and changes in service delivery in a planned and controlled way rather than having to make urgent unplanned decisions in order to reduce expenditure.
- 3.2 This approach is well recognised across local government and a previous article in the Municipal Journal by the Director of Local Government at the Chartered Institute of Public Finance and Accountancy stated

*“What reserves do allow authorities to do is to take a more medium term view of savings and expenditure and make decisions that give the best value for money. This is better than having to make unnecessary cost reductions in the short term because they do not have the money or funding cushion to allow for real transformation in the way they provide services.”*

- 3.3 While the overall level of reserves currently exceeds £0.81bn, it is important to consider the level of the available resources in the context of the scale and scope of the County Council’s operations. Correctly used however, they do provide the time and capacity to properly plan, manage and implement change programmes as the County Council has demonstrated for many years now.
- 3.4 The County Council’s strategy for reserves is well established and has operated effectively based on a cyclical pattern as follows:
- Planning ahead of time and implementing efficiencies and changes in advance of need.
  - Generating surplus funds in the early part of transformation and savings programmes.
  - Using these resources to fund investment and transformation in order to achieve the next phase of change.
- 3.5 This cycle has been clearly evident since 2010, with surplus funds generated in advance of need as part of budget setting and then supplemented by further resources released in the year. Achievement in advance of need within directorates and efficiencies in contingency amounts due to the successful implementation of change has meant that the Council has been able to provide material funding including the following:
- Directorate reserves to pay for the cost of change associated with their own transformation and savings programmes and to manage service pressures.
  - Funding within the Invest to Save Reserve to help support digital and other IT improvements.
  - Additional funds to help smooth the impact of our two year savings cycle, and safely manage the implementation of change, giving the County Council maximum flexibility in future budget setting processes.
- 3.6 However, the Council has now reached a financial tipping point beyond which it is unable to balance its budget through savings alone and is reliant on annual reserve draws to bridge the remaining shortfalls. This position has been reached following more than a decade of national austerity, continued underfunding of local services by central government and surging demand and inflationary pressures.
- 3.7 Whilst the Council will continue to implement efficiencies and changes at the soonest possible opportunity and ensure that funding continues to be prioritised for invest to save purposes, it is no longer possible to deliver sufficient savings in advance of need to allow these to be retained and reinvested by directorates. The Council’s reserves strategy will therefore focus on increasing the level of the BBR whenever possible, including through

transferring all savings delivered from directorate budgets at the end of each financial year.

- 3.8 This will lead to a decline in directorate reserves over time as existing balances are put to use as planned by directorates. In the short term, these resources can be supplemented by additional funding from the corporate Invest to Save Reserve, providing the enabling investment required to facilitate delivery of the Savings Programme to 2025. However, given the limited corporate funding available, a successor arrangement will be required with appropriate governance to support prioritisation of the remaining resources between directorates.
- 3.9 The Council will use reserves to fund the additional budget deficits in both 2023/24 and 2024/25 to give the maximum time and flexibility to address the financial challenges from 2025/26 onwards, but it is clear that it cannot do this alone and we will continue to lobby the Government to provide additional financial support and financial flexibilities going forward.
- 3.10 Beyond 2024/25, the Council will need to continue to repurpose its earmarked reserves, simply to balance the budget one year at a time. However, given the current funding constraints that the Council faces, it is unlikely that those reserves can be replenished at a rate which is sufficient to deliver the planned service investment, which is essential to maintain delivery of statutory services. Therefore, without swift and fundamental change to the way local government is funded, the County Council does not have a sustainable financial strategy beyond 2024/25.

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## **Section 25 Report from Chief Financial Officer**

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (the Director of Corporate Operations) to report to the County Council when setting its council tax on:

- the robustness of the estimates included in the budget, and
- the adequacy of the financial reserves in the budget.

The County Council is required to have regard to this report in approving the budget and council tax. It is appropriate for this report to go first to Cabinet and then be made available to the County Council in making its final decision.

Section 25 concentrates primarily on the risk, uncertainty and robustness of the budget for the next financial year but must also look ahead at future years. Given the significance of the medium term forecasts to 2025/26 outlined over the past year and updated in the budget report, this Section 25 report considers not only the short term position but also the position beyond 2024/25 in the context of Government funding and the service pressures we face.

Members will be acutely aware of the financial pressure within local government as a whole with many informed commentators describing the financial problems as 'systemic'. Despite extensive lobbying from the sector there was nothing included in the Autumn Statement or the provisional local government finance settlement, but further lobbying from MPs and as a result of the many consultation responses to the provisional settlement, the Government announced a late funding package of £600m on 24 January.

### **Robustness of Estimates in the Budget**

The budget setting process within the County Council has been operating effectively for many years and is based on setting cash limits for directorates each year allowing for pay and price inflation and other marginal base changes in levels of service whether these be the increasing cost of social care or the requirement to make savings to balance the budget.

Individual directorates are then required to produce detailed estimates for services that come within the cash limits that have been set. More recently, the requirement to make savings has dominated the budget setting process and major transformation and savings programmes have been put in place to effectively and corporately manage the delivery of savings within the required timescales, or as is more recently the case, to provide cash flow funding to support a longer delivery timescale for the more complex elements of the programmes.

Appropriate provisions for pay and price inflation are assessed centrally with directorate input and are allocated to directorate cash limits. Specific inflationary pressures within the financial year are expected to be managed within a directorate's bottom line budget but general and specific contingencies are still held centrally in the event that inflationary pressures have a severe impact in any one area (for example, energy costs).

Separate work is also undertaken to assess the demand led areas of service provision, which mainly relate to:

- Adults' Social Care.
- Children's Social Care and School Transport
- Waste Disposal.

Any requirement to increase budgets in these areas is considered corporately and may require additional savings to be made across the board to meet the increased demand. This is seen as a more effective way of managing cost pressures and enables strategic decisions to be made about resource allocation and the impact on service provision, rather than these decisions potentially being made in isolation by each directorate.

Despite significant increases to cash limits outlined in the December Cabinet report, the main budget setting report sets out a number of additional funding requirements that in my opinion need to be reflected in the main service budgets, underlining the prudent, honest and realistic approach we have to budget setting which has been a key plank of our financial management.

The budget preparation process for 2024/25 has once again had a much greater focus on inflationary pressures due to the unprecedented economic conditions that are putting pressure on wage inflation, energy and fuel which in turn is feeding into many of the services that the County Council provides directly or procures from third parties.

Budget management within the County Council remains stable as demonstrated by the outturn position each year since funding reductions began and as reflected in the annual opinion of the External Auditors who have given an unqualified opinion on the annual accounts and in securing value for money / financial resilience.

In producing the budget position for 2024/25 and the forecast to 2025/26 all key elements of the financial picture have been reviewed, including the remaining, Tt2021 and SP23 savings. Whilst there remain risks associated with the delivery of the remainder of the programmes, these are considered to be manageable at this stage and therefore all remaining savings are expected to be achieved.

### **Budget 2024/25**

The budget for 2024/25 has been produced in line with the process outlined in the section above and therefore I am content that a robust, Council wide process has been properly followed and driven through our Finance Business Partners working with the Operational Finance Team. Further oversight is then provided by the Head of Finance and myself, in presenting the final budget and council tax setting report to Cabinet and County Council. This included a significant piece of work to consider all of the additional inflationary pressures that the County Council is facing in 2024/25 which are set out in detail in the December Cabinet report that set the provisional cash limits for directorates, linked below:

[Financial Update and Budget Setting and Provisional Cash Limits](#)

Full account has also been taken of service pressures that have been highlighted during the year and additional funding has been proposed where appropriate in the main budget setting report on the agenda today.

The robustness of the budget is underpinned by the detailed work that is carried out to predict financial pressures in demand led services and to reflect that properly in the budget underpinned by contingencies as well as by the existence of directorate cost of change reserves, which can be used to meet unforeseen costs during the year as well as providing funding for investment to achieve savings.

### **Risks in the Budget 2024/25**

Since the period of austerity began from 2010, the biggest financial risks related purely to reductions in government funding, and social care demand and cost pressures. Since 2019/20 the County Council has not received any Revenue Support Grant so the risks have shifted towards the extent to which increasing cost pressures outstrip available funding, particularly given the Government control over council tax rises.

Since 2022/23, the effect of high inflation is now having a major impact on our budget setting process, which when coupled with high service growth can lead to exponential increases in costs as we are seeing in School Transport, the budget for which is expected to double over a three year period.

These items together with other traditional risks are outlined below:

- a) **Government Funding and Policy** – The Autumn Statement announced in 2022 did provide additional resources to the County Council, both for 2023/24 and into 2024/25.

Whilst we therefore have certainty of funding for next year, the additional grant for 2024/25 is not in any way sufficient to bridge the cost increases that we see. Whilst there were no further increases included within the provisional local government finance settlement, the announcement of a late funding package of £600m in January was welcome and will help to reduce our reliance on reserves, but does not address the underlying issues that we face.

- b) **Social Care / SEN Demand Pressures** – These are by far the biggest financial risks that the County Council faces. Increasing numbers of older adults in care coupled with high price rises in a difficult local market is creating pressure in the budget.

Despite significant increases in the older adult's budget for 2023/24 we are still seeing a pressure of over £10m in the current financial year and that increased cost has therefore been added to cash limits for next year.

The main budget report outlines a number of Children's Services pressures. Unlike many other councils, these are less within Children Looked After as our Transforming Social Care programme has kept numbers relatively stable. However as in previous years caseloads have continued to climb and a re-balancing is needed for Independent Reviewing Officers to meet the extra demands that they are facing.

One of the main pressure areas is Special Educational Needs and whilst the direct costs of this are met through Dedicated Schools Grant, the administration of Education and Health and Care Plans (including Education Psychologist input) together with the knock on impact to school transport costs are all met by the General fund and are the biggest growth areas in relative terms in the Council.

All of these factors have been assessed as part of the budget and there is good evidence of how budget amounts have been derived, albeit they are difficult to predict in such a volatile environment. Overall though, I am content that the budget for 2024/25 contains a realistic assessment of the likely growth we will face in the year, backed up by further contingency amounts and reserves if growth should be higher than forecast.

- c) **Council Tax** – The Government has presumed that local authorities will increase council tax by the maximum permitted by the referendum thresholds and on this basis, in line with current County Council policy, the recommended increase is 4.99%, of which 2% relates to adults' social care, in line with the thresholds included in the provisional local government finance settlement released in December last year. It should also be noted that this increase is still well below the average rate of inflation for the current year.

This change as I understand will stay in place at least until 2025/26 so provides some certainty for the future albeit it still requires full County Council to agree the increase in each of the years. Nevertheless, from my viewpoint as Chief Financial Officer, given the County Council's predicted financial position, I will be recommending that council tax is increased by 4.99% in each of the years, since without this increase in funding it will increase the gap we face by 2025/26 with limited options available to generate more savings to help close the gap.

- d) **Pay Inflation** – In previous years, this has not been seen as a major issue within the budget especially as wage rates within Council's have aligned to the National Living Wage over time. However, a further flat rate increase for 2023/24 coupled with an increase of 3.88% for higher graded staff has created pressure in the budget.

The forward impact of this has been reflected in the 2024/25 budget together with an assumed 3% award from April 2024 on the assumption that inflation continues to decline and lower graded staff have seen significant increases over the last two years. This does however remain a risk in the budget and would need to be covered by general contingencies if an award greater than this was agreed.

- e) **Pension Costs** – The 2022 Pension Fund valuation has shown a fully funded position against liabilities for the first time since pension funds were required to cover 100% of their liabilities, albeit the 2019 valuation was over 99%. This has meant that overall our employer pension contribution rate has seen a small decrease from 18.4% to 17.8% from 2023/24 onwards, which gives surety for the next 3 years. The County Council decided not to take the full benefit of the surplus position given the downturn in the economy since the date of the valuation and this provides a small buffer against any potential losses at the next triennial valuation.

This does not therefore represent a risk for the 2024/25 budget.

- f) **Price Inflation** – As outlined above, the impact of inflation on our budget forecasts has been significant since 2022/23 and a bottom up approach is adopted to assess levels of inflation within the key markets in which we operate. Other contracts are linked to RPI and CPI and are therefore easier to predict, but have led to some significant increases over the last two years.

Given the enhanced risk that this now represents, a sum of £5m has been allowed for within contingences to deal with any in year pressures in a similar way to the current financial year.

With this extra provision and the significant sums added to the budget in the December cash limits report, I am content that a robust and realistic approach has been taken to assessing and providing for inflation.

- g) **Treasury Risk** – The County Council has limited exposure to interest rate risk as most long term borrowing is undertaken on a fixed rate. At the present time we are not undertaking any new or replacement long term borrowing due to the significant ‘cost of carry’ involved and our ability to internally borrow given our high level of reserves and cash balances. However, we do need to be mindful of the fact that we do not want to store up a large value of external borrowing that needs to be taken out in less favourable circumstances as our reserves reduce. Given current predictions on base rate levels and the fact that long term borrowing rates are based on the price of gilts rather than the underlying base rate, this is still considered low risk at this stage.

The recent rapid changes in the Bank of England base rate have not only meant that we have benefited from increased investment income, this year and next, but has also provided some opportunities for the repayment of debt, which has not been a feature for many years now. This both reduces the debt charges we have to pay and reduces our investment risk exposure as cash is used to repay the debt.

No long term benefit of additional investment income has been taken into account in the 2025/26 forecast as it is expected that interest rates will regularise over time, albeit some economists predict that this will not be at the low levels experienced for at least the last decade. Again, this is considered to be a prudent position.

### **The Adequacy of Reserves**

The County Council’s policy on general balances is to hold a minimum prudent level which based on the previous risk assessment is around 2.5% of net expenditure. The level of general fund balances was 2.8% of net expenditure at the beginning of 2023/24.

Overall the level of earmarked reserves and balances that the County Council holds stood at £845m (including schools and the Enterprise M3 LEP reserve) at the end of March 2023 and these reserves, the majority of which are held for specific purposes as set out in the Reserves Strategy in Appendix 5, underpin the overall MTFs and the Capital Programme. Following a review in summer 2023 some of the reserves were re-purposed and the revised amount reduced to £817m.

Those reserves that are available to support the revenue position are used sensibly to manage change and provide the time and capacity to properly implement savings plans that seek to minimise the impact on service users. However, the need to bridge budget gaps in both 2023/24 and 2024/25 means that over £130m is required over the two years to balance the budgets. A predicted reduction in the draw required for this year as part of the revised budget, does mean that there is sufficient funding in the Budget Bridging Reserve to cover off the deficit for 2024/25, but that leaves little available for 2025/26 which is discussed later in the report.

Whilst the reliance on reserves is concerning due to the underlying unsustainability of the forward budget, the very fact that the County Council has a healthy level of reserves means that there are options for using these flexibly should further pressures arise in year. There are options to:

- Use risk reserves such as the insurance reserve to fund expenditure.
- Borrowing to fund the capital programme or reducing the size of the capital programme to release revenue reserves to add to the BBR.
- Utilising funding that has been set aside to provide for future spending requirements such as IT reserves.

None of these options make good financial sense and should be seen as a last resort if there are no other options for balancing the budget. The County Council will also need to consider other ways of supplementing the BBR in the intervening period to increase its size before the 2025/26 financial year begins and the change in policy such that any early delivery of SP25 savings are contributed to the BBR rather than to Directorates cost of change reserves will help in this regard.

Given the flexibility in the total level of reserves that the County Council has and as long as further action is taken to increase the size of the BBR in the run up to the 2025/26 financial year, I am content that there are adequate levels of reserves to underpin the County Council's financial strategy and that there are other options that could be deployed if necessary which provides further assurance.

### **CIPFA Financial Resilience Index**

The Chartered Institute of Public Finance and Accountancy (CIPFA) produce a Financial Resilience Index (FRI) which uses a range of financial information and other factors to generate a series of measures against which all authorities are 'stress tested' in relative terms.

The Index for 2022/23 has been published, and the only high risk areas identified for Hampshire are:

- Change in Reserves – This no doubt reflects the fact that Hampshire used £48m of revenue reserves in 2022/23, but this must be set against the fact that Hampshire has one of the highest levels of reserves of any authority.
- Growth above baseline – This measures the extent to which retained business rates have grown over the baseline level set by the Government. Whilst growth is relatively low in Hampshire (3.74% compared to highest growth of 8.39%) retained business rates does not represent a large proportion of our income and ultimately there is little Hampshire can do to influence this indicator.

Of particular importance is the fact that Hampshire's Reserves Sustainability Measure is the joint highest of any County Council. This measures the ratio between the current level of reserves and the average change in reserves over the past 3 years.

I am still content that the results of the FRI reflect what we already know about the financial sustainability of the County Council and is supported by the fact that there are only two areas flagged as high risk.

### **CIPFA Financial Management Code**

In addition to the FRI outlined above, CIPFA have also published a Financial Management Code, designed to aid local authorities in assessing and developing their financial management activities across all areas of governance and management.

Full compliance with the code is now required and the County Council has previously taken steps to self-assess itself against the code and make a number of improvements and changes to ensure compliance.

As with last year, there remains one standard where our practices are not in strict alignment with the exact wording of the code, which is :

*The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.*

The guidance quotes various specific areas covered by this Standard including:

- Capital investment and the maintenance of assets
- *Long and short term investments*
- *Debt collection*
- *Cash flow management*
- *Borrowing*
- Reserves

Whilst we do not present these items in the context of a balance sheet, all of them are covered through specific or general financial reporting to the Corporate Management Team (CMT), albeit that the items highlighted in italics are delegated to the Chief Financial Officer to deal with on a day to day basis. Having said that they do of course form part of the medium term financial planning carried out through CMT.

I therefore believe that the County Council is still compliant with this item and the code overall.

### **Budget 2024/25 – Conclusion**

Given the details outlined above, provided that the County Council considers the above factors and accepts the budget recommendations, including the need to put up council tax by the maximum permissible (in line with the Government's presumption and the County Council's policy) and the level of earmarked reserves and balances, a positive opinion can be given under Section 25 on the robustness of the estimates and level of reserves for 2024/25, but this of course must be set against the context that this is only possible given our level of revenue reserves and I am still very concerned about the ongoing financial sustainability of the County Council, which can only be resolved through Government action.

## **The Position to 2025/26**

The main report outlines the medium term forecast to 2025/26 which has remained consistent at a gap of £132m for some time now, albeit there is more risk in that estimate for the reasons outlined in Section L of the main report.

The County Council has consistently stated that unless something is done to address the annual growth in social care costs, that we are not financially sustainable in the medium term, as it is not possible to continually remove money from other budgets to meet the increased demand in these areas.

Following the approval of the Savings Programme to 2025 (SP25) this has shown that effectively the County Council has reached this position with only £90.4m of the required £132m having been found in sustainable savings options.

Whilst a new exercise is being undertaken to consider what further savings could be made to contribute to the remaining £41.6m gap (including options that would only be considered in the face of a Section 114 notice) it is not expected that further recurring savings of £41.6m can be found and therefore the long term position is that the budget can no longer be balanced on a recurring sustainable basis.

I am confident that with the level of reserves that the County Council holds, these can be re-purposed to balance the budget in 2025/26, but this does not address the underlying recurring deficit that we face and therefore we must look to the Government to address this in future settlements.

Local government commentators have now stated that the financial problems facing the sector are 'systemic' and each week there are new reports of local authorities in trouble, most notably unitary authorities, who often lack the size and capacity to deal with their underlying problems and also face pressure across both upper tier and lower tier services. Clearly something needs to happen if the sector is not to drift into a financial meltdown.

The late announcement of £600m extra for local government on 24 January is a sign that the Government is starting to listen to some of the concerns and whilst the extra funding is welcome and will help shore up our finances to 2025/26, we will still have a recurring deficit of over £30m in 2025/26 and more fundamentally, it does not address the underlying issue that the funding system for local government is not fit for purpose as it does not adequately recognise the pressure the system is under and the methodology for distributing funding is outdated and unrepresentative of real service needs.

Looking ahead, 2026/27 will be a key year as it may not be possible to balance the budget using reserves, dependent on what support the Government gives to the sector in 2025/26 and 2026/27. Of particular concern is the fact that the Dedicated Schools Grant (DSG) statutory override comes off in 2026/27 and it is certain that if Hampshire is required to address both the cumulative deficit and the ongoing funding shortfall for DSG as part of its General Fund budget then it will be issuing a Section 114 notice for 2026/27.

Rob Carr  
Deputy Chief Executive and Director of Corporate Operations  
25 January 2024



## **Capital and Investment Strategy 2024/25 to 2026/27**

This strategy document is presented in three sections and requires approval by the County Council.

- **Section A: Capital Strategy**

This gives a high-level overview of how capital expenditure, capital financing, treasury management and investment activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

- **Section B: Minimum Revenue Provision (MRP) Statement**

This is a statement that the County Council is required to prepare and approve each year setting out its policy on making MRP for the repayment of borrowing in respect of the upcoming financial year. The statement sets out how the County Council proposes to discharge its duty to make prudent MRP charges to the revenue budget.

- **Section C: Non-treasury Investment Strategy**

This focuses on investments that are not made for treasury management purposes and supports transparent reporting and democratic accountability for any such non-treasury investments.

The requirement for this strategy document stems from the:

- Local Government Act 2003, Section 15(1)
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146]

As a result, the Authority is required to have regard to:

- MHCLG [Statutory Guidance on Local Government Investments](#)
- MHCLG [Statutory Guidance on Minimum Revenue Provision](#) (MRP)
- CIPFA's Prudential Code (last updated 2021)
- CIPFA's Treasury Management Code (last updated 2021)

Where a local authority prepares a Capital Strategy in line with the requirements of the Prudential Code, and a Treasury Management Strategy (TMS) in line with the requirements of the Treasury Management Code, the Investment Strategy can be published in those documents instead of as a separate document. The County Council includes its non-treasury management Investment Strategy with the Capital Strategy. The TMS is a separate document and includes the investment strategy for treasury management investments.

## **Section A: Capital Strategy**

### **1. Introduction**

- 1.1 This Strategy gives a high-level overview of how capital expenditure, capital financing, treasury management and investment activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

### **2. Governance arrangements for capital investment**

- 2.1 The County Council's Medium Term Financial Strategy (MTFS) ensures that it continues to invest appropriately in its existing assets and to deliver a programme of new ones in line with overall priorities, need and affordability. This is kept under review by the Corporate Management Team and reported through Cabinet for approval by the County Council. The MTFS is closely linked to the 'Serving Hampshire – Strategic Plan 2021 – 2025' the Hampshire 2050 Vision and directorate service plans.
- 2.2 Risk management is an integral part of determining and delivering a capital programme. Given the impact of high inflation alongside wider economic uncertainty within the UK, in planning and monitoring the capital programme and MTFS, the County Council has introduced additional measures to mitigate risk. This includes additional detailed analysis of financial exposure for projects most sensitive to price uncertainty. The County Council also created a capital inflation risk reserve in 2022.
- 2.3 In accordance with the MTFS, each year the Cabinet sets cash limit guidelines for a three-year capital programme funded by local resources. The current MTFS assumes continuing revenue contributions to capital schemes throughout the forecast period. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 only allocated the funding from these revenue based contributions to directorates for 2024/25, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.
- 2.4 Executive Members propose capital programmes within these cash limits together with schemes funded by government grants and other external sources. The proposed programmes are scrutinised by the relevant Select Committee. The final Capital Programme is then presented to Cabinet and to County Council in February each year as part of the formal budget approval. Once a defined scheme has been included in the approved capital programme, approval to spend must be granted either by the relevant Chief Officer in consultation with the Executive Member for schemes up to £500,000 or by the Executive Member for schemes of higher values, in line with the County Council's financial regulations.

- 2.5 Before a major capital project can be committed, the relevant Chief Officer must ensure it has undergone an appropriate project appraisal. This appraisal should be proportionate to scheme value and complexity including the options considered, appropriate financial analysis of capital and revenue implications, and conclusions setting out why the option proposed is the best use of available resources.
- 2.6 The 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.

### 3. Capital expenditure, capital financing and asset management

- 3.1 Capital expenditure is spending by the County Council on assets, such as land, property, the highway network, or vehicles, that will be used for more than one year. In local government this includes relevant spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy or enhance assets.
- 3.2 The County Council considers estimates for the timing of capital expenditure and the availability of financial resources when determining the capital programme.
- 3.3 There are a number of ways that capital expenditure can be funded:
- A large proportion of the programme is typically funded from **external sources**, predominantly capital grants and contributions from the Government and other bodies, including developers.
  - **Capital receipts** secured through the sale of assets owned by the County Council are also used to fund expenditure, although capital receipts can vary significantly from year to year and each asset can only be sold once.
  - The remaining expenditure is funded through the County Council's own **local resources**, comprising prudential borrowing, contributions from the revenue budget, and the use of reserves. **Reserves** can only be spent once, and **prudential borrowing** creates a future pressure on the revenue budget through interest and repayment of principal (Minimum Revenue Provision) costs. Similarly, pressures on the revenue budget limit the extent to which **planned revenue contributions** can be used as a source of funding.

## Capital expenditure

- 3.4 Table 1 provides details of the County Council's capital programme. As parts of the capital programme are managed on a 'starts' basis, the programme years do not fully reflect when capital expenditure is expected to take place. This is therefore shown separately in the second half of the table and is one of the required Prudential Indicators.
- 3.5 Some of the most significant areas in which the County Council is investing in its assets include:
- investment to safeguard the long-term viability of the Older Adult care estate
  - the investment in new and extended school buildings to ensure there is a school place for every child in Hampshire
  - structural maintenance and improvement of roads and bridges;
  - Integrated Transport Plan schemes including schemes specifically focused on walking and cycling improvements
  - condition improvements to the schools' estate

**Table 1 – Capital programme**

Prior years starts*		Revised 2023/24	2024/25	2025/26	2026/27	Total
£'000		£'000	£'000	£'000	£'000	£'000
20,260	Adults' Health & Care	49,154	187,733	14,252	14,252	285,651
15,282	Children's Services	47,332	121,056	80,338	41,208	305,206
2,997	Hampshire 2050	4,445	62,990	100	1,776	72,308
250,837	Universal Services	207,077	137,547	107,583	84,467	787,511
0	Centrally held	0	0	13,669	13,669	27,338
<b>289,376</b>	<b>Total</b>	<b>307,998</b>	<b>509,326</b>	<b>215,942</b>	<b>155,372</b>	<b>1,478,014</b>

\* schemes started in prior years that have not yet completed

880,640

**Forecast timing of capital expenditure flows (Prudential Indicator 1)**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Future years</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure	247,672	331,401	319,049	349,924	229,968	1,478,014

3.6 Further details can be found in the February 2024 Capital Programme Report.

**Capital financing**

3.7 All capital expenditure must be financed, either from external sources, the Authority's own resources, or debt. Debt is only a temporary source of funding and is replaced over time by other financing, usually from revenue through annual Minimum Revenue Provision (MRP) charges. External debt will also incur interest costs. The County Council's borrowing strategy is summarised in Section 6 and forms part of its Treasury Management Strategy.

3.8 The resources to fund the capital expenditure flows set out in Table 1 are shown in Table 2.

**Table 2 – capital financing**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Future</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Prudential borrowing	19,305	28,514	56,467	139,966	103,143
less repayments from capital	(6,422)	(21,418)	(8,929)	(23,072)	(58,731)
Capital grants	130,818	159,513	141,216	132,853	94,731
Contributions from other bodies*	61,944	75,174	83,857	53,647	47,437
Capital receipts	465	19,316	810	24,030	6,982
Revenue contributions to capital	17,847	14,677	14,322	14,380	30,705
Use of the capital reserve	21,984	53,925	30,206	8,120	5,701
Use of revenue reserves	1,731	1,700	1,100	0	0
<b>Total planned use of resources</b>	<b>247,672</b>	<b>331,401</b>	<b>319,049</b>	<b>349,924</b>	<b>229,968</b>

\* including developers

## Asset management and disposals

- 3.9 The 5-year Strategic Asset Management Plan (SAMP) for the **County Council's estate** was presented to [Cabinet](#) on 13 December 2022. This followed previous SAMPs published in 2011 and 2015.
- 3.10 The report sets out the context and drivers for the SAMP, its structure, and the key themes providing direction to the management of the County Council's property assets through a set of strategic actions. The SAMP itself was included as an appendix to the report and is a key enabler of the County Council's corporate strategy to ensure that its large and diverse estate continues to meet corporate priorities and objectives, providing a strategic framework for decision making based on a clear set of principles and mechanisms through which the future use of land and property assets will be considered, together with a high-level action plan to enable the effective management and re-shaping of the estate.
- 3.11 The SAMP sets out the vision to achieve the optimal financial return and commercial opportunities from the rationalisation and disposal of surplus land and buildings. The plan includes the objective to rationalise the operational estate, achieving reduction through co-location, new ways of working and maintenance optimisation, with an action plan for disposals to:
- Promote appropriate land assets as strategic development sites
  - Identify and dispose of strategic sites where multiple benefits can be achieved
  - Rationalise and reduce the overall size of the County Council's built estate, starting with office accommodation.
- 3.12 The County Council also applies asset management principles in relation to its **infrastructure assets** in developing a needs based programme of structural maintenance for its highways assets, developed based on various factors including condition, remaining life and lifecycle planning including whole life costs.

## Capital receipts

- 3.13 The County Council's capital programme is supported by the appropriate use of capital receipts. These receipts vary from year to year, for example in 2021/22 they accounted for about 5% of the funding applied to capital expenditure, rising to 12.5% in 2022/23.
- 3.14 Capital receipts are generated when a capital asset is identified as surplus to requirements and is then sold. The proceeds from these asset sales may be used to fund new capital assets or to repay debt. The repayment of capital

grants, loans and investments will also count as capital receipts, with the same restrictions on future use of the proceeds.

- 3.15 Capital receipts are fully retained to fund corporately agreed priorities, except where an appropriate business case for alternative use is agreed in advance.

#### **4. Prudence and affordability**

- 4.1 The County Council is required to ensure that capital expenditure, investment and borrowing decisions are prudent, sustainable and affordable. There are a number of prudential indicators that must be set and monitored to help with this requirement, which are set out in the Prudential Code. Actual figures for the prudential indicators at the end of each quarter will be included in regular reporting to Members. The prudential indicators cover:

- Capital expenditure (Tables 1 and 3)
- External debt (Tables 3 and 5)
- Affordability (Tables 6 and 7).

- 4.2 The Prudential Code sets out that certain acts and practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment. The County Council will not therefore:

- Borrow to invest primarily for financial return
- Make investment or spending decisions that increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority (any financial returns should either be related to the financial viability of the project or incidental to the primary purpose).

#### **Prudential borrowing**

- 4.3 Capital financing costs associated with prudential borrowing must be financed by the County Council from its own resources. It is therefore important that the use of prudential borrowing is very closely controlled and monitored. The County Council will only use prudential borrowing where there is a clear financial case to support doing so, although it will not borrow to invest primarily for financial return and therefore retains full access to the Public Works Loan Board (PWLB).

- 4.4 The County Council operates within a framework for the use of prudential borrowing,. This includes:

- Borrowing for which loan charges are financed by virement from the Executive Member's revenue budget, including invest-to-save schemes that will generate revenue savings or additional revenue income.

- 'Bridging' finance that will be repaid by eventual capital receipts, capital grants or contributions, provided that the cost of interest and the statutory minimum revenue provision is met by services in the years that such costs are incurred.
- Capital investment by business units, to be funded by business unit reserves.
- Temporary borrowing to accommodate shortfalls in general capital resources.

### Ensuring borrowing is only for capital purposes

- 4.5 The Capital Financing Requirement (CFR) is the cumulative outstanding amount of debt finance. The CFR increases with new debt-funded capital expenditure and reduces through annual Minimum Revenue Provision (MRP) charges to the revenue budget and any capital receipts or other contributions used to replace debt.
- 4.6 The Prudential Code states that a local authority must ensure that gross debt is only for capital purposes over the medium term, which means that gross external debt must not exceed the total of the CFR from the preceding year plus the estimates of any additional CFR for the current and next two financial years, except in the short term. This is a key indicator of prudence and is shown in Table 3.

**Table 3: Ensuring Borrowing is Only for Capital Purposes (Prudential Indicator 2)**

	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/26</b>	<b>31/03/27</b>
	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>CFR</b>	<b>731</b>	<b>721</b>	<b>735</b>	<b>819</b>
<b>Debt</b>				
Borrowing	222	212	213	193
PFI Liabilities	113	104	95	85
Leases		15	13	12
<b>Total Debt</b>	<b>335</b>	<b>331</b>	<b>321</b>	<b>290</b>

- 4.7 Total debt is expected to remain below the CFR during the forecast period. External debt is expected to remain below the CFR because of the County Council's borrowing strategy, whereby it has used internal borrowing (the temporary use of internal cash balances) to fund capital expenditure in place of borrowing money from external sources. Further details are in the Treasury Management Strategy.



### Affordable borrowing limit

- 4.8 The County Council is legally obliged to set an Authorised Limit for the maximum affordable amount of external debt. In line with statutory guidance, a lower 'Operational Boundary' is also set as a warning level should debt approach the limit. The Operational Boundary is based on the County Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the County Council's estimates of capital expenditure, the CFR and cash flow requirements, and is a key management tool for in-year monitoring.

**Table 4: Affordable Borrowing Limits (Prudential Indicators 3 and 4)**

	<b>2023/24 Revised £M</b>	<b>2024/25 Estimate £M</b>	<b>2025/26 Estimate £M</b>	<b>2026/27 Estimate £M</b>
<b>Authorised Limit:</b>				
Borrowing	780	760	790	880
PFI and Leases	150	150	140	130
<b>Authorised Limit</b>	<b>930</b>	<b>910</b>	<b>930</b>	<b>1,010</b>
<b>Operational boundary:</b>				
Borrowing	700	680	710	800
PFI and Leases	120	120	110	100
<b>Operational Boundary</b>	<b>820</b>	<b>800</b>	<b>820</b>	<b>900</b>

### Affordability of financing costs

- 4.9 Capital expenditure is not charged directly to the revenue budget, however the interest payable on loans and the annual MRP are charged to revenue, as are other financing costs. The impact of these costs needs to be well understood prior to making capital investment decisions and then closely monitored.
- 4.10 Table 5 shows the proportion of the County Council's net revenue stream (Council Tax, business rates and general government grants) required to meet financing costs. This is an indicator of the affordability of the County Council's capital programme.

**Table 5: Ratio of Capital Financing Costs to Net Revenue Stream (Prudential Indicator 5)**

	<b>2023/24 Revised</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>
Ratio	5.2%	4.8%	4.5%	4.6%

- 4.11 A low proportion is forecast, demonstrating that the cost of financing is minimised and the proportion of the revenue budget available for delivering services is maximised.

### **Reliance on income from commercial and service investments**

- 4.12 The update to the Prudential Code in 2021 introduced a new prudential indicator intended to show how reliant a local authority is on income from commercial and service investments, and therefore how exposed the authority is to the loss of this income. Table 6 compares the income from these investments with the net revenue stream (Council Tax, business rates and general government grants) and demonstrates the County Council does not place a significant reliance on this income to balance its revenue budget.

**Table 6: Net Income from Commercial and Service Investments to Net Revenue Stream (Prudential Indicator 6)**

	<b>2023/24 Revised</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>
Ratio	0.2%	0.2%	0.3%	0.3%

## **5. Treasury Management**

- 5.1 The Treasury Management Strategy Statement (TMSS) supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and investments, and the associated risks.
- 5.2 The County Council has potentially large exposures to financial risks through its investment and borrowing activity, including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy (TMS).
- 5.3 The County Council's TMS, included as Appendix 8 to this report, is scrutinised by the Audit Committee and approved by the County Council each year. Actual performance is reviewed by the Audit Committee and reported to Cabinet and County Council.

### **Treasury management borrowing strategy**

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

- 5.5 The County Council expects to continue its approach of internally borrowing instead of taking on additional external borrowing with the aim of reducing both net costs and overall treasury risk. Arlingclose assist the County Council in regularly monitoring this approach.

### Treasury management investment strategy

- 5.6 The CIPFA Code requires the County Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The County Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The County Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 5.7 The contribution that these investments make to the objectives of the County Council is to support effective treasury management activities.
- 5.8 The County Council's actual and forecast treasury management investment balances are shown in Table 7 with further detail in the TMS. The large reduction in total balances in the year to 31/3/24 is related to the County Council paying its Local Government Pension Scheme employer pension contributions in advance for the 3 year period from April 2023.

**Table 7 – Treasury Management Investments**

	<b>31/3/23 actual £m</b>	<b>31/3/24 forecast £m</b>	<b>31/3/25 forecast £m</b>	<b>31/3/26 forecast £m</b>
Short term investments	501	69	74	60
Long term investments	225	239	103	20
Thames Basin Heaths pooled fund investments	14	15	15	15
<b>Total**</b>	<b>740</b>	<b>323*</b>	<b>192*</b>	<b>95</b>

\*reduction in investments reflects the decision to pre-pay employer pension contributions for three years on 1 April 2023 as well as the forecast reduction to reserves and the impact of the increasing DSG deficit.

## Pooled fund investments

- 5.9 The County Council holds reserves for a number of purposes, which are explained in more detail in the Reserves Strategy (Appendix 5). In previous years the County Council earmarked an amount of its cash balances for investments targeting higher yields; these were made from its most stable core balances with the intention that they would be held for at least the medium term, and it was targeted that these investments would achieve a return of at least 4%. This was a successful approach through the period of very low interest rates, as this portfolio achieved higher percentage income returns that was being achieved by cash investments and significantly increased the annualised average income return for the total investment portfolio.
- 5.10 Following the increases in UK Bank Rate there is no longer a significant difference between the interest rates being achieved by these investments and cash. The County Council will however continue to make use of long-term balances by making investments to mitigate the risk of low interest rates if the UK Bank Rate reduces in the future as expected.
- 5.11 The County Council continues to invest in pooled funds, although this allocation has been reduced over the last 12 months, as well as other long-term investments. Diversification helps to mitigate the risk of overexposure to a single event affecting a specific asset class.
- 5.12 Pooled funds allow the County Council to invest in a diversified 'basket' of individual investments and to benefit from the expertise of specialist external investment managers rather than having to employ its own specialists. Pooled fund investments do however present a number of risks which must be carefully managed, including the risk of loss of capital, illiquidity, entry and exit fees, and volatility of returns. The selection of pooled funds is carefully managed to target funds with a strong performance track record and objectives that are well aligned to the County Council's income return aims without putting its initial investment at undue risk over the longer term. Arlingclose supports the County Council in regularly reviewing the ongoing suitability of these investments.
- 5.13 At the current time, given the medium to long term nature of the investments, it is unlikely that a capital loss would ever be realised as the County Council would avoid selling investments that realised a capital loss.
- 5.14 The County Council is aware of the risks involved with investing in pooled funds and has an Investment Risk Reserve in place to mitigate the risk of an irrecoverable fall in the value of these investments. The balance held in this reserve is currently £10.15m. This helps to mitigate the risk of crystallising a loss on investments (although the medium to long term nature of these

investments reduces this likelihood of selling at a loss) and risks related to the IFRS 9 statutory override.

## **6. Knowledge and skills**

- 6.1 The County Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions in accordance with the approved strategies. This includes the Chief Executive, Director of Corporate Operations (S151 officer) and Deputy Director of Corporate Operations (Deputy S151 officer) all being longstanding members of the Chartered Institute of Public Finance and Accountancy (CIPFA). Performance against targets and learning and development needs are assessed annually as part of the staff appraisal process across the County Council, and additionally when the responsibilities of individual members of staff change.
- 6.2 Staff attend training courses, seminars and conferences provided by CIPFA, Arlingclose and other providers. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
- 6.3 CIPFA's Code of Practice requires that the County Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. All Members were invited to a workshop presented by Arlingclose in November 2023, which gave an update of treasury matters. A further Arlingclose workshop is planned for 2024.

## **Investment Advisers**

- 6.4 The County Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Director of Corporate Operations, their staff, and Arlingclose.

## **7. Chief Financial Officers Conclusion on the Affordability and Risk Associated with the Capital and Investment Strategy**

- 7.1 This Capital and Investment Strategy has been developed alongside the TMS (Appendix 8) and the Reserves Strategy (Appendix 5). Together, they form an integrated approach adopted by the County Council to balance the need for capital investment to support service priorities with consideration of affordability and the consequent impact on the revenue budget, whilst recognising and managing risk to an acceptable level.

- 7.2** The forward planning of capital investment and its funding, including being in a position to maximise the use of external grants, contributions and capital receipts, together with the process of regular monitoring of actual income, expenditure, and project progress, provides assurance to the Director of Corporate Operations that the proposed Capital Programme is prudent, affordable and sustainable.

## Section B: Minimum Revenue Provision Statement

### 8. Minimum Revenue Provision (MRP) Statement

- 8.1 Where the County Council finances capital expenditure by debt, statutory guidance requires it to put aside revenue resources to repay that debt in later years, known as MRP. There are four options provided by the [MHCLG guidance on MRP](#), however other options may also be considered:
- Option 1: Regulatory Method
  - Option 2: CFR Method (4% of the CFR)
  - Option 3: Asset Life Method
  - Option 4: Depreciation Method
- 8.2 **Supported borrowing:** Prior to 2015/16 the County Council calculated MRP for supported borrowing<sup>1</sup> on a 4% reducing balance basis (Option 2). It was agreed by Cabinet in December 2015 that the calculation of MRP from 2015/16 onwards would change to a straight-line basis over 50 years. This is Option 3 from the range provided by the guidance. To be more prudent the 50 years was assumed to have started from 2008, however had the County Council been applying the new policy of a 50-year straight line calculation starting in 2008 it would have made £67m less in MRP payments by 31 March 2016. As agreed in 2016/17 the County Council paused making MRP payments on supported borrowing until it had realigned with the total amount of MRP payments under the new policy, which was during 2021/22 when payments recommenced. No new supported borrowing has occurred since 2013/14 and all MRP payments on pre-existing supported borrowing will cease by 2063/64 when the outstanding CFR balance is fully exhausted.
- 8.3 **Unsupported borrowing:** The County Council will continue to apply the Asset Life Method (Option 3) in respect of unsupported capital expenditure funded from borrowing. MRP will therefore be determined by charging the expenditure in equal annual instalments over an appropriate useful life for the asset.
- 8.4 **Private Finance Initiatives:** MRP in respect of leases and Private Finance Initiative (PFI) schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability i.e. the element of rent or charge that goes to write down the balance sheet liability.

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<sup>1</sup> Borrowing or use other forms of credit to finance capital expenditure, for which central government historically provided a revenue stream to support repayment of principal and interest. This support ended in the late 1990s.

- 8.5 **Leases:** The mandatory adoption of the new accounting standard for leases (IFRS 16) is April 2024. When the standard is introduced, it will mean that former operating leases will be brought onto the balance sheet on 1 April 2024. Where this is the case annual MRP charges will be set so that the total charge to revenue remains unaffected by the new accounting standard. For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 8.6 **Capital loans:** For capital expenditure loans to third parties, the County Council will make nil MRP and apply the capital receipts arising from principal repayments to reduce the capital financing requirement unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the County Council's view is consistent with the current regulations.
- 8.7 **Commencement of MRP:** MRP is not charged until the year after the capital expenditure takes place, e.g. capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26.

### MRP forecast

- 8.8 Based on the Authority's latest estimate of its CFR on 31 March 2024, the budget for MRP has been set as follows:

**Table 8: MRP Budget**

	<b>31/03/2024 Estimated CFR £M</b>	<b>2024/25 Estimated MRP £M</b>
Supported Capital Expenditure	428	11
Unsupported Capital Expenditure After 31/03/2008	165	12
Leases and PFI	113	11
Transferred Debt	25	1
Loans to other bodies	0	0
<b>Total General Fund</b>	<b>731</b>	<b>34</b>



## Section C: Non-treasury Investment Strategy

### 9. Non-treasury Investment Strategy

- 9.1. Government issued statutory guidance on local government investments in 2018 and requires an investment strategy to be produced, which may be included alongside the capital strategy and/or treasury management strategy.
- 9.2. The County Council could decide to invest its money for three broad purposes:
- Because it holds surplus cash in advance of need (treasury management)
  - To support local public services (service investments)
  - To generate a financial return (commercial investments)
- 9.3. Investments are categorised in accordance with the primary purpose of the investment. The majority of the County Council's investments are defined as **treasury management investments** and therefore summarised in Section 5 of this document and in more detail in the Treasury Management Strategy. The contribution that these investments make to the objectives of the County Council is to support effective treasury management activities.
- 9.4. This Non-treasury Investment Strategy therefore focuses on **service and commercial investments**.

#### Definitions

- 9.5. The Government guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.”
- 9.6. The County Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Authority's definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.
- 9.7. The Government guidance states that assets that generate revenue income solely through fees and charges for discretionary services levied under Section 93 of the Local Government Act 2003 should not be classified as non-financial investments for this purpose.

## Commercial strategy

- 9.8. The County Council operates a Corporate Land and Assets Board at officer level to consider the strategic development of its estate including commercial opportunities. Opportunities for investment are reported to the appropriate Member meetings and, if additional capital schemes are proposed, approval is sought to add them to the Capital Programme in accordance with the County Council's Financial Regulations.
- 9.9. The County Council's commercial strategy was summarised in the Medium Term Financial Strategy ([MTFS](#)) update to Cabinet and County Council in the autumn of 2023.
- 9.10. The County Council's approach to commercialisation takes account of the need to manage and mitigate risk. This is achieved through the pursuit of a range of initiatives targeting increased income generation but without overexposing the Council to excessive risk or considering radical changes that take the County Council into areas that are not its core business, or indeed pursuing more niche opportunities that simply do not offer with any confidence anything like the scale of income to merit the effort and upfront investment. In the light of difficulties experienced by other authorities regarding commercial investments (notably in Thurrock, Slough, Croydon and Woking) the County Council's approach has been proven to appropriately manage risk whilst contributing to the financial strategy.
- 9.11. Delivery of the commercial strategy focuses on three core components:
- a. Business activity – selling, trading or receiving in come for operational delivery of goods and services.
  - b. Investment activity – externally investing money and/or using strategic assets to generate financial returns as part of our place shaping activity, for example the strategic land programme.
  - c. Commercial operating model – developing our future operating model under key principles to be “more business like” in how we behave and operate.
- 9.12. A good example of this approach operating in practice is the proposed future direction of the Older Adults' service portfolio and supporting capital investment strategy approved by Cabinet in July 2023. In the light of concerns about the rate at which market prices are increasing, increases in service demand and acuity, and future forecasts regarding the number of older adults with advanced dementia, maintaining the strongest market presence possible was agreed as this would enable consistently improved occupancy, strong

value for money, and far greater assurance regarding the delivery of financial savings/efficiencies.

- 9.13. Another example is the place-shaping Manydown project, where the County Council has a Joint Venture arrangement in place with Basingstoke and Deane Borough Council named [Manydown Garden Communities](#) (MGC) LLP. In July 2020, MGC LLP formed a Joint Venture partnership with the development partner Urban & Civic and the Wellcome Trust known as the Manydown Development Vehicle (MDV) LLP. The programme is about bringing forward sustainable new communities at Manydown in western Basingstoke, with the vision to *“create communities of connected neighbourhoods developed in a well-planned and coordinated way, combining the best features from Hampshire villages and towns with a contemporary design.”*

### **Investments for commercial purposes**

- 9.14. Investments for commercial purposes are undertaken primarily for financial return but without being linked to treasury management activity or being part of service delivery. They are therefore additional investments taken voluntarily with the primary objective of generating a net financial return or profit. They will usually constitute capital expenditure. The income generated helps the County Council to deliver its service objectives.
- 9.15. The County Council has a small number of legacy arrangements that generate income from commercial tenants that would be considered commercial investments under the definitions of the Government guidance. It also holds a number of further assets classified as investment properties within its Balance Sheet.
- 9.16. All investment properties included within Table 9 are revalued on an annual basis at fair value based on market conditions. In accordance with government guidance, the County Council considers property investments to be secure where the accounting value is higher than the purchase cost including taxes and transaction costs. The most recent valuations are significantly higher than the purchase cost meaning the underlying assets provide security for the original capital investment.
- 9.17. These commercial investments generated around £1m of income in 2022/23 and therefore covered less than 0.1% of the gross expenditure of the County Council. The strategic land holdings are primarily not held to generate income but to generate future financial benefits and the County Council is not heavily reliant on income from its commercial investments to balance its revenue budget.

<b>Table 9 – investment properties at 31/3/23</b>	<b>Purchase cost</b>	<b>Gain/(loss) in fair value</b>	<b>Value in accounts at 31/3/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Legacy arrangements generating income from commercial tenants	13,777	2,107	15,884
Legacy arrangements generating income from residential (secure) tenants	304	586	890
Legacy arrangements generating income from other legal agreements	165	107	272
Strategic land holdings	16,619	102,229	118,849
<b>Total investment properties in accounts</b>	<b>30,865</b>	<b>105,030</b>	<b>135,895</b>

The [Strategic Asset Management Plan](#) (covered in more detail in Section 3) was updated in 2022. The vision and objectives identified in the SAMP reflect the role that land and property assets can play in achieving the strategic priorities of the County Council. This includes enabling and contributing to economic regeneration and growth in Hampshire, in line with the Hampshire 2050 strategy, as well as enabling the further transformation of County Council services and maximising the financial return from assets in the context of the significant financial challenges the County Council faces to 2025 and beyond.

- 9.18. The SAMP identifies a desire to explore **commercial opportunities** from assets, including through acquisition, with a change in the organisational risk appetite and an agile approach, to achieve commercial advantage. Any activity that constitutes commercial investments will be considered and reported appropriately in accordance with the requirements of the Prudential Code and the Government investment guidance. This will include consideration of the contribution the investment will make to the County Council, the security of the amount invested, an assessment of the risks involved, and an understanding of the impact of the potentially illiquid nature of the assets involved.

## Investments for service purposes

- 9.19. Investments for service purposes are those undertaken primarily and directly for the delivery of public services or in support of joint working with others to deliver such services. They will normally constitute capital expenditure and it may be appropriate to borrow to finance these investments. They may or may not deliver financial returns, but this will not be the primary purpose of the investment. The County Council holds a limited number of service investments.
- 9.20. **Manydown:** The County Council together with Basingstoke and Deane Borough Council (BDBC) each hold an equal leasehold interest in land at Manydown with the option to purchase that land for future development. To undertake this purchase jointly, the Councils set up and operate a separate company called Manydown Garden Communities LLP. Both Councils entered into a joint venture arrangement (Manydown Development Vehicle LLP) with a development company called Urban and Civic (U&C) and it is hoped that a deal with the freeholder, The Manydown Company, for the purchase of the land can be agreed in the near future. Under the contractual arrangements, the County Council has some financial obligations and had financial opportunities as part of the overall funding for the development. The council has already made some loans totalling £3.7m under approvals within its Treasury Management Strategy however, given the heightened scrutiny on local authority investments and companies, our treasury advisers have suggested that all of these items should now be treated as service-based loans to reflect the wider benefits that the County Council and BDBC are aiming to achieve in terms of economic development, regeneration, place shaping and affordable housing.
- 9.21. **Farnborough International Ltd:** With the primary aim of improving economic prosperity and related infrastructure within Hampshire, the County Council has granted loans totalling £4.5m at market rates of interest to Farnborough International Ltd.
- 9.22. **EM3 Local Enterprise Partnership:** The loan to Farnborough International Ltd is part of a total of £9.5m including £5m from the Enterprise M3 Local Enterprise Partnership (EM3 LEP), where the County Council is the accountable body. A further £7.15m of loans for other projects have also been granted by the EM3 LEP. From April 2024 the central government sponsorship and funding of LEPs will cease and instead the government will *“support local and combined authorities to take on the functions currently delivered by LEPs.”* Any future investments pursued by the County Council in taking on the functions of the EM3 LEP are likely to meet the qualification criteria for service investments given the purpose of the functions carried out by the LEP.
- 9.23. **Revolving Community Energy Fund:** In [May 2022](#), the County Council approved the creation of a £250,000 Revolving Community Energy Fund

(RCEF) from the Climate Change budget. This RCEF will invest in community energy projects with the primary objectives of helping to meet the County Council's climate change target and enabling the County Council to provide leadership and support to communities. Individual investments made through the RCEF will be of a value of up to £25,000 and will typically be made through direct investments in share offerings of small local entities. These investments will bring a greater degree of risk than the County Council would accept for treasury management investments, but it understands and accepts these risks given the way that these investments will help achieve the County Council's service objectives on climate change. Risk is mitigated by the RCEF being a very small proportion of the County Council's overall budget and by a defined due diligence process.

- 9.24. Accounting standards require local authorities to set aside loss allowances for loans, with a greater percentage loss allowance for loans with a greater chance of not being repaid. The loss allowances calculated are not material to the County Council.
- 9.25. The details of the County Council's service loans at the time of writing are set out in Table 10.

<b>Table 10 – investments for service purposes</b>	<b>Amount approved £'000</b>	<b>Amount invested £'000</b>	<b>Loss allowance £'000</b>	<b>Approved amount as % of net revenue stream</b>
Manydown (Loans)	53,700	3,700	40	5.0%
Farnborough International Ltd (Loan)	4,500	4,500	10	0.4%
Community energy projects through RCEF (Equity)	250	0	0	0.0%
On behalf of EM3 LEP (Loans)	12,153	12,153	224	1.1%
<b>Total</b>	<b>70,603</b>	<b>20,525</b>	<b>274</b>	<b>6.6%</b>

## Investment indicators

In addition to setting Prudential Indicators required by the Prudential Code, the County Council has also set the following quantitative investment indicators in accordance with the requirements of the Government investment guidance. Note that this table does not include short term treasury management investments.

Table 11 – Total Investment Exposure (£m) and net rate of return (%)	31.03.2023		31.03.2024		31.03.2025	
	Actual		Forecast		Forecast	
	Invested £m	Return %	Invested £m	Return %	Invested £m	Return %
Treasury management (long term)	225	4.2%	239	4.0%	103	4.0%
Service investments (loans)	20	4.7%	18	6.5%	36	6.9%
Service investments (equity)	0.0	n/a	0	5.0%	0	5.0%
Commercial investments	31	3.4%	31	3.4%	31	3.4%
<b>Total investments</b>	275	4.1%	288	4.1%	170	4.5%

9.26. This shows that the County Council expects the majority of its investments to continue to be for treasury management purposes, although potential future investments related to Manydown would increase the proportion of service based loans.

9.27. The commercial investments will continue to be legacy arrangements and strategic land holdings and in the table are forecast to be unchanged, although this position may evolve as set out in the recent Strategic Asset Management Plan update. None of these investments are funded by borrowing.

9.28. Figures shown are the amounts invested not the current market value where these amounts vary.

- 9.29. The figures above exclude invested on behalf the Thames Basin Heaths Joint Strategic Partnership Board (£10.7m) where these investments are held on the County Council's balance sheet due to operational arrangements but where risks associated with these investments do not belong to the County Council.



## **Treasury Management Strategy 2024/25**

### **Introduction**

1. In 2018 the Ministry of Housing, Communities & Local Government (MHCLG) produced new Investment Guidance including the requirement to produce an Investment Strategy.
2. The County Council's Capital and Investment Strategy sets out the Council's broad approach to investment, including its capital programme, how this is funded, and investments held for service purposes or for commercial profit.
3. This Treasury Management Strategy Statement (TMSS) supports the Capital and Investment Strategy in setting out the arrangements for the management of the County Council's cash flows, borrowing and investments, and the associated risks.
4. The County Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the County Council's prudent financial management.
5. Treasury risk management at the County Council is conducted within the framework of the CIPFA Code which requires the County Council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. This Strategy fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
6. Investments held for service purposes or for commercial profit are considered separately in the Capital and Investment Strategy.

### **External Context**

7. The following paragraphs explain the economic and financial background against which the TMSS is being set.

#### **Economic background**

8. The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be

major influences on the County Council's treasury management strategy for 2024/25.

9. The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. The November 2023 quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
10. Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from 4.6% the previous month, and in line with the recent trend being lower than expected. The core CPI inflation declined to 5.1% from the previous month's 5.7%, again being lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target and then falling below target during the second half of 2025 and into 2026.

### **Credit outlook**

11. Credit Default Swap (CDS) prices are used as an indicator of credit risk, where higher premiums indicate higher perceived risks. CDS prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Quarter 2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.
12. On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
13. Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.
14. Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same

update the long-term ratings of those five local authorities were downgraded.

15. There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.
16. However, the institutions on the County Council's treasury adviser, Arlingclose's, counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

### **Interest rate forecast (December 2023)**

17. Although UK inflation and wage growth remain elevated, Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's (BoE) Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Quarter 3 2024 to a low of around 3% by early-mid 2026.
18. Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
19. A more detailed economic and interest rate forecast provided by Arlingclose is in Annex A.

### **Balance Sheet Summary and Forecast**

20. On 31 December 2023, the County Council held £174m of treasury borrowing and £496m of investments. This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in Table 1.

**Table 1: Balance sheet summary and forecast**

	<b>31/03/23</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/26</b>	<b>31/03/27</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Financing Requirement</b>	<b>750</b>	<b>731</b>	<b>721</b>	<b>735</b>	<b>819</b>
Less: Other debt liabilities*:					
- Leases**	0	0	(15)	(13)	(12)
- Street Lighting PFI	(83)	(79)	(75)	(70)	(65)
- Waste Management Contract	(38)	(34)	(30)	(25)	(20)
<b>Loans CFR</b>	<b>629</b>	<b>618</b>	<b>601</b>	<b>627</b>	<b>707</b>
Less: External borrowing***:					
- Public Works Loans Board	(188)	(160)	(150)	(141)	(131)
- Other Loans (incl. LOBOs)	(12)	(12)	(12)	(12)	(12)
- Other short-term borrowing	(50)	(50)	(50)	(50)	(50)
<b>Total external borrowing</b>	<b>(250)</b>	<b>(222)</b>	<b>(212)</b>	<b>(203)</b>	<b>(193)</b>
<b>Internal borrowing</b>	<b>379</b>	<b>396</b>	<b>389</b>	<b>424</b>	<b>529</b>
Less: Balance sheet resources	(1,078)	(704)	(566)	(504)	(335)
<b>New borrowing or (Treasury investments)</b>	<b>(699)</b>	<b>(308)</b>	<b>(177)</b>	<b>(80)</b>	<b>194</b>

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

\*\* IFRS 16 requires the County Council to change how it recognises its leases from 1 April 2024.

\*\*\* shows only loans to which the County Council is committed and excludes optional refinancing

21. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The County Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
22. It is forecast that the County Council will continue to take advantage of internal borrowing, which will increase through until 2024/25, whilst paying off Public Works Loan Board (PWLB) debt as maturities arise.
23. Reserves and balances are due to reduce significantly over the forecast period due to the anticipated funding of the Capital Programme and use of the Budget Bridging Reserve (BBR) to balance the budget pending further

savings to be planned and delivered, whilst the Dedicated Schools Grant deficit unusable reserve is forecast to continue to grow, reaching over £370m by 2026/27. These factors are culminating in reducing treasury investment balances with a forecast requirement to borrow in 2026/27 if reserves and capital expenditure are fully delivered as planned, which would have further financial implications for the Council's revenue budget.

24. Since 2018 the County Council has (publicly and consistently) said that without fundamental changes to the way in which local government is funded, it will not be financially sustainable. The balance sheet forecast starkly presents the scale of the challenge facing the Council over the coming years in the absence of such a change.
25. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the County Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the County Council expects to comply with this recommendation during 2024/25.

### Liability benchmark

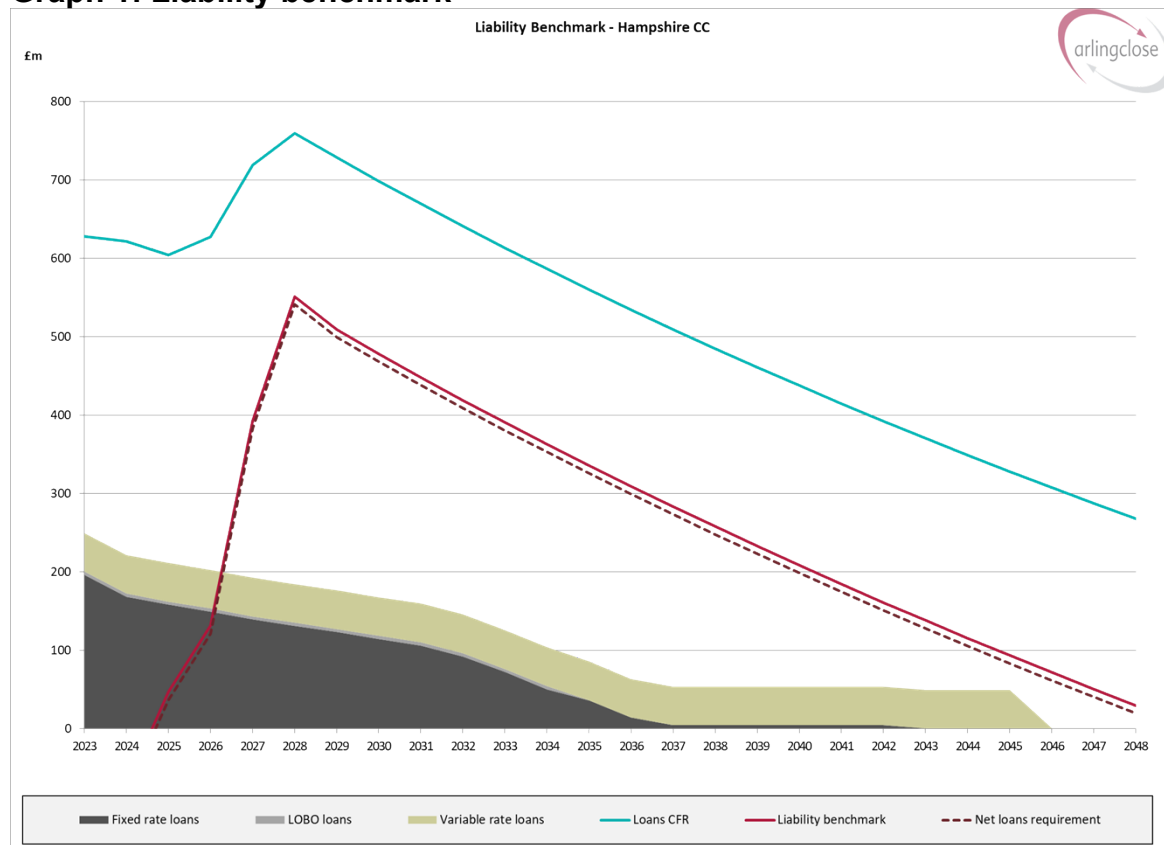
26. To compare the County Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
27. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

**Table 2: Prudential Indicator: Liability benchmark**

	31/03/23 Actual £m	31/03/24 Estimate £m	31/03/25 Forecast £m	31/03/26 Forecast £m	31/03/27 Forecast £m
Loans CFR	629	618	601	627	722
Less: Balance sheet resources	(1,078)	(704)	(566)	(504)	(335)
<b>Net loans requirement</b>	<b>(449)</b>	<b>(86)</b>	<b>35</b>	<b>123</b>	<b>387</b>
Plus: Liquidity allowance	10	10	10	10	10
<b>Liability benchmark</b>	<b>(439)</b>	<b>(76)</b>	<b>45</b>	<b>133</b>	<b>397</b>

28. At the start of the period, 31 March 2023, the County Council had a Loans CFR of £629m, external borrowing of £250m, balance sheet resources of £1,078m and a liability benchmark of -£439m. The difference of £379m between the CFR and external borrowing is internal borrowing which is where the County Council has used its own resources to fund its borrowing requirement.

**Graph 1: Liability benchmark**



29. The liability benchmark is the lowest level of debt the County Council could hold if it used all of its balances, reserves and cash flow surpluses to fund its CFR. The liability benchmark graph is created based on five years of data, which explains why the Loans CFR line reduces past the initial five year period – the diagram assumes that no new capital projects will begin after 2026/27, which is a very unlikely scenario but a reflection of the current horizon for capital expenditure forecasts.
30. The County Council expects a negative liability benchmark at the beginning of the forecast period (which cannot be seen on Graph 1) which then moves to a positive liability benchmark in 2025, reflecting the forecast balance sheet resources position mapped out in Tables 1 and 2. A positive liability benchmark that extends above the loans lines shows a need to take additional borrowing as the balance sheet resources and current external

borrowing combined are not sufficient to meet the CFR. Therefore Table 2 and Graph 1 illustrate that from 2027 the Council's existing borrowing is forecast to no longer be sufficient to meet the liability benchmark and the Council will need to source external borrowing if it is to meet the full delivery of its capital programme. The Council will keep the position under review and continue to take advice from Arlingclose on the most appropriate time to borrow when it is required.

### **Borrowing Strategy**

31. The County Council held £174m of treasury management loans as at 31 December 2023, a decrease of £30m from 12 months previous, as part of its strategy for funding previous years' capital programmes, but also includes amounts held on behalf of others for governance or administration purposes. As interest rates have risen the opportunity was taken in June 2023 to repay £20m of PWLB loans (in addition to the early repayment of £12m of PWLB debt and £29m of other loans (including some Lenders Option Borrowers Option (LOBO) loans) in 2022/23). This has locked-in a future rate of return for the Council on the use of resources used to repay debt and reduced overall treasury risk by reducing overall cash balances.
32. The balance sheet forecast in Table 1 shows that the County Council has a high level of internal borrowing in comparison to its CFR but currently does not expect to need to take on new external borrowing in 2024/25. Tables 1 and 2 of this strategy do however indicate that the Council may need to borrow in future years. The County Council has the option to borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £760m. The Deputy Chief Executive and Director of Corporate Operations will explore all options to ensure the financial stability of the County Council in future years.

### **Objectives**

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

### **Strategy**

34. Given the significant cuts to public expenditure and in particular to local government funding, the County Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore

likely to be more cost effective over the medium term to either use internal resources, or to borrow short-term loans instead.

35. By internally borrowing, the County Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Arlingclose will assist the County Council in regularly monitoring the benefits of this approach against taking on short term external borrowing and the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
36. The County Council has previously raised the majority of its long-term borrowing from the PWLB. The County Council does not expect to take on any new long-term borrowing in 2024/25 due to the forecast level of reserves, however should the County Council need to borrow any long-term amounts it will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield, however the County Council's investment strategy does not support this activity and so will retain its access to PWLB loans.
37. The County Council may also arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
38. In addition, the County Council may borrow short-term loans (normally for up to one month) to cover unplanned cash flow shortages.

### **Sources of borrowing**

39. The approved sources of long-term and short-term borrowing are:
  - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - UK Infrastructure Bank Ltd
  - Any institution approved for investments
  - Any other bank or building society authorised to operate in the UK.
  - Any other UK public sector body.
  - UK public and private sector pension funds (except Hampshire Pension Fund).



- Capital market bond investors.
- retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

### **Other sources of debt finance**

40. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative (PFI)
  - sale and leaseback
  - similar asset based finance

### **LOBOs**

41. The County Council holds £4.0m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost.
42. This loan has options during 2024/25, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the County Council will take the option to repay LOBO loans to reduce refinancing risk in later years. Total borrowing via LOBO loans will be limited to the current level of £4m.

### **Short-term and variable rate loans**

43. These loans leave the County Council exposed to the risk of short-term interest rate rises. This risk is monitored through the indicator on interest rate exposure in the treasury management indicators in this report.

### **Debt rescheduling**

44. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The County Council may take advantage of

this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

### **Treasury Investment Strategy**

45. The County Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the County Council's treasury investment balance has ranged between £454m and £800m.
46. Over the last 12 months the investment balance has fallen by £225m which is largely due to the combination of the County Council's decision to pay employer's LGPS pension contributions in advance on 1 April 2023 for the three-year period to March 2026 at a cost of just over £264m, and the early repayment of £61m of external borrowing between October 2022 and June 2023. These decisions have been made to take advantage of savings, whilst also reducing the level of external borrowing.

### **Objectives**

47. The CIPFA Code requires the County Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The County Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The County Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

### **Strategy**

48. The County Council aims to continue to hold a diversified investment portfolio, including investments in more secure and/or higher yielding asset classes. This is especially the case for the estimated funds that are available for longer-term investment.
49. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the County Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises

with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

50. At 31 December 2023 approximately 77% of the County Council's investment balances were invested so that they were not subject to bail-in risk (that investors funds are taken to sure a failing bank), as they were invested in Government investments, secured bank bonds and pooled funds.
51. Of the 23% of investment balances that were subject to bail-in risk at 31 December 2023, 93% were held in overnight money market funds and cash plus funds which are subject to a reduced risk of bail-in due to the high level of diversification within these investments, and the remainder was held in overnight bank call accounts for liquidity purposes.
52. Further detail is provided at Annex B. This diversification is a continuation of the strategy adopted in 2015/16.

### **Business models**

53. Under the IFRS 9 standard, the accounting for certain investments depends on the 'business model' for managing them. The County Council aims to achieve value from its internally managed treasury investments through a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

### **Environmental, social and governance factors**

54. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

### **Investments targeting higher returns**

55. In previous years the County Council earmarked an amount of its cash balances for investments targeting higher yields; these were made from its most stable core balances with the intention that they would be held for at least the medium term, and it was targeted that these investments would

achieve a return of at least 4%. This was a successful approach through the period of very low interest rates, as this portfolio achieved higher interest rates than what was being achieved by cash investments and significantly increased the annualised average income return for the total investment portfolio.

56. Following the increases in UK Bank Rate the decision was made to subsume the investments targeting higher returns within the long-term investment portfolio as there was no longer a significant difference between the interest rates being achieved by those investments and cash, as short-term interest rates are now comparable with longer term interest rates.
57. The County Council will however continue to make use of long-term balances, making investments in longer term investments including local authorities, other asset classes and regions, fixed capital value and pooled funds to mitigate the risk of low interest rates which will affect cash investments when UK Bank Rate is reduced. This diversification also helps to mitigate the risk of overexposure to a single event affecting a specific asset class.
58. The County Council continues to invest in pooled funds (although this allocation has reduced over the last 12 months) which enables the County Council to achieve a greater degree of diversification than could effectively be achieved by directly owning individual assets. Pooled funds are managed by specialist external fund managers who are best placed to select and manage investments, for example with property investments in selecting appropriate buildings and then managing the relationship with tenants and the maintenance of those buildings.
59. Diversification in itself does not guarantee positive outcomes. The selection of pooled funds is carefully managed to target funds with a strong performance track record and objectives that are well aligned to the County Council's income returns aims without putting its initial investment at undue risk over the longer term. The County Council is therefore currently invested in pooled funds that specialise in providing income returns to support the revenue budget. As a result of their income focus these funds may not achieve the same capital growth and therefore total return, as other more general investment funds, however they are likely to deliver good income returns for the longer term.
60. The investible universe for pooled funds is vast and part of the service provided by Arlingclose as treasury advisers is to conduct research and suitable due diligence on pooled funds prior to making recommendations to their clients.

61. Past performance does not guarantee that funds can replicate successful outcomes in future and knowing which funds will perform well is not an exact science. The County Council will therefore continue to conduct its own ongoing review and scrutiny of the performance of its pooled fund investments. The County Council will also discuss these investments regularly with Arlingclose, who provide advice based on regular meetings with representatives from the pooled funds and their own ongoing due diligence on areas such as performance and investment style, strategy and process.
62. At the current time, given the medium to long term nature of the investments, it is unlikely that a capital loss would ever be realised, since the County Council would avoid selling investments that realised a capital loss. In addition to the risk of realising a capital loss, changes to IFRS 9 mean that capital gains and losses on investments need to be reflected in the revenue account on an annual basis, although there is currently a statutory override in place for local authorities that exempts them from complying with this requirement.
63. The County Council is aware of the risks involved with investing in pooled funds that hold underlying investments in equities and property. When the County Council began to specifically target higher returns from a proportion of its investments, it also established an Investment Risk Reserve to mitigate the risk of an irrecoverable fall in the value of these investments. The balance held in this reserve is currently £10.15m.

### **Investment Limits**

64. The maximum that will be lent to any one organisation (other than the UK Government) will be £80m, which although is a reduction in comparison to the previous TMSS, this is a return to more normal limits. The limits had been temporarily increased in the 2023/24 TMSS due to increased investment balances.
65. Table 1 indicates that treasury balances are forecast to reduce over the longer term, however this investment strategy needs to contain investment limits that allow flexibility to manage higher mid-year investment balances as well as to ensure that all of the County Council's cash can be invested in accordance with this TMSS in the eventuality that the capital programme doesn't proceed as planned, and increased investment balances become available.
66. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers as shown in Table 3.

**Table 3: Investment Limits**

	<b>Cash Limit</b>
Any single organisation, except the UK Central Government	£80m each
UK Central Government	Unlimited
Any group of pooled funds under the same management	£200m per manager

**Approved Counterparties**

67. The County Council may invest its surplus funds with any of the counterparty types in Table 4, subject to the limits shown:

**Table 4: Sector and counterparty limits**

<b>Sector</b>	<b>Time limit</b>	<b>Counterparty limit</b>	<b>Sector limit</b>
The UK Government	30 years	Unlimited	n/a
Local authorities & other government entities	25 years	£80m	Unlimited
Secured investments *	25 years	£80m	Unlimited
Banks (unsecured) *	13 months	£40m	Unlimited
Building societies (unsecured) *	13 months	£40m	£80m
Registered providers (unsecured) *	5 years	£40m	£80m
Money market funds *	n/a	£80m	Unlimited
Strategic pooled funds	n/a	£80m	£400m
Real estate investment trusts	n/a	£40m	£80m
Other investments *	5 years	£40m	£80m

This table must be read in conjunction with the notes below

**\* Minimum credit rating**

68. Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-/A3. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant known factors including external advice will be taken into account.

69. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

### **Government**

70. Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 30 years.

### **Secured investments**

71. Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

### **Banks and building societies (unsecured)**

72. Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

### **Registered providers (unsecured)**

73. Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

### **Money market funds**

74. Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the

advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the County Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

### **Strategic pooled funds**

75. Shares or units in diversified investment vehicles consisting of bond, equity and property investments. These funds offer enhanced returns over the longer term but are more volatile in the short term and allow the County Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. This sector also includes cash plus funds which are also a type of pooled fund, but are used for short-term funds, with a lower risk appetite. Because strategic pooled funds have no defined maturity date, but are available for withdrawal after a notice period; their performance and continued suitability in meeting the County Council's investment objectives will be monitored regularly.

### **Real estate investment trusts (REITs)**

76. Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

### **Other investments**

77. This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the County Council's investment at risk.
78. The Council's Strategy had previously allowed for investment in unrated corporate entities where the Council owned an interest in the company and had participation in its governance. Having received further advice these investments will now be classified as 'Investments for Service Purposes', following the approval of this policy, and are reported on in the Capital and Investment Strategy.

### **Operational bank accounts**

79. The County Council may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB-/Baa3 and with total assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and



balances will therefore be kept low. The County Council's operational bank account is with National Westminster – NatWest (currently with a lowest long-term credit rating of A+) and aims to keep the overnight balances held in current accounts positive, and as close to zero as possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion (such as NatWest) are more likely to be bailed-in than made insolvent, increasing the chance of the County Council maintaining operational continuity.

### **Risk assessment and credit ratings**

80. Credit ratings are obtained and monitored by the County Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
81. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### **Other Information on the security of investments**

82. The County Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the County Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
83. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market

measures. In these circumstances, the County Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the County Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office, or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

### **Reputational aspects**

84. The County Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

### **Liquidity management**

85. The County Council has due regard for its future cash flows when determining the maximum period for which funds may prudently be committed. Historic cash flows are analysed in addition to significant future cash movements, such as payroll, grant income and council tax precept. Limits on long-term investments are set by reference to the County Council's medium term financial position (summarised in Table 1) and forecast short-term balances.
86. The County Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider, except in cases of extreme market stress whereby the County Council will be able to invest all of its liquid cash in one provider only, being the Debt Management Office.

### **Treasury Management Prudential Indicators**

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

### Interest rate exposures

88. The following indicator shows the sensitivity of the County Council's current investments and borrowing to a change in interest rates. Fixed rate investments maturing during the year are assumed to be variable for the remainder of the year.

**Table 5: Interest rate risk indicator**

	<b>31/12/2023 Actual</b>	<b>Impact of +/- 1% interest rate change</b>
	<b>£m</b>	<b>£m</b>
Sums subject to variable interest rates:		
Investment	379	+/- 3.8
Borrowing	(6)	+/- 0.1

### Maturity structure of borrowing

89. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

**Table 6: Refinancing rate risk indicator**

	<b>Upper</b>	<b>Lower</b>
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	75%	0%
20 years and within 30 years	75%	0%
30 years and above	100%	0%

90. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### Long-term treasury management investments

91. The purpose of this indicator is to control the County Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

**Table 7: Price risk indicator**

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Limit on principal invested beyond year end	£400m	£350m	£300m

92. Long-term investments with no fixed maturity date include strategic pooled funds but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

### **Related Matters**

93. The CIPFA Code requires the County Council to include the following in its treasury management strategy.

### **Financial derivatives**

94. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
95. The County Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the County Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
96. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit.
97. In line with the CIPFA Code, the County Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

### **External Funds**

98. The County Council manages cash on behalf of Thames Basin Heaths as the County Council is the Administrative Body which effectively means acting as the banker. As part of this role the County Council invests the monies held in accordance with instructions from Thames Basin Heaths. Investment decisions are made by the Thames Basin Heath Joint Strategic Partnership Board (JSPB) and they are advised by the County Council's Treasury Management Advisers, Arlingclose. The JSPB assumes all risks associated with these investments. All interest earned on those cash balances is allocated to Thames Basin Heaths using the County Council's accounting software system.

### **Investment training**

99. The needs of the County Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
100. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
101. CIPFA's Code of Practice requires that the County Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

### **Investment advisers**

102. The County Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Director of Corporate Operations, his staff and Arlingclose.

### **Markets in Financial Instruments Directive**

103. The County Council has opted up to professional client status with its providers of financial services, including advisers, brokers, and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the County Council's treasury management

activities, the Section 151 Officer believes this to be the most appropriate status.

### Other Options Considered

104. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Corporate Operations believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in Table 8.

**Table 8: Alternative strategies and their implications**

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Decision Maker</b>	County Council
<b>Date:</b>	22 February 2024
<b>Title:</b>	Capital Programme 2024/25 to 2026/27
<b>Report From:</b>	Deputy Chief Executive and Director of Corporate Operations

**Contact name:** Rob Carr

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

#### Section A: Purpose of this Report

1. The purpose of this report is to collate the service capital programmes prepared by Executive Members and to present for approval the proposed capital programme for 2024/25 and the provisional programmes for the subsequent two financial years. The report also provides summary financial information relating to schemes started in previous financial years that remain in progress. Later sections of the report cover capital financing and revenue implications of the programme.

#### Section B: Recommendation(s)

**It is recommended that Cabinet:**

2. Recommends to County Council that the capital programme for 2024/25 and the provisional programmes for 2025/26 and 2026/27 as set out in Appendix 1 be approved, including the identified carry forward of resources.
3. Recommends to County Council that the revised capital programme cash limits for 2023/24 be approved.
4. Recommends to County Council that the scheme value for the Bishopstoke Road scheme within the Universal Services capital programme be increased from £5.3m to £8.1m to be funded by S106 contributions, DfT LTP Integrated Transport Block grant and Concessionary Fares budget.

5. Approves the increase in scheme value for the Crookhorn College SCOLA recladding scheme from £2m to £3.3m to be funded from the reallocation of SCA grant funding and approves the transfer of this project from the 2024/25 programme to the 2023/24 programme.
6. Approves the increase in scheme value for the Henry Beaufort School SCOLA recladding scheme from £2.1m to £3.1m to be funded from the reallocation of SCA grant funding and approves the transfer of this project from the 2024/25 programme to the 2023/24 programme.
7. Notes that the locally resourced capital programme has been prepared in line with the changed treatment of capital guidelines from 2025/26 onwards as agreed in December 2023.

## **RECOMMENDATIONS TO COUNTY COUNCIL**

### **County Council is recommended to approve:**

- a) The capital programme for 2024/25 and the provisional programmes for 2025/26 and 2026/27 as set out in Appendix 1, including the identified carry forward of resources, noting that the locally resourced capital programme has been prepared in line with the changed treatment of capital guidelines from 2025/26 onwards as agreed by Cabinet in December 2023.
- b) The revised capital programme cash limits for 2023/24.
- c) An increase in the scheme value for the Bishopstoke Road scheme within the Universal Services capital programme from £5.3m to £8.1m to be funded by S106 contributions, DfT LTP Integrated Transport Block grant and Concessionary Fares budget.

### **Section C: Executive Summary**

8. This report sets out for approval the proposed capital programme for 2024/25 and the provisional programmes for 2025/26 and 2026/27. The report collates the service capital programmes prepared by Executive Members based upon an assessment of the prioritisation of schemes to deliver new and improved assets.
9. The capital programme has been prepared within the financial constraints of the capital cash limit guidelines, the revenue budget and the MTFS. The



MTFS is closely linked to the ‘*Serving Hampshire – Strategic Plan 2021 – 2025*’, which was reviewed at County Council on 28 September 2023.

10. The proposed **three-year programme** comprises schemes totalling **£880.6m**. When added to the revised capital programme for 2023/24 (£308m) and outstanding expenditure on schemes started in prior years (£289.4m) this results in total planned expenditure of £1.48bn. The programme is summarised by directorate in Section H alongside forecasts for the planned timing of capital expenditure, with detailed capital programme proposals in Appendix 1.
11. The financial challenges facing the County Council – and the wider local government sector – have been well publicised. The background to this position is well documented, with the County Council declaring publicly in 2018 that if something didn’t fundamentally change in the system for local government finance that it would not be sustainable in the longer term. This position has been exacerbated in recent years and does not just impact the revenue budget. Capital schemes have been impacted by the challenging economic environment (e.g. inflationary pressures) and pressures on available local and external resources to fund schemes. Furthermore, capital schemes have ongoing revenue budget impacts in terms of financing, operating and maintaining assets that must be well understood in assessing the affordability of proposals.
12. The County Council has maintained its capital programme in recent years, doing so by making use of external sources to fund a significant proportion of expenditure, supplemented by the use of capital receipts and the County Council’s own revenue resources. Given the challenging financial position the County Council faces, any revenue contributions to capital schemes must balance recognition of the importance of capital investment with the need to review and challenge all revenue based expenditure as part of the overall MTFS. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 allocated the annual funding of £13.669m from these revenue based contributions to directorates for 2024/25 only, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.
13. The capital programmes proposed by Executive Members can be financed from within the resources available to the County Council, including the planned use of prudential borrowing. Prudential Indicators included within the Capital and Investment Strategy (an appendix to the revenue budget report) support the assessment that the programme is prudent, sustainable and affordable.
14. The proposed 3-year programme includes:
  - £173m to safeguard the long-term viability of the Older Adult care estate

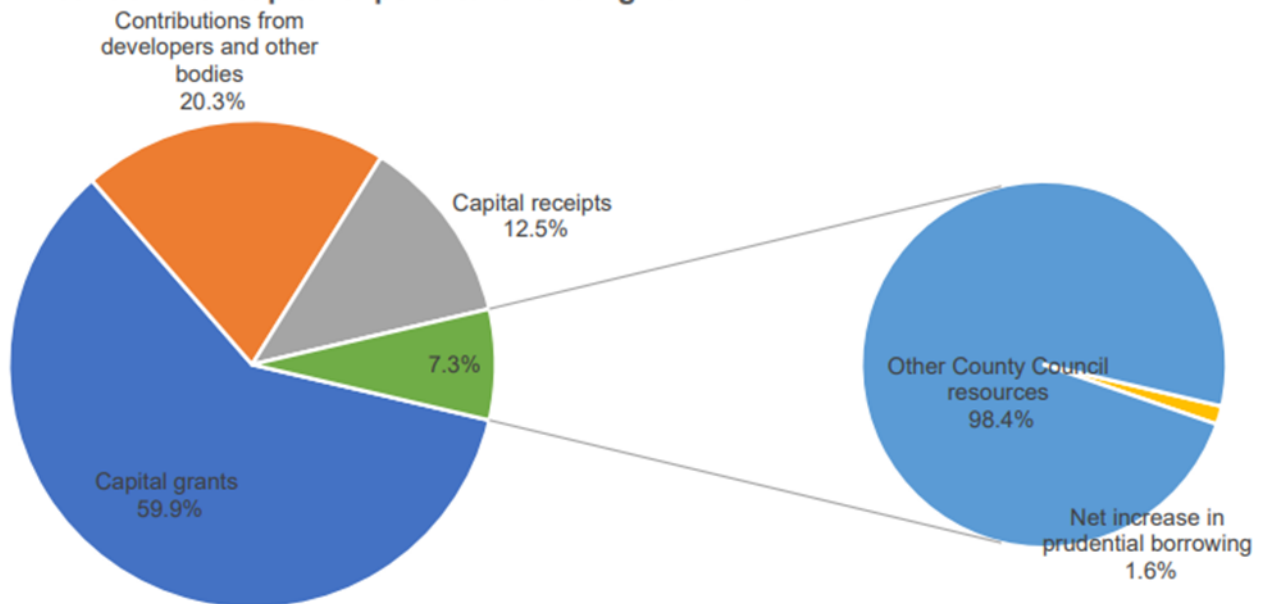
- £192m investment in new and extended school buildings to provide school places for children in Hampshire
  - £163m for structural maintenance and improvement of roads and bridges
  - £73m of Integrated Transport Plan schemes including £43m of schemes mainly concerned with walking and/or cycling improvements
  - £76m to address condition-based enhancements to the schools estate.
15. In addition, there are other significant schemes that were approved in previous years that will continue in 2024/25 and beyond.
16. The report also identifies three schemes where Cabinet and County Council are requested to approve revisions to the 2023/24 capital programme. Other variations have been approved by Executive Members and Directors in accordance with financial regulations thresholds.
17. The capital programme provides a significant boost to the local economy through jobs and the purchase of construction materials. This is a very significant investment in the infrastructure of Hampshire. Furthermore, it presents opportunities for the County Council to contribute towards its climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050.

#### **Section D: Contextual information**

18. Capital investment is an integral part of the delivery of public services. It involves expenditure on assets that will have an impact on service delivery not just in the short term but also over the medium and longer term. Investment in existing assets and the delivery of new ones must be well aligned with the County Council's overall priorities, need and affordability. This includes not just consideration of the availability of the initial capital funding but also the longer-term revenue impacts of capital investment decisions.
19. This report should therefore be considered alongside the Medium Term Financial Strategy (MTFS), the Revenue Budget and Precept report and the Capital and Investment Strategy, as well as the overarching strategic plan: *Serving Hampshire's Residents – Strategic Plan 2021 – 2025*, which was reviewed at County Council on 28 September 2023.
20. The County Council has maintained its capital programme throughout the period of austerity, doing so by making use of external sources to fund a significant proportion of expenditure, supplemented by the use of capital receipts and the County Council's own revenue resources.

21. Actual capital expenditure varies from year to year due to the nature of the delivery of capital schemes but has averaged around £205m per annum over the past 5 years, equating to over £1bn in aggregate. This is a significant investment in assets to support and enable the provision of local services while also delivering benefits to the local economy.
22. The breakdown of funding of actual capital expenditure for the 2022/23 financial year is shown in the graph below. In this period c.80% of expenditure was funded from external sources, or approximately £153m of the £191m total spend.

### Breakdown of capital expenditure funding 2022/23



23. Where expenditure is funded from local resources, this impacts the revenue budget in one of three ways:
1. A reduction in existing reserves
  2. Increased capital financing costs (e.g. interest and MRP) as a result of prudential borrowing
  3. The need for direct contributions to schemes from the revenue budget
24. The County Council has maintained planned revenue contributions to capital as part of its revenue budget throughout the period of austerity, recognising the need for continued capital expenditure in areas such as essential health and safety improvement works across the County Council's built estate and the investment in highways. As such, the current MTFS includes an annual revenue contribution to capital of £13.6m throughout the forecast period.

25. Given the challenging financial position the County Council faces, any revenue contributions to capital schemes must balance recognition of the importance of capital investment with the need to review and challenge all revenue based expenditure as part of the overall MTFS. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 allocated the funding from these revenue based contributions to directorates for 2024/25 only, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.
26. The capital cash limit guidelines have been used by Executive Members to prepare detailed proposals for a programme of schemes funded by:
- Government capital grants
  - Contributions from developers and other external bodies
  - The use of the County Council's own resources including capital receipts, reserves, revenue contributions and prudential borrowing.
27. The programmes submitted for approval by Executive Members are summarised in this report, with more detail in the papers presented to the individual Executive Member Decision Days during January 2024.
28. It is worth noting that inflationary pressures, broader market conditions and general economic uncertainty continue to present challenges to the delivery of the capital programme. It will be important to continue to closely monitor this position, making use of local knowledge and the early engagement of contractors to secure value for money and the capacity to deliver the schemes within the programme.
29. The County Council will also continue to mitigate risk when considering which schemes to put forward (for example through reduced dependence on 'capped' grant funding) although the impact of inflation is now 'baked in' to prices that are now 30-40% higher since 2019 across many parts of the construction sector. Similarly, a condition and risk-based approach will be taken where appropriate to prioritise needs within funding allocations.

### **Section E: Government supported programme**

30. The capital programme is supported by Government grants for schools, highways, transport and disabled facilities. Information on the assumptions around these grants for the proposed programme are included in Table 1.

#### **Table 1 – Government capital grants**

<b>Funding</b>	<b>Latest position</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
<b><u>Adults' Health and Care</u></b>				
DLUHC – Disabled Facilities Grant	Allocations for 24/25 and beyond not yet announced. For planning purposes assumed the original 23/24 allocations are maintained.	14,252*	14,252*	14,252*
<b><u>Children's Services</u></b>				
DfE – Basic Need	Allocations for 23/24 and 24/25 did not allocate any capital funding for Hampshire. The 2025/26 allocation was favourable, however, there is potential for zero or low capital allocation in 2026/27 and 2027/28	0	22,200	0*
DfE – Devolved Formula Capital	Allocations to date only confirmed for 2023/24	3,338*	3,388*	3,388*
<b><u>Universal Services</u></b>				
DfE – School Condition Allocation (SCA)	No announcements on allocations yet, however further changes to allocation formula anticipated from 2024/25. Unclear impact therefore currently assumes previous allocations remain.	23,164*	23,164*	23,164*
DfT – Integrated Transport and Structural Maintenance	Three year settlement confirmed in 22/23. No indication from DfT about funding beyond 24/25 so assumed for planning purposes to remain constant.	38,831	38,831*	38,831*
DfT – Network North Fund	Allocation for 2024/25 confirmed, remaining years assumed at 11 <sup>th</sup> of remaining approved fund for Hampshire.	4,225	13,760*	13,760*

*\* Assumed amounts as funding allocations not yet confirmed*

31. In addition, the County Council has and will continue to bid, where appropriate, for specific government funding through competitive bidding processes.
32. At the time of writing, the County Council is awaiting a decision on £2.5m of Active Travel Fund bids. In addition, the third and final round of Levelling Up Fund is expected to be announced which will be in the region of £1bn nationally. If awarded, any grant funding will be added to the Universal Services capital programme.
33. The Government's Network North document sets out a plan for improving the country's transport and there is potential for a future round of funding for improvements to the Major Road Network where Hampshire could consider submitting a bid.

## **Section F: Capital cash limit guidelines**

34. The County Council supplements the capital funding provided by government with that received from developers and other external bodies as well as the use of the County Council's own local resources. These local resources can include capital receipts, the use of reserves, direct contributions from the revenue budget, and prudential borrowing.
35. In December 2023, Cabinet approved provisional capital cash limit guidelines for 2024/25 to 2026/27 to allow Executive Members to prepare detailed capital programmes for submission as part of the budget setting process. Adding the other funding sources available to the County Council results in the updated capital cash limit guidelines as shown in Table 2.

**Table 2 – Capital cash limit guidelines**

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>Adults' Health and Care</u>				
Original guideline (revenue contribution)	481	0	0	<b>481</b>
Prudential borrowing	173,000	0	0	<b>173,000</b>
Government grants	14,252	14,252	14,252	<b>42,756</b>
<b>Total AHC</b>	<b>187,733</b>	<b>14,252</b>	<b>14,252</b>	<b>216,237</b>
<u>Children's Services</u>				
Original guideline (revenue contribution)	100	0	0	<b>100</b>

Capital receipts	1,300	0	500	<b>1,800</b>
Contribution from revenue/reserves	5,357	1,000	0	<b>6,357</b>
Other contributions including Developers	45,180	45,800	25,370	<b>116,350</b>
Government grants	69,119	33,538	15,338	<b>117,995</b>
<b>Total Children's Services</b>	<b>121,056</b>	<b>80,338</b>	<b>41,208</b>	<b>242,602</b>

#### Hampshire 2050\*

Original guideline (revenue contribution)	646	0	0	<b>646</b>
Capital Guideline Carry forwards	12,344	0	1,776	<b>14,120</b>
Contribution from revenue/reserves	35,000	100	0	<b>35,100</b>
Prudential borrowing	15,000	0	0	<b>15,000</b>
<b>Total Hampshire 2050</b>	<b>62,990</b>	<b>100</b>	<b>1,776</b>	<b>64,866</b>

#### Universal Services

Original guideline (revenue contribution)	12,442	0	0	<b>12,442</b>
Original guideline (prudential borrowing)	10,200	3,400	3,400	<b>17,000</b>
Capital Guideline Carry forwards	(1,537)	1,500	0	<b>(37)</b>
Capital receipts	366	0	0	<b>366</b>
Contribution from revenue/reserves	11,723	7,500	0	<b>19,223</b>
Other contributions including Developers	20,457	6,850	2,850	<b>30,157</b>
Government grants	83,896	88,333	78,217	<b>250,446</b>
<b>Total Universal Services</b>	<b>137,547</b>	<b>107,583</b>	<b>84,467</b>	<b>329,597</b>

#### Centrally held

Original guideline (revenue contribution)	0	13,669	13,669	<b>27,338</b>
<b>Total centrally held</b>	<b>0</b>	<b>13,669</b>	<b>13,669</b>	<b>27,338</b>

<b>Overall Total</b>	<b>509,326</b>	<b>215,942</b>	<b>155,372</b>	<b>880,640</b>
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\* includes £0.646m set aside for advanced and advantageous land purchases

36. The cash limit guidelines reflect the Cabinet decision in December 2023 to centrally retain the revenue budget funded contribution to capital in 2025/26 and 2026/27, allowing the County Council time to continue to consider the evolving MTFs position.

### **Section G: Revisions to the 2023/24 programme**

37. There are a number of revisions to the capital programme for 2023/24 requiring the approval of Cabinet and/or County Council. A number of further revisions have been made in line with financial regulations thresholds by Executive Members and Directors since the capital programme was approved. As these have had appropriate approval they are not individually

listed in this section of the report, however the changes are reflected in the revised capital programme shown in Table 4.

<b>Table 3</b>		
<b>Scheme</b>	<b>Funding</b>	<b>Change</b>
<u>Universal Services</u>		
Bishopstoke Road	S106, DfT LTP integrated transport block grant, concessionary fares budget	Increase from £5.3m to £8.1m
Crookhorn College SCOLA recladding	School Condition Allocation grant (SCA)	Increase from £2m to £3.3m
Henry Beaufort School SCOLA recladding	School Condition Allocation grant (SCA)	Increase from £2.1m to £3.1m


38. The **Bishopstoke Road** scheme proposes to implement bus priority measures. Planning, environmental, and geotechnical issues have been identified that are essential to resolve for scheme delivery. The additional engineering work and processes have increased the forecast costs by £2.8m. In addition, the change in timescales for delivery to enable this additional work means the scheme is no longer eligible to use funding from the DfT Transforming Cities Fund. The whole scheme will now be funded by a mixture of S106 contributions, DfT LTP Integrated Transport Block grant and a contribution from the Concessionary Fares budget. The DfT Transforming Cities Fund originally allocated to this scheme has been applied to other eligible projects.
39. Two SCOLA recladding projects (**Crookhorn College** and **Henry Beaufort School**) have been brought forward to the 2023/24 programme ahead of work starting on site in summer 2024. Both schemes have been impacted by inflation since they were first added to the programme, while the clarification of the scope of work to incorporate climate change adaptation has also increased expected costs.
40. There are no further draws from the **capital inflation risk reserve** since the report to Cabinet in December 2023, leaving a remaining reserve balance of £3.151m.

## **Section H: Proposed three year capital programme**



41. Executive Members have submitted three-year capital programmes for approval based upon the prioritisation of the delivery of new and improved assets. These programmes have been prepared within the financial constraints set out in the capital cash limit guidelines and the wider revenue budget and MTFs.
42. The proposed **three year capital programme for 2024/25 to 2026/27 comprises schemes totalling £880.6m**. When considered alongside a revised programme for 2023/24 of £308m and expenditure yet to be incurred on schemes stated prior to 2023/24 of £289.4m, this equates to **planned capital expenditure in aggregate of £1.478bn**.
43. A summary of the proposed programme is shown in Table 4. This includes the revisions to the 2023/24 programme set out in Section G above.

**Table 4 – proposed capital programme**

Prior years starts*		Revised 2023/24	2024/25	2025/26	2026/27	Total
£'000		£'000	£'000	£'000	£'000	£'000
20,260	Adults' Health & Care	49,154	187,733	14,252	14,252	<b>285,651</b>
15,282	Children's Services	47,332	121,056	80,338	41,208	<b>305,206</b>
2,997	Hampshire 2050	4,445	62,990	100	1,776	<b>72,308</b>
250,837	Universal Services	207,077	137,547	107,583	84,467	<b>787,511</b>
0	Centrally held	0	0	13,669	13,669	<b>27,338</b>
<b>289,376</b>	<b>Total</b>	<b>307,998</b>	<b>509,326</b>	<b>215,942</b>	<b>155,372</b>	<b>1,478,014</b>
						

\* schemes started in prior years that have not yet completed

**Table 5 – forecast timing of capital expenditure for items in Table 4**

	2023/24	2024/25	2025/26	2026/27	Future years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure	247,672	331,401	319,049	349,924	229,968	1,478,014

44. The proposed 3 year programme includes:

- £173m to safeguard the long-term viability of the Older Adult care estate
- £192m investment in new and extended school buildings to provide school places for children in Hampshire
- £163m for structural maintenance and improvement of roads and bridges
- £73m of Integrated Transport Plan schemes including £43m of schemes mainly concerned with walking and/or cycling improvements
- £76m to address condition-based enhancements to the schools estate.

45. The capital programme includes a number of schemes where Executive Members propose the carry forward of resources from 2023/24 to future years of the capital programme, as set out in Table 6 with more detail in Appendix 2.

**Table 6 – proposed carry forwards**

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Adults' Health and Care				
Children's Services	(2,100)	1,600		500
Hampshire 2050	(12,344)	12,344		
Universal Services	(4,320)	4,320		
Centrally held				
<b>Overall Total</b>	<b>(18,764)</b>	<b>18,264</b>	<b>0</b>	<b>500</b>

46. Key themes from each directorate programme are set out below, with full details of schemes in Appendices 1 and additional commentary within the [capital programme reports](#) of each Executive Member.

## Adults' Health and Care

47. The proposed programme for Adults' Health and Care includes a new capital scheme to safeguard the long-term viability of the **Older Adult care estate** of £173m, as outlined in the HCC Care Service and Capital Strategy agreed by Cabinet in July 2023. It should be noted that these proposals are still subject to public consultation and the £173m is an indicative value of the overall programme of work. The funding for this work will come from prudential borrowing.
48. The programme also includes assumed annual allocations of £14.252m for the **Disabled Facilities Grant**, which is paid out to relevant district councils to award grants for eligible changes to a person's home.
49. In addition, work continues on schemes started in previous years, including the transformation of **Adult Learning Disability Services** and investment in extending the development of **Older Persons and Younger Adults Extra-Care Housing**.

## Children's Services

50. The proposed programme for Children's Services continues the exciting investment by the County Council for children in Hampshire that will not only help to raise educational standards but also create many additional local employment opportunities. The focus of the programme continues to be on **school places**, with approximately £199m of the total proposed investment programme of **£239m over the next three years** for new school places.
51. During the period 2013 to 2023 the County Council will have delivered 14,677 new school places with **projects contained within the 2024/25 to 2026/27 programme totalling a further 5,312 places** giving a total of 19,989 new school places by September 2027.
52. There are over 43,000 new dwellings planned for Hampshire between 2022 and 2029 for which most of the school pupil yield impact will fall outside the period of this report. Therefore, only a small number of the pupils that will be generated from those dwellings are accounted for in the places referred to above with the majority forming part of future programmes.
53. The proposed programme maintains a balanced position between income and expenditure over the proposed three-year programme. Despite the ongoing primary, secondary and Special Educational Needs and Disabilities (SEND) pressures, indications are that a balanced position will be maintained over the five-year period beyond the scope of this report. Further work is

being undertaken with potential funders with the aim to keep calls on the County Council's resources to a minimum.

### **Hampshire 2050**

54. The proposed Hampshire 2050 capital programme includes £0.646m of locally resourced capital funding in 2024/25 for advance and advantageous land purchase. This is in addition to the proposed carry forward of £12.344m unspent allocations from previous years for strategic and advantageous land purchase. The 2024/25 programme also includes a technical accounting re-classification relating to potential loans to the Manydown development programme which were previously covered by the Treasury Management Strategy approved by the County Council and are now to be accounted for as part of the capital programme in accordance with best practice.

### **Universal Services**

55. The proposed **Highways and Transport** capital programme of £251.6m over 3 years includes expenditure on structural maintenance (extending the life of an existing asset through planned maintenance and the bridges and structures programme), integrated transport and the purchase of vehicles by Hampshire Transport Management. It includes two years of funding of £7.5m for additional investment for highways reactive maintenance approved in the July 2023 outturn report.
56. The proposed **Property Services** capital programme of £78.7m over 3 years is predominantly the delivery of school schemes funded through the Schools Condition Allocation grant (SCA).
57. The proposed **Recreation** capital programme of £4.9m is all allocated to 2024/25 and is largely the delivery of capital priorities agreed in 2022 (planned improvements to the County Farms estate, Countryside bridges and rights of way, and the Basingstoke Canal programme) and schemes funded from the cost of change reserve (Calshot Futures and Hampshire Outdoor Centres Transformation).
58. The proposed **Waste and Environmental Services** capital programme includes £0.1m of new capital funding for **flood risk and coastal defence**. A programme with an estimated total value of £24.9m was however approved in previous years and continues to be in design and delivery.
59. In late October 2023 the Government released their *Simple Recycling* response. As a result of a significant change in position from that set out in the Environment Act 2021 there is expected to be a review of existing plans

for recycling schemes by **waste** collection authorities, meaning infrastructure plans need to be paused until the review is complete.

## Section I: Capital financing

60. Planned sources of funding have been identified for all items within the proposed and prior year capital programmes. As capital schemes are often delivered over more than one year, the timing of capital cash flows will often vary from the 'starts' year for schemes in the programme. Table 5 in Section H sets out the forecast timing of capital expenditure. The forecast sources of funding to match the forecast capital payments are set out in Table 7.

61. A noteworthy change from previous years is the large increase in prudential borrowing not funded by offsetting repayments from capital (e.g. future developer contributions). This is the result of the new capital scheme to safeguard the long-term viability of the Older Adult care estate of £173m.

**Table 7 – capital financing**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Future</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Prudential borrowing	19,305	28,514	56,467	139,966	103,143
less repayments from capital	(6,422)	(21,418)	(8,929)	(23,072)	(58,731)
Capital grants	130,818	159,513	141,216	132,853	94,731
Contributions from other bodies*	61,944	75,174	83,857	53,647	47,437
Capital receipts	465	19,316	810	24,030	6,982
Revenue contributions to capital	17,847	14,677	14,322	14,380	30,705
Use of the capital reserve	21,984	53,925	30,206	8,120	5,701
Use of revenue reserves	1,731	1,700	1,100	0	0
<b>Total planned use of resources</b>	<b>247,672</b>	<b>331,401</b>	<b>319,049</b>	<b>349,924</b>	<b>229,968</b>

\* including developers

## Section J: Prudential borrowing

62. Prudential borrowing is one of the ways in which the County Council may fund its capital programme. This may take the form of borrowing from external sources, but also applies to 'internal borrowing', which is the temporary use of cash balances to fund capital expenditure as part of the County Council's Treasury Management Strategy (an appendix to the revenue budget report).

63. Funding schemes through prudential borrowing increases the Capital Financing Requirement and results in ongoing charges to the revenue budget

through the Minimum Revenue Provision (MRP) and any interest costs incurred.

64. Table 8 provides details of outstanding and planned prudential borrowing advances under the framework for prudential borrowing agreed by Cabinet in February 2006. MRP will be charged to the revenue budget over time and will reduce the CFR. For further details, see the Capital and Investment Strategy (an appendix to the revenue budget report).

**Table 8 – Outstanding and planned prudential borrowing\***

	<b>£'000</b>
CFR for unsupported prudential borrowing at 31/3/23	163,800
Forecast additional prudential borrowing 2023/24 to 2026/27	244,252
<b>Outstanding and planned prudential borrowing</b>	<b>408,052</b>

To be financed by:

Minimum Revenue Provision charges to the revenue budget	289,480
Capital receipts, developer contributions and other one-off contributions	118,572

*\* Note that the outstanding and planned prudential borrowing does not factor in 'supported' borrowing of £439m which will all be repaid from MRP*

**Section K: Capital reserve**

65. The capital reserve holds approved local resources until they are required to fund capital payments as schemes progress. The County Council's approach is to apply grants and other contributions where appropriate before using its own resources. Table 9 shows expected movements in this reserve.

**Table 9 – Capital reserve**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening balance	172,441	122,246	57,660	24,057
Application to schemes	(21,984)	(53,925)	(30,206)	(8,120)
Application of capital receipts	(465)	(19,316)	(810)	(24,030)
Other net movements	(27,746)	8,655	(2,587)	20,761
<b>Closing balance</b>	<b>122,246</b>	<b>57,660</b>	<b>24,057</b>	<b>12,668</b>

66. The closing balance at the end of 2026/27 relies upon approximately £45m of capital receipts being received in the period covered in the table.
67. The revenue implications of the new programme are shown in Table 10.

**Table 10 – Revenue effects**

	<b>Running costs</b>	<b>Capital charges</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2024/25 starts	350	9,321	9,671
2025/26 starts	350	4,535	4,885
2026/27 starts	350	3,267	3,617
<b>Total</b>	<b>1,050</b>	<b>17,123</b>	<b>18,173</b>

68. Running costs represent annual revenue growth allocation of £0.35m added to the Structural Maintenance budget to support maintenance of new / improved highways assets as a result of the capital programme.
69. Capital charges represent annual depreciation and are therefore an accounting estimate for the cost of using assets to deliver schemes. In local government, however, statutory provisions mean that depreciation cannot be charged to the General Fund.
70. It is instead therefore the Minimum Revenue Provision (MRP) charges and any interest costs on external debt (or interest foregone on investment balances through the use of internal borrowing) that impact the revenue budget.

## **Section L: Consultation and Equalities**

71. 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 have 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.

72. Equalities impact assessments will be considered when individual project appraisals are developed for the schemes included in the approved capital programme.

### **Section M: Climate Change Impact Assessment**

73. 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.

74. This report collates the overall capital programme for approval. All relevant developments within the capital programme are subject to individual assessments and climate change impacts will therefore be assessed through project appraisals as part of the approval to spend process for individual programmes and projects. Where appropriate, capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling, solar shading, sustainable urban drainage and rainwater harvesting systems in building projects. This will take account of technical feasibility and what is deliverable within budget constraints.

### **Section N: Conclusions**

75. Executive Members have proposed capital programmes for the next three years in line with the Strategic Plan, MTFs and County Council priorities. The County Council's own local resources have been supplemented with contributions from developers and other external bodies alongside the use of central government grants to fund the schemes within the proposed programme. In total, the proposed capital programme for 2024/25 and the provisional programmes for 2025/26 and 2026/27 total £880.6m.



**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<a href="#">Financial update and budget setting and provisional cash limits for 2024/25 (Cabinet)</a>	12 December 2023
<a href="#">Adults' Health and Care capital programme</a>	16 January 2024
<a href="#">Children's Services capital programme</a>	19 January 2024
<a href="#">Hampshire 2050 revenue and capital budget report</a>	22 January 2024
<a href="#">Universal Services capital programme</a>	17 January 2024
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

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

Equality objectives are not considered to be adversely impacted by the proposals in this report but the County Council's budget and the services that it provides are delivered in a way that ensures that any impact on equalities issues are fully taken into account. Equalities impact assessments will be considered when individual project appraisals are developed for the schemes included in the approved capital programme.

## Appendix 1

### Adult Services

### Capital Programme - 2024/25

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
<b>2024/25 Schemes</b>											
<b>Schemes Supported from Local Resources</b>											
1	Maintaining Operational Buildings including Residential and Nursing Care	327	54	100	481	-	18	N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.
2	HCC Care Fit for the future	148,498	24,502	-	173,000	-	3,460	N/A	1	48	New builds and refurbishment of existing sites to facilitate both modern and greater capacity to meet the needs of complex and high needs dementia clients.
<b>Schemes supported by the Government</b>											
3	Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
<b>Total Programme</b>		148,825	24,556	14,352	187,733	-	3,478				

**Adult Services**

**Capital Programme - 2025/26**

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
	<b>2025/26 Schemes</b>										
	<b>Schemes supported by the Government</b>										
4	Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
	<b>Total Programme</b>	-	-	14,252	14,252	-	-				

**Adult Services**

**Capital Programme - 2026/27**

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
5	<b>2026/27 Schemes</b> Schemes supported by the Government Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
	<b>Total Programme</b>	-	-	14,252	14,252	-	-				

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start	Duration	Remarks	Ref
						Running Costs	Capital Charges		Date			
		£'000	£'000	£'000	£'000	£'000	£'000		Qtr	Months		
<b>2024/25 Schemes</b>												
<b>Children's Social Care</b>												
1	Foster Carers	216	34	-	250	-	-	N/A	Various	Various	Improvements to foster carers' homes where necessary.	1
2	Adaptation Equipment	-	-	250	250	-	25	N/A	Various	Various	Access improvement equipment for homes.	2
3	Early Year/Childcare Sufficiency	3,802	627	-	4,429	-	89	N/A	Various	Various	New nursery provision	3
<b>Primary School Improvements</b>												
4	Sarisbury Junior, Fareham	172	28	-	200	-	4	Owned	2	3	School improvements.	4
5	Stoneham Park Primary, Eastleigh	386	64	-	450	-	-	Owned	2	3	School improvements.	5
<b>New Primary School Provision</b>												
6	Aldershot Urban Extension 2nd Primary School, Aldershot	10,730	1,770	-	12,500	-	-	Owned	2	12	New 2fe primary school to meet housing demand.	6
7	West of Waterlooville 2nd Primary School, Havant	9,785	1,615	-	11,400	-	-	Owned	2	12	New 1.5fe primary school to meet housing demand.	7
8	Hounsome Fields Primary School, Basingstoke	12,489	2,061	-	14,550	-	-	Owned	Various	Various	New 2fe primary school to meet housing demand.	8
<b>Secondary School Improvements</b>												
9	The Hurst School, Tadley	834	138	-	972	-	19	Owned	2	12	School improvements	9
<b>Secondary School Expansions</b>												
10	Alderwood School, Aldershot	11,588	1,912	-	13,500	-	270	Owned	2	12	Expansion to 8fe	10
11	Oakmoor Academy, Bordon	7,940	1,310	-	9,250	-	-	Owned	2	12	Expansion to 8fe	11
<b>Special School Improvements</b>												
12	Hollywater School, Bordon	172	28	-	200	-	4	Owned	2	3	School improvements.	12
13	Samuel Cody School, Farnborough	687	113	-	800	-	16	Owned	2	3	School improvements.	13
14	Shepherds Down School, Winchester	741	59	-	800	-	27	Owned	2	3	New modular provision.	14

Children's Services

Capital Programme - 2024/25

	<b>New Special School Provision</b>												
16	New SEMH School, Eastleigh	15,365	2,535	-	17,900	-	-	Owned	2	15	New 90-125 place SEMH/ASD school.	16	
17	New SLD School, Whiteley	18,541	3,059	-	21,600	-	-	Owned	2	15	New 90-125 place complex needs school.	17	
18	<b>School Suitability Programme</b>	1,717	283	-	2,000		40	Owned	Various	Various	Various projects to meet identified needs.	18	
19	Purchase of modular classrooms	1,852	148	-	2,000	-	67	Owned	Various	Various	Various projects to be identified.	19	
20	Health and Safety	343	57	-	400	-	8	Owned	Various	Various	Improvements to address health and safety issues.	20	
21	Schools Devolved Capital	3,338	-	-	3,338	-	67	N/A	Various	Various	Allocations to schools through devolved formula capital.	21	
22	Access Improvements in Schools #	429	71	-	500	-	10	N/A	Various	Various	Improvements to school's buildings to improve accessibility.	22	
23	Furniture and Equipment #	-	-	250	250	-	25	N/A	Various	Various	Provision of furniture and equipment for capital schemes.	23	
24	Contingency	2,161	356	-	2,517	-	50	N/A	Various	Various		24	
	<b>Total Programme Supported by the Government and other bodies</b>	104,146	16,410	500	121,056	-	741						
	<b>Total Programme</b>				121,056	-	741						
											# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions * Projects externally funded		

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks	Ref	
						Running Costs	Capital Charges		Date	Duration			
						£'000	£'000		Qtr	Months			
<b>2025/26 Schemes</b>													
<b>Children's Social Care</b>													
1	Foster Carers	215	35	-	250	-	-	N/A	Various	Various	Improvements to foster carers' homes where necessary.	1	
2	Adaptation Equipment	-	-	250	250	-	25	N/A	Various	Various	Access improvement equipment for homes.	2	
<b>New Primary School Provision</b>													
3	Hartland Village Primary School, Fleet	10,472	1,728	-	12,200	-	-	Owned		2	12	New 2fe primary school to meet housing demand.	3
<b>New Secondary School Provision</b>													
4	Whiteley Secondary School, Winchester	36,652	6,048	-	42,700	-	-	Owned		2	24	New 6fe secondary school to meet housing demand	4
<b>Special School Improvements</b>													
		858	142	-	1,000	-	20	Owned	Various	Various	Rebuild and refurbishment of special schools.	-	
<b>High Needs Provision Grant</b>													
		8,584	1,416	-	10,000	-	200	Owned	Various	Various	Rebuild and refurbishment of special schools.	-	
<b>School Suitability Programme</b>													
6		1,717	283	-	2,000	-	40	Owned	Various	Various	Various improvements to meet identified needs.	6	
7	Purchase of modular classrooms	1,852	148	-	2,000	-	67	Owned	Various	Various	Various projects to be identified.	7	
8	Health and Safety	343	57	-	400	-	8	Owned	Various	Various	Improvements to address health and safety issues.	-	
9	Schools Devolved Capital	3,338	-	-	3,338	-	67	N/A	Various	Various	Allocations to schools through devolved formula capital.	9	
10	Access Improvements in Schools #	429	71	-	500	-	10	N/A	Various	Various	Improvements to school's buildings to improve accessibility.	10	
11	Furniture and Equipment #	-	-	250	250	-	25	N/A	Various	Various	Provision of furniture and equipment for capital schemes.	11	
12	Contingency	4,678	772	-	5,450	-	109	N/A	Various	Various		12	
<b>Total Programme Supported by the Government and other bodies</b>		69,138	10,700	500	80,338	-	571						
<b>Total Programme</b>					80,338	-	571						
# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions * Projects externally funded													



Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks	Ref
						Running Costs	Capital Charges		Date	Duration		
						£'000	£'000		Qtr	Months		
	<b>2026/27 Schemes</b>											
	<b>Children's Social Care</b>											
1	Foster Carers	215	35	-	250	-	-	N/A	Various	Various	Improvements to foster carers' homes where necessary.	-
2	Adaptation Equipment	-	-	250	250	-	25	N/A	Various	Various	Access improvement equipment for homes.	-
	<b>Primary School Improvements</b>											
3	Boorley Park Primary School, Eastleigh	4,292	708	-	5,000	-	-	Owned	2	12	Expansion to 3fe	-
	<b>New Primary School Provision</b>											
4	Manydown Primary School, Basingstoke	11,073	1,827	-	12,900	-	-	Owned	2	12	New 2fe primary school to meet housing demand.	-
5	Welborne Primary School, Fareham	11,073	1,827	-	12,900	-	-	Owned	2	12	New 2fe primary school to meet housing demand.	-
	<b>Special School Improvements</b>											
6	Purchase of modular classrooms	858	142	-	1,000	-	20	Owned	Various	Various	Rebuild and refurbishment of special schools.	-
7	Health and Safety	1,852	148	-	2,000	-	67	N/A	Various	Various	Various projects to be identified.	-
8	Schools Devolved Capital	343	57	-	400	-	8	Owned	Various	Various	Improvements to address health and safety issues.	-
9	Access Improvements in Schools #	3,338	-	-	3,338	-	67	N/A	Various	Various	Allocations to schools through devolved formula capital.	-
10	Furniture and Equipment #	429	71	-	500	-	10	N/A	Various	Various	Improvements to school buildings to improve accessibility	-
11	Contingency	-	-	250	250	-	25	N/A	Various	Various	Provision of furniture and equipment for capital schemes.	-
12		2,077	343	-	2,420	-	48	N/A	Various	Various		-
	<b>Total Programme Supported by the Government and other bodies</b>	35,550	5,158	500	41,208	-	270					
	<b>Total Programme</b>				41,208	-	270					
											# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions * Projects externally funded	

**Hampshire 2050**

**Capital Programme - 2024/25**

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
1	2024/25 Schemes Schemes Supported from Local Resources Advance and Advantageous Land Purchases #				2,990	-	-	N/A			Includes carry forward of accumulated balance from prior years £2.344m  Strategic land purchase of up to £10m funded by prudential borrowing (Cabinet 15/10/19). This 'pot' is to support opportunist acquisitions and to ensure that we can act in an agile manner should an opportunity arise.  Re-classification of potential loans to Manydown development programme previously covered by Treasury Management Strategy approved by County Council  # Projects controlled on an accrued expenditure basis
2	Strategic Land Purchases #			10,000	-	-	N/A				
3	Manydown Service Loans #				50,000	-	-	N/A			
	<b>Total Programme Supported by Local Resources</b>	-	-	-	62,990	-	-				
	<b>Total Programme</b>				62,990	-	-				

**Hampshire 2050**

**Capital Programme - 2025/26**

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
	2025/26 Schemes Schemes Supported from Local Resources Revolving Energy Fund	-	-	-	100	-	-	N/A			Fund for investment in community energy projects with primary objective of helping to meet County Council's climate change target and enabling the County Council to provide leadership and support to communities
	<b>Total Programme Supported by Local Resources</b>	-	-	-	100	-	-				
	<b>Total Programme</b>				100	-	-				

Hampshire 2050

Capital Programme - 2026/27

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
	2026/27 Schemes										
	Schemes Supported from Local Resources										
3	Advance and Advantageous Land Purchases #				1,776	-	-	N/A			Relates to repayment of Advance and Advantageous Land Purchases funding from forecast Botley capital receipts re Botley Fields land acquisitions
	Total Programme Supported by Local Resources	-	-	-	1,776	-	-				# Projects controlled on an accrued expenditure basis
	Total Programme				1,776	-	-				

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		Qtr	Months	
<b>2024/25 Schemes</b>											
<b>Schemes Supported from Local Resources</b>											
<b><u>Highways and Transport</u></b>											
1	Structural Maintenance of Non Principal Roads #	20,541	2,282	-	22,823	-	834	N/A	1	12	Structural maintenance to improve road conditions.
2	Flood and Coastal Defence Management	88	18	-	106	-	2	N/A	-	-	Provision for works and strategies for coastal sites and flood defence including match funding for joint funded schemes with external bodies
3	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340	N/A	-	-	Continuing programme of replacing vehicles
<b><u>Property Services</u></b>											
4	Energy Performance Programme - Electric Vehicle Charging Points	224	37	-	261	-	26	Owned	1	12	Further investment in electric vehicle infrastructure as part of County Council's ongoing energy improvements programme
5	Facilities Management	200	33	-	233	-	5	Owned	1	12	Planned improvements to Facilities Management
6	Office Accommodation Capital Projects	194	32	-	226	-	5	Owned	1	12	Planned improvements to Office Accommodation
<b><u>Recreation</u></b>											
7	Basingstoke Canal	343	57	-	400	-	-	N/A	1	12	Continued management of canal assets including bank stabilisation, weirs and sluices and towpath
8	Calshot Futures (Interim Works)	858	142	-	1,000	-	20	Leasehold	1	12	Interim programme of essential condition works, health and safety improvements and minor improvements to contribute to income generation opportunities
9	Countryside Bridges & Rights of Way	498	82	-	580	-	23	N/A	1	12	Planned works to address backlog of essential work to the condition of countryside bridges and rights of way. Excludes £220k additional funding for Meon Valley Trail Enhancement (prior year scheme)
10	County Farms Building Improvements	429	71	-	500	-	10	Owned	1	12	Planned improvements to residential and farm buildings across the County Farms estate to ensure compliance with tenancy and agricultural regulations including energy efficiency measures
11	Hampshire Outdoor Centres Transformation Programme+	1,803	297	-	2,100	-	42	Owned	1	12	Programme includes range of improvements at Argoed Lwyd, Runways End and Tile Barn Outdoor Centres
12	Recreation Capital Projects (formerly CCBS Capital)	328	-	-	328	-	7	Owned	1	12	Provision of minor capital works across Recreation services
<b><u>Unallocated</u></b>											
13	Programme Contingency #	185	-	-	185	-	3	N/A	-	-	
<b>Total Programme Supported by Local Resources</b>		25,691	3,051	3,400	32,142	-	1,316				
<b>Schemes Supported by the Government and Other External Bodies</b>											

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		Qtr	Months	
	<b>2024/25 Schemes (continued)</b>										
	<b>Highways and Transport</b>										
14	Havant Station Footbridge*	7,500	2,500	-	10,000	-	400	N/A	4	12	Replacement of existing bridge
15	Manydown to Basingstoke TC Cycle Route*	7,845	2,615	-	10,460	-	418	N/A	2	18	Cycling improvements
16	A30 SW Corridor Basingstoke Cycle Route & Bus Priority*	6,150	2,050	-	8,200	-	328	N/A	4	18	Cycling and bus improvements
17	Fleet Town Access Plan (priority scheme)+	2,850	950	-	3,800	-	152	N/A	4	12	Active travel improvements
18	Andover Town Centre Placemaking*	1,911	637	-	2,548	-	102	N/A	4	16	Multimodal placemaking improvements
19	Pullens Lane, Petersfield Improvements+	975	325	-	1,300	-	52	N/A	4	6	Placemaking improvements and traffic management measures
20	Whitehill Bordon - Sleaford Lights Junction - A325/B3004*	750	250	-	1,000	-	40	N/A	4	12	Junction improvements
21	Bus Priority: Selected Vehicle Detection (County-wide)	600	200	-	800	-	32	N/A	1	12	Bus priority measures
22	Andover Eastern Access improvements*	450	150	-	600	-	24	N/A	4	9	Pedestrian & cycle improvements, public realm enhancements
23	Improved Access to Swanwick Station*	450	150	-	600	-	24	N/A	4	12	Pedestrian and cycle improvements
24	Minley Road Multimodal*	398	132	-	530	-	21	N/A	4	6	Pedestrian and cycle improvements
25	Basing View to Basingstoke Placemaking*	338	112	-	450	-	18	N/A	4	6	Pedestrian improvements
26	NE Hook Footpath*	338	112	-	450	-	18	N/A	4	3	Provision of missing footpath link
27	Romsey to Timsbury cycle route*	338	112	-	450	-	18	N/A	4	12	Cycle improvements
28	Portsmouth Road Toucan Crossing - Liphook*	270	90	-	360	-	14	N/A	4	3	Pedestrian and cycle improvements
29	Anstey Road/Anstey Mill Lane Pedestrian Crossing*	225	75	-	300	-	12	N/A	4	4	Pedestrian improvements
30	Liphook Cycling & Pedestrian Improvements Ph 1*	188	63	-	251	-	10	N/A	4	4	Pedestrian and cycle improvements
31	Allbrook Hill active travel improvements*	188	62	-	250	-	10	N/A	4	6	Pedestrian improvements
32	Bus Real Time Information (County-wide)	188	62	-	250	-	10	N/A	4	12	Bus stop improvements
33	Boorley Green Placemaking*	113	37	-	150	-	6	N/A	4	4	Pedestrian and cycle improvements
34	Kingsclere Road Crossing, Basingstoke*	113	37	-	150	-	6	N/A	4	6	Pedestrian and cycle improvements
35	Schemes Costing Less than £250,000+	1,125	375	-	1,500	-	60	N/A	1	12	Local Improvements sub-programme
36	Safety Schemes and Traffic Management #	1,125	375	-	1,500	-	60	N/A	1	12	Casualty Reduction Programme & Traffic Management
37	Minor Improvements+	225	75	-	300	-	12	N/A	1	12	Improvement schemes costing less than £100,000 each.
38	Structural Maintenance of Roads and Bridges #	33,946	3,772	-	37,718	-	1,509	N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
<b>2024/25 Schemes (continued)</b>											
<b><u>Property Services - Schools Condition Allocation (SCA)</u></b>											
39	Hart Plain Infant, Waterlooville*	1,202	198	-	1,400	-	28	Owned	2	9	SCOLA recladding
40	Schools Energy/Carbon Efficiency Revolving Fund*	858	142	-	1,000	-	20	Owned	1	12	Revolving fund for use by schools for energy efficiency projects e.g. LED lighting replacement
41	The Butts Primary, Alton*	1,202	198	-	1,400	-	28	Owned	2	9	SCOLA recladding (Includes £600k funding from Children's Services developer contributions)
42	Schools Condition Allocation (schemes costing less than £500,000)*	15,183	2,505	-	17,688	-	354	Owned	-	-	Major improvements to school buildings
<b>Total Programme Supported by the Government and other bodies</b>		87,041	18,364	-	105,405	350	3,786				
<b>Total Programme</b>					137,547	350	5,102				# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions * Projects externally funded

Ref	Project	Construct- ion Works £'000	Fees £'000	Furniture Equipment Vehicles £'000	Total Cost (excluding sites) £'000	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs £'000	Capital Charges £'000		Date	Duration	
									Qtr	Months	
<b>2025/26 Schemes</b>											
<b>Schemes Supported from Local Resources</b>											
<b>Highways and Transport</b>											
43	Structural Maintenance of Non Principal Roads #	6,750	750	-	7,500	-	300	N/A	1	12	Structural maintenance to improve road conditions.
44	Vehicles for Hampshire Transport Managent #	-	-	3,400	3,400	-	340	N/A	-	-	Continuing programme of replacing vehicles
<b>Property Services</b>											
45	Corporate Estate Schemes	1,288	212	-	1,500	-	30	Owned	1	12	Planned improvements across the Corporate Estate to address backlog of condition based maintenance and ensure safety, compliance and business continuity for essential buildings
<b>Total Programme Supported by Local Resources</b>		<b>8,038</b>	<b>962</b>	<b>3,400</b>	<b>12,400</b>	<b>-</b>	<b>670</b>				
<b>Schemes Supported by the Government and Other External Bodies</b>											
<b>Highways and Transport</b>											
46	Gosport Town Centre to Ferry Cycle Route*	5,250	1,750	-	7,000	-	280	N/A	4	12	Cycle improvements
47	Cart and Horses junction improvements+	4,125	1,375	-	5,500	-	220	N/A	4	12	Junction improvement
48	Petersfield Rd/Park Rd Nth, Havant Active Travel Phase 2*	2,025	675	-	2,700	-	108	N/A	4	12	Pedestrian and cycle improvements
49	Hamble Lane Multimodal+	1,875	625	-	2,500	-	100	N/A	4	12	Multimodal improvements
50	West End High Street Placemaking*	750	250	-	1,000	-	40	N/A	4	6	Placemaking and active travel improvements
51	Four Marks Five Lane junction drainage enhancements*	188	63	-	250	-	10	N/A	4	4	Drainage Improvements
52	Schemes Costing Less than £250,000+	1,125	375	-	1,500	-	60	N/A	1	12	Local Improvements sub-programme
53	Safety Schemes and Traffic Management #	1,125	375	-	1,500	-	60	N/A	1	12	Casualty Reduction Programme & Traffic Management
54	Minor Improvements+	225	75	-	300	-	12	N/A	1	12	Improvement schemes costing less than £100,000 each.
55	Structural Maintenance of Roads and Bridges #	42,528	4,725	-	47,253	-	1,890	N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges
<b>Property Services - Schools Condition Allocation (SCA)</b>											
56	Hamble School, Southampton*	2,575	425	-	3,000	-	60	Owned	-	-	SCOLA recladding
57	Warblington School, Havant*	2,575	425	-	3,000	-	60	Owned	-	-	SCOLA recladding
58	Schools Condition Allocation (schemes costing less than £500,000)*	16,893	2,787	-	19,680	-	394	Owned	-	-	Major improvements to school buildings
<b>Total Programme Supported by the Government and other bodies</b>		<b>81,258</b>	<b>13,925</b>	<b>-</b>	<b>95,183</b>	<b>350</b>	<b>3,294</b>				
<b>Total Programme</b>					<b>107,583</b>	<b>350</b>	<b>3,964</b>				+ Projects partly funded from external contributions

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		Qtr	Months	
<b>2026/27 Schemes</b>											
<b>Schemes Supported from Local Resources</b>											
<u>Highways and Transport</u>											
59	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340	N/A	-	-	Continuing programme of replacing vehicles
<b>Total Programme Supported by Local Resources</b>		-	-	3,400	3,400	-	340				
<b>Schemes Supported by the Government and Other External Bodies</b>											
<u>Highways and Transport</u>											
60	Twyford Road, Eastleigh Active Travel+	750	250	-	1,000	-	40	N/A	4	12	Pedestrian and cycle improvements
61	Stoneham Park, Eastleigh Placemaking*	188	63	-	250	-	10	N/A	4	4	Placemaking and active travel improvements
62	Schemes Costing Less than £250,000+	1,125	375	-	1,500	-	60	N/A	1	12	Local Improvements sub-programme
63	Safety Schemes and Traffic Management #	1,125	375	-	1,500	-	60	N/A	1	12	Casualty Reduction Programme & Traffic Management
64	Minor Improvements+	225	75	-	300	-	12	N/A	1	12	Improvement schemes costing less than £100,000 each.
65	Structural Maintenance of Roads and Bridges #	42,528	4,725	-	47,253	-	1,890	N/A	1	12	Structural maintenance to improve road conditions and structural maintenance and strengthening of bridges
<u>Property Services - Schools Condition Allocation (SCA)</u>											
66	Baycroft School, Fareham*	2,146	354	-	2,500	-	50	Owned	-	-	SCOLA recladding and building refurbishment
67	Henry Cort Community College, Fareham*	2,146	354	-	2,500	-	50	Owned	-	-	SCOLA recladding
68	Marchwood Infant School, Southampton*	944	156	-	1,100	-	22	Owned	-	-	Recladding and building upgrade
69	Samuel Cody School, Farnborough*	2,575	425	-	3,000	-	60	Owned	-	-	SCOLA recladding
70	Testbourne Community School, Whitchurch*	1,717	283	-	2,000	-	40	Owned	-	-	SCOLA recladding
71	Schools Condition Allocation (schemes costing less than £500,000)*	15,591	2,573	-	18,164	-	363	Owned	-	-	Major improvements to school buildings
<b>Total Programme Supported by the Government and other bodies</b>		71,060	10,007	-	81,067	350	2,657				
<b>Total Programme</b>					84,467	350	2,997				# Projects controlled on an accrued expenditure basis + Projects partly funded from external contributions



## Carry Forwards detail by Directorate

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
<b>Adults' Health and Care</b>	0	0	0	0
<b>Children's Services</b>				
Early Years/Childcare Sufficiency	(1,600)	1,600		
Social Care Projects	(500)			500
	(2,100)	1,600		500
<b>Hampshire 2050</b>				
Strategic Land	(10,000)	10,000		
Advance & Advantageous Land	(2,344)	2,344		
	(12,344)	12,344	0	0
<b>Universal Services</b>				
Energy Performance Programme (EPP)	(261)	261		
Facilities Management	(233)	233		
Office Accommodation Capital Projects	(226)	226		
Schools Condition Allocation (building improvements)	(500)	500		
Calshot Futures (Interim Works)	(1,000)	1,000		
Hampshire Outdoor Centres Transformation Programme	(2,100)	2,100		
	(4,320)	4,320	0	0
<b>Centrally held</b>	0	0	0	0
<b>Overall Total</b>	<b>(18,764)</b>	<b>18,264</b>	<b>0</b>	<b>500</b>

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Title:</b>	School Streets
<b>Report From:</b>	Director of Hampshire 2050

**Contact name:** Dominic McGrath

**Email:** dominic.mcgrath@hants.gov.uk

#### Purpose of this Report

1. The purpose of this report is to update Members on the current School Streets trials and to set out a proposed way forward for the existing trial sites and other interested schools.

#### Recommendations

2. That Cabinet confirms the Council's approach to School Streets as supportive in principle of individual future schemes, on the condition that the costs of commissioning and decommissioning are fully covered by external parties, that they are managed by the school requesting them and that the proposed locations meet appropriate qualification criteria.
3. That Cabinet approves the continuation of existing School Streets for as long as the schools wish to and are able to continue running them.

#### Executive Summary

4. This paper is to update Cabinet on the current School Street schemes in Hampshire and sets out a suggested future direction.

#### Contextual information

5. A School Street is a timed temporary road closure outside a school at the start and end of the school day. During the closure period, only permitted vehicles are able to enter the closure, and are accompanied by a volunteer marshal. A school street is expected to improve the road environment for pedestrians and cyclist and make the area generally more comfortable for all users. There will also be improvements in terms of perceptions of road safety, although School Streets are unlikely to impact directly in terms of reducing collisions leading to death or serious injury (KSI), which is the primary focus of the road safety work of the Council. As such, the provision of School Streets is a discretionary service.

6. Previous reports on School Streets were considered at Cabinet meetings in February 2021 and March 2022, following on from a petition to Council in September 2020. The first Cabinet report sought agreement to running trials of School Streets at three locations in Hampshire and the second Cabinet report provided an update on the trials and sought authority to keep running the trials.
7. Trials were initially set up at three locations; Harrison Primary school in Fareham and Cadland Primary School in Holbury and Alverstoke Infants School in Gosport. The later of these ceased operating in November 2021, mainly because of the difficulty in finding and retaining volunteers to run the scheme, but the other two continue running.
8. The schools report that, as well as significantly improving the road environment, the schemes also improve the start of the school day, with a calmer atmosphere and less potential for conflict immediately outside the school.
9. All three Hampshire School Street schemes have operated with the support of volunteers, who manage removable barriers and act as marshals for traffic needing to enter the street, as required.
10. The trials have proven useful in assessing the effectiveness of such schemes and in assessing how School Streets could potentially work in the longer term.

### **Experiences from the trial schemes**

11. The two remaining trial schemes are considered by the schools to be successful and are popular with parents and pupils. There have been no complaints from the respective local communities. From the County Council's perspective the trials have shown clear benefits in terms of managing the use of the network, reducing conflict and supporting walking and cycling. They have also, however, shown the heavy level of reliance on volunteers, which could prejudice long term viability. Work is ongoing with Harrison School to identify potential measures to reduce reliance on volunteers.
12. Initial monitoring outcomes were reported in March 2022. More recently, a survey of parents only undertaken at Harrison School in July 2023 showed that there was 94% support for the scheme and that 91% of respondents wanted the scheme made permanent. Again, 91% considered road conditions to be safer, 82% felt there was more space and 72% said there was less congestion. Of the respondents, 65% said there were no disadvantages. 64% of respondents to the survey 'strongly agreed' and 18% 'agreed' that it was now easier to walk, cycle or scoot to school.
13. Neither scheme has created any reported objection from local residents or as a result of displaced parking.
14. The County Council involvement is in securing the legal permission to implement road closures are governed by Traffic Orders and to ensure the safe operation of closures being managed by school volunteers. Initially temporary Orders were in place and these were superseded by permanent Orders when the continuation of the trials was consented. The operation of the schemes are governed by operating agreements that reflect the requirements of a risk assessment. These specify details such as closure arrangements (which is currently managed by deployment of barriers), Personal Protective Equipment (PPE) and training for volunteers.

15. The volunteers have two main functions, which are to have someone actively manage the barriers to prevent unauthorised access and to act as marshals for vehicles that are allowed to enter the School Street during operation periods (when the vehicle is escorted at walking pace).
16. Harrison School has reported that it has been difficult to recruit and retain volunteers, given the level of commitment required to provide eight volunteers every day during term time. Occasionally school staff have had to be deployed, when sufficient volunteers were not available. Alverstoke's trial scheme ended because the school was unable to retain sufficient volunteers. The Cadland scheme is effectively run by the school site manager, but the requirement is significantly reduced because it just involves one point of closure and the scheme requires minimal vehicular access because of the nature of the road.
17. Harrison School in particular has sought an alternative approach to reduce the burden on volunteers and a potential low-cost scheme is currently under development to assist with that.
18. As reported in March 2022, the estimated cost of setting up School Street schemes was £12,000-£15,000 per school, although some inflation since that date could be expected. Lower but similar costs are incurred for decommissioning. The introduction of physical measures, like those being explored at Harrison cost in the region of £5,000 - £10,000 plus fees and may be required for a proportion of schools.

#### **Future of Existing Trial Schemes**

19. The existing trial schemes at Cadland and Harrison schools are popular and it is suggested that they be allowed to continue to run for as long as they remain operationally viable. If that ceases to be the case then the existing Orders and associated signing would need to be removed at cost to the County Council of making a new Traffic Order. There are no costs to the County Council if the schemes continue albeit there would be a need to periodically check compliance with operating agreements.
20. They would no longer be considered to be 'trials' although officers will still remain in contact with the schools.
21. As noted above, the retention of volunteers at current numbers for Harrison school is a particular problem but may be lessened by the plan to invest in supporting infrastructure.

#### **Potential for a future wider programme**

22. The trial schemes have shown that School Street have good impacts at the local level. The dependence on volunteers is an issue and remains an ever present threat to their continuation which has seen one of the three end, one of them need physical measures to be developed and one has continued.
23. The trials were undertaken to consider if a bigger programme should spin off from the trial. Whilst they are undoubtedly effective and popular when working the conclusions drawn from the trial are that they require a great deal of coordination by schools, depend on volunteers and that they can end at short notice due to lack of them.
24. In reviewing the resource implications of the County Council to support the trial it is not proposed to roll-out a programme of schemes as this would take a great

deal of officer time, incur set up and decommissioning costs and would be subject to the ability of each scheme to attract volunteers which is likely to be ephemeral. However, in light of the good impacts the council policy on school streets should be clarified as supportive on the condition that the costs of commissioning and decommissioning are fully covered and that they are managed by the school requesting them.

25. While not able to commit to a programme of schemes, it is recommended that the Council indicates its willingness to support the introduction of School Streets, in suitable locations, where fully funded by schools and where officer resource is available to support the establishment. Criteria for the assessment of site suitability are set out in Appendix 1. These are based on the original trial criteria previously approved by Cabinet.

### **Finance**

26. There are no direct financial implications arising from the report. The existing trial schemes are funded and the cost and funding source for any potential low-cost infrastructure proposals will be considered as part of the standard development and approval process.

### **Consultation and Equalities**

27. As noted in the report there has been consultation with parents of children at Harrison School, who are strongly supportive of the scheme.
28. An Equalities Impact Assessment has been completed. This identified an overall neutral impact, though in some cases there may be positive impacts for younger people and people with disabilities.

### **Climate Change Impact Assessments**

29. There are no direct impacts on climate change because of the small scale of the scheme.

### **Climate Change Adaptation**

30. Not applicable (see above)

### **Carbon Mitigation**

31. Not applicable (see above)

### **Conclusions**

32. The trial School Street schemes at Harrison and Cadland schools have been generally successful, although recruitment and retention of volunteers is an issue for the longer term. A low-cost infrastructure scheme is under

development in support of the Harrison School Street and this may provide a model for any potential future schemes.

33. There is limited scope to introduce a programme of School Streets, but the report included provision for self-funded schemes to come forward in suitable locations and where there is sufficient officer resource available to support their implementation.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

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

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

Document

Location

None



## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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

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

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

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

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

An Equalities Impact Assessment has been completed. This identified an overall neutral impact, though in some cases there may be positive impacts for younger people and people with disabilities.

**Appendix 1**

**Draft Criteria for Assessing Potential School Street Sites.**

Hampshire County Council will only consider the introduction of a School Street scheme where the following conditions apply –

1. Stated Interest from the School (head and governors) enough staff to manage the trial and confirmation of the availability of funding.
2. School already engaged in or that commits too travel planning measures including STARS accreditation to at least Bronze level.
3. County Councillor local member support.
4. An access on a suitable road (public highway, speed limit 30mph or below, access on a minor road).
5. Limited negative “knock-on” impact (e.g. offset parking) on schools very nearby.
6. Infant, primary, junior or secondary school (i.e. not colleges).
7. Hampshire maintained school (this is for insurance purposes – an application from a private school may be considered where it can be demonstrated that appropriate and fully funded insurance can be put in place).
8. Unfortunately we cannot normally accept applications from a Special School due to greater associated travel distances and complex needs of some pupils in relation to travel.
9. The proposed school street would not be the only means of access for large number of residential properties.
10. The school is able to fully fund the scheme – this will include the cost of developing and introducing the scheme including scheme design, recruitment and training of volunteers, maintenance and Traffic Orders. Schools would also be required to commit to meeting decommissioning costs at the end of the trial/scheme.

In assessing the feasibility of a proposed School Street scheme, the County Council will take account of the following factors –

1. Percentage of pupils that live within the school catchment area.
2. District Council support.
3. Site of previous trial scheme.
4. School Crossing Patrol site(s).
5. Bus route diversion required.
6. Any alterations to Home to School transport required.

7. Good public transport available, where appropriate to the site/catchment area.
8. Safe walking and cycling options available.
9. Sufficient cycle and scooter storage.
10. Suitable traffic alternative/ diversion routes.
11. Car parking alternatives available, if it is projected that they would be needed.
12. Impacts on businesses, public facilities and places of worship.
13. Are affected businesses/public facilities supportive?
14. Access for staff to enter/leave site.
15. Coach/bus access for school trips.
16. Emergency Services route affected (this would be established through formal traffic order process).
17. Very high car use for travel to school
18. Within or adjoining a residents' parking permit area
19. Casualty record in the local area
20. Reported near miss information from school travel plans.
21. Equality Impact Assessment and Risk Assessment outcomes and mitigation requirements.
22. Proximity to an Air Quality Management Area.

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Title:</b>	Adoption of Local Transport Plan 4
<b>Report From:</b>	Director of Hampshire 2050

**Contact name:** Dominic McGrath

**Email:** dominic.mcgrath@hants.gov.uk

### Purpose of this Report

1. The purpose of this report is to seek a recommendation to Council for the approval for the adoption of the draft new Local Transport Plan (LTP4) as the Council's principal transport policy document.

### Recommendations

2. That Cabinet endorses the Local Transport Plan 4 (LTP4) as appended to this report at Appendix 1 and recommends it to full council for approval and adoption.
3. That Cabinet notes the new LTP4 monitoring regime as set out in the supporting report and agrees to delegate authority to the Director of Hampshire 2050 to research, monitor and publish progress reports in line with the monitoring proposals.
4. That Cabinet notes how delivering the LTP4 and associated policies and measures will support the Strategic Plan and meets the Council's statutory duty to publish a Local Transport Plan.
5. That Cabinet agrees to delegate authority to the Director of Hampshire 2050 to make any minor changes to the draft following Cabinet and Full Council and publish the document.
6. That Cabinet agrees to delegate authority to the Director of Hampshire 2050 to undertake any work necessary to advance the actions and strategies listed in LTP4, including authority to review the suite of policies and guidance, and to bring forward proposals to ensure they align with the LTP4 principles and Healthy Streets Framework where possible, to develop and publishing new or update old guidance and to develop other supporting documentation such as area and topic strategies.
7. That Cabinet notes the work ongoing to develop a pipeline of schemes, including a real time digital public interface and agrees to delegate authority to the Director of Hampshire 2050 to undertake any work necessary to keep the pipeline up to date, prioritise measures and in due course add them to the

feasibility and studies programme so long as they comply with the policies set out in the Local Transport Plan.

### **Executive Summary**

8. This paper seeks to secure adoption of the updated Local Transport Plan 4 (LTP4).

### **Contextual information**

9. The Council is required under the Transport Act 2008 to produce and review a Local Transport Plan “that contains the LTA’s policies for the promotion and encouragement of safe, integrated, efficient and economic transport to from and within their area”.
10. The current adopted Local Transport Plan (LTP) was adopted in 2011. The decision to produce an updated LTP was taken by the former Executive Member for Economy Transport and the Environment in March 2020 ([Agenda for Executive Member for Economy, Transport and Environment Decision Day on Tuesday, 10th March, 2020, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)).
11. A draft for consultation was approved in March 2022 ([Agenda for Executive Lead Member for Economy, Transport and Environment Decision Day, Executive Member for Highways Operations Decision Day and Executive Member for Climate Change and Sustainability Decision Day on Thursday, 10th March, 2022, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)).
12. Scrutiny of the draft plan was undertaken by the former ETE Select Committee in February 2022,
13. Report on consultation was received by the Select Committee in June 2022, which is outlined below.
14. The Regional Transport Strategy, produced by Transport for the South East (TfSE) provides important policy context for LTP4.
15. The revised final draft of LTP4 is attached as Appendix 1.

### **Public Consultation**

16. Initial engagement on the draft plan was undertaken in early 2021 and showed broad support for the vision, core design principles and policies of the plan. It also tested views on a range of potential measures. A summary of that engagement is available at <https://documents.hants.gov.uk/transport/LTP4-Summaryofinitialfeedback.pdf>.
17. Full public consultation was undertaken on the draft LTP during the period April – June 2022. The consultation outcomes were reported to the former ETE Select Committee on 18 October 2022. A full consultation summary is at [PowerPoint Presentation \(hants.gov.uk\)](#).

18. There were 849 responses, of which 73 were on behalf of groups, organisations or businesses. Overall, the consultation response showed strong support for the proposed LTP4 vision, outcomes and principles.
19. Respondents were particularly supportive of the focus on reducing reliance on the private car, planning for people and places, prioritising sustainable transport, climate change and decarbonising the transport system. There was also strong support for more joined up working and particularly around more integration between land use and transport planning. The most frequently raised concerns were about funding and resource to carry out the plan and the need for more clarity about how the plan would be monitored.
20. Respondents living in rural areas commonly expressed the view that alternatives need to be both improved and expanded before car use could be reduced. Some also highlighted that care would need to be taken to ensure that the plans didn't disadvantage those with mobility impairments. In almost equal measures respondents stated the plan did not go far enough or went too far. Those who said it did not go far enough, were typically referring to decarbonising the transport system and targets for achieving climate change commitments. Those who said it went too far appeared to be concerned by the core principle wording of "reducing dependency on the private car" and some measures which were interpreted to have impacts on freedom of choice to travel.
21. Overall respondents endorsed the plan and wanted the Council to "move forwards from strategic ideation ('what we want to do') to practical implementation ('how we will achieve it')".
22. Following the completion of consultation it was originally decided that it would be preferable to await the release of Government guidance on the preparation of Local Transport Plans, which was expected imminently at that time. Despite expectations, the release of the expected Guidance has been delayed a number of times and there does not seem any real prospect of it being released soon. Therefore, the decision has been taken to proceed to adoption of the plan, rather than wait further.
23. Regulations governing the production of an LTP specify that Impact Assessments are prepared, to both identify potential impacts of proposals and to guide mitigation of any negative impacts. The statutory requirement is to produce a Strategic Environmental Assessment and a Habitats Regulation Assessment, although the County Council has chosen to go beyond that, in accordance with our own policies. The combined assessment for the LTP4 is termed the Integrated Sustainability Appraisal (ISA) and it is available at [Supporting documentation | Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/supporting-documentation). The ISA incorporates an Equalities Impact Assessment and a Health Impact Assessment. The production of the ISA has been iterative though the plan preparation policy and has helped guide and shape policy development.

### **Proposed Additions and Revisions**

24. Given the generally positive response to the draft plan, it is not considered that substantial changes are required. However, there are some changes of emphasis required to respond to shifts in the national transport agenda.

Revisions and additions have also been made to respond to points raised in consultation and to changes in circumstance.

25. The main suggested additions and revisions are to address the key points raised during consultation. These can be summarised as follows -
  - a. Changing one of the core principles from “Significantly reduce dependency on the private car” to “Give people a choice of high quality travel options”
  - b. Additional text on monitoring and evaluation (see section below)
  - c. Minor revisions or updates to wording of policies where circumstances have changed such as with the release of the Government’s “Plan for Drivers”.
26. The change to the core principle reflects the concerns raised by some who may have interpreted the inference to “reduce car dependency” to be anti car. In particular those with mobility impairments who are dependent on the car for mobility reasons may have read this in a different way to its intent. The intent was about widening choice not inferring car ownership was bad or that people with mobility impairments would be penalised in some way. To remove the room for misinterpretation the alternative wording is proposed. References to car dependency in the LTP pre adoption draft are purely related to a lack of choice resulting in people having no option but to use a car.
27. It was articulated in the consultation draft that a monitoring framework would be developed to align with the plan post consultation and adoption. The principles for how this will be done are set out in the draft and as per the recommendations above the action to do so is a delegated authority to the Director of H2050 to produce a baseline, set indicators and report against a regular reporting programme which is expected will align with the Economic Strategy monitoring and evaluation and the 5 years cycle of reporting against climate change commitments.
28. A number of minor edits to text have been made to reflect a changing national transport situation and Government guidance. For example some terms like Low Traffic Neighbourhoods are under review by the Department for Transport. The meanings behind some things have a wide range of interpretations and so will be amended to terms which reflect our intention rather than the meaning now attributed to the term ‘Low Traffic Neighbourhoods’.

### **Monitoring and Evaluation**

29. The draft LTP4 notes the importance of monitoring as a way of measuring performance against the proposals in the plan. The draft plan indicates that “Meaningful and affordable indicators will be identified to monitor progress in achieving each of the proposed LTP4 outcomes and ‘success factors’ (see Table 1).” It also notes that “Where possible, monitoring data that is already available and collected on a national, regional or local basis will be used to track progress.”
30. The monitoring activities will aim to monitor the impact of LTP4 in Hampshire and understand to what extent the guiding principles are being realised. It is proposed that a survey programme will be run every three years to collect the supporting data for each guiding principle alongside this, producing a tri-annual monitoring report. Drawing on this data an assessment will be undertaken to gauge progress towards delivering the LTP4 outcomes.



31. The Healthy Streets approach will be used heavily to shape new transport schemes and so this framework will help shape a survey to gather residents' opinions on how their streets change between now and 2050, including, where possible, gathering data directly from people using them. To complement the data collected from road user surveys a supporting evidence base will be developed, including working with the boroughs and districts to understand changes to air quality, and where appropriate noise disturbance, and using local road safety data to understand changes over time and what impacts schemes and programmes have had.

### **Future Programme of Supporting Documents**

32. While LTP4 sets out the strategic transport policies of the Council, there will also be a need to develop a suite of supporting documents. Some of these will develop policy concepts further (e.g. Electric Vehicle Charging Strategy, Parking Strategy) and others will support the implementation of the plan or its interpretation at the local level (e.g. LCWIPs, local area strategies).
33. A prioritised programme of supporting documents will be developed and reported in coming months. One key supporting document will set out a 'pipeline of schemes', which will describe and prioritise the schemes for implementation of LTP4.

### **Finance**

34. Other than activity that is planned to promote the plan to internal and external audiences and to provide training to those who will use the new frameworks established in the plan there are no financial commitments incurred in agreeing to the plan. Such commitment are being externally funded using capacity funding from Government grants.
35. The plan does not incur costs because it sets the vision, principles, policies and core operating frameworks (like the "Healthy Streets Framework") that will underpin how we perform our statutory duties as a transport and highway authority. It sets a "menu" of schemes that are compliant with policy and a clear direction towards securing funding from Government, developers or other external bodies that is in accordance with the plan. Once set it will only occur new expenditure if a significant change is needed which requires a redraft and possible consultation.
36. Financial commitments to deliver and spend are made as business as usual in terms of agreeing the annual feasibility programme, the capital programme and service business plans. They will always reflect what opportunities the Council has to secure funding to deliver the plan and as such the plan is scalable to the level of funding that can be secured. The plan sets the direction not the spend.
37. In the long term if there is insufficient funding to achieve the outcomes set in the plan this will be monitored and tracked.

## **Consultation and Equalities**

38. As outlined in the report, LTP4 has been subject to full public consultation, with the main consultation being undertaken during the Summer of 2022. The consultation outcomes are set out in the report.
39. As highlighted in the report, an Integrated Sustainability Appraisal (ISA) has been prepared in support of LTP4. The ISA process has been iterative as the plan preparation process proceeded, and the plan has been adapted to mitigate potentially adverse effects.
40. The ISA contains an Equality Impact Assessment (EqIA). The final EqIA demonstrates that LTP4 has overall a positive impact on all groups with protected characteristics. The ISA and EqIA is available via the link referenced above.

## **Climate Change Impact Assessments**

41. A detailed carbon assessment is available on the LTP4 web site in the evidence base section. It has greatly informed the plan formation from start to finish, with decarbonising the transport system being one of the main objectives of the plan. It is a geographically tailored assessment of the future carbon impacts of transport and movement in Hampshire and has used a robust methodology and is the evidence base on which plan has been formed.

## **Conclusions**

42. The Local Transport Plan is a key policy document for the County Council and will be a key contributor to achieving carbon reduction and economic development and health objectives. As well as setting out the Council's transport and connectivity policies, it will be key in securing future funding for implementation measure.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

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

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

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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

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

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

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

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

It is a statutory requirement that LTPs should incorporate an Integrated Impact Assessment (IIA), which addresses Protected Characteristics. This has been undertaken throughout the development of the LTP and a full Equalities Impact Assessment (EqIA) was undertaken as part of the plan preparation process. The EqIA is at [Hampshire County Council Draft Local Transport Plan 4: Equality Impact Assessment \(hants.gov.uk\)](https://www.hants.gov.uk/transport/transport-plans-and-strategies/hampshire-county-council-draft-local-transport-plan-4-equality-impact-assessment)

The findings of the IIA are reflected throughout the proposed LTP. It also includes a plan that explicitly targeted at addressing areas where issues of inequality were identified.

Given that the only changes between the consultation draft proposed final plan are minor and do not significantly impact on proposals, the EqIA is considered to apply equally to the final version and no change is needed. The EqIA identifies overall positive impacts for groups with protected characteristics, with strongly beneficial impacts in many instances.

### **3. Climate Change Impact Assessments**

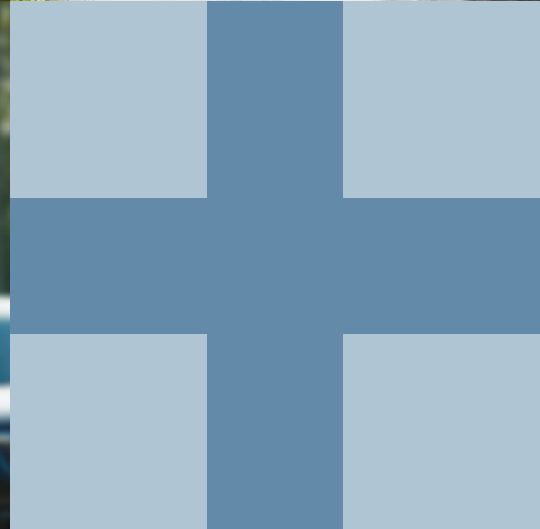
As noted at the consultation draft plan stage, climate change and decarbonisation is a core outcome targeted by the proposed LTP. A high-level assessment and modelling of carbon was undertaken as a part of the LTP evidence base. This has influenced, to a great degree, the policies, design principles and vision, and ultimately the actions and programmes set out in the LTP.

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# Local Transport Plan 4

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Full document  
February 2024







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This document is the **Full LTP4**, primarily aimed at transport professionals and key stakeholders and partners directly involved in delivering the vision, outcomes, guiding principles and policies.

This will be accompanied by a shorter **Summary LTP4** providing a higher level overview for the public and other stakeholders.

A detailed **Policy Review** and **Evidence Base** supports both documents.

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# Foreword

**There is a need to plan ahead for how our transport system should develop over the next 30 years and this document seeks to do that.**

In recent years Hampshire County Council has completed its **2050 Vision Commission of Inquiry**. It established a vision to achieve better outcomes for the economy, environment, and society. Transport contributes to all these outcomes and there are some key challenges ahead. This plan focuses on those challenges and seeks to develop a transport system that:

- supports a vibrant economy;
- is safe and healthy to use;
- does not pollute our environment with poor air quality and noise;
- removes severance (where traffic flow impedes the movement of pedestrians and cyclists) and disparities within our streets and communities; and
- allows us to live healthier and more empowered lives.

The County Council has signed up to the **Climate Emergency and set carbon neutrality targets for 2050**. We have calculated that we will not achieve carbon neutrality from transport unless we take rapid and transformational local action between now and 2030. This is because the changes being considered by Central Government, including the ban on internal combustion engine sales, will take time to have an impact; so action is needed now.

New technologies are emerging and we need to unlock their potential to help solve our transport challenges. They include a move towards electrification of all vehicles but even if we do that it won't solve all our transport challenges. Whilst desirable, electrification does not solve air pollution, road safety or help us manage congestion.

At the heart of meeting our transport challenges is the need to provide people with choice of high quality travel options, to reduce our dependency on the private car and reduce traffic levels. The Department for Transport (DfT) forecast that if we carry on as we are traffic will grow by 22% between 2015 and 2035<sup>1</sup>. The stark reality is that Hampshire's streets do not have the

space to accommodate this. We can't deliver or afford increased capacity on that scale, and even if we could it would create poor and unhealthy places to live.

Whilst this means using cars less, it does not mean we have to give them up. This Local Transport Plan (LTP4) recognises the freedoms and opportunities that private vehicles give to those with access to such a vehicle, particularly in rural isolated locations or to those with mobility impairments. But it acknowledges a need to rebalance our transport system. It is not balanced when in real terms the cost of motoring in the UK has fallen by 15 per cent over the last 20 years, whilst over the same period bus fares have increased by 40 per cent<sup>2</sup>. Nor is it balanced when the poorest members of our society are being disadvantaged or impacted the most by all of the transport challenges listed above.

Our **Hampshire County Council Climate Change Strategy 2020-2025** sets out a philosophy and approach to carbon neutrality which focuses on the concept of AVOID, REDUCE, REPLACE and OFFSET, which also underpins the approach set out in this LTP4.

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Avoiding the need to travel is something the pandemic has required us to do particularly for commuting. The rise in homeworking, for those who can, should be embraced.

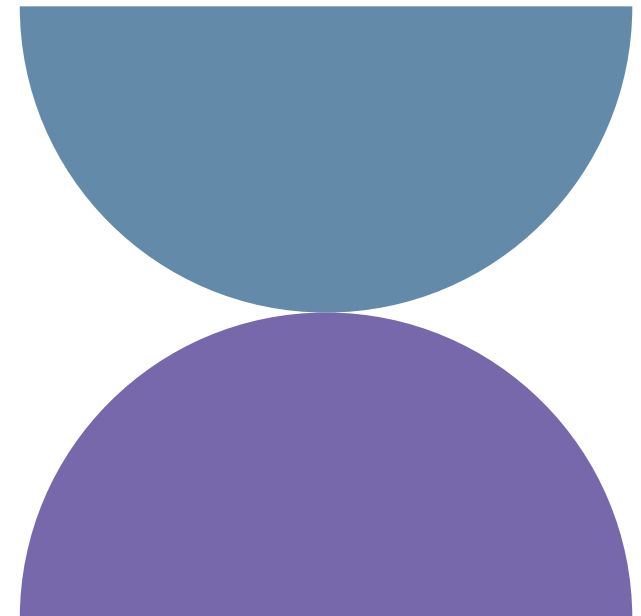
Making shorter trips through better and more integrated land use and transport planning, combining trip purposes, and facilitating a vehicle/cycle sharing economy will also have an important part to play. To deliver this we have developed **a set of new development and master planning policies** to guide local authorities and developer plans on what good development looks like. We are also establishing a **new movement and place framework** which acknowledges that public spaces perform functions other than simply movement. This will help ensure that our streets and spaces work for people, create better places, and also meet the needs of vehicles where this is a priority.

Providing better walking, cycling or public transport choices will enable a reduction in travel by private car. We aim to do this through a step change in walking and cycling infrastructure. We also aim to speed up public transport, including more bus lanes and bus lane enforcement, and negotiate with operators under a new enhanced partnership to make fares cheaper and services better. In the Solent area we are building the case for an increase in the frequency of rail services and a more integrated metro style public transport offer.

We also set out our **asks of Central Government** to help us deliver our plan, many of which are for enhancements to strategic infrastructure operated by Central Government such as the rail system or

motorways. We will be asking for continued and greater funding for buses, walking and cycling infrastructure. We are considering seeking changes to the national concessionary fares scheme to make it contributory (i.e. the user contributes towards a proportion of the cost of travel). Whilst on first reading this might seem counter intuitive, it means we would be able to maintain rather than lose many of our bus services in light of the growing financial pressures we face in local government. We will also promote the integration of local integrated ticketing schemes with national rail.

**It is an exciting time to develop a new Local Transport Plan. The challenges are significant, the choices difficult and the stakes high.**



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# At a glance – our Local Transport Plan 4

Our Local Transport Plan (LTP4) covers the period to 2050 and is based around:



A **vision** for what transport will look like in 2050;



Transport-related **outcomes** covering climate change, environment, economy, and, health and society;



Two **guiding principles** which represent a transformational change in how we plan and deliver transport in Hampshire; and



A set of **core and theme-related policies** that describe how we will deliver the LTP4.

It takes account of the wider challenges and opportunities facing us over the next 30 years - 'drivers for change' - relating to climate change, environment, economy, society (including health), and technology; alongside any implications of the COVID-19 pandemic.

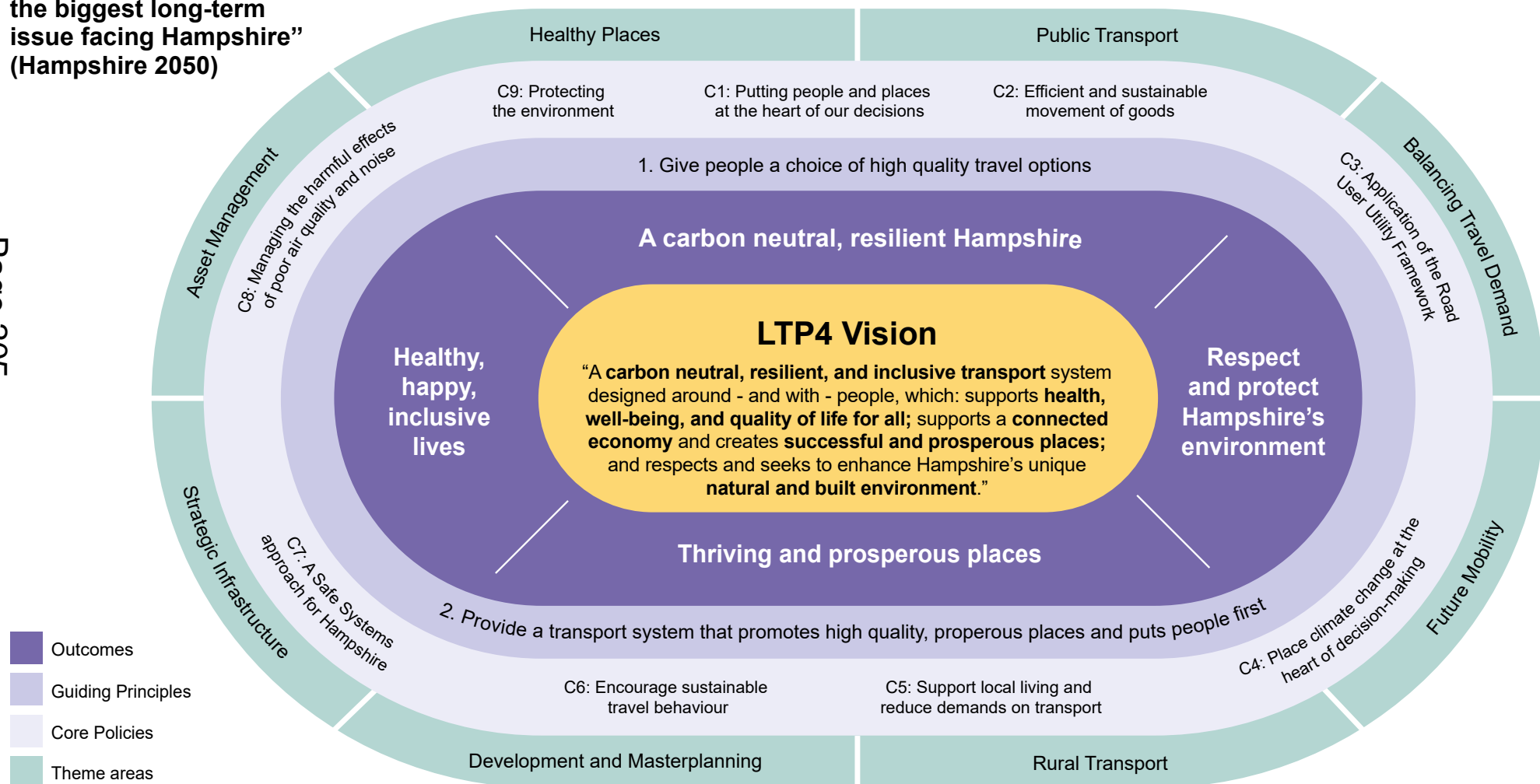
This new Local Transport Plan (LTP4) replaces the existing LTP3 and provides a framework to guide all our future transport planning and investment.

## The draft Local Transport Plan 4 at a glance

Drivers for change: Changing Climate | Changing Environment | Changing Economy | Changing Society | Changing Technology | COVID-19

“Our changing climate is the biggest long-term issue facing Hampshire” (Hampshire 2050)

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# Part A: Background and context

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# 1. Introduction

Hampshire County Council has a statutory requirement to have in place a Local Transport Plan (LTP). The previous LTP (LTP3) was produced in 2011 but is no longer relevant to today's challenges and opportunities.



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This new LTP (LTP4) supersedes the third LTP and this final version forms the primary transport policy for the County Council to 2050.

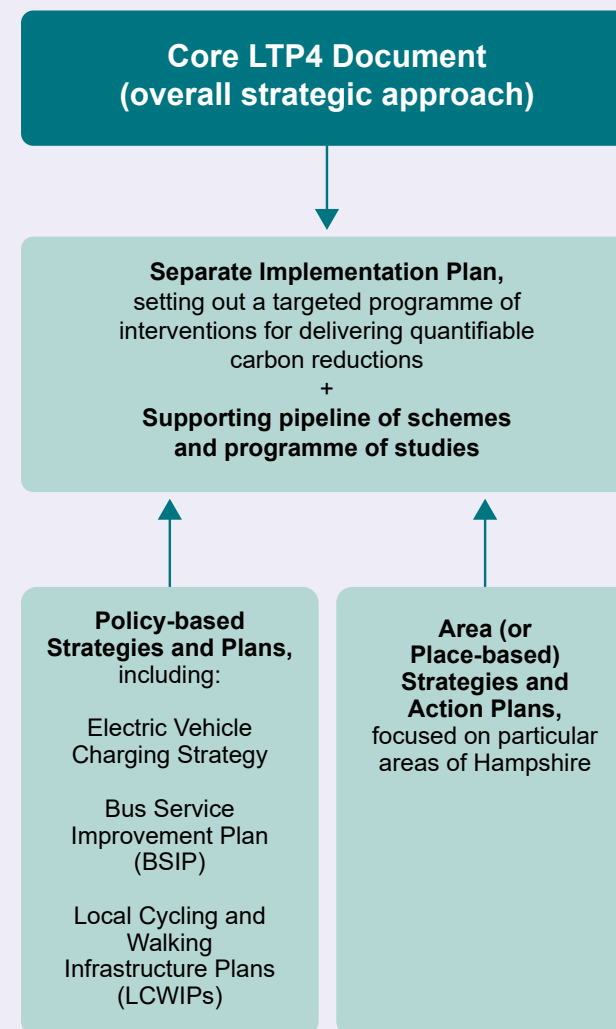
## This LTP4:

- describes our **transport vision** for 2050, the key **transport outcomes** we are seeking to achieve, and the **guiding principles** that will guide future investment and decision making within the County Council in relation to transport and travel;
- sets out **transport polices** covering all aspects of transport planning, delivery, and operation (i.e. the 'rules' about how we do things and how we want others to do things); and
- presents our overall **implementation approach**, setting out a roadmap to 2050 and how we will prioritise, fund and deliver interventions, and monitor our progress.

In addition, it supports the County Council's wider strategies, plans and priorities.

This 'core' LTP4 document is accompanied by a **suite of supporting documents**, as shown in Figure 1.

Figure 1: LTP4 suite of documents



## 1.1 Why is there a need for a new LTP for Hampshire?

- To ensure that our transport network delivers the Hampshire we desire by 2050, as set out in **Hampshire 2050: Vision for the Future**.
- To take account of new or changing policies and priorities which affect transport, at a local, sub-regional and national level around **climate change, environment, economy, health and equality**; including the **Climate Emergency** which the County Council declared in 2019.
- To take account of the Government's **Decarbonising Transport Plan - A Better, Greener Britain** (DfT, 2021), which seeks to drive decarbonisation and transport improvements at a local level by making **quantifiable carbon reductions** a fundamental part of local transport planning and funding. In future, the funding we receive for local transport will be dependent on being able to demonstrate the success of this LTP4 in reducing carbon emissions.
- To recognise the statutory role and duties the County Council has, as the local Public Health authority, to improve the **health of the local population**; combined with the growing evidence of links between transport and health.
- To **provide guidance on transport issues to our stakeholders** who have a crucial role to play in delivering our transport vision and outcomes. This includes Hampshire's 11 districts and boroughs, the cities of Portsmouth and Southampton, the Isle of Wight Council, and many other statutory and non-statutory bodies.

## Hampshire 2050: Vision for the Future

Hampshire is one of England's great counties. It has the largest sub-regional economy in South East England, is home to 1.4 million people and enjoys a unique natural environment. But to protect and enhance our county for generations to come we need to adapt and plan ahead.

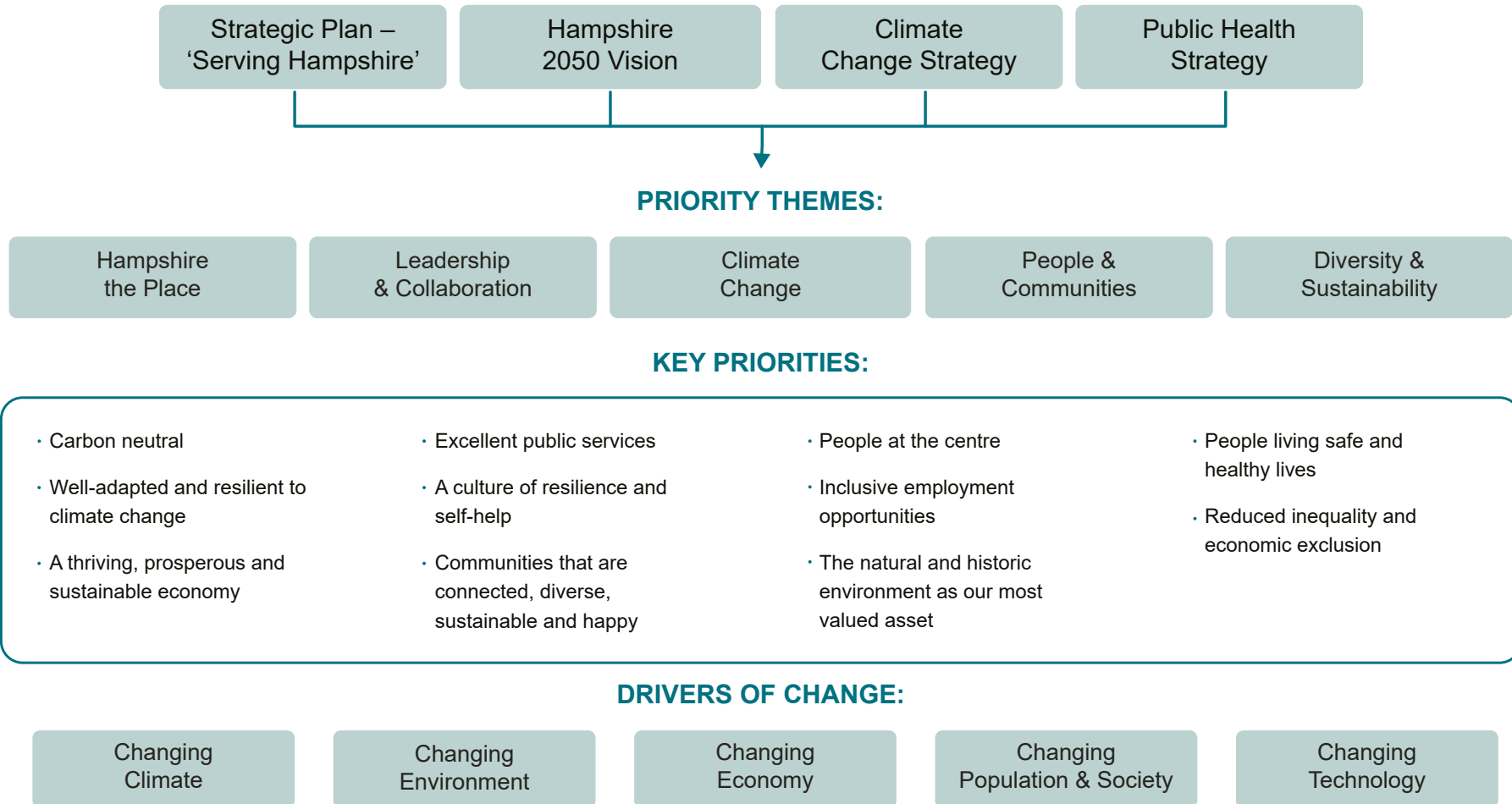
In recent years our residents, businesses, politicians and others have come together to take control of our future and **set us on a path towards the Hampshire we desire by the year 2050 (see Figure 2)**. The [Hampshire 2050 Commission of Inquiry](#) ran from May 2018 to October 2019. It provided recommendations and a framework to be applied when developing future strategies and plans (including this LTP4).

**Transport is an absolutely fundamental aspect of our journey towards this vision – it affects how we live, work and interact; how we experience places; how our businesses operate; and our health and well-being. We must get it right.**



**Figure 2: Key priorities for Hampshire**

The County Council's key priorities are set out in:



## Climate Emergency

The 2050 Commission of Inquiry identified the **changing climate as the most important driver for change in Hampshire**. It was recognised that a well-adapted and resilient Hampshire will be essential to ensure that Hampshire’s economy, environment, and society continue to thrive and prosper.

Urgent global action is needed to avoid dangerous climate change caused by greenhouse gas emissions, including transport-related carbon emissions (CO<sub>2</sub>). The County Council recognised this and declared a Climate Emergency in June 2019, setting two targets for the County:

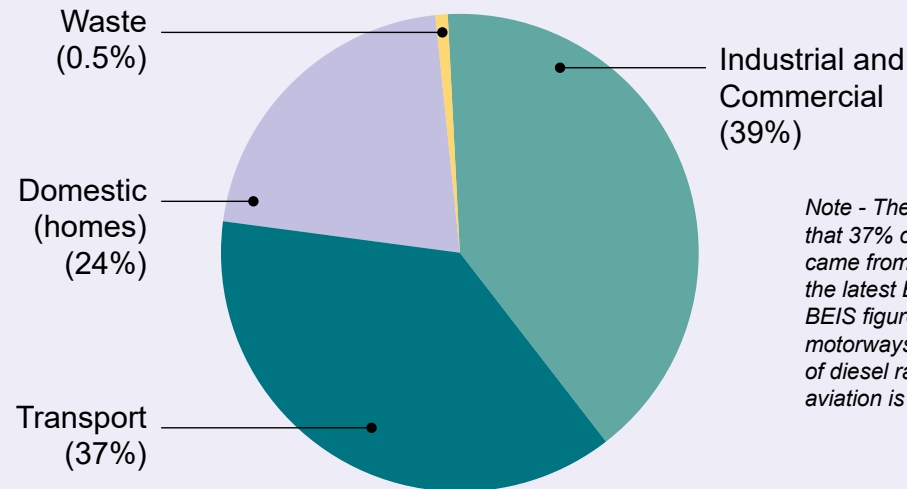
- to become carbon neutral by 2050; and
- to build climate resilience to the impacts of a 2°C temperature rise.

This is consistent with the national government target of net zero greenhouse gas emissions by 2050. It requires deep reductions in CO<sub>2</sub> emissions, with any remaining sources offset by removals of CO<sub>2</sub> from the atmosphere (e.g. by afforestation or carbon capture).

Our [Climate Change Strategy \(2020-25\)](#) sets a pathway for the reduction in CO<sub>2</sub> emissions needed to be carbon neutral by 2050. It highlights the need for the County Council and its partners to demonstrate leadership and embed climate change mitigation and resilience into all key policy areas to effectively enable our communities to tackle this issue. This approach requires step changes in lifestyles, policies, strategies and investment decisions across all levels of our society and a commitment to adhere to this.

Some 37% of CO<sub>2</sub> emissions in Hampshire are transport-related (excluding rail and domestic aviation), and unlike other sources, transport emissions are not reducing significantly. **There is an urgent need for local, rapid and transformational action to reduce transport emissions if we are to meet our climate change commitments.**

**Figure 3: Hampshire’s 2019 baseline emissions by sector <sup>ii</sup>**



*Note - The Carbon Trust estimated that 37% of Hampshire’s emissions came from transport in 2019, while the latest BEIS data is 51%. The BEIS figure includes emissions from motorways and the minor contribution of diesel railways. No domestic aviation is included in either figure.*

### 5 years

Transport emissions in Hampshire have not reduced in the last 5 years, whilst emissions from other sectors have reduced by nearly 25%.

### 65% cars

Passenger cars are the main contributor, accounting for ~65% of transport emissions

### Trips > 10 miles

The National Travel Survey (2019) shows that trips over 10 miles account for 70% of car emissions.

## Impact of COVID-19

**The COVID-19 pandemic has had a far-reaching impact on our lifestyles, travel behaviour and choices, and even where some people choose to live.**

Whilst the height of the pandemic has passed, it has created both challenges and opportunities for this LTP4.

### Opportunities

- A more permanent hybrid pattern of working, shopping and other service provision demonstrates the scope for reduced travel and gives an opportunity to build upon this to rebalance our transport modes and repurpose our urban centres.
- It has encouraged and raised awareness of living locally and walking and cycling more; and made us value our local centres and environments more<sup>1</sup>.

*Research from the Office for National Statistics<sup>iii</sup> identifies that approximately 40% of working adults reported working from home for at least part of the week during January / February 2023, and that the homeworking trend is resilient.*

### Challenges

- Our public transport services experienced a significant drop in patronage during the pandemic and are still recovering from this.
- Recovery from COVID-19 has put pressure on Council finances, requiring us to be innovative in how we fund transport delivery.

During the pandemic traffic levels dropped significantly, but they have recovered quickly and have now generally returned to at least 90% of the baseline prior to the pandemic<sup>iv</sup>, despite the increase in homeworking. Public transport is not recovering at the same rate and the reduced patronage has, and continues to, affect the commercial viability of some services.

**We must continue to improve the attractiveness of our public transport offering to support and encourage greater usage. We need to work with our communities to create environments that make it easier to walk and cycle and support local living. We need to work with others to ensure higher investment in resilient digital technology (e.g. 5G and fibre broadband) to support continued homeworking and remote access to services.**



1. E.g. A year of life under lockdown: how it went and what's next (King's College London and Ipsos Mori, March 2021); Public Opinion Survey on Traffic and Road Use (Kantar, 2020)

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## 1.2 Developing the Local Transport Plan

An evidence-based and collaborative approach has guided the development of this LTP4, and shaped our vision, outcomes, guiding principles and policies (Figure 4).

Our evidence base comprises:

- Policy review and best practice;
- Problems and issues analysis;
- Public engagement; and
- Impacts assessment.

### Policy review and best practice

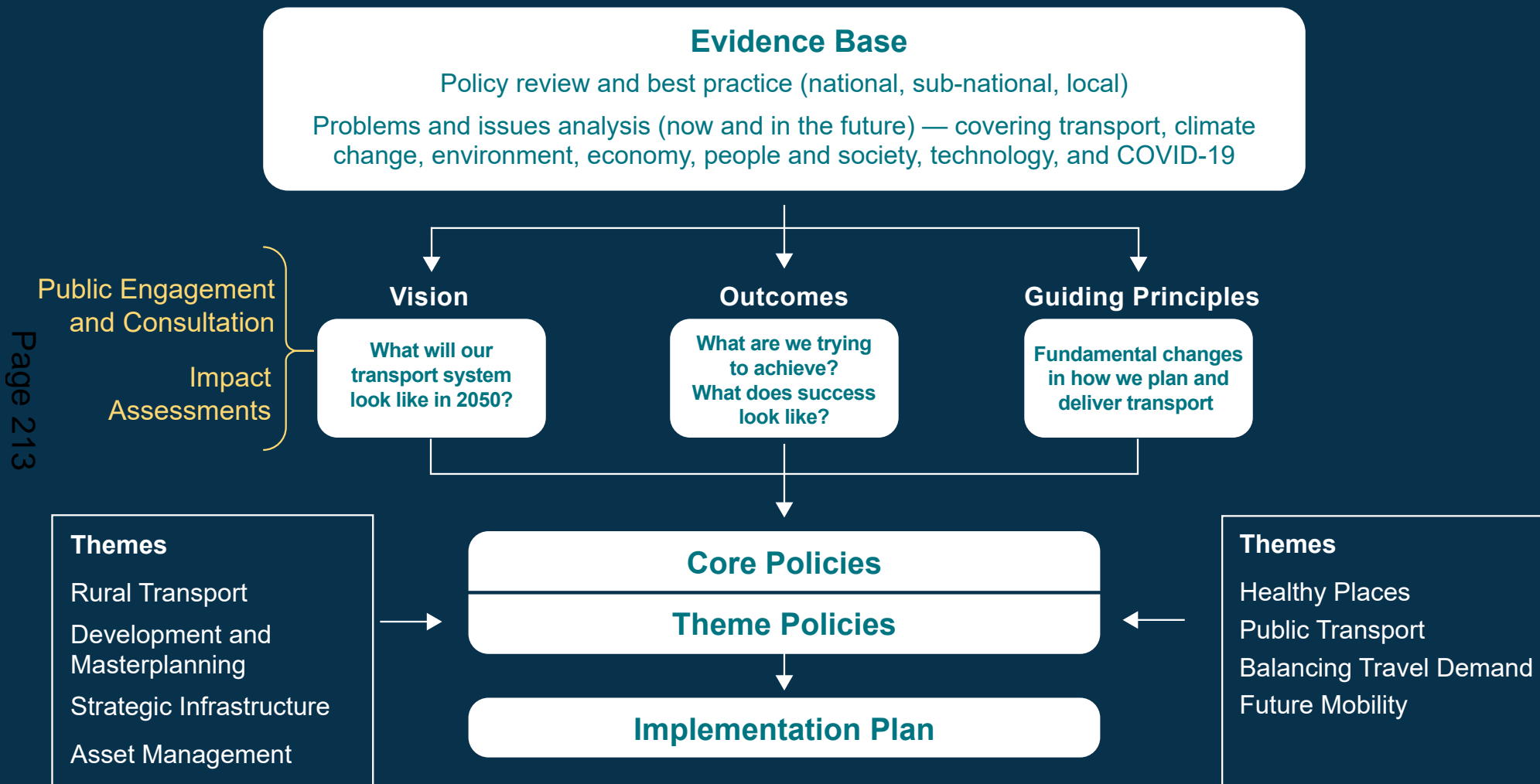
We have reviewed relevant policy and guidance at a national, sub-national and local level, and drawn upon research and case studies into different transport approaches and measures for the future.

Figures 5a and 5b summarise the key themes emerging from policies at a national level, including:

- tackling climate change and low carbon growth;
- network resilience;
- net environmental gain;
- sustainable development and place making;
- placing users at the heart of decision-making;
- modal shift and reducing car use;
- physical and mental health, tackling loneliness and social exclusion, and an inclusive transport system.



Figure 4: Developing the Local Transport Plan 4



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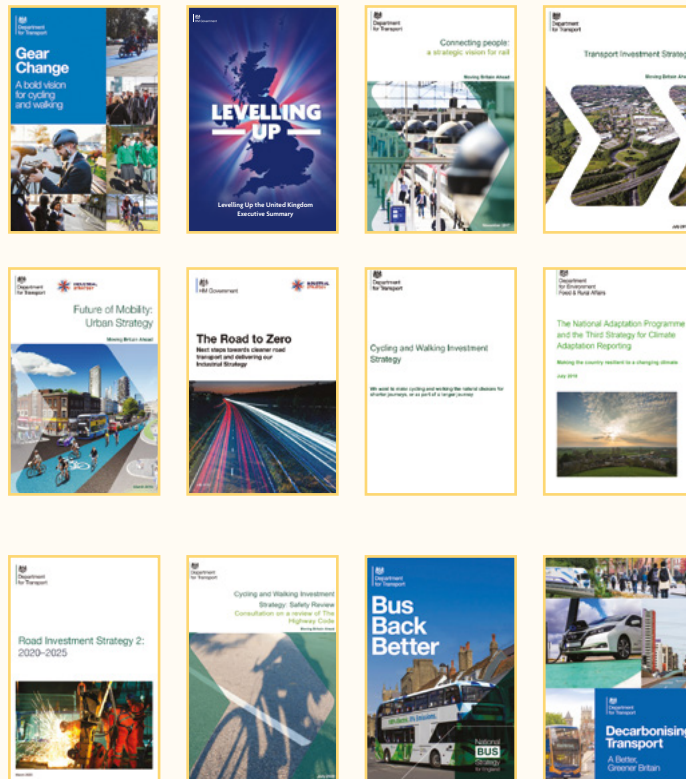
Figure 5a: Sample of relevant national policy documents

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### Climate Change and Environment



### Transport



### Economy

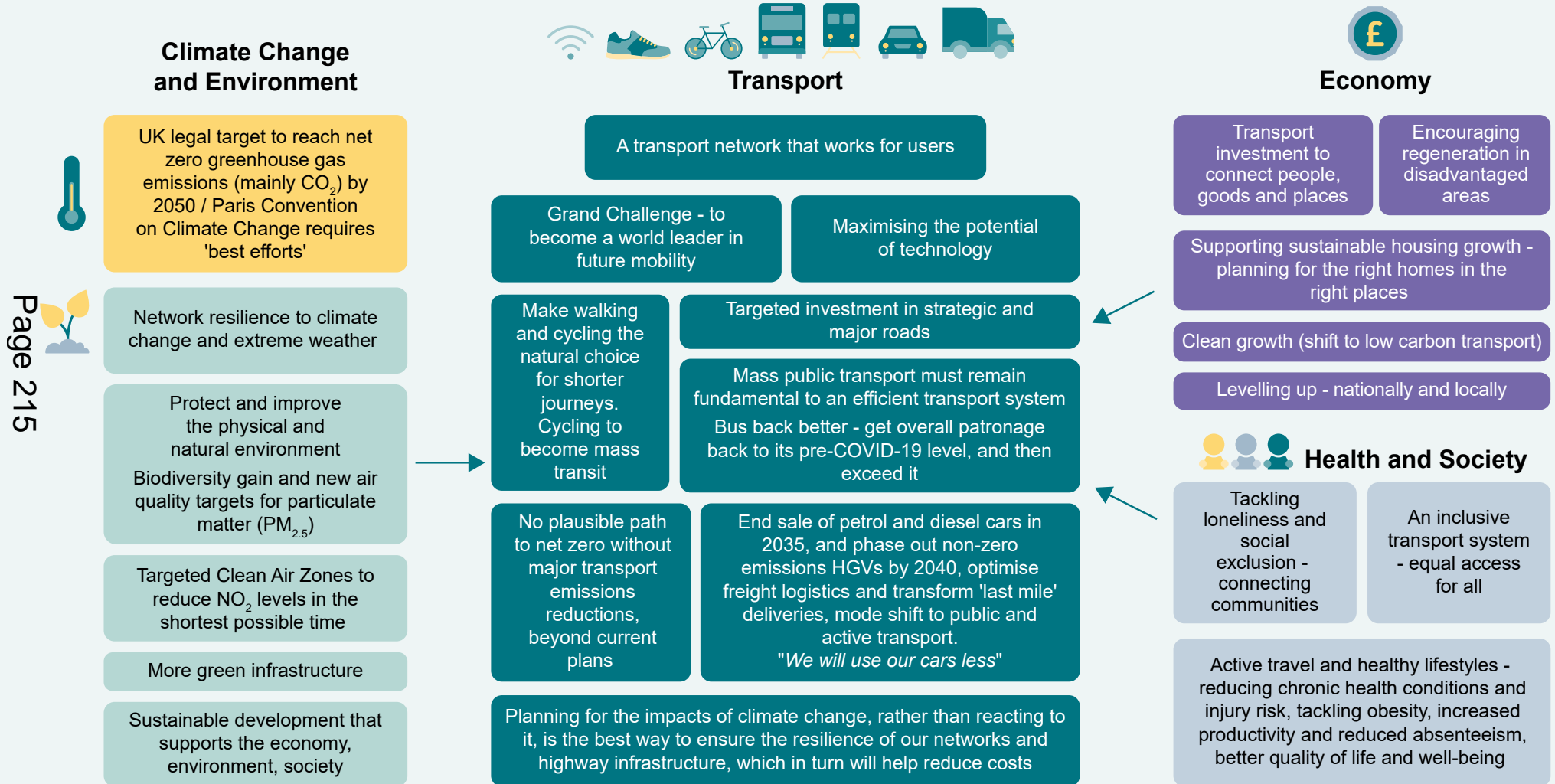


### Health and Society



See Policy Review document for full list of relevant policy documents and further details.

Figure 5b: Summary of national policy context



See Policy Review document for full details



## Problems and issues analysis

We have prepared an extensive [evidence base](#) on current and future trends in Hampshire, covering transport, climate change, environment, economy, health and society, technology, and the impacts of COVID-19.

## Public engagement and consultation

Stakeholders, residents, communities, and businesses have provided critical input into the development of this LTP4. Some 805 responses were reviewed from the engagement survey which ran from 7 January to 28 February 2021, and used to refine the proposed vision, outcomes, guiding principles and policies. The draft LTP4 was presented for formal consultation from 4 April to 26 June 2022. The responses received have informed this final version of the LTP4.

## Impact assessments

An [Integrated Sustainability Appraisal \(ISA\)](#) has been undertaken to ensure that environmental, health and social impacts have been fully considered in the development of this LTP4. The process has sought to avoid and mitigate potential negative effects and to amplify opportunities for positive effects, to maximise the contribution of the LTP4 to sustainable development.

Stakeholders responding to the engagement survey showed strong support for the proposed transport vision, outcomes, and guiding principles:



- 90% identified 'Changing Climate' as an important driver for change.
- 73% agreed with the vision statement.
- At least 86% agreed with the importance of each of the proposed outcomes.
- At least 80% agreed with the proposed guiding principles.



## 1.3 A shift in approach and emphasis

The Hampshire 2050 vision, the Climate Emergency, and the COVID-19 pandemic (along with other drivers for change set out in Section 3) have created an unprecedented need for transformational change, which we must deliver.

Now is the time to reflect and put ourselves on the right path to our 2050 vision - now is the time to think differently.

This LTP4 therefore proposes a major shift in approach and emphasis, with an increased focus on policies which support modal shift and manage demand for road space, rather than just supplying the extra capacity to meet this demand.

It is based on an approach to transport provision that delivers the interventions needed to achieve the agreed transport outcomes (sometimes referred to as a 'decide and provide' or 'vision and validate' approach). This differs from the 'predict and provide' approach of the past, which involved creating additional highway capacity to cater for predicted traffic growth. Inevitably this generates additional demand and erodes the expected reduction in congestion, whilst also fostering a high dependency on car use.

It represents a shift away from planning for vehicles, towards **planning for people and places** (see Chapter 5. *Guiding principles*). It seeks to provide a transport system which supports high quality and prosperous places and puts the needs of people first, based around a **Road User Utility Framework**, and a **Movement and Place Framework** which will identify the priorities for different parts of our network (see Chapter 6, Policy C4 and C5).



## Rebalancing our transport system

### Inevitably, we will need to use cars less and more efficiently in the future.

This LTP4 demonstrates that there is a need to increase the choice of travel options and significantly reduce our dependency on the private car, in order to address the challenges we face in terms of our changing climate, environment, and economy. We also need to ensure that our transport system enables all members of society to live healthy, happy and inclusive lives.

However, this LTP4 also recognises the freedoms and opportunities that private vehicles give to those with access to this means of transport, particularly in rural isolated locations or to those with mobility impairments. It acknowledges that cars are an essential part of our transport system.

However, it is also clear that they impose costs on other road users and wider society in the form of congestion, accidents, carbon emissions, loss of biodiversity, severance, noise and air pollution. These costs are distributed unequally across the local population, with the heaviest burden often on the most vulnerable (e.g. those in deprived areas, children and older people, and those with health and mobility issues).

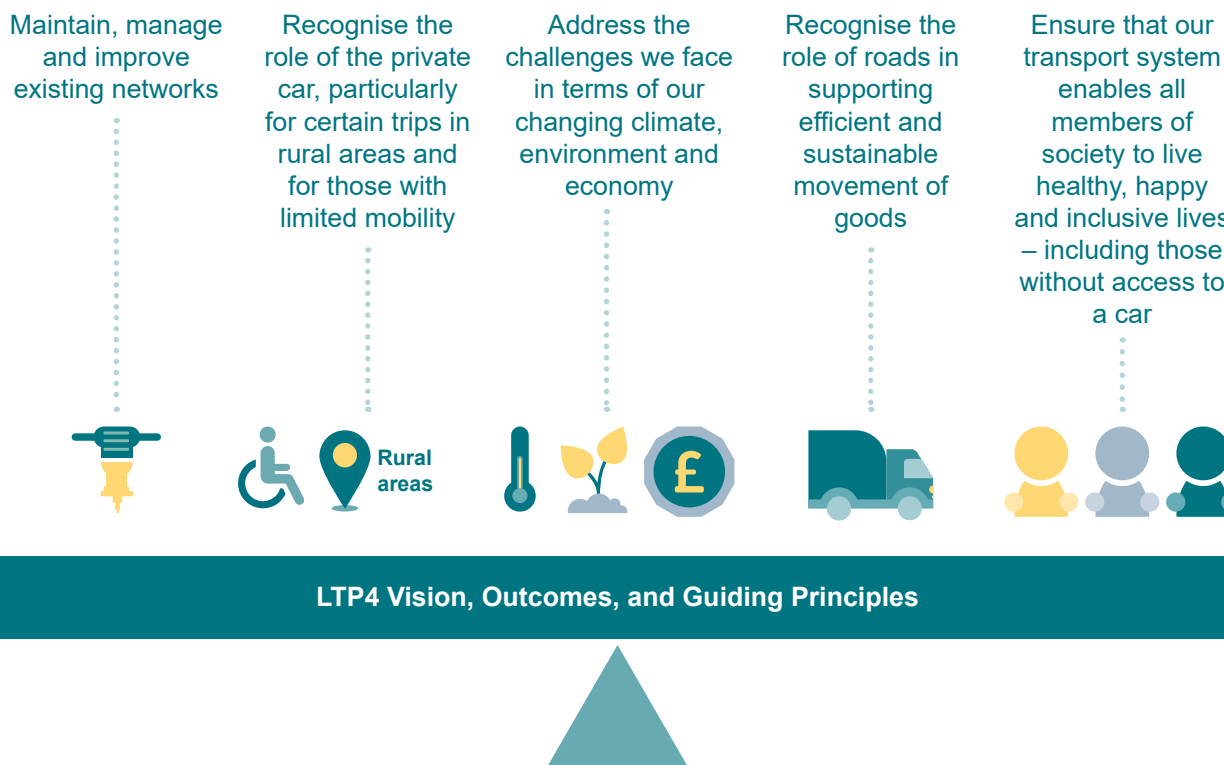
This LTP4 therefore seeks to rebalance our transport system, in order to meet the broader needs of our communities, economies, and environments.

In the past we have focused on improving the performance of our road network and addressing congestion. We will continue to support the transition to electric cars, and improve reliability and

journey times for all means of transport through targeted relief of congestion hotspots. However, our focus will now be on enabling and providing opportunities for walking, cycling, public and shared transport, to give people more choice about how they travel. This includes the 14% of residents (higher in some parts of Hampshire) who do not have access to a car, and are at risk of being excluded from the employment, educational, personal and social opportunities that car users enjoy.

By reducing dependency on the car, particularly for shorter journeys in urban areas and for longer trips where sustainable alternatives offer an attractive and viable option, we will reduce the amount of vehicles using the road network. This will improve journey times and reliability for those trips which can only realistically be made by car, including certain trips in rural areas and for those with disabilities.

Figure 6: Rebalancing our transport system



## A holistic approach

The primary focus of this LTP4 is to **improve local transport** in order to provide access to jobs, services and other opportunities and activities.

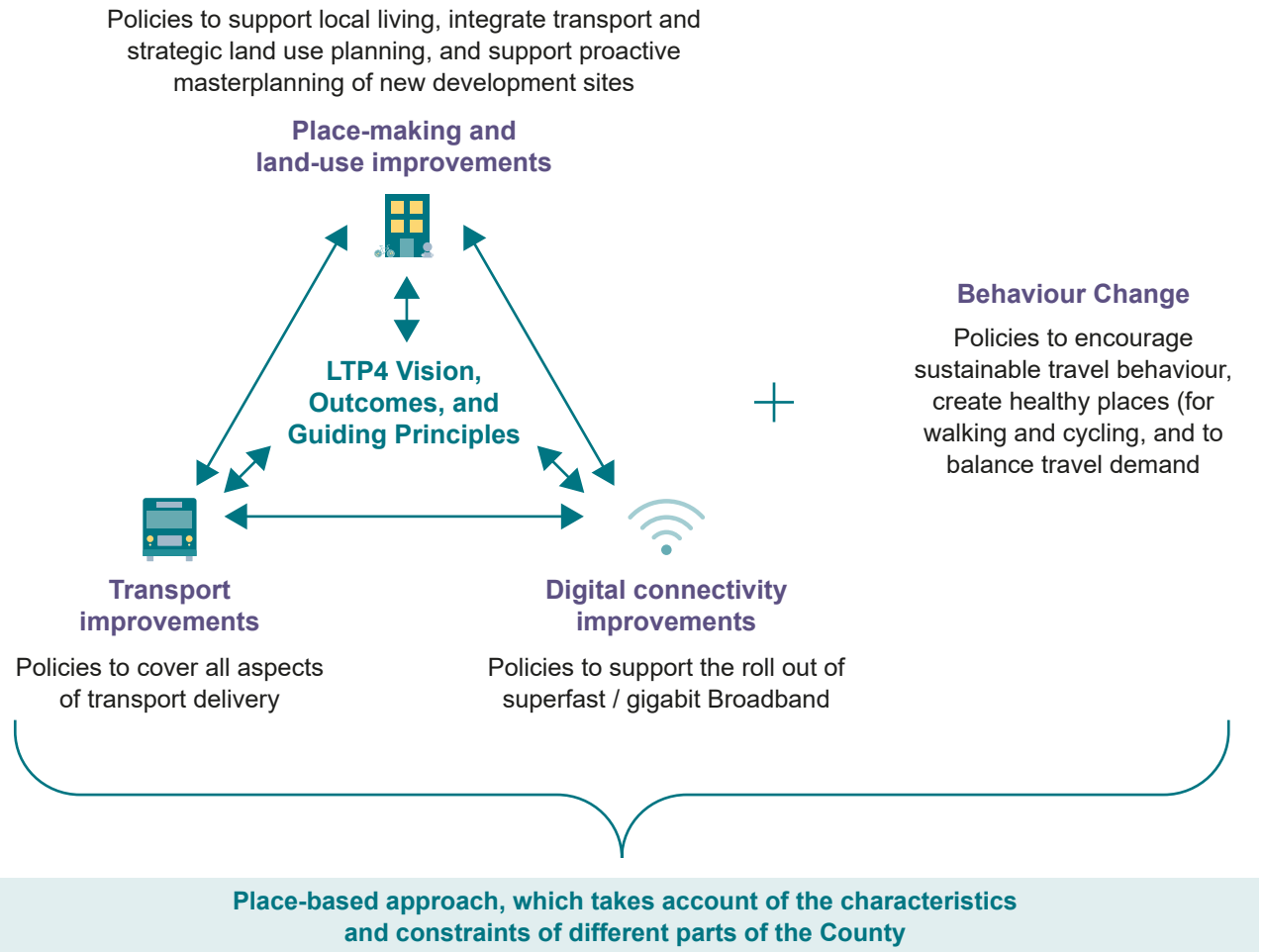
However, transport improvements will also need to be supported by:

- **improving digital connections** (digital and mobile connections) - to allow online access to jobs, services and other opportunities and activities (especially in rural areas); and
- **place-making improvements** – bringing activities and opportunities closer to people through integration of transport and land use planning.

In addition, increasing our use of different travel options and reducing dependency on the private car will require very significant changes in public attitudes and new ways of going about our day-to-day lives which make the most of the above transport, digital, and place-making improvements (i.e. **behaviour change**).

Our holistic approach recognises the critical link between transport and spatial planning, which is increasingly reflected in national planning guidance and best practice.

Figure 7: A holistic approach



(Based on Triple Access System, Glenn Lyons & Cody Davidson, 2016)

### 1.3 A partnership approach

While the **County Council has a key role to play in leading the approach**, national government, local councils and local planning authorities, parish councils, national and local transport providers, freight operators, local communities, businesses and many other organisations, all need to take action.

Furthermore, **national action** is needed across all areas of transport, including funding, rail and strategic roads, actions to accelerate the transition to zero-emission vehicles and decarbonise the freight sector, behaviour change campaigns, and national approaches to demand management (including the potential for introducing road pricing, or pay-as-you-drive schemes <sup>xxix</sup>).

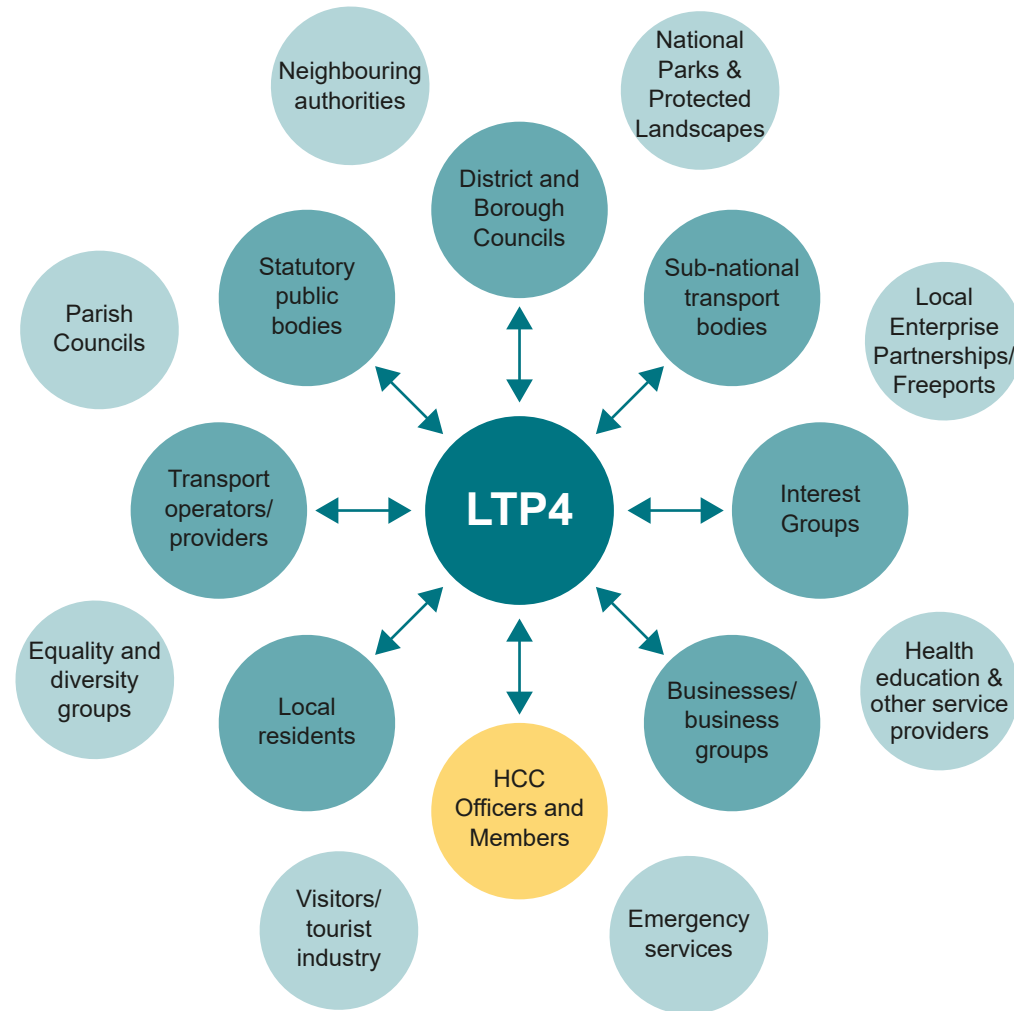
It is also crucial that we feed into:

- the work being undertaken by **Transport for the South East** (including its Freight, Logistics and Gateways Strategy and emerging work on Pathways to Decarbonisation), and the neighbouring Western Gateway sub-national transport bodies;
- the **Solent Transport Strategy**; and
- strategies and plans of **neighbouring authorities** (including cross-boundary initiatives);

to ensure a co-ordinated approach.

**We will need to maximise every opportunity and work in partnership with a very broad range of organisations, and most importantly local residents, to encourage and help people switch from cars to cycling, walking and public transport.**

**Figure 8: Key stakeholders and organisations who will need to play a role in delivering the LTP**





Bruneval Gardens  
YOU HAVE MISSED US!  
PLEASE TURN AROUND AND  
TURN RIGHT AT THE TRAFFIC LIGHTS

WEST HOPE GRANT ROAD

Construction Traffic

- Construction Traffic →
- Bruneval Gardens →

HOPE GRANT ROAD

## 2. Our journey so far

We are not starting from scratch. We are seeking to build upon progress to date and ensure that our approach to planning and delivering transport is compatible and consistent with Hampshire's vision for the future.



In the last decade the County Council has prioritised essential maintenance of its substantial transport infrastructure assets and also secured funding to address key constraints on the transport network.



Funding bids for major transport schemes have largely been geared towards supporting transport schemes which enable economic growth and/or housing delivery, in line with Central Government policy.



During this period, the County Council has delivered schemes to the value of approximately £300 million, with further schemes to the value of £170 million planned or under construction.

However, we recognise that there are still parts of our transport system that could work better, or differently.



Hampshire has high levels of car use. Congestion causes lost time, and poor air quality affects some communities contributing to poor health.



Despite a notable increase in recent years, over the longer term the level of investment in high quality alternatives to car travel has lagged behind investment in infrastructure aimed at car users; and for many people they do not provide an attractive alternative to car use.



Past monitoring of schemes that create extra road capacity for general use shows that this soon fills up with extra car journeys. Rather than building extra capacity, many councils now accept that ways of using road network space more efficiently should be considered.



Transport and land use planning is not integrated as well as it could be. This is partly because transport decisions are largely the responsibility of the County Council, while planning decisions are made by the districts and the boroughs (the local planning authorities). Over recent decades the location of new housing, employment, and shops has led to increased travel distances for many residents, and has often meant that driving is their only realistic option to get around.

A more joined up approach is required to ensure that new development reduces the need to travel and provides people with a choice of high quality travel options.



Although Hampshire is generally a healthy place to live, not everyone enjoys the same level of good health. There is increasing scientific evidence of the links between transport and health, and how the health costs and benefits of transport are not equally distributed across the population.



Over recent decades, a backlog of structural maintenance and renewal of roads has built up in Hampshire (and in most other local authorities), due to a sustained lack of funding from Central Government. This has left some paths, roads and structures prone to damage, which can cause disruption and safety concerns to people and businesses that rely on these networks.

# 3. Drivers for change

**“The only certainty about 2050 is that the world, and our part in it, will be very different from how it is today.”**

**Hampshire 2050, Vision for the Future.**

From a local to global level there are some major changes ahead on our path to 2050. These present both challenges and opportunities which we need to respond and adapt to in terms of how we plan and deliver transport within Hampshire. These changes need to be considered alongside the short and the potential medium to longer-term implications of the COVID-19 pandemic.



**Changing climate**



**Changing society**



**Changing environment**



**Changing technology**



**Changing economy**

## 3.1 Changing climate

Global average temperatures are rising, primarily due to man-made emissions of greenhouse gases; particularly carbon dioxide (CO<sub>2</sub>). In Hampshire, we know that emissions from transport (excluding rail and domestic aviation) accounted for 37% of carbon emissions in 2019 (Figure 3).

Although the world has started to move towards a low-carbon future, globally, we are **currently on track for around 3°C of warming by 2100** (compared to pre-industrial temperatures). This level of warming would have severe impacts on our environment and our lives<sup>v</sup>.

*“The speed at which our environment is transforming due to climate change is startling. We are already experiencing warmer and wetter winters, hotter and drier summers, increased flood risk and sea level rise along with severe storms. All of these factors are having a huge impact on our landscape leading to land use pressures and impacting not only on our species and habitats, but also on our health and wellbeing.”*  
**(Hampshire 2050, Commissioners’ Summary Report)**



Hampshire's climate change targets reflect the 2015 Paris Agreement goal to limit global warming to **well below 2°C** to limit the most damaging effects of climate change, and to pursue efforts towards limiting global warming to **1.5°C**. Limiting temperature growth to 1.5°C will further reduce many important risks, helping to protect key ecosystems and reducing impacts on poorer people around the world<sup>v</sup>. The Climate Change Committee (CCC), which advises the UK Government on emissions targets, recommends a rapid reduction in UK emissions over the next 15 years to contribute towards this stretch target (set out in its Sixth Carbon Budget<sup>vi</sup>).

## What does this mean for the LTP4?



Transport, like most sectors, will need to reduce CO<sub>2</sub> emissions to almost zero (without offsetting) by 2050. This will require very significant shifts in travel behaviour (see Box 1).

More extreme weather (flooding, high winds, high temperatures) could result in more travel disruption and damage to our roads, requiring changes to how we maintain and provide a resilient network.



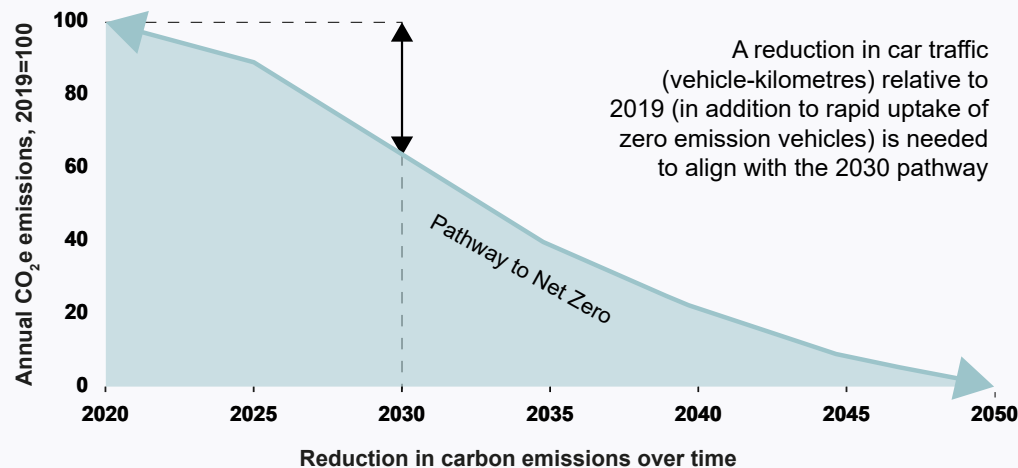
## Box 1: The need for rapid local action to tackle climate change

### a) Hampshire's carbon reduction pathway and carbon budget for transport

The annual reduction in transport CO<sub>2</sub> emissions required to achieve 'net zero' (neutrality) by 2050 is shown in Figure 9. This is consistent with the latest recommendations of the Climate Change Committee (CCC) (Sixth Carbon Budget – All sector pathway).

Achieving this pathway, and the associated carbon budget (i.e. the area under the pathway), is aligned with limiting average global temperature increases to close to 1.5°C. A slower rate of reduction will result in the carbon budget being used before 2050, and before 'net zero' has been achieved.

**Figure 9: Hampshire's carbon reduction pathway to transport 'net zero' in 2050 (focusing on non-freight transport only<sup>2</sup>)**



#### Hampshire's 'transport carbon budget':



The global carbon budget is the finite amount of carbon that can be emitted into the atmosphere before global temperatures exceed 1.5°C, triggering very significant climate change impacts.

*Supporting notes:* The scale of reduction in vehicle-kilometres (veh-kms) is strongly affected by:

- (i) forecast traffic growth, which is currently particularly uncertain in the wake of the coronavirus pandemic;
- (ii) the rate at which electric vehicles (EVs) feed into the fleet before 2030.

However, it is not feasible for EVs to roll out fast enough to avoid the need for any veh-kms reduction.

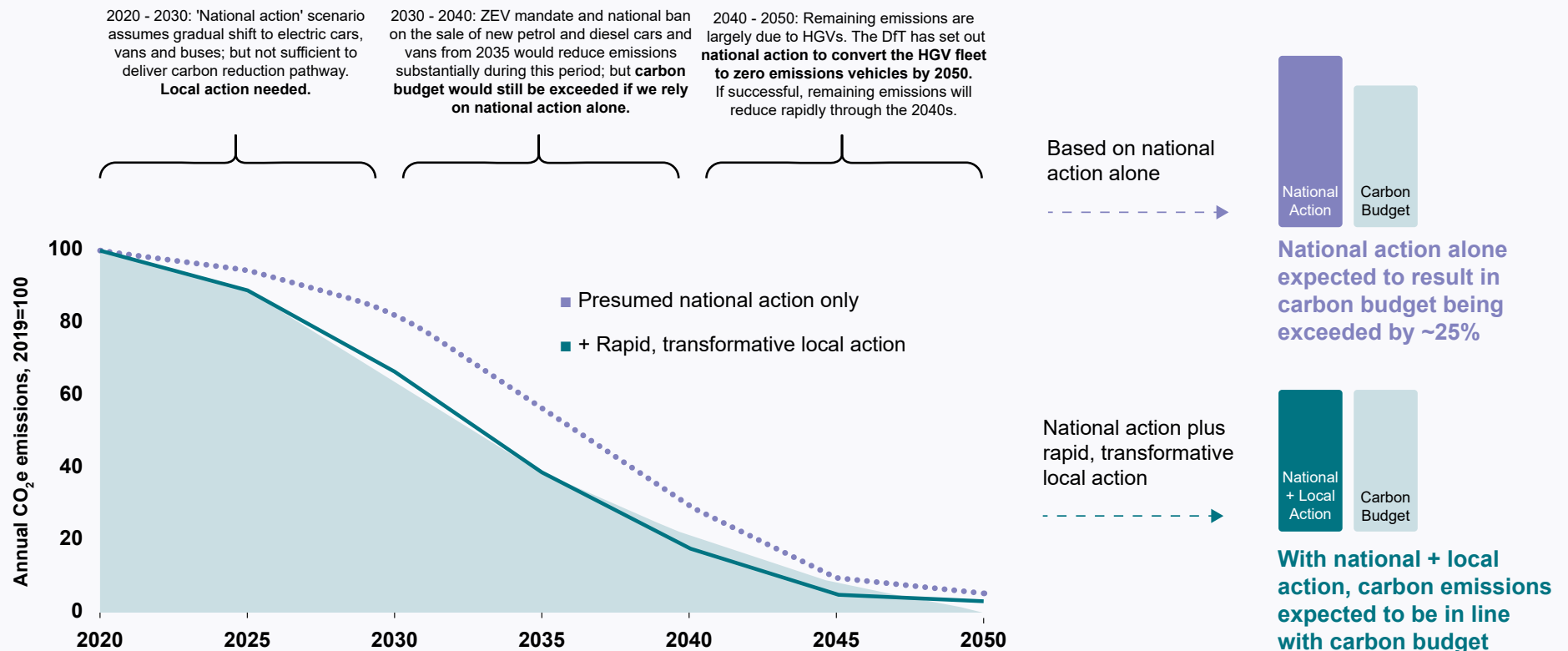
The analysis considers the requirement for meeting the emissions pathway for non-freight emissions only. If freight emissions are also taken into account, a greater reduction in car veh-kms would be needed to meet the pathway.

Embodied carbon associated with transport schemes (e.g. related to construction) is not included in this analysis.

2. Includes car, bus, train and other forms of surface public transport which emit carbon dioxide

b) National policies alone will not deliver our climate change commitments for transport

Figure 10: Role of national and local policies in achieving Hampshire’s carbon reduction pathway



Supporting notes: The above analysis is based on the overall carbon reduction Balanced Pathway identified by the CCC for emissions from all sectors combined.

### c) Rapid and transformative local action is needed, based on a mix of policy measures

Figure 10 shows that rapid and transformative local action is needed to:

- achieve the carbon pathway over the next 10 years; and
- keep total remaining carbon emissions broadly within the carbon budget by 2050.

Meeting the carbon budget will also rely on ambitious national action to support uptake of zero emission vehicles in the HGV fleet, building on the actions set out in the DfT's Transport Decarbonisation Plan (2021).

Some 'carbon off-setting' is likely to be required, although the CCC indicate that the surface transport sector should aim to reach as close to 'absolute zero' as possible.

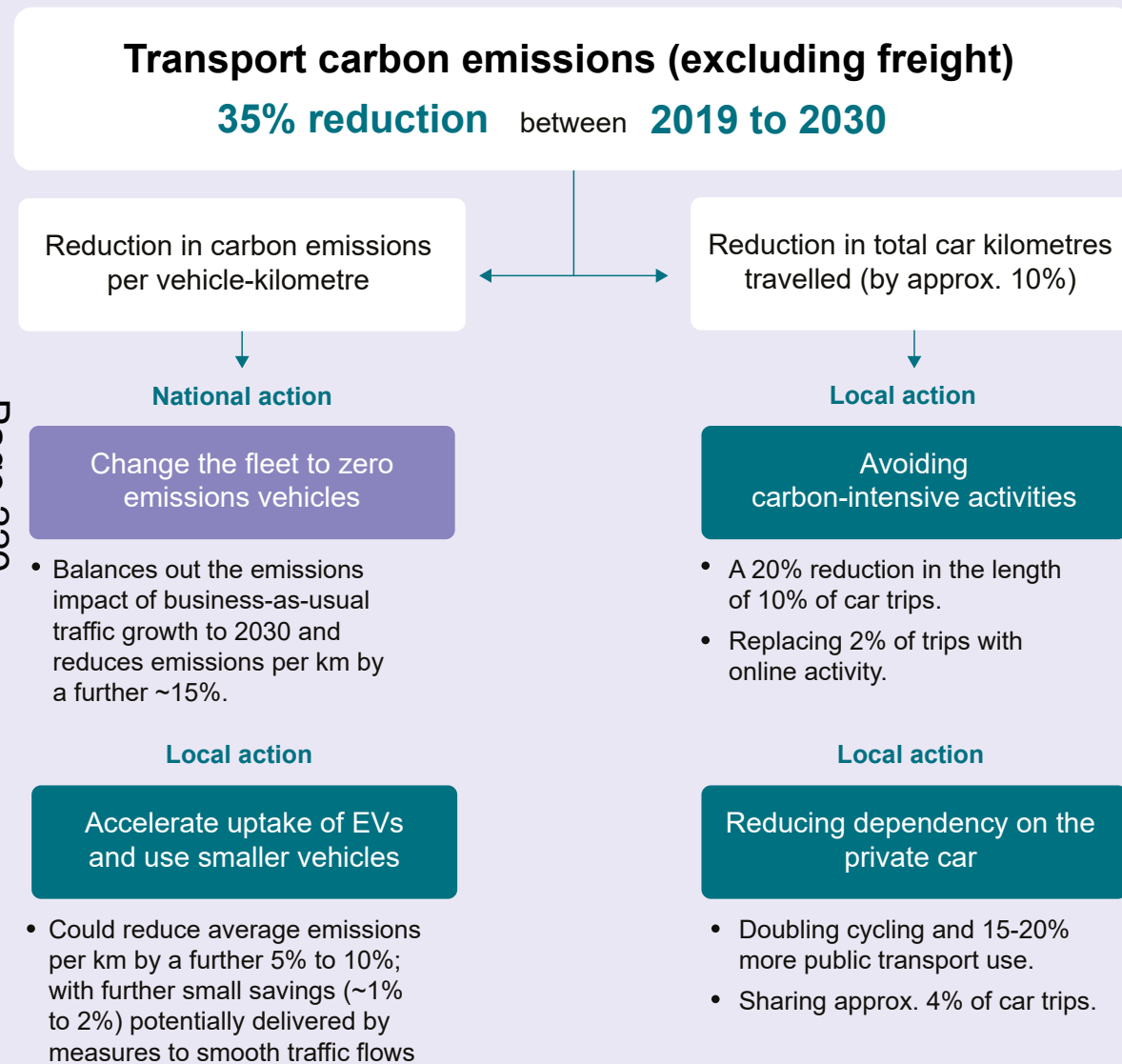
'Off-setting' involves planting vegetation to absorb carbon from the air, or using technology to capture and store carbon. However, this technology is currently at an early stage, and focused on small scale trials.

Analysis shows that a **10% reduction (approx.) in total car vehicle kilometres between 2019 and 2030**, combined with national and local action to encourage uptake of zero emission vehicles, would **achieve the reduction in carbon emissions required by 2030**.<sup>3</sup> This requires a mix of policy measures, applied rapidly at an ambitious level, and supported by a substantial increase in funding. Figure 11 illustrates an indicative scenario to achieve this.



*3. The analysis takes account of planned population growth and development by 2030.*

**Figure 11: Indicative scenario for achieving the required reduction in transport carbon emissions (excluding freight) between 2019 and 2030**



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*Supporting notes: These are indicative figures, based on national evidence about the impact of different types of solutions. They represent one particular scenario for achieving the required reduction in transport carbon emissions between 2019 and 2030. Other scenarios could achieve a similar reduction. The analysis assumes a business-as-usual increase in traffic between 2019 and 2030 of nearly 20%, based on pre-COVID-19 assumptions from the Hampshire transport models. See Evidence Base, for further information about the above analysis.*

## 3.2 Changing environment

The Hampshire 2050 Commission of Inquiry identified Hampshire's natural environment as **its most valued asset** and an essential component of Hampshire's attractiveness and prosperity.

However, evidence also shows incremental and noticeable declines across all our habitats and species due to pressures from increased housing needs, infrastructure, employment space, intensive agriculture and the changing climate<sup>vii</sup>.

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### What does this mean for the LTP4?



Transport delivery needs to mitigate adverse environmental impacts and strive to achieve an environmental net gain. This means reducing loss of vegetation or loss of views due to new infrastructure and eliminating the harm that vehicle emissions cause to human health, habitats and species. It further means that infrastructure development should leave the natural environment in a measurably better state than beforehand.

## 3.3 Changing economy

Hampshire has the largest **sub-regional economy** in the South East of England and one of the **best performing** labour markets in the country. However, the Hampshire 2050 Commission of Inquiry identified challenges in relation to **pockets of deprivation**, the future of **rural areas**, and maximising the full potential of the **Portsmouth and Southampton city regions**<sup>viii</sup>. While economic productivity is high in North Hampshire, peripheral areas (e.g. Test Valley, East Hampshire, and Gosport) and neighbouring Portsmouth and Southampton are below the UK average. Since the 2008 recession, economic growth has been below the national average<sup>ix</sup>.

Significant **employment and housing development** is proposed, but many sites are located away from public transport. Much of the recent development has reinforced car dependency.

Most town centres in Hampshire have evolved around car use, but **quality of place** and attractive walking and cycling environments are increasingly important factors for businesses, workers, visitors and residents.

Changing shopping habits mean that some of our retail centres are in decline (exacerbated by the pandemic), and how we use our urban centres is changing. The withdrawal of high street services, such as banks, post offices, cash points and the centralisation of local healthcare is increasing the need for travel in some areas, particularly rural locations. The distances people need to travel to access these services is increasing at the time when there is also a need to increase walking, cycling and use of public and shared transport.

### What does this mean for the LTP4?



Good connectivity, based on attractive reliable journey times for all, is crucial to the on-going success of Hampshire's economy. We need a high quality and efficient transport system that allows products to be delivered to market, links people to jobs, and supports supply chains and logistics; ultimately increasing economic competitiveness and productivity. We need to support the peripheral and less affluent areas of our County by improving access to jobs and training for those without a car, and we need to improve our strategic connectivity with neighbouring sub-regional economies (including London).



### 3.4 Changing health and society

Overall, Hampshire’s population is getting older (the 65+ age group is expanding the most), becoming more diverse, and health inequalities are increasing.

High levels of car use are resulting in low levels of physical activity, and **contributing to obesity and poor health.**

In addition, a lack of public transport options is contributing to **loneliness, social exclusion, and deprivation** x. These issues are most prevalent in urban areas, where 70% of Hampshire’s population lives and where there are higher levels of ill-health. There are also significant problems in rural areas where public transport options are often very limited.

For all Hampshire residents, but in particular the ageing population and those living with long-term health conditions, there is a need to help maximise years lived in good health.

Nationally, **travel demand is rising overall** due to population growth but falling at an individual level due to more home-working, part-time working and self-employment, and online shopping. Travel choices show clear generational differences - younger people are less likely to own a car, but older people are driving more than they used to.

### 3.5 Changing technology

Technological innovation presents huge opportunities for transport in terms of **electrification** (or zero emission vehicles in general); the increasing availability of **data and internet connectivity** (providing high quality information to network operators and users in real time and ‘on the go’); and **automation** (leading to self-driving vehicles). In addition, **new modes** are emerging including electric bikes, cargo bikes, and scooters.

A move to connected, automated and zero emission transport will affect all aspects of how and why we travel, impacting on the movement of both people and goods and influencing the choices we make. These technologies have the potential to deliver step change advances for society, the environment and the economy, such as:

- better access to employment, services and leisure;
- better information and access to a range of modes through single platform applications, including new shared mobility opportunities (e.g. car-sharing, bike-sharing and ride-sharing);
- safe and independent mobility for a wide range of individuals; and
- cleaner vehicles and lower emissions.

However, if technological changes are not effectively managed they could have undesired effects, such as increasing congestion or reducing sustainable travel.

### What does this mean for the LTP4?



Technology should be seen as an enabler to be used in ways to best meet the transport outcomes we seek; but public and active modes should remain a fundamental part of our transport system. Technology should not ‘lead’ our approach.

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### What does this mean for the LTP4?

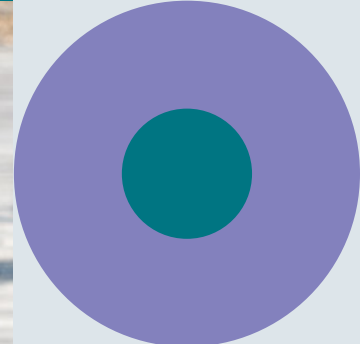
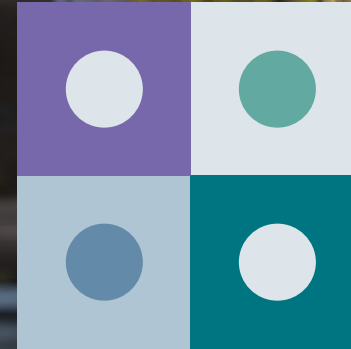
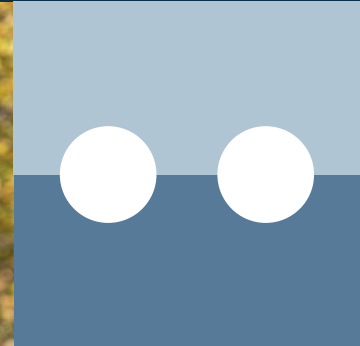


Transport needs to play a major role in connecting communities to jobs and services, shaping places, and improving our physical and mental health and well-being.



# Part B: Vision and outcomes

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## 4. Vision and outcomes

### 4.1 LTP4 vision

To support the journey towards the wider Hampshire 2050, Vision for the Future, the following proposed vision has been developed, summarising what we want our transport system to look like by 2050:

**“A carbon neutral, resilient and inclusive transport system designed around - and with - people, which: supports health, wellbeing and quality of life for all; supports a connected economy and creates successful and prosperous places; and respects and seeks to enhance Hampshire’s unique natural and built environment.”**

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## 4.2 LTP4 outcomes

To guide us towards our LTP4 vision, we have identified **eight outcomes** grouped under **four key themes**. The outcomes define what we are seeking to achieve and provide the focus for how we progress to considering the right solutions for Hampshire.

They reflect the national, sub-national and local policy context, the current challenges for the status of our network; and the drivers for change described in Part A.

The LTP4 outcomes are set out in this section, along with consideration of 'what success looks like' and the associated challenges and opportunities.

Our approach to **measuring our success** in achieving these outcomes is set out in Section 8.5.



**A carbon  
neutral,  
resilient  
Hampshire**



**Reduce transport  
related carbon  
emissions to net  
zero (neutrality)  
by 2050.**

### Success would mean

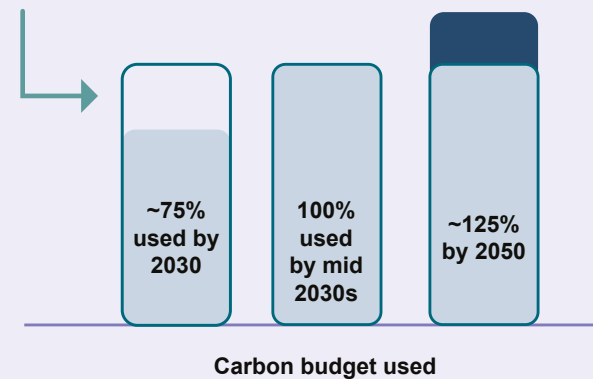
- Carbon emissions associated with the use of all transport modes (including the generation of energy to power them) virtually reduced to zero. Any remaining carbon emissions are offset by fully sustainable planting or carbon capture.
- Fewer vehicles, with higher levels of usage (to make most efficient use of road space and energy required to produce and run each vehicle).
- Public transport, walking and cycling to become the preferred option for travel, resulting in lower levels of private car use.

## Understanding the challenge

- Transition to electric or hydrogen-fuelled vehicles will not reduce emissions far enough or fast enough, especially over the next 10 years. There are limited supplies of carbon neutral electricity and viable technology solutions for zero emission HGVs are still being developed.
- National policies on moving to zero emission vehicles won't get us far enough, quickly enough. Local, rapid and transformational action is needed now (Figure 12). This requires a co-ordinated response across all aspects of local transport.
- Very significant changes in travel behaviour are required. A 10% reduction (approx.) in car use (vehicle-kilometres) in Hampshire is required between 2019 and 2030 if we are to remain on-track to deliver our climate change targets.
- Longer distance journeys are the main contributor to carbon emissions. Network Rail and National Highways therefore have a key role to play in reducing passenger transport emissions, and there is a need for significant reduction in emissions from longer distance freight transport. Partnership working will be important, but national action will also be needed. In addition, the location of development is key to reducing journey lengths.
- Approximately a fifth of Hampshire residents live in rural and semi-rural areas, where there are fewer opportunities for shorter journeys and large-scale shift to public transport.

**Figure 12: The rate at which Hampshire's carbon budget is projected to be used assuming national intervention only (focusing on non-freight transport only)**

Hampshire's all transport carbon budget\*



...if we rely on national policies for zero emission vehicles alone

\* This carbon budget is based on the CCC's 6th Carbon Budget Balanced Pathway for emissions from all sectors, identifying the finite amount of carbon they estimate the UK can emit into the atmosphere to make a fair contribution to limiting global temperatures increases to ~1.5°C, the point at which very significant climate change impacts are forecast to be triggered.





**B**

**A transport network that is resilient to climate change, extreme weather, incidents and major disruptive events.**

**Success would mean**

- Infrastructure is located, planned, designed and maintained to be resilient to climate change, extreme weather, and incidents; ensures travelling in extreme temperatures is as comfortable as possible; and is cost effective to maintain.
- Services and routes return to normal as quickly as possible after incidents on the network and the impact of any disruption on people and businesses is managed. People are still able to access the vital services (e.g. health) during extreme weather, incidents and major disruptive events.
- We are better prepared for any future pandemics or other major disruptive events.

**Understanding the challenge**

- Hampshire is a diverse county with large urban areas and relatively remote, smaller communities. We have the fifth longest road network of any local authority. Maintaining our transport network requires substantial investment and needs to reflect the differing priorities of those using our network.
- For many years Central Government has been under-funding the maintenance of local road infrastructure. As a result we have a road and structures maintenance backlog that is growing year on year, and our network is in a declining condition. Many of our roads and structures are now more prone to damage from weather-related climate change impacts, and our ageing networks are less resilient to the increasing demands placed on them.
- New housing developments and transport schemes continually increase the size of the network and the number of highway assets that need to be managed and maintained putting further pressure on resources.



# Respect and protect Hampshire's environment



## Success would mean

- National air quality limits for nitrogen dioxide (NO<sub>2</sub>) and particulate matter (PM) concentrations<sup>xi</sup> are fully met, and there are no Air Quality Management Areas (where emissions exceed national limit values) resulting from transport emissions.
- Everyone can live, work and play in clean air; the adverse impacts of road transport emissions on health are virtually eliminated.
- Substantial reduction in the number of Hampshire residents that are exposed to unacceptable transport-related noise – primarily from roads, but also from rail or air transport.

## Understanding the challenge

- Poor air quality is the largest environmental risk to public health in the UK, adversely affecting a wide range of health conditions (including heart and lung conditions). Vulnerable people are impacted the most.
- As of 2023 there are 22 Air Quality Management Areas throughout Hampshire where vehicle emissions result in pollutant concentrations which exceed acceptable levels. The worst locations are next to our busiest roads.
- There is growing scientific evidence of the significant harm to human health caused by fine particulate matter (PM<sub>2.5</sub>) in ambient air.
- Electric and hydrogen-powered vehicles have no air pollutant tailpipe emissions, and therefore present an opportunity to reduce NO<sub>2</sub> concentrations. However, particulates from tyres and brakes will still result in harmful particulate matter, potentially producing much higher levels of fine particulate matter than from car exhausts<sup>xii</sup>.
- The overall societal costs (health impacts) of road transport emissions in Hampshire are estimated at approximately £225 million per annum<sup>xiii</sup>. Central Government (DEFRA) modelling estimates that 4.6% of adult deaths in Hampshire in 2019 were linked to particulate air pollution<sup>xiv</sup>.
- Over 89,000 Hampshire residents (6.6%) are estimated to be exposed to road, rail or air transport noise of 55 decibels or more at night (although this is relatively low compared to other authorities in the South East)<sup>xv</sup>. Traffic noise can result in sleep disturbance, physical and mental health problems.

### C

## Improved air quality and less noise disturbance from transport.

*Long-term exposure to NO<sub>2</sub> and particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>) adversely affects a wide range of health conditions (including heart and lung conditions); and there is no clear evidence of safe concentrations. Air pollution is also bad for plants and animals and can reduce biodiversity. Traffic noise can result in sleep disturbance, physical and mental health problems.*



D

**A transport network that protects and enhances our natural and historic environments, resulting in an overall net environmental gain.**

### Success would mean

- A net gain in biodiversity generally (i.e. a greater variety of plants and animals), and more green infrastructure for walking and cycling.
- No net degradation of other aspects of the natural and historic environment, moving towards an overall net environmental gain by 2050.
- A transport network that promotes access to the countryside for residents and visitors from all walks of life, whilst also preserving and protecting our natural and historic environment.

## Understanding the challenge

- Hampshire's environment contributes to a high quality of life and it is important that people are able to enjoy it. However, facilitating access can degrade environments if not managed properly.
- Hampshire has a large number of areas of high environmental value. Continued reliance on major transport infrastructure provision is more likely to adversely impact the environment (e.g. through habitat loss).
- We cannot place a monetary value on all aspects of the environment and it is the intangible benefits of the natural environment that we must preserve for wider societal issues such as health and wellbeing.



# Thriving and prosperous places



## Success would mean

- Successful and vibrant places with economic growth and activity focused in locations that are accessible by walking, cycling and public transport.
- High quality town and village centres with attractive walking and cycling environments where people want to spend time, to boost local economies.
- Economic hubs and international gateways that are well connected to the regional and national transport network via reliable routes.
- Improved access to opportunities and services especially for areas of deprivation and 'left behind places'.
- High levels of digital connectivity, enabling people to access work, education, training, and services in a flexible manner.

## Understanding the challenge

- Hampshire is polycentric with lots of housing and employment hubs and dispersed rural communities, leading to complex and diverse travel patterns. There is a concentration of development on the south-coast (with strong links to Southampton and Portsmouth), and in the north-east of the County (on the fringes of the London commuter). More traditional county/market towns are dispersed across the remainder of Hampshire, each having its own hinterland.
- Congestion and poor public transport is adversely affecting productivity, and restricting access to labour, jobs, suppliers and customers. Reducing the overall volume of car travel will benefit our economy by reducing car-based journey times for economy critical trips, and making public transport faster and more competitive, increasing overall productivity.

**Time lost as a result of congestion costs the UK economy approximately £8 billion per year<sup>xvi</sup>.**

- Those without access to a car do not have the same education, training and employment opportunities as others.

**On average, almost 10 times as many jobs in Hampshire are accessible by car as they are by public transport. South Hampshire<sup>4</sup> has some of the poorest accessibility to employment of any major urban area in the UK, with only 18% accessible by public transport (National Infrastructure Committee Transport Connectivity Data, 2019)**

*4. Eastleigh, Fareham, Gosport, Havant, Southampton, Portsmouth*



**Supporting a connected economy, creating successful places and ensuring Hampshire continues to prosper whilst reducing its emissions.**



- Our solutions need to:
  - reduce overall emissions of CO<sub>2</sub> and benefit our natural and historic environment;
  - take account of increased opportunities for remote working and growth in online deliveries (which will have both positive and negative impacts on traffic levels and emissions); and
  - provide sustainable access to jobs for everyone (not just those with access to a car).
- Some employment locations will always be more accessible by car, particularly edge of town or out of town locations. However, there is a growing evidence base that investment in demand management, public and active transport modes can support a thriving economy; and that, even in more peripheral locations, sustainable travel options are important alternatives to single occupancy private car use.

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**Research shows that increasing space to allow people to wander brings increased footfall and can attract new businesses to the area, reducing shop vacancy rates and transforming the area from a functional setting to a destination with more to offer.**





**F**

**Support sustainable housing and employment growth and regeneration that positively supports our LTP4 vision.**

**Success would mean**

- New development that supports mixed use, 'local living', in locations that are integrated with the transport system and avoid car dependency.
- New housing development where people choose to walk and cycle, have good access to public transport, and there is minimal need for parking spaces.
- New employment development in accessible locations that are well connected by a variety of different transport modes.

**Understanding the challenge**

- Locally and nationally there are significant pressures around housing delivery – we need to balance these pressures with delivering homes in the right way (and in the right location) to deliver transport and wider outcomes.
- Piecemeal (ad-hoc) development and 'short-termism' leads to lower viability of transport services and major transport infrastructure.
- Local planning policies are set out in Local Plans, which are the responsibility of local planning authorities (usually the district or borough councils, or the national park authority for the area). A co-ordinated, strategic approach to transport and land use integration therefore depends upon effective and pro-active partnership working with the local planning authorities across Hampshire. Whilst district and borough councils are set housing targets by Central Government, the availability of sustainable sites in Hampshire, and the South East in general, has become increasingly challenging.
- Change in relation to land use planning takes time. Many Local Plans won't be updated for a number of years, and many existing sites are located away from public transport.



# Healthy, happy, inclusive lives



## Success would mean

- More journeys undertaken by active modes (walking and cycling<sup>5</sup>) by those who are able.
- Streets that are busy with people rather than cars.
- Increased levels of individual physical activity (more people travelling actively, more frequently), resulting in improved levels of physical and mental health.

*5. In general, the phrase 'walking and cycling' also includes use of scooters, e-bikes and other legal forms of micro-mobility which can increase the range and opportunities for active travel. Walking also includes use of wheelchairs and other similar mobility devices. Cycling also includes hand cycling.*

## Understanding the challenge

- There is generally a downward trend in activity levels, which needs to be reversed - people in the UK are around 20% less active now than in the 1960s.
- High levels of car use are contributing to low levels of physical activity. In Hampshire, 1 in 6 commuting trips are less than 1.25 miles, but 51% of these are made by car.
- The level of physical activity amongst children (aged 5-16 years) in Hampshire is below the average for England. Parents' perceptions about the risk of road traffic injury is a major contributor to physical inactivity in children.
- Space for additional provision for pedestrians and cyclists can often be limited, particularly in Hampshire's historic towns. Significant reallocation of road space away from cars is likely to be required.
- In Hampshire's rural areas, the opportunities for active travel for some journey types are more limited. In addition, car, taxi, public transport, demand responsive transport, and shared mobility solutions (e.g. lift or taxi sharing) will remain vital means of transport for those with mobility issues.

## A network that supports and enables active travel and active lifestyles to improve our health and wellbeing.

*The Government's aim is that by 2030, half of all journeys in towns and cities will be undertaken by walking or cycling (Decarbonising transport: a better, greener Britain (DfT, July 2021)).*

## Health benefits of walking and cycling

The benefits of walking and cycling are well documented. The UK Chief Medical Officer (2019) stated that the evidence to support health benefits of regular physical activity for all groups is compelling. These include:

- reducing the risk of coronary heart disease, stroke, cancer, obesity and type 2 diabetes;
- keeping the musculoskeletal system (muscles and bones) healthy; and
- promoting mental wellbeing.

Incorporating physical activity into everyday life is essential for supporting and maintaining health, with evidence showing that even a small increase in physical activity for the most inactive can have health benefits. UK Chief Medical Officers' guidance for adults includes 150 minutes of moderate intensity activity a week, and that the easiest way to achieve this is through daily activity such as walking and cycling<sup>xvii</sup>.

There is also widespread evidence that access to, and visibility of, high quality green spaces is important for our health and well-being. Health impacts of green space may be particularly important for vulnerable communities that include larger proportions of low income or elderly residents<sup>xviii</sup>.

Increasing physical activity, through less car use and more walking, cycling and public transport use will deliver wide-ranging physical and mental health benefits, particularly for those in deprived areas and at risk of inequalities.

More walking, cycling and public transport use will also be good for the climate, our local environment, and the health of our communities (e.g. by encouraging social interaction).





# H

**A transport system that provides more equitable access to services, opportunities and life chances delivering improved quality of life for all in Hampshire.**

## Success would mean

- A transport system that is accessible, comfortable, and affordable for all in Hampshire, regardless of background<sup>6</sup>, physical mobility, income, rural or urban living, or access to the internet or technology.
- Significantly more people being able to undertake journeys from end to end, by a variety of modes, in a seamless manner. A higher proportion of the population able to access jobs, services and opportunities by non-car modes.
- A transport system that supports strong communities, where people can make connections, access leisure and recreation activities, and live happy lives.

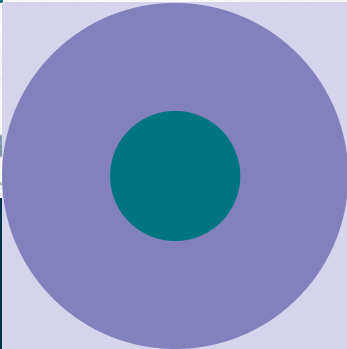
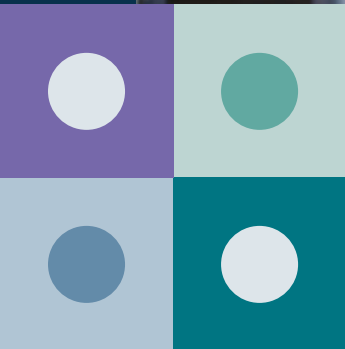
## Understanding the challenge

- The poor viability of traditional public transport services in rural areas means that there are often limited travel choices available.
- The rural population is generally more affluent, but there are pockets of rural deprivation and more people living in rural communities are over retirement age compared to those living in urban areas. These groups will be adversely impacted by measures to increase the cost of car use, given the limited availability of alternatives.
- Effective partnership working with bus and rail operators is an essential pre-requisite of enhancing service provision.
- Current ticketing/pricing models often do not support affordable or practical journeys by multiple modes or providers, or cater for the travel needs of part-time workers.
- We need to cater for an ageing population. Ensuring safe access to amenities is vital for keeping older people physically and socially active.

A lack of choice of quality public transport provision is contributing to loneliness, social exclusion, and deprivation, especially in rural areas. Inaccessible transport (in terms of physical access or ability to access information, tickets, etc.) can be one of the biggest barriers facing people with physical and mental disabilities.

<sup>6</sup>This includes protected groups, under the Equality Act 2010, defined by age, disability, gender reassignment, marriage or civil partnership, race, religion or belief, gender, sexual orientation, pregnancy and maternity.

# Part C: Guiding principles



# 5. Guiding principles

## 5.1 Changing the way we plan and deliver transport

**Much of what the County Council already does to maintain, enhance and support the operation of the transport system in Hampshire will remain relevant. We are seeking to build upon this position.**

However, in order to meet our LTP4 outcomes, including carbon neutrality by 2050, there are certain approaches and activities that will need to play a stronger role.

**We need to decarbonise the transport system and promote and transform cleaner, greener and sustainable forms of transport.** This means doing things differently. It will represent a shift in approach and will require an increased emphasis on policies which support modal shift and manage the demand for road space, rather than just supplying the extra capacity to meet this demand.

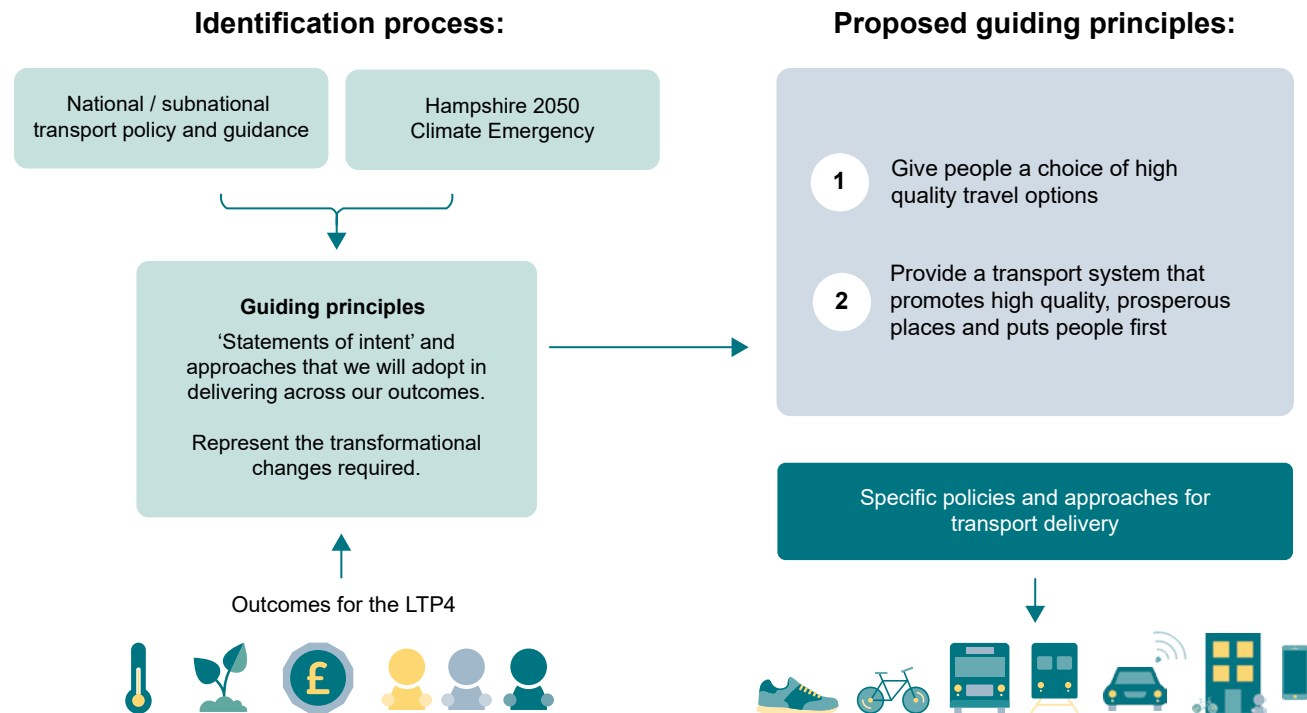
We will need to maximise every opportunity and work in partnership with bus and rail operators, sustainable transport organisations, the NHS, public sector and other organisations, to encourage and help people switch from cars to cycling, walking and public transport.

We will need to be flexible, agile and brave in our approach to the climate emergency as technologies evolve and lifestyles and future strategic and local development planning change.

## 5.2 Guiding principles

We have developed two guiding principles which are considered to be essential for the development of the LTP4 and its delivery. These are over-arching ‘statements of intent’ or ‘courses of action’ which will guide decision-making across all themes to ensure we deliver our LTP4 outcomes. They represent the **transformational changes** we need to make in how we plan and deliver transport. They span the four outcome themes covering climate change, environment, economy, and, health and society, influencing our strategic approach for delivery in each of these core areas.

**Figure 13: Development of guiding principles**



## 5.3 Guiding Principle 1: Give people a choice of high quality travel options

### Guiding Principle 1 is required because:

There is no plausible path to carbon neutrality without very major transport emissions reductions.

Reflecting the **AVOID - REDUCE - REPLACE - OFFSET** carbon management hierarchy set out in our [Climate Change Strategy \(2020-25\)](#), we will need to align our approach to transport as illustrated in Figure 14, in order of priority.

### Figure 14: AVOID - REDUCE - REPLACE - OFFSET: Carbon Management Hierarchy

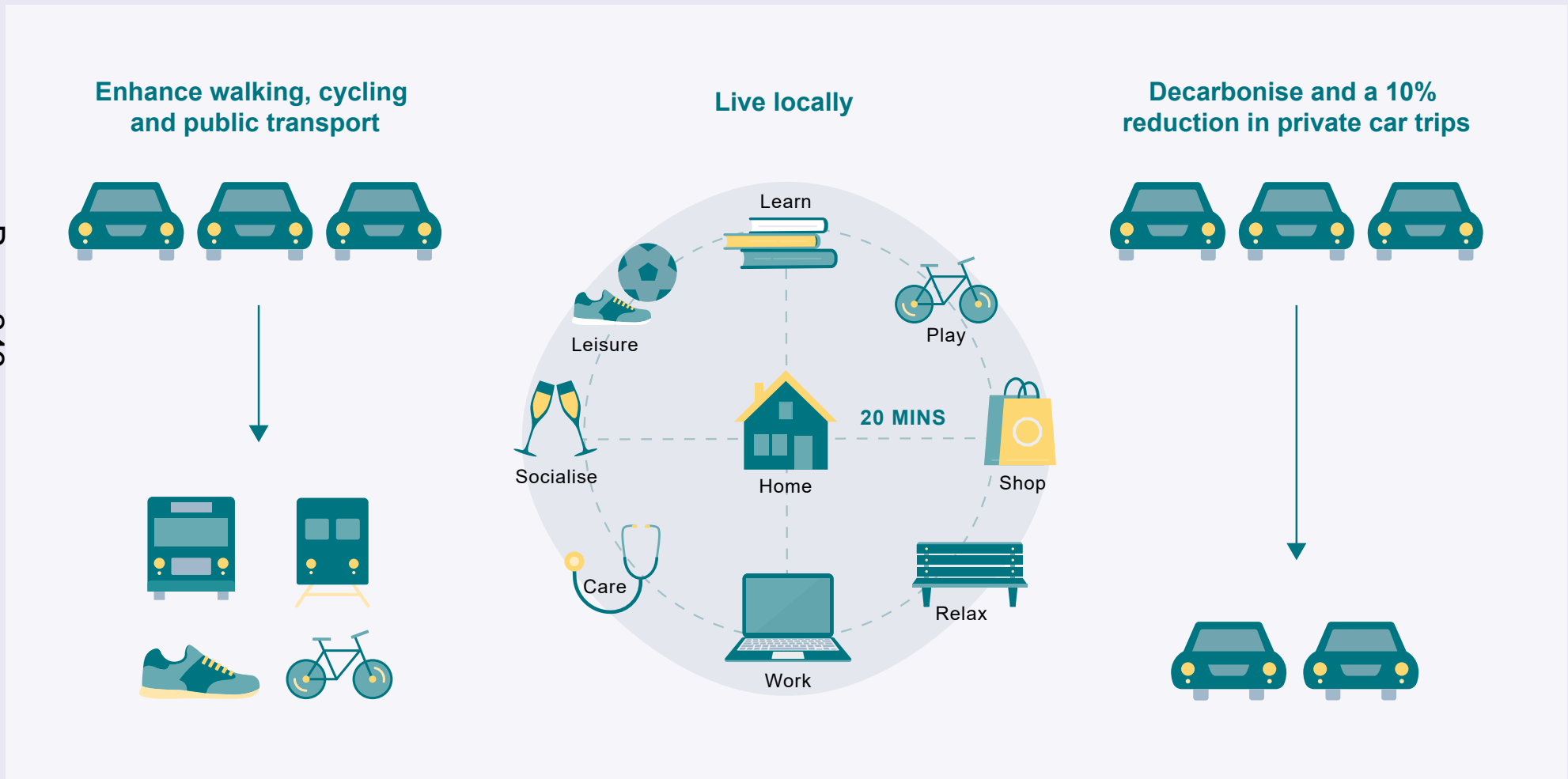
- Provide a choice of high quality travel options and reduce dependency on the private car by:
    - providing better walking, cycling and public transport choices
    - creating opportunities to 'live locally' (including homeworking)
    - owning fewer cars and using them less
  - Use vehicles more efficiently to reduce per vehicle emissions, e.g. fuller loads and more efficient routes for movement of goods, smaller vehicles, well-used public transport and more car sharing
- 
- Replace our petrol and diesel vehicles (which emit CO<sub>2</sub>) with zero emission vehicles
- 
- Offset any remaining emissions that cannot be eliminated by the above





Figure 15: Our approach to giving people a choice of high quality travel options and reducing dependency on the private car

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Zero emission vehicles<sup>7</sup> will play an important role, but they will not solve issues around congestion, severance (where traffic flow impedes the movement of pedestrians and cyclists), road safety and air pollution (associated with brake and tyre dust). And, they will not deliver the benefits for the environment, the economy, health and society that we are seeking.

In addition, the higher purchase price for electric vehicles will be prohibitive for those on lower incomes - at least in the short-term, and the practicalities of how residents without off-street parking will charge an electric vehicle, have not yet been fully addressed. Furthermore, the pathway to low carbon freight vehicles is complicated and unclear, and in the short to medium-term, wholly electric will not be a viable mass-market solution for HGVs.

Even if there is an early transition to a zero emission vehicle fleet, we will still need to significantly reduce the number of miles driven to reduce the strain on zero carbon energy provision.

We recognise that the car will continue to be an important mode in rural areas and for certain trips, but we will need manage car travel more efficiently.

*7. Zero emission vehicles include battery electric vehicles, and vehicles powered by other fuels derived from electricity (e.g. hydrogen), and potentially bio-fuels.*

### Role of Guiding Principle 1 in delivering the LTP4 outcomes

This principle has an essential role to play in delivering Hampshire's climate change commitments, but will also deliver co-benefits across all of the proposed outcomes:



**A carbon neutral, resilient Hampshire**



**Respect and protect our environment**



**Thriving and prosperous places**



**Healthy, happy, and inclusive lives**

### Guiding Principle 1 requires an increased emphasis on approaches that:

- promote walking and cycling as the first choice for shorter journeys (for those who are able), including use of e-bikes and other legal forms of micro-mobility which can increase the range and opportunities for active travel;
- make public transport more attractive, cheaper and accessible to more people, as the first choice for medium and longer journeys (as well as complementing walking and cycling options for shorter trips);
- support 'shared mobility' solutions (e.g. electric vehicle car sharing clubs, bike/e-bike share schemes, lift share schemes, taxi sharing models, demand responsive transport), and mobility hubs which act as a focal point for public and shared transport, alongside other services (e.g. health clinics, local work hubs, parcel lockers);
- enable people to access many of their daily needs within a 20 minute walk of their home, through the creation of 'liveable neighbourhoods';
- create micro and macro distribution centres (also known as logistic hubs) from which 'last-mile' deliveries can be made using zero-emission vehicles;
- seek to better manage travel demands, particularly on the busiest parts of the network at peak times;
- provide realistic alternatives to private car use to connect our rural communities, and to support those with mobility issues, including flexible and demand responsive transport services and community-based shared mobility schemes;
- seek integrated land use and transport planning to reduce the need to travel by car and enable more sustainable travel choices; and
- make best use of technology that helps us to manage our travel needs in smarter ways (e.g. use of online services and remote working, shared transport, digital apps for planning and paying for bundles of sustainable journeys known as Mobility as a Service (MaaS), and low emission vehicles).

Chapters 6 (Core Policies) and 7 (Theme Policies) set out how we will deliver these types of interventions.

## 5.4 Guiding Principle 2: Provide a transport system that promotes high quality, prosperous places and puts people first

### Guiding Principle 2 is required because:

We need to shift away from 'planning for vehicles' to 'planning for people' and 'planning for places', to provide a transport system which supports high quality and prosperous places and puts the needs of people first.

Transport networks that simply aim to provide the most efficient means of moving private

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 vehicles along a corridor have the potential to have a wide range of damaging consequences, particularly socially and environmentally.

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 Our key strategic routes will need to be designed for the efficient movement of freight and people, to support national and sub-national economies. However, our urban centres, residential areas, and other community places should be designed to prioritise and encourage active and public transport, in a way that creates better places to live, work, and visit.

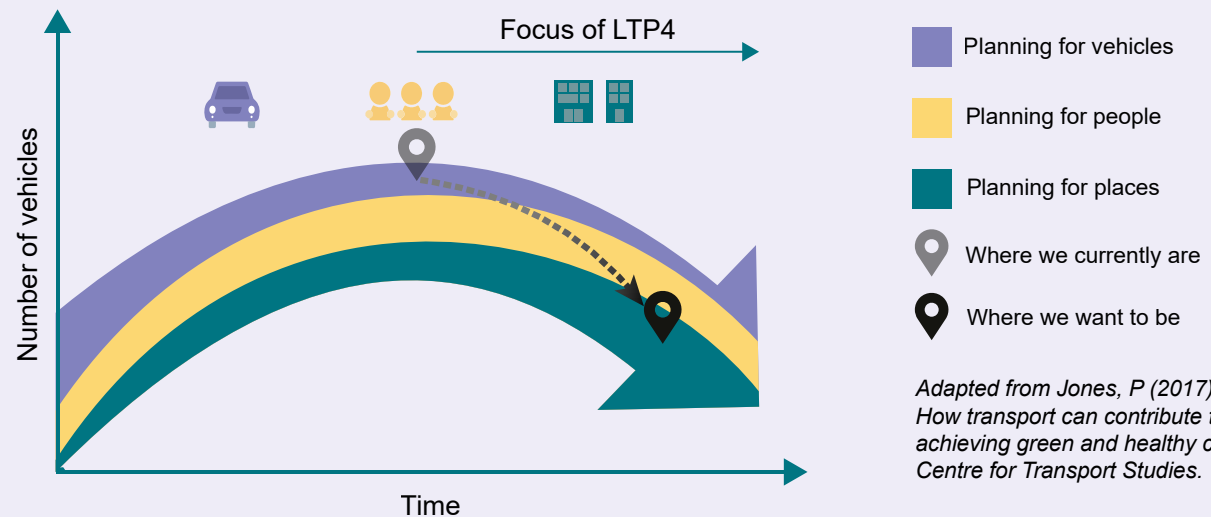
**High quality places** balance the location-specific needs of different transport users, and take account of wider environmental, economic, and social priorities reflected in our LTP outcomes.

The traditional approach to transport planning has involved 'planning for vehicles' by creating additional highway capacity to cater for predicted traffic growth. This has often simply generated additional demand (increasing the number of vehicles on the road), eroding the expected reduction in congestion and creating other social and environmental problems.

This LTP4 seeks to instead plan for the needs of 'people' and 'places' to support:

- successful and vibrant places, which are not dominated by cars; and
- physically active and rewarding lives, supported by a range of travel choices.

**Figure 16: Shifting towards planning for people and places**

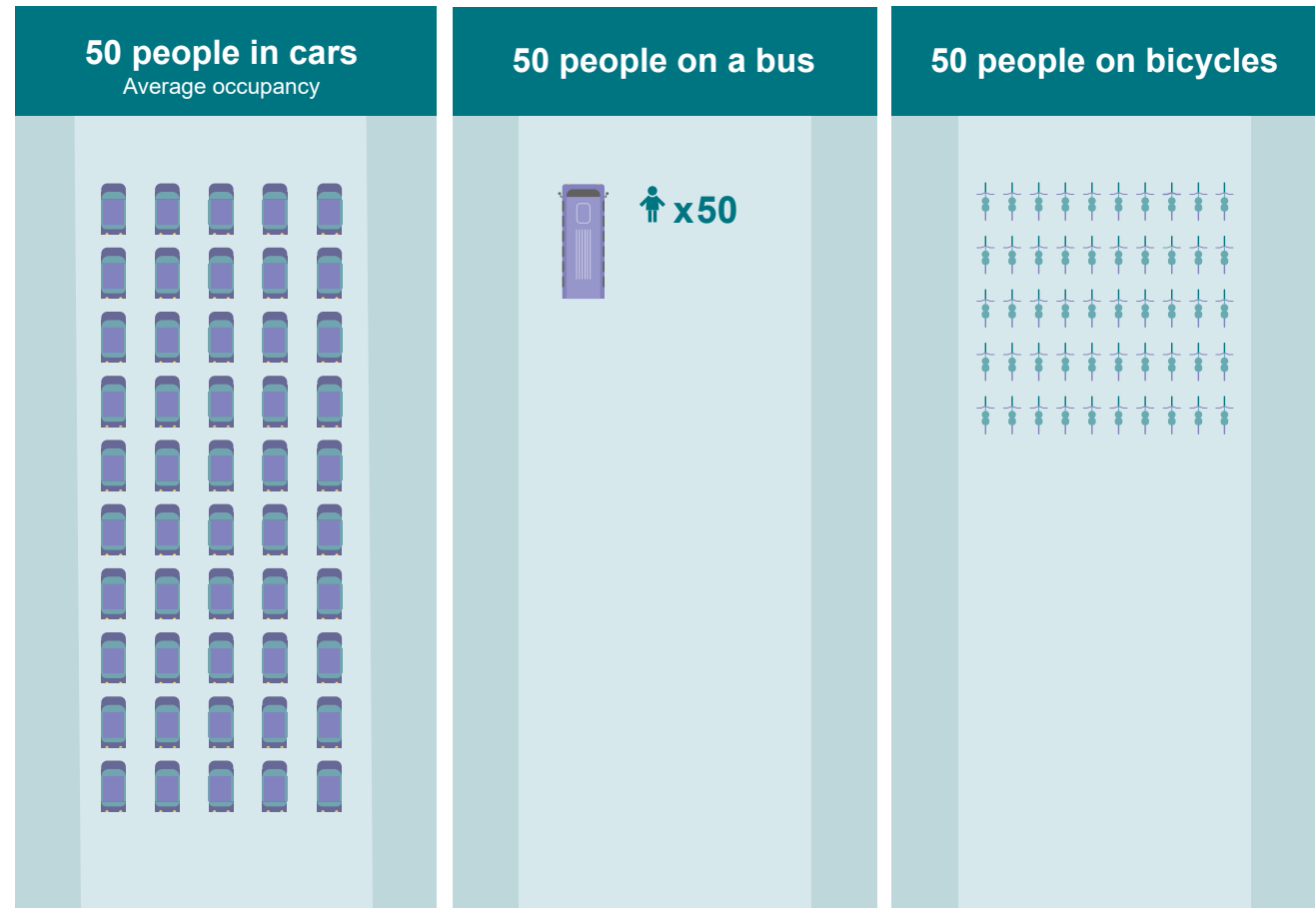


*Adapted from Jones, P (2017). How transport can contribute to achieving green and healthy cities, Centre for Transport Studies.*

Planning for people and places means:

- creating high quality places, which encourage active and public transport use, enable social interaction, and create stronger communities;
- creating safe, healthy, accessible, and inclusive transport options that provide more equitable access to services, opportunities and life chances, leisure and recreation, and which tackle the adverse impacts of transport on the environment; and
- supporting and promoting key transport strategic infrastructure (primarily public and active transport) that serve economic hubs, international gateways or improve connectivity in the sub-region.

**Figure 17: Relative road space used by alternative means of travel (illustrative)**



**In many areas, attractive walking, cycling and public transport options are able to carry far more people in a more efficient manner than a car-focused approach (see Figure 17).**

## Role of Guiding Principle 2 in delivering the LTP4 outcomes

This principle will deliver co-benefits across all of the LTP4 outcomes, particularly ‘Thriving and prosperous places’ and ‘Healthy, happy, and inclusive lives’.



**A carbon neutral, resilient Hampshire**



**Respect and protect our environment**



**Thriving and prosperous places**



**Healthy, happy, and inclusive lives**

## Guiding Principle 2 requires an increased emphasis on approaches that:

- recognise that routes and spaces have many different functions (from vibrant high streets to fast flowing dual carriageways) and establishing a framework which considers both the form and function to set principles for the design and provision for different user needs;
- reshape and repurpose urban centres to better serve changing lifestyles;
- tackle the adverse impacts of transport on the environment within which we live, and particularly on our most vulnerable communities (including those in deprived areas, and those with health and mobility issues);
- address the perceived (as well as actual) safety of walking and cycling, recognising this as one of the most significant barriers to their use;
- encourage and support planning authorities to promote new developments that create better connected, accessible and liveable neighbourhoods; and
- create a seamless travel experience – focusing on the start and end of the journey, as well as the main leg of the journey.

Chapters 6 (Core Policies) and 7 (Theme Policies) set out how we will deliver these types of interventions.

# Part D: Policies

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## 6. Core policies

In order to deliver the LTP4 outcomes we have identified a number of **core policies**, which are intended to **determine how we plan and deliver all aspects of transport**. These policies are closely aligned with the **guiding principles** and provide the fundamental ‘rules’ for how we do things and how we want others to do things.

A summary of the core policies and their contribution to the LTP4 outcomes and guiding principles is provided in the table to the right:

✓✓ = strong contribution/alignment;

✓ = important supporting contribution/alignment

Proposed core policies	Contribution to LTP4 outcomes				Alignment with	
	Climate	Environment	Economy	Health and Society	GP1*	GP2*
Policy C1 – Putting people and places at the heart of our decisions	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Policy C2 – Efficient and sustainable movement of goods	✓	✓	✓✓	✓	✓✓	✓✓
Policy C3 – Transport strategies and schemes to be developed in accordance with consideration of all users (Road User Utility Framework)	✓✓	✓✓	✓	✓✓	✓	✓✓
Policy C4 – Place climate change at the heart of decision-making	✓✓	✓✓	✓✓	✓✓	✓✓	✓
Policy C5 – Support local living and reduce demands on transport	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Policy C6 – Encourage sustainable travel behaviour	✓✓	✓✓	✓✓	✓✓	✓✓	✓
Policy C7 – A Safe Systems approach for Hampshire	✓	✓	✓	✓✓	✓	✓✓
Policy C8 – Managing the harmful health effects of poor air quality and noise disturbance due to transport	✓✓	✓✓	✓	✓✓	✓✓	✓✓
Policy C9 – Protecting the environment	✓	✓✓	✓	✓	✓	✓✓

\* Guiding Principle 1 (GP1): Give people a choice of high quality travel options.

\* Guiding Principle 2 (GP2): Provide a transport system that promotes high quality, prosperous places and puts people first.

## Policy C1: Putting people and places at the heart of our decisions

### We will:

- develop and apply a **Movement and Place Framework** to manage the transport network in accordance with its function in different locations, i.e. to decide what type of measures are needed where (see also Chapter 7, Healthy Places, Policy HP1 and 2; Balancing Travel Demand, Policy BT1; Asset Management, Policy AM2; Development and Masterplanning, Policy DM3);
- prioritise the needs of walking and cycling, public transport users and delivery vehicles, in accordance with the specific function of different types of location (see Core Policy C3: **Road User Utility Framework**);
- use a **'Healthy Streets' approach** and our **'Hampshire Walking and Cycling Principles'** to plan and design welcoming, comfortable, safe and inclusive networks for everyone regardless of ability, confidence, age and disability (see Healthy Places, Policy HP1.3);
- seek opportunities to **create or reallocate road space** to create better walking and cycling routes and faster routes for buses (see also Healthy Places, Policy HP1; Balancing Travel Demand, Policy BT1); and
- support targeted highway capacity improvements** where there is a strong economic, safety, health, social or environmental case and where the Movement and Place Framework is achieved.

### Policy C1 is required because:

A key role of transport is to facilitate the efficient movement of people, providing access to opportunities, services and activities such as working, shopping, and socialising.

However, we want to shift away from 'planning for vehicles' to 'planning for people' and 'planning for places'. Transport networks that simply aim to provide the most efficient means of moving private vehicles along a corridor have the potential to have a wide range of damaging consequences, particularly socially and environmentally. A shift in approach is needed to create better places to live, work, and visit whilst also improving connectivity between places and supporting efficient and reliable journey times.

**Residents, visitors and businesses increasingly identify the car as undesirable in places where people spend recreational time. A recent public opinion survey (2020)<sup>xix</sup> shows support for reallocating road space and quiet, low traffic environments:**

**65%**

of people across England support reallocating road space to cycling and walking in their local area.

**78%**

nearly 8 out of 10 people (78%) support measures to reduce road traffic in their neighbourhood.



Figure 18a: Planning for people and places - Road User Utility Framework

### Road User Utility Framework

Who we give appropriate consideration to when developing transport strategies and schemes.

1. opportunities to reduce travel demand and the need to travel
2. vulnerable users, including people with disabilities or long-term mobility-related health conditions
3. people who walk
4. people who cycle and horse ride
5. people who use public transport (bus, coach, rail, taxi, community transport)
6. delivery of goods
7. other motor vehicles

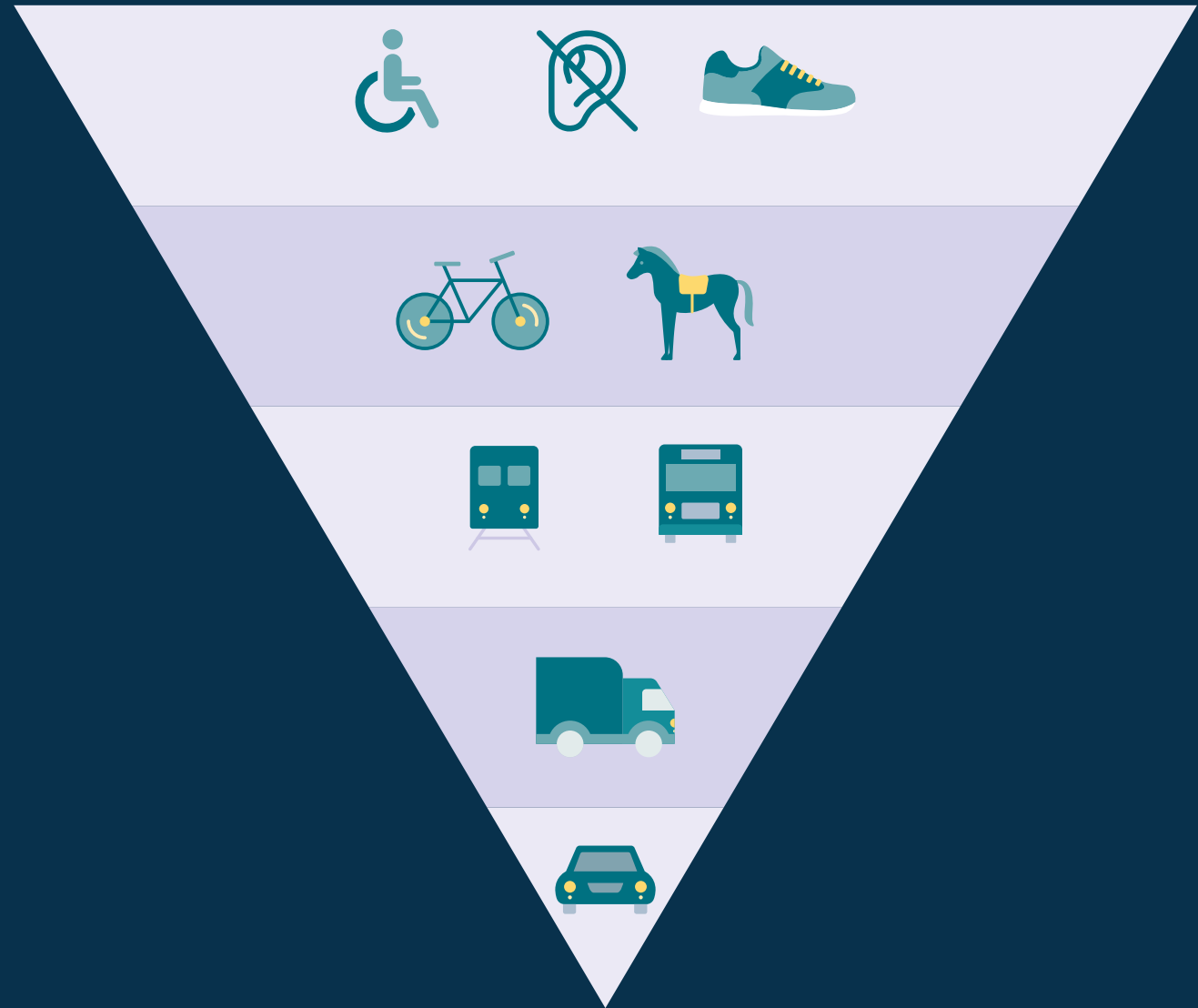
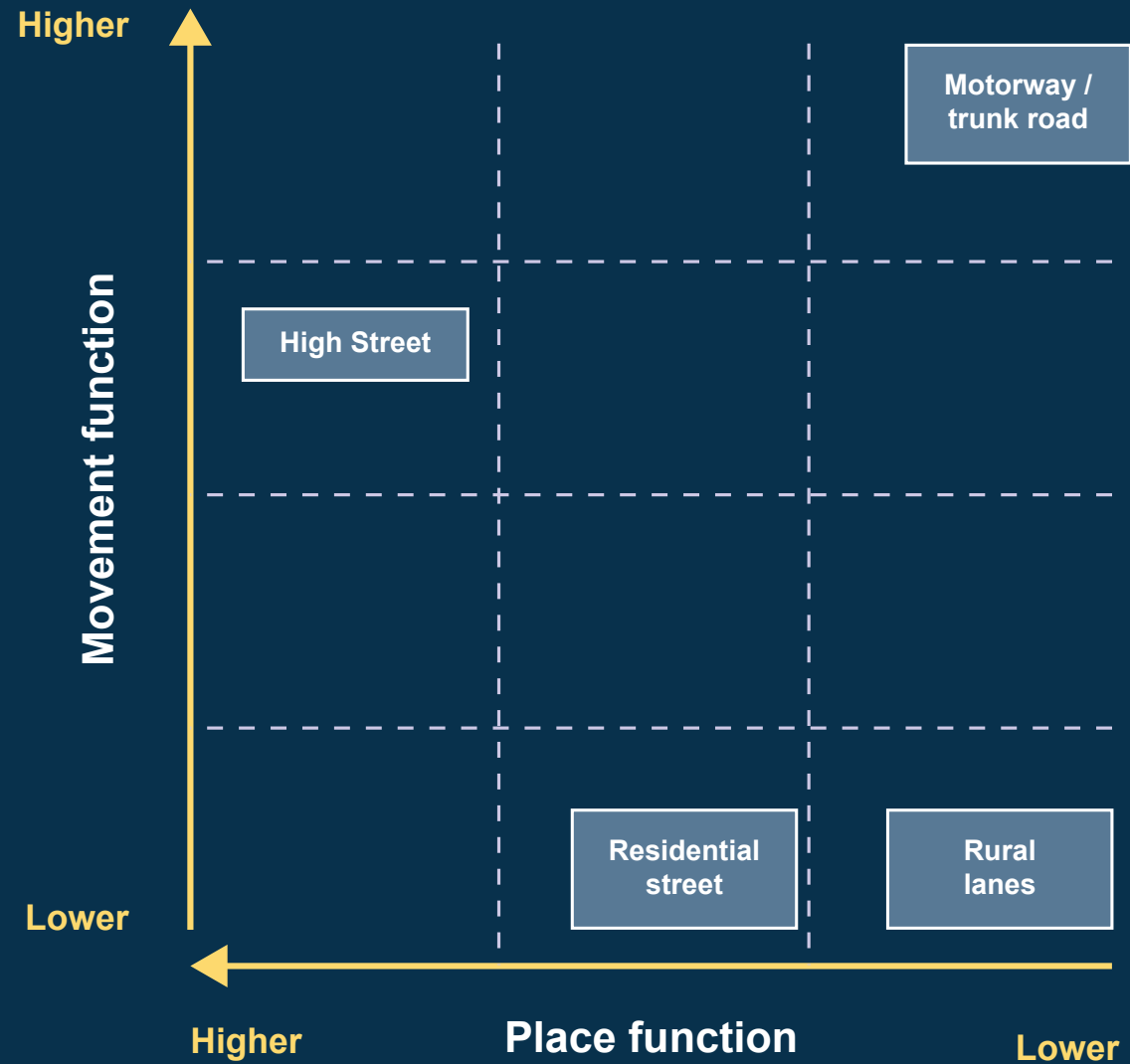


Figure 18b: Planning for people and places - Movement and Place Framework

### Hampshire's Movement and Place Framework

Identifies the relative balance between 'movement' and 'place' in different locations and informs decisions about the types of interventions required.



For illustrative purposes

Figure 18c: Planning for people and places - Healthy Streets approach

**Healthy Streets Approach**

A holistic framework, based around ten Healthy Streets Indicators, for creating environments that feel welcoming, comfortable, and safe for walking and cycling, regardless of confidence, age and ability.



Source (adapted): Lucy Saunders



## Implementation of Policy C1 will be supported by:

- using a **Movement and Place Framework** to balance the location-specific needs of cars, buses, goods vehicles, and other motorised traffic, with the needs of cyclists, pedestrians, residents, shoppers, and local businesses, in both urban and rural locations.

We are proposing to adopt a Movement and Place framework to help us categorise the highway network according to:

- its **movement function** – its ability to transport people and goods in vehicles, and
- its **place function** – the various social, cultural and economic activities that take place on or adjacent to the highway, including the role of a street as a destination in its own right.

The movement function remains largely the same along a route, however the place function will vary according to land use, level of activity on the street and local environment.

Traditionally, transport planning and engineering has been focused on the “movement” aspects of the highway network often resulting in a poor quality environment for people walking or choosing to spend time near the road. The Movement and Place Framework will help embed Guiding Principle 2: Providing a transport system that promotes high quality, prosperous places and puts people first.’

We will also investigate the potential application of the Movement and Place Framework to other aspects of our role as a Highway Authority such as highway maintenance.

The **Movement and Place Framework** will provide a practical tool which will help us carry out our transport roles and functions more effectively. It will:

- guide how we design and operate our roads, streets and spaces, taking account of their specific functional needs;
- tell us when maximising vehicle capacity is a key priority, when providing for the needs of walking and cycling should be our primary consideration and when improving the sense of place is most important;
- ensure that we apply the right design standards for specific locations and avoid defaulting to standards which seek to maximise vehicle capacity (which can lead to over-designed infrastructure, that is more costly to build and maintain, and does not meet the functional needs of the location);
- allow us to vary our standards of service (e.g. our maintenance approach) in accordance with the needs of those using our roads, streets and spaces;
- will create a common language and framework for conversations with developers, planning authorities and others about how we plan and deliver transport;
- assist in reviewing and updating our technical guidance notes; and
- provide a guide to local planning authorities on how to design their street forms and hierarchies.

- using the **Healthy Streets** criteria<sup>8</sup> to adopt a whole street approach and create environments that feel welcoming, comfortable, and safe for walking and cycling, regardless of ability, confidence, age and disability;
- delivering schemes which:
  - create **high quality places**, which encourage active and public transport use;
  - provide **high quality accessible open spaces**, recreational areas, and pocket parks adjacent to active travel routes;
  - create safe, healthy, accessible, and attractive **transport options for all**; and
  - **improve connectivity** (primarily by public or active transport) to economic hubs and international gateways;
- improving reliability and journey times through targeted relief of **congestion hotspots** only in locations where movement is the most important function e.g. at motorway junctions;
- working with relevant stakeholders to deliver our **Equitable Transport Ten Point Plan** (see the following page).

*8. The Healthy Streets approach started life in London boroughs but is applicable to any street where people walk and cycle (<https://healthystreets.com>). It is an evidence-based approach for creating fairer, sustainable, attractive urban spaces, and engaging communities in shaping the places where we live, work and play.*

# Delivering an equitable transport system – A Ten Point Plan

Different groups of people have different experiences when using the transport network and we are working to ensure that we address their needs, where this is appropriate and realistic. We have already made a lot of progress in providing a more accessible and fair transport system but we know there is more to do.

An equitable and inclusive transport system, that values diversity, is fundamental for achieving our LTP vision and outcomes, and is embedded in all our guiding principles and policies.

Our Equality Ten Point Plan brings together key approaches promoted through this LTP4 which will further our goal of delivering a transport system that works for everyone. This is consistent with our duties under the Equality Act 2010.

The Ten Point Plan which follows sets out how we intend to create a more equitable transport system through wider application of approaches such as:

- Ensuring designs promote safety, security and inclusivity
- Removing real and perceived barriers to accessing the transport system
- Making travel information widely accessible
- Seeking broad representation when engaging with communities.
- Meeting the needs of those on low incomes, and the 14% of residents (higher in some parts of Hampshire) who do not have access to a car, and are at risk of being excluded from the employment, educational, personal and social opportunities that car users enjoy.

We will also research the impacts of transport poverty on communities.

A 'Travel for All' service was launched in September 2022. This offers one-to-one support to over 65s across Hampshire to help give them the knowledge, confidence, and skills to travel independently by public and community transport.

This scheme received the 'Inclusive Mobility Award' at the 2022 ITS (UK) Awards.

## 1) Adopt a 'Safe/Secure by Design' approach

We will ensure personal safety and security is a core part of the design process, especially for walking and cycling schemes and public transport schemes (see also Core Policy C7, Policy HP1, and Policy PT1). This will take account of the specific concerns of women, older people, those with disabilities, and other vulnerable users.

Examples of measures include: improved sustainable lighting; increased informal surveillance of streets, pedestrian and cycle facilities, public spaces and public transport stops, stations and services; increased human activity adjacent to and within walking, cycling and public transport networks; prompt repair of damaged public transport facilities and services and highway assets; prompt removal of graffiti and prompt/proactive handling of anti-social behaviour activities.

We will draw on existing tools and approaches such as Crime Prevention Through Environmental Design, Security by Design, and Community Safety Partnership initiatives.

## 2) Active travel (walking and cycling) and road safety initiatives for all

We will:

- ensure active travel (walking and cycling) initiatives proactively target vulnerable and disadvantaged groups (including children, those in deprived areas, ethnic minority households and communities) to ensure that these groups benefit from the advantages and opportunities that walking and cycling can provide (see Policy HP3); and
- ensure road safety education interventions benefit vulnerable users who are more likely to be involved in collisions and could be deterred from walking and cycling more (see Core Policy C7).

## 3) Address barriers to public transport use

We will work with transport operators and customers to understand and address barriers to public transport use to achieve a more equitable service provision (see Policy PT1).

## 4) Seek to ensure equality of access to public transport

This will include (see also Policy PT1):

- providing fares and ticketing approaches for people who prefer not to use contactless payments or who don't have debit/credit cards (e.g. children, older people, or those without bank accounts);
- ensuring that passengers are able to board and alight buses, trains and ferries at their desired location, including disabled people, blind or cognitive impaired passengers, those using pushchairs and those carrying heavy luggage;

- ensuring that passenger safety, security and accessibility are a core part of the design of roadside infrastructure (e.g. bus stops and shelters);
- identifying walking and cycling routes to key bus stops and train stations and ensuring that they are direct, safe, accessible and well-lit – by working in partnership with parish and district / borough councils;
- ensuring public transport services are easy to understand and use, with information available via a number of sources and in a variety of accessible formats; and
- working with operators to ensure seating provision on buses and trains enables older people, individuals living with disabilities or a limiting long-term health condition, pregnant women, and families with young children, to find a seat for the duration of their journey. Any reallocation of internal space within buses should also be mindful of the needs of wheelchair users and families with pushchairs.

**5) Trial more flexible and innovative forms of public transport**

This includes more flexible and innovative forms of public transport, such as shared taxis and demand responsive transport, which offer a more personal, on-demand service. As these services are often door-to-door, they can overcome the concerns of some users, particularly women, about taking public transport at night (see also Policy PT3, FM1 and RT1).



**6) Investigate wider applications of shared mobility schemes**

We will consider how electric vehicle car sharing clubs, and e-bike share schemes can cater for the needs of individuals living with disabilities, or families with young children (e.g. in terms of vehicle/bike design and specification, ability to travel with support dogs, and provision of suitable bike/car seats and equipment).

**7) Seek representation from all groups through community engagement**

Engage communities (including groups which are traditionally seldom heard) before planning changes to their villages, neighbourhoods and high streets and involve them in the process. Engage a wide range of users, and potential users, in the design process.

**8) Make awareness campaigns, travel information and engagement activities accessible to a wide audience**

Ensure these initiatives are undertaken using a range of languages and styles to reach ethnic

minority households and communities, individuals learning to understand English, households living in poverty or at risk of poverty, and deprived communities. We will use a range of media types and formats to enable all individuals, irrespective of any type of disability, to receive and understand the awareness campaign (see Core Policy C6).

**9) Adopt an inclusive design approach**

Seek to ensure that the design of schemes considers the requirements of all users. For example, design public realm schemes to take into account the needs of visually impaired people, and design cycle infrastructure and cycle parking to cater for non-standard or adapted cycles used by disabled cyclists, cyclists with children and older cyclists.

**10) Provision of disabled parking bays**

We will continue to provide disabled bays for blue badge holders who meet certain criteria, primarily in residential areas with no off-street parking (see Policy BT1). Where we consider removing or reallocating on-street parking, we will retain or increase the number of spaces of blue badge holders or ensure sufficient accessible bays are available at the closest off-street car parking including ensuring the routes from off-street cars are suitable for all users.



## Policy C2: Efficient and sustainable movement of goods

### We will:

- a. maximise the contribution of the freight and logistics sector to maintaining and enhancing the **economic competitiveness** of Hampshire and beyond, based on the safe, efficient and sustainable movement of goods;
- b. support measures that **improve journey time reliability** on strategic lorry and rail freight routes, including those which improve access to international ports and airports (see Section 7.8, Strategic Infrastructure, Policy SI1);
- c. support measures that encourage a **shift from road freight to less environmentally damaging modes** including rail, water and pipelines (see Strategic Infrastructure, Policy SI1);
- d. work with partners to ensure **more efficient use of vehicles** for movement of goods (smaller vehicles, fuller loads, more efficient delivery schedules) and to **reduce the impact of freight and delivery vehicles** in villages, urban centres, and neighbourhoods (such as freight consolidation centres and use of zero emission vehicles for last mile deliveries, and technology-based solutions);
- e. encourage freight to use the **strategic road network (SRN) and major road network (MRN)**, where this is the most appropriate route;
- f. improve understanding and communication between local authorities and freight and logistics operators, and **raise the profile of freight** within local transport planning;
- g. take a leadership role in supporting research and trials to develop **solutions for low carbon HGVs**; and
- h. consider the needs of freight, deliveries and servicing within the development of **transport strategies**.

### Policy C2 is required because:

Our transport network is vital for the movement of goods as well as people. Good and reliable road and rail transport links are critical for the Hampshire economy, in terms of enabling business supply chains to operate efficiently and getting goods to customers quickly and on time.

Our strategic transport routes also have an important role to play in supporting the national economy, and providing links to and from international gateways, including:

- the Ports of Southampton (the UK's biggest export port) and Portsmouth (mainly Ro-Ro freight); and
- Southampton Airport, and Heathrow Airport (the UK's largest port by value).

Hampshire itself is the largest exporting region in the South East, and is heavily dependent on good access to these international gateways.

However, there is a need to ensure that goods are moved in the most sustainable way, which does not adversely impact our environment and communities. While the proposed national ban on the sale of new petrol and diesel cars and vans from 2035 will put us on the path to decarbonising many of the vehicles

on our roads, it is currently much harder to reduce emissions from Heavy Goods Vehicles (lorries and trucks). Due to the load carried and distance which Heavy Goods Vehicles (HGVs) typically travel, there is currently no alternative to diesel or carbon-based fuel engines for HGVs, despite advances in battery and hydrogen technology.

A continued move to transfer freight from road to rail would not only be good for our environment, but would also benefit our economic prosperity and reduce congestion.

In urban areas, vehicles stopping to load/unload or undertake servicing activities, at inappropriate locations or times, can disrupt traffic flow. This can adversely impact journey times and reliability, and potentially result in increasing emissions and worsening local air quality. It can also affect the safety of other street users such as buses, cyclists and pedestrians.

Finally, the growth in internet shopping and next day deliveries is likely to result in continued growth in the number of Light Goods Vehicles (vans) using our roads<sup>xx</sup>. The impact of this on residents and other road users is significant and requires interventions to manage and reduce these impacts.

## Implementation of Policy C2 will be supported by:

- engaging with Transport for the South East (TfSE) on the development and implementation of a **Freight Strategy for the South East**;
- developing and implementing an up-to-date **Hampshire Freight Strategy**, to complement the TfSE strategy;
- supporting investment in strategically important freight corridors, including the **M3/South Western Main Line Corridor** and the **A34 Corridor (including South Western Main Line and Basingstoke – Reading Line)**, both nationally significant routes identified as a focus for investment in the Transport Strategy for the South East (TfSE, 2020);
- engaging with Western Gateway and Peninsula Transport on the delivery of its joint **South-West Freight Strategy**, including the potential for increased rail connectivity between Port of Poole and the Port of Southampton;
- supporting the freight sector in the development and use of **freight-based mobility models**, for example:
  - **digital-based freight models**, which offer customers easier access to real-time and price transparent freight services, which helps improve supply chain visibility and asset utilisation; and
  - **service-based freight models**, which use data and automated technologies to provide customers with a wider selection of flexible last-mile delivery and collection options;
- investigating the potential for **mini and macro consolidation centres (also known as ‘logistic hubs’)**. Macro consolidation centres located on key routes can reduce the total number of vehicles entering urban areas, by increasing vehicle loadings and co-ordinating deliveries and suppliers across clusters of businesses. Micro consolidation centres comprising lockers or other types of collection points are located in specific locations with high demand for deliveries, such as business parks, residential areas (for collection of online deliveries), or rail stations and other types of mobility hubs (see Future Mobility, Policy FM1);
- working with local planning authorities to identify land for **consolidation centres or logistics hubs**<sup>9</sup> and require **new commercial developments** to adopt a Delivery and Servicing Plan (DSP), as a condition for planning permission. A DSP sets out how building occupiers will enable safe, efficient and sustainable deliveries to their site;
- supporting initiatives based on new **low carbon forms of freight transport**. Trials of electric cargo bikes have shown that they have the potential to increase road speeds in congested areas as well as reducing emissions, costs and delivery time when compared to van-based last mile delivery services. Drones could also take the place of vans for some types of deliveries, subject to consideration of potential health, social, security, privacy, environmental and tranquillity impacts<sup>10</sup>;
- working with Solent Transport (comprising Southampton City Council, Portsmouth City Council, Isle of Wight Council, and Hampshire County Council) to trial **innovative approaches to sustainable urban logistics** as part of the Solent Future Transport Zone Project.

See also Section 7.4, Balancing Travel Demand, Policy BT1 – Regulating traffic, parking, and kerbside deliveries.

9. ‘Towards 2050 - a framework to guide the future of Hampshire’s built infrastructure and natural environment’, Strategic Opportunity SO3: Neighbourhood logistic hubs.

10. For example, drones have been shown to have significant adverse impacts by disturbing seabird colonies in Wales. Potential disturbance of the various environmental designated sites in the Solent area, as well as other sites designated for birds (e.g. New Forest, Wealden Heaths, etc.) needs to be considered. In addition, the impact of drones on tranquillity will need to be considered, particularly environmentally sensitive areas such as the New Forest. Currently, bylaws do not permit the flying of drones, or unmanned aerial vehicles, on or over New Forest Crown land to minimise disturbance of wildlife and people.



## Solent Future Transport Zone: Sustainable Urban Logistics

Solent Transport has successfully secured £28.759m via the Department for Transport's Future Transport Zone (FTZ) programme to deliver innovation in urban transport in the Solent area. A FTZ is a zone that provides a real world testing ground for innovative ways to transport people and goods.

The funding is targeted at two areas: Passenger Mobility and Sustainable Urban Logistics. The logistics theme involves:

- piloting delivery consolidation (consolidation of deliveries from multiple businesses onto fewer and more environmentally friendly vehicles) in order to reduce the numbers of goods vehicles making deliveries to major employment, retail, health and education sites within the urban areas in the Solent;
- trialling the use of sustainable, zero emission transport modes, such as electric cargo cycles and walking porters operating from local "micro-consolidation" points, to deliver goods over these short last stretches of a delivery journey;
- trialling the use of 'unmanned aerial vehicles' (drones) for medical supplies within the Solent area;

- looking for opportunities to roll out **innovative approaches** more widely, based on lessons learnt from the Solent Future Transport Zone project;
- supporting the freight sector and technology organisations to develop **options for low carbon HGVs**, to complement research and trials being led by central government. We will explore opportunities to work with local research bodies, business and organisations to tackle this issue. Hampshire has one of the largest oil refineries in the UK (located at Fawley), which generates large amounts of hydrogen and freight movements; and
- exploring the introduction of a **Fleet Operator Recognition Scheme (FORS)** – a voluntary accreditation scheme for fleet operators which aims to raise the level of quality within fleet operations, and to demonstrate which operators are achieving exemplary levels of best practice in safety, efficiency, and environmental protection.



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## Policy C3: Transport strategies and schemes to be developed in accordance with consideration of all users (Road User Utility Framework)

### We will:

- a. ensure that transport strategies and schemes give appropriate consideration (in the following order) to the following **Road User Utility Framework**:
  - i. opportunities to reduce travel demand and the need to travel;
  - ii. vulnerable users, including people with disabilities or long-term mobility-related health conditions;
  - iii. people who walk;
  - iv. people who cycle and ride horses;
  - v. people who use public transport (bus, coach, rail, taxi, community transport);
  - vi. delivery of goods; and
  - vii. other motor vehicles.

### Policy C3 is required because:

We need to ensure that it is **safe and easy** for people to use a choice of transport options. This policy is seeking to ensure that our infrastructure and how we manage it does not exclude those who cannot drive or choose not to. By “utility” we effectively mean that the needs of all users within the framework must be considered in providing, adapting, and managing the transport system and associated infrastructure. This will ensure that schemes and plans are not looked at through a one mode lens e.g. where the traffic capacity needs of vehicles dominate the consideration of what form a new junction should take without understanding the full impact on the mobility impaired, vulnerable road users or others. It sits alongside the **Movement and Place Framework**, which will guide what value we need to place on different modes on different types of infrastructure, i.e. the needs of pedestrians on motorways is very different to that on a high street.

The framework is consistent with the recent update to the Highway Code<sup>xxi</sup>, which introduces a ‘hierarchy of road users’; a well-established concept, which ensures that those road users who can do the greatest harm have the greatest responsibility to reduce the danger or threat they may pose to other road users. However, our **Road User Utility Framework** goes a step further and focuses not just on safety, but also on utility or use of modes.

It is important to note that the framework is not a priority list. It is not saying cycling is better than car driving or buses are better than HGVs. Such a philosophy is inherently adversarial and can make the debate about modal choice a conflict. Our desire in setting out the framework is to build mutual respect between all road users.

### Implementation of Policy C3 will be supported by:

- applying it to the development of transport **strategies**, the design of transport **schemes**, and the planning and design of new **developments**;
- using the Road User Utility Framework to develop the **Movement and Place Framework** to ensure that streets serve all users in a balanced way; and
- requesting that local planning authorities consider the Road User Utility Framework at the **earliest stages of development planning** (see Development and Masterplanning, Policy DM2).

## Policy C4: Place climate change at the heart of decision-making

### We will:

- a. take **local action** to achieve the reductions in carbon emissions required to be carbon neutral and resilient to the impacts of climate change by 2050, by changing travel behaviour and accelerating the shift to zero emission vehicles;
- b. adopt a '**designing for climate change**' approach for new transport schemes and existing infrastructure, which will involve:
  - **assessing schemes** to understand their carbon impact and resilience to the effects of climate change;
  - seeking to identify **mitigation measures** to offset any net increase in carbon;
  - using materials and assets that have a **lower carbon footprint** and are **resilient** to the effects of climate change (see Section 7.6, Asset Management, Policy AM1b);
  - retrofitting existing infrastructure to make it more resilient where there is a good case for doing so;
- c. favour transport investment that also **delivers benefits for our other LTP4 outcomes** covering environment, economy, and people.

### Policy C4 is required because:

The 2050 Commission of Inquiry identified the changing climate as the most important driver for change in Hampshire.

Transport is a major source of CO<sub>2</sub> emissions, and Hampshire County Council has committed to achieving carbon neutrality and resilience to the impacts of a two-degree rise in temperatures by 2050, across the Hampshire area.

As identified in Section 3.1 (Box 1), national policies, such as the proposed ban on the sale of new petrol and diesel cars and vans by 2035, will not reduce emissions far enough or fast enough. There is an urgent need for local, rapid and transformational action across all aspects of transport to reduce carbon emissions.

Designing our transport system to be resilient to the weather-related impacts of climate change will be important in terms of providing reliable transport access to key facilities and services.

### Implementation of Policy C4 will be supported by:

- following the principles of our **Carbon Management Hierarchy (AVOID-REDUCE-REPLACE-OFFSET)** and delivering local interventions which:
  - provide better walking, cycling and public transport choices
  - create opportunities to 'live locally' and undertake shorter trips, to avoid the need for carbon-intensive travel
  - enable us to use our vehicles more efficiently, and
  - replace our petrol and diesel vehicles (which emit CO<sub>2</sub>) with zero emission vehicles;
- seeking to **estimate the impacts of transport schemes on carbon emissions** (including CO<sub>2</sub> generated during the construction

of new infrastructure) and **assess their vulnerability to climate change impacts**;

- assessing climate change and resilience impact as part of our overall **transport investment prioritisation approach**, alongside benefits for environment, economy, and people and society;
- working with partners to build **resilience to flooding**, including measures such as introducing green and blue infrastructure and Natural Flood Management or Sustainable Urban Drainage Systems (SuDS) which will improve water quality;
- seeking to **offset** where it is assessed that a transport scheme will produce a net **carbon increase**, for example as a result of construction or because it results in additional vehicle mileage and therefore more emissions. Offsetting could include road space reallocation elsewhere and/or investment to support low carbon travel (e.g. walking, cycling, public transport), planting trees, or other means of carbon offsetting to mitigate the carbon impacts;
- ensuring new climate change mitigation projects, such as walking and cycling infrastructure, are **resilient to rising temperatures** (by including sufficient shade, for example). Also contributes to Policy C8, C9, and HP1);
- working with local planning authorities to require **transport-related carbon emissions associated with developments** to be estimated and assessed at the site selection and planning approval determination stages (see Development and Masterplanning, Policy DM2).

## Policy C5: Support local living and reduce demands on transport

### We will:

- a. support measures that enable residents to make **greater use of local services and facilities** and will create **stronger communities (based around the liveable neighbourhood concept)**;
- b. enable local communities to deliver **community-led place and transport improvements** where there is funding to do so (see also Section 7.5, Rural Transport, Policy RT1);
- c. support the **roll out of superfast/gigabit broadband** to enable home working and online access to services, so that people can travel less for these services - especially in rural areas, where the provision of the necessary infrastructure by the private sector may be slower (see also Rural Transport, Policy RT1);
- d. support plans that **re-vitalise** town centres, neighbourhood centres and local villages, to encourage residents to 'live locally'; and
- e. support **investment in walking, cycling, integrated public transport and new forms of shared mobility** such as electric bikes and electric car clubs, to make local trips easier and reduce the need for private car ownership.

*See Section 7.7, Development and Masterplanning, Policy DM1 for policies regarding integrated land use and transport planning, to reduce the need to travel.*

### Policy C5 is required because:

Avoiding carbon-intensive activities by providing opportunities to 'live locally' is a key step in our **AVOID-REDUCE-REPLACE-OFFSET** Carbon Management Hierarchy and is the most effective way of reducing transport-related carbon emissions.

Enabling people to 'live locally' and access many of their daily needs within a 20 minute walk of their home is one of the key foundations for a net zero transport network.

The ability to 'live locally' in this way reduces both the number and length of journeys made on a daily basis, resulting in significant carbon savings. It also creates the conditions for healthier, happier communities<sup>xxii</sup>.

Alongside transport and placemaking improvements, improving digital and mobile connections, to allow online access to jobs, services and other opportunities and activities (especially in rural areas), will also be important in achieving the overall vision set out in this LTP4 (see Section 5.5).



## Liveable neighbourhoods

Liveable neighbourhoods are areas of towns or cities that are improved to be people-centred and more 'liveable'. This means creating environments and public spaces that:

- feel welcoming, comfortable, and safe for walking and cycling, regardless of confidence, age or ability, in line with our Healthy Streets approach; and
- meet the needs of people, in accordance with our Movement and Place Framework and Road User Utility Framework (see Core Policy C1).

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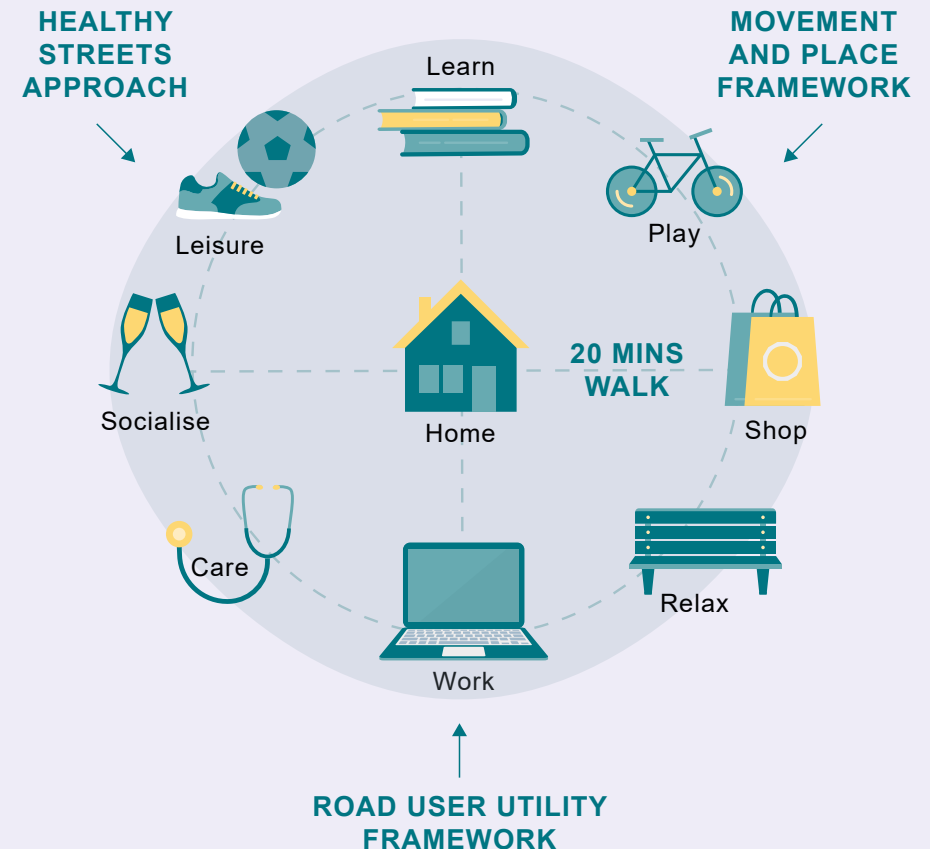
On some streets this might involve working with local communities to reduce through traffic to create a quieter environment, or reallocating road space to encourage more walking and cycling.

Liveable neighbourhoods are also about redesigning existing neighbourhoods and designing new ones so that everyday destinations are within walking distance (Figure 19). Liveable neighbourhoods should provide attractive local public spaces, with more local shops and facilities, easy access by sustainable modes for destinations further afield, and a stronger sense of local community.

In the short-term this can be achieved by using existing buildings and spaces for new activities such as creating work hubs for remote working, or creating mobility hubs which act as a focal point for public and shared transport (e.g. car clubs or bike hire schemes) alongside other public services (e.g. health clinics).

This needs to be accompanied by improvements to the public realm (e.g. introducing pedestrian priority and better lighting to make areas safer and more attractive), improving local walking and cycling routes, and balancing the location-specific needs of different transport users (see Core Policy C1).

Figure 19: Liveable neighbourhood concept



When journeys are short enough, most people walk. A journey length of 800m, or approximately half a mile, is generally considered a standard walkable distance as it typically takes about 10 minutes to walk, and a 20 minute walking trip (1,600m total) has been found to be the longest distance most people are willing to walk to meet their daily needs.

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**Implementation of Policy C5 will be supported by:**

- undertaking pilot schemes to test and refine the approach for retrofitting the liveable neighbourhood concept (see Figure 19) to existing communities; and
- ensuring local planning authorities adopt liveable neighbourhoods and Healthy Streets concepts into the masterplanning principles for all significant sites (see Development and Masterplanning, Policy DM2).



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## Policy C6: Encourage sustainable travel behaviour

### We will:

- a. **raise awareness** of the impacts of individual travel choices and encourage **personal and community behaviour change**;
- b. work with local communities, educational establishments, businesses, local media and other organisations to deliver **travel planning and safety advice, and other evidence-based interventions** to encourage people to walk, cycle, scoot and use public transport and car-sharing more, using innovative ways of reinforcing the messages about sustainable, healthy, and active travel;
- c. deliver **transport infrastructure** which will provide affordable, safe, attractive and easy to use alternatives to the private car (with supporting behaviour change interventions where feasible);
- d. ensure that **sustainable travel options cater for all groups**, including individuals living with disabilities, limited mobility or long-term limiting health conditions and those individuals within society who are disadvantaged;
- e. develop and implement a **Hampshire-wide parking strategy** which is aligned with the LTP4 outcomes (see also Section 7.4, Balancing Travel Demand, Policy BT1); and
- f. **monitor** the effectiveness of our approach and adapt it to changing transport needs.

### Policy C6 is required because:

Our analysis shows that a 10% reduction (approx.) in car use (vehicle-kilometres) in Hampshire is required between 2019 and 2030 if we are to remain on-track to deliver our climate change targets. This will require many of us to change the way we travel.

In general, walking and cycling should become the first choice for shorter journeys, for those who are able. Public and shared transport should generally become the first choice for medium and longer journeys, as well as complementing walking and cycling options for shorter trips. We will need to provide the support, information, training and assistance to enable behaviour change.

We will need to work with a wide range of partners – local communities, local districts and boroughs, education establishments, businesses, the health sector, and many more. National action will also be crucial in providing the funding and policy levers to encourage sustainable travel behaviour.

### Implementation of Policy C6 will be supported by:

- seeking to better **understand** the factors which influence individuals' travel choices, and using this to tailor our approaches;
- ensuring **evidence-based behaviour change interventions** highlight the opportunities and benefits available to all groups, and demonstrate how any perceived or actual barriers to sustainable travel have been or will be addressed;
- focusing travel advice initiatives, campaigns and events in **locations** where we have delivered new public transport, walking and cycling infrastructure or services, to encourage use of these new options;
- focusing infrastructure and behaviour change activities in **areas of higher deprivation** where the benefits (including reduction in inequalities) in terms of access to work, leisure and the health will be greatest;
- incentivising and rewarding public transport use, walking and cycling through initiatives such as **Modeshift STARS**, the national awards scheme that has been established to recognise schools, businesses and communities that have demonstrated excellence in supporting cycling, walking and other forms of sustainable travel;
- refreshing our **travel planning guidance**;
- encouraging businesses to allow more **flexible working hours** that allow people to avoid the 'rush hour';
- delivering **infrastructure and services** that support our wider Healthy Places, Public Transport, Future Mobility, and Rural Transport policies;
- **encouraging Central Government** to reconsider national policy constraints that negatively impact the shift from private car use to more sustainable travel. We are considering seeking changes to the national concessionary fares scheme to make it contributory (i.e. the user contributes towards a proportion of the cost of travel). This would enable us to maintain rather than lose many of our bus services in light of the growing financial pressures we face in local government (see Chapter 7, Public Transport, Policy PT3). We would also like to see the integration of local integrated ticketing schemes with national rail, to make public transport easier to use (see Chapter 7, Public Transport, Policy PT1);
- developing and implementing a **Hampshire-wide parking strategy** which covers all aspects of parking and is aligned with the proposed LTP4 outcomes, working collaboratively with the districts/ boroughs (see also Section 7.4, Balancing Travel Demand, Policy BT1) - *Note that most off-street parking in Hampshire is owned / managed by private operators or the district / borough councils.*

Need slightly higher resolution image





## Policy C7: A Safe System approach for Hampshire

### We will:

- a. build on existing practices to work towards a Safe System approach to road safety delivery in Hampshire, by:
  - ensuring road safety is a fundamental consideration in the design of new infrastructure, with the needs of vulnerable road users appropriately prioritised;
  - monitoring casualty data for new infrastructure to identify emerging safety issues and implement remedial casualty reduction measures;
- b. work with partners to **reduce the number of deaths, serious and slight injuries** on Hampshire's road network, and reduce the injury rate for **vulnerable users** (including children, and those walking and cycling);
- c. seek to improve the **perception of safety and security** where this could deter people from travelling, particularly by walking, cycling, and public transport.

### Policy C7 is required because:

The number of slight injuries has declined over the last decade, but the number of people killed and seriously injured on Hampshire's roads has remained relatively stable (averaging approximately 700 per year). The number of children killed and seriously injured has declined over the last decade, but is still more than 30 a year. The majority of road casualties are car users (60% in 2018), but almost a quarter (23% in 2018) are pedestrians and cyclists.

### Implementation of Policy C7 will be supported by:

- continued development of a **Safe System approach** which provides a framework to assess, guide and improve travel safety;
- continuing to deliver **road safety infrastructure improvements** at high collision sites/routes, prioritising the needs of vulnerable road users;
- **managing speeds** to improve safety, support walking and cycling, and reduce emissions, and enhance places (see also Section 7.4, Balancing Travel Demand, Policy BT1);
- continuing to **work with our partners on education and promotional programmes** to improve the education and skills of drivers. We will have a particular focus on highlighting the dangers of the 'Fatal Four' (inappropriate speed, using a mobile phone, not wearing a seatbelt and drink/drug driving) which are the main causes of people being killed or seriously injured on our roads;
- ensure **road safety education interventions** also reach other groups more likely to be involved in collisions;

- adopting a **'Safe/Secure by Design'** approach to ensure personal safety and security is a key consideration in the design of schemes and policies to address transport related crime and anti-social behaviour (see also Core Policy C1 – Equality Ten Point Action Plan, Policy HP1 and Policy PT1);
- ensuring **inspection and maintenance arrangements** are established to preserve safety critical design factors e.g. visibility splays and warning/regulation signs;
- balancing the need for improved **lighting** for safety, with the issue of energy conservation;
- developing strategies to adapt to **emerging Connected and Autonomous vehicles** to ensure their safety benefits are realised.



### Applying a Safe System approach

A Safe System approach seeks to work towards a safe transport system free from death and serious injury. The approach has evolved over many years and derives most notably from the Swedish Vision Zero and Dutch Sustainable Safety strategies and the concepts and good practice in other fields. It involves:

- investing in effective, targeted action in the transport system to protect against death and serious injury which is largely preventable;
- implementing the best-practice Safe System approach which takes account of human error and tolerance to injury; and
- aligning with public health, occupational health and safety, environmental and social justice objectives to maximise the benefits of cost-effective investment.

The approach involves five pillars of action: safe road use; safe vehicles; safe speeds; safe roads and roadsides; post-crash response.

Source: Parliamentary Advisory Council for Transport Safety (<https://www.pacts.org.uk/safe-system/>)



## Policy C8: Managing the harmful health effects of poor air quality and noise disturbance due to transport

### We will:

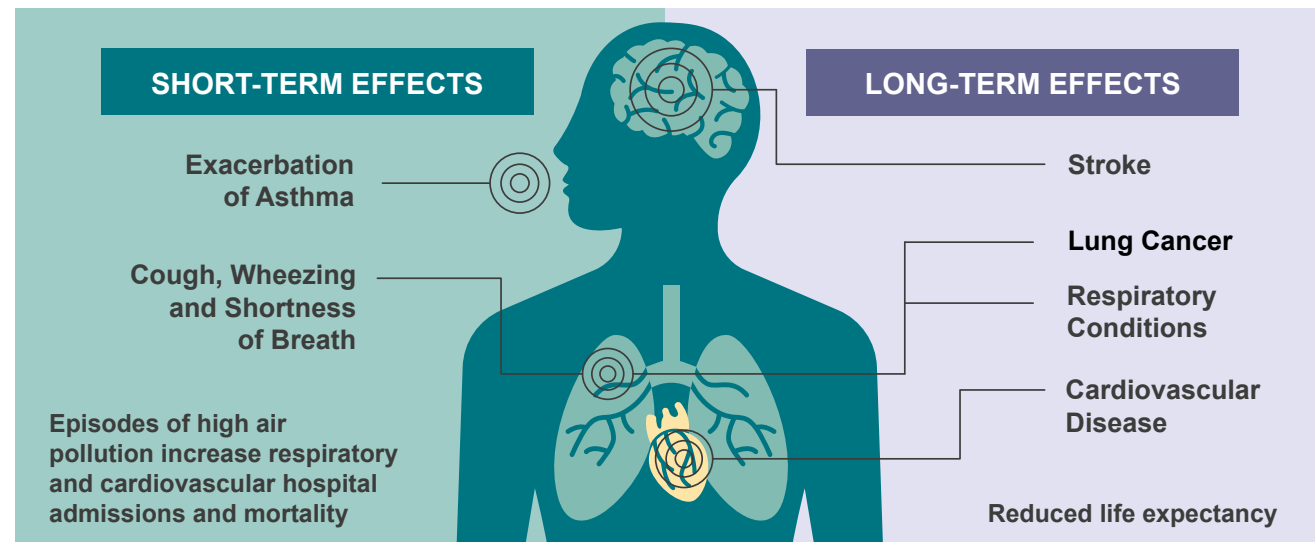
- undertake a strategic **co-ordination role** on actions to reduce all transport-related pollutants, including the impact of nitrogen dioxide (NO<sub>2</sub>) and particulates (PM) on air quality and traffic-related noise levels, in line with our statutory requirements – working closely with the district and borough councils, the neighbouring unitary authorities of Portsmouth and Southampton, and other relevant stakeholders;
- work with partners locally to determine appetite and investigate capability to **set local air quality ambitions**, given the available scientific evidence on the impact of transport related air pollutants on human health;
- seek to **prevent new air quality problems**, as well as seeking **solutions for existing locations with poor air quality** – working towards no Air Quality Management Areas (AQMAs) resulting from transport emissions;
- take actions to reduce emissions<sup>10</sup> in locations where pollutants are in excess of **statutory air quality levels**, prioritising locations with the highest proportion of vulnerable people (including older people, children, and those with existing health issues);
- require **developers** to reduce exposure to air pollution. Where this can not be achieved or exposure is made worse, developers must mitigate the impacts of developments on air quality, or provide financial contributions for the County Council to deliver local measures to mitigate the impacts (see also Section 7.7, Development and Masterplanning, Policy DM2).

### Policy C8 is required because:

The World Health Organisation (WHO, 2011) identifies noise and air quality as the two biggest environmental problems affecting health – road transport is a major source of this pollution<sup>xxiii</sup>. Public Health England (2018)<sup>xxiv</sup> states that poor air quality is the largest environmental risk to public health in the UK, as long-term exposure to air pollution can cause chronic conditions such as cardiovascular and respiratory diseases as well as lung cancer,

leading to reduced life expectancy (see Figure 20). Air pollution affects everyone but those most vulnerable are children, pregnant women, older people, and those with cardiovascular and/or respiratory disease (see Figure 21). Communities and destinations (e.g. schools) close to main roads often have the poorest air quality. Local evidence suggests that residents in the most densely populated areas of higher deprivation are disproportionately affected by poor air quality and the associated health effects<sup>xxvi</sup>.

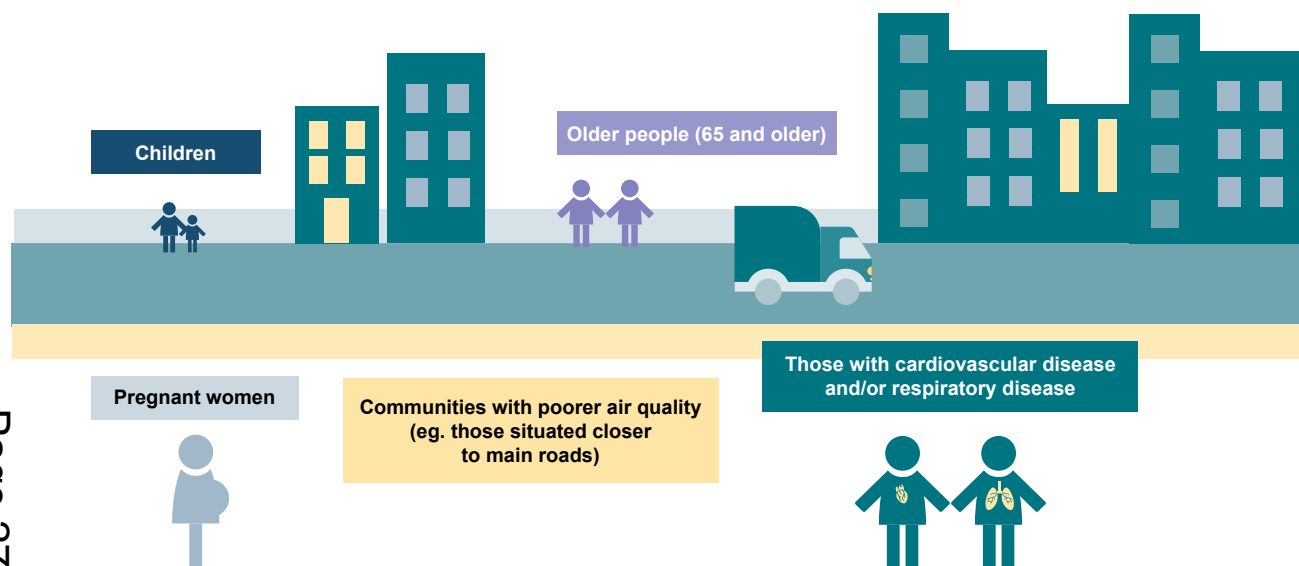
Figure 20: Short-term and long-term health effects of air pollution



Adapted from Public Health England (2018)<sup>xxv</sup>

<sup>10</sup>Emissions include exhaust/tailpipe emissions (NO<sub>2</sub> and PM), and also tyre, clutch, brake and road wear (PM).

Figure 21: Groups most vulnerable to poor air quality



Atkins (2021)<sup>xxvii</sup>

In line with Public Health England’s air pollution hierarchy, our approach is based on preventing pollution, reducing concentrations, and avoiding exposure to pollution<sup>xxviii</sup>.

**Implementation of Policy C8 will be supported by:**

- developing a **strategic overview** of air quality issues across the county, and helping to co-ordinate actions to tackle transport emissions;

- supporting district councils to carry out **air quality reviews, identify and monitor Air Quality Management Areas (AQMAs)**, and prepare and implement **Air Quality Action Plans** in locations where AQMAs have been declared and Air Quality Strategies where an AQMA is not declared, in line with our statutory duties;
- ensuring all residents (especially those most vulnerable to the impact of poor air) are **aware** of the dangers of air pollution and the avoidance steps they can take;

- seeking to minimise the **County Council’s own transport emissions** by ensuring our vehicle fleets, procurement activities and contracts specify low emission standards;
- seeking to **protect the most vulnerable** by considering more stringent air quality assessment criteria for priority locations (e.g. schools, nurseries, hospitals);
- working with local planning authorities to **influence the location and design of development** to reduce the need to travel and reduce dependency on the private car (see Core Policy C5), and Development and Masterplanning policies;
- encouraging **walking, cycling, public transport, and use of smaller and more efficient vehicles** (see Core Policy C2 regarding smaller delivery vehicles, Core Policy C6, and theme policies) - to reduce the adverse environmental impacts resulting from emissions, noise, and traffic intrusion;
- managing the **flow** (volume and speed) **and type of traffic** in areas with poor air quality, especially in town and village centres (see Balancing Travel Demand, Policy BTD1-BTD3);
- accelerating the **shift to low emission vehicles**, for example, through the provision of electric vehicle charging infrastructure (see Future Mobility, Policy FM2) and seeking funding and other opportunities to work towards the replacement of the existing diesel fleet of buses with zero emission buses (see Public Transport, Policy PT1);

- exploring the use of **new demand management and enforcement measures** in locations where poor air quality adversely impacts on the health of residents and visitors, including emissions based charging or low emission zones – based on the polluter pays principle (see Balancing Travel Demand, Policy BT3); and
- developing **Noise Action Plans** in relation to environmental noise and working closely with the district councils to meet our statutory obligations.



A **Low Emission Zone** defines an area where targeted action is taken to improve air quality and resources are prioritised and coordinated in order to shape the urban environment in a way that delivers improved health benefits and supports economic growth. Within a Low Emission Zone there is also a particular focus on measures to accelerate the transition to a low emission economy.

Measures can include requiring vehicle owners to pay a charge to enter or drive within a zone if they are driving a vehicle that does not meet the particular emissions standard for their vehicle type in that zone.



## Policy C9: Protecting the environment

### We will:

- a. require an overall **net gain** in biodiversity as a result of new transport infrastructure schemes (with a target of 10% or greater across the whole programme);
- b. aim for an **overall net environmental gain** by 2050 (whereby the benefits of transport schemes balance out the negatives);
- c. seek to **minimise and mitigate** the adverse impacts of traffic and travel on our natural, built and historic environment - look for opportunities to deliver environmental enhancements through new or upgraded infrastructure schemes, maintenance and operational procedures.

### Policy C9 is required because:

The Hampshire 2050 Commission of Inquiry identified that Hampshire's natural environment is a significant and valued asset, helping Hampshire to be an attractive and prosperous place to live, work and visit. A healthy and vibrant natural environment is vital in contributing to the long-term sustainability of the county and helping to maintain a strong sense of place.

In the past, transport schemes have often adversely impacted the natural, built and historic environment. In particular, land take associated with new infrastructure schemes has resulted in loss of natural habitat and biodiversity (the range of plants and species which exist). Biodiversity is important for its own sake, but is also critically important to our wellbeing and economic prosperity.

### Implementation of Policy C9 will be supported by:

- **reducing the need to travel and reducing dependency on the private car** (see various Core and Theme Policies), in order to improve air quality and reduce noise disturbance from transport;
- assessing schemes to understand their carbon impact and resilience to the effects of **climate change** (see Core Policy C4);
- using materials and processes with a **lower carbon footprint** and **resilient to the effects of climate change** (see Asset Management, Policy AM1);
- increased use of sustainable products and processes, and recycled materials (**to reduce waste**) (see Asset Management Policy, AM1);
- ensuring **all LTP4 schemes are assessed from the early stages of development** to understand any potential environmental impacts, and where possible, avoid or mitigate any negative impacts identified and enhance any positive impacts;
- ensuring **Environmental Impact Assessments** are undertaken and acted upon for all new transport infrastructure schemes requiring planning permission and permitted development schemes where the threshold is reached or they are located in a sensitive area;
- ensuring all transport infrastructure schemes are assessed for their **ecological impacts** and include an assessment of biodiversity gains. Agreed measures to avoid, mitigate, and compensate for impacts will be implemented;

- requiring all new infrastructure schemes involving works outside of the existing carriageway to **deliver a net gain in biodiversity (with a target of 10% or greater across the whole programme)**<sup>12</sup>. This could include incorporating new planting within the scheme, or using sustainable urban drainage systems such as reed beds (which will also improve water quality). New planting will also help to remove residual carbon emissions from the atmosphere. Where net gain cannot be achieved within a particular scheme, the aim will be to create new habitat elsewhere, funded within the overall cost of the scheme;
- creating more **green infrastructure for walking and cycling**, including carefully planned planting to provide shade and shelter, and reduce noise and air pollution;
- carefully considering the **need for new infrastructure** in or close to valuable natural and historic environments (including those valued for their contribution to our biodiversity, landscape, townscape and historic environment);
- considering the role that **maintenance regimes** (e.g. grass and vegetation cutting) can play in supporting biodiversity.

*12. The Environment Bill (2021) introduces a mandatory requirement for new developments to provide a 10% biodiversity net gain, as a condition of planning permission in England. Policy C9 would extend this to schemes which are delivered through permitted development rights (i.e. without the need for planning permission).*

# 7. Theme policies

To support the core policies, we have also identified **theme-specific policies**, covering key areas of transport delivery. As with the core policies, these theme policies represent a transformation in how we plan and deliver transport in Hampshire.

A summary of the policies and their contribution to the LTP4 outcomes and guiding principles is provided below.

✓✓ = strong contribution/alignment;  
 ✓ = important supporting contribution/alignment

Theme policies		Contribution to LTP4 outcomes				Alignment with	
		Climate	Environment	Economy	Health and Society	GP1*	GP2*
<b>7.1 Healthy Places (HP)</b>							
HP1	Deliver the infrastructure required to support a large-scale shift towards walking and cycling for everyday trips	✓✓	✓✓	✓	✓	✓✓	✓✓
HP2	Enable healthy neighbourhoods and high streets in partnership with communities	✓	✓	✓	✓✓	✓	✓✓
HP3	Widen participation and broaden the appeal of walking and cycling as a natural travel choice	✓✓	✓	✓	✓✓	✓✓	✓
<b>7.2 Public Transport (PT)</b>							
PT1	Place customers at the heart of an affordable, easy to use, and efficient low carbon public transport system	✓✓	✓	✓	✓✓	✓✓	✓✓
PT2	Provide the infrastructure needed to enable reliable, frequent, fast and connected public transport trips	✓✓	✓	✓✓	✓	✓✓	✓
PT3	Increase the reach of public transport services	✓	✓	✓	✓✓	✓✓	✓✓

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Theme policies		Contribution to LTP4 outcomes				Alignment with	
		Climate	Environment	Economy	Health and Society	GP1*	GP2*
<b>7.3 Future Mobility (FM)</b>							
FM1	Using technology and innovation as an enabler for delivering our LTP4 outcomes	✓	✓	✓✓	✓✓	✓✓	✓
FM2	Accelerate the transition to low and zero emission vehicle use	✓✓	✓✓	✓	✓	✓	✓
<b>7.4 Balancing Travel Demand (BTD)</b>							
BTD1	Regulating traffic, parking and kerbside deliveries	✓	✓	✓✓	✓✓	✓	✓✓
BTD2	Managing streetworks and other highway activities to minimise disruption to transport users	✓	✓	✓✓	✓✓	✓	✓
BTD3	New approaches for shifting the balance between private car use and other modes	✓✓	✓✓	✓	✓	✓✓	✓
<b>7.5 Rural Transport (RT)</b>							
RT1	Maintaining accessibility in rural areas, and providing viable alternatives to the private car	✓	✓	✓✓	✓✓	✓	✓✓
RT2	Sustainable access to the countryside	✓	✓	✓✓	✓✓	✓	✓✓

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Theme policies		Contribution to LTP4 outcomes				Alignment with	
		Climate	Environment	Economy	Health and Society	GP1*	GP2*
<b>7.6 Asset Management (AM)</b>							
AM1	'Sustainable maintenance approach for new infrastructure	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
AM2	Managing and maintaining the existing highway asset	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
<b>7.7 Development and Masterplanning (DM)</b>							
DM1	Integrate transport and strategic land use planning to reduce car dependency	✓✓	✓	✓	✓	✓✓	✓
DM2	Support proactive masterplanning of new development sites for high quality neighbourhoods	✓	✓	✓	✓✓	✓	✓✓
<b>7.8 Strategic Infrastructure (SI)</b>							
SI1	Work with partners to deliver targeted improvements to Hampshire's strategic rail, road and digital infrastructure	✓	✓	✓✓	✓	✓	✓

\* Guiding Principle 1 (GP1): Give people a choice of high quality travel options.

\* Guiding Principle 2 (GP2): Provide a transport system that promotes high quality, prosperous places and puts people first.

## 7.1 Healthy Places

Transport has a major role in creating places that make it easier for people to live lifestyles that are good for their physical and mental health - places that support healthy, happy, inclusive lives for Hampshire's residents; as well as places which are good for our climate, environment, and economy.

**'We want to create a large-scale shift towards walking and cycling for a cleaner, healthier and more active Hampshire. We want to create the right environment where people feel able to choose walking and cycling as their natural travel choice for everyday trips (including as part of longer public transport journeys).'**

*In general, the phrase 'walking and cycling' also includes use of scooters, e-bikes and other legal forms of micro-mobility which can increase the range and opportunities for active travel. Walking also includes use of wheelchairs and other similar mobility devices. Cycling also includes hand cycling.*

### Policy HP1

Deliver the infrastructure required to support a large-scale shift towards walking and cycling for everyday trips.





### Policy HP2

Enable healthy neighbourhoods and high streets in partnership with communities.

### Policy HP3

Widen participation and broaden the appeal of walking and cycling as a natural travel choice.

## Contribution to achieving our LTP4 outcomes

 <p><b>A carbon neutral, resilient Hampshire</b></p>	<ul style="list-style-type: none"> <li>Well-designed walking and cycling environments which are resilient to climate change impacts (e.g. hotter summers) have an important role to play in increasing the proportion of travel by the most efficient and least polluting modes.</li> </ul>
 <p><b>Respect and protect our environment</b></p>	<ul style="list-style-type: none"> <li>More opportunities for walking and cycling will reduce reliance on the private car, reduce the impact of traffic on air quality and noise, and improve access to green space for all. Transport networks which incorporate planting could contribute to a net gain in biodiversity.</li> </ul>
 <p><b>Thriving and prosperous places</b></p>	<ul style="list-style-type: none"> <li>More walking and cycling options will provide better access to employment, training and education for all, especially for those without access to a car (including those on low incomes), and healthier employees who are more productive and less likely to be absent due to sickness or mental health issues.</li> <li>Making high streets more accessible by walking and cycling can boost footfall and improve their vitality.</li> </ul>
 <p><b>Healthy, happy, and inclusive lives</b></p>	<ul style="list-style-type: none"> <li>Creating opportunities for walking and cycling has huge benefits for our health (and will help to address health inequalities); can create stronger, happier communities; and will improve access to services, opportunities and life chances for all.</li> <li>There is also compelling evidence of the benefit and value in 'connection to nature' through walking, cycling and being in nature, both on health and wellbeing and on future pro-environmental behaviours.</li> </ul>

## Policy HP1 – Deliver the infrastructure required to support a large-scale shift towards walking and cycling for everyday trips

### We will:

- a. ensure that any changes to the highway infrastructure prioritise walking and cycling, in line with our **Road User Utility Framework** and **Movement and Place Framework, Walking and Cycling Principles**, and national policies;
- b. use **Local Cycling and Walking Infrastructure Plans** to identify, prioritise and deliver infrastructure which connects people with where they want to go;
- c. use a ‘**Healthy Streets**’ approach and our ‘**Hampshire Walking and Cycling Principles**’ to plan, design and implement coherent, direct, safe, comfortable, attractive and inclusive networks for everyone regardless of ability, confidence, age and disability;
- d. **create or reallocate road space** to create better spaces for walking and cycling, and spending time (e.g. in town centres);
- e. evaluate, when undertaking larger maintenance schemes, **opportunities to bring existing infrastructure for walking and cycling up to current standards**, rather than simply replacing like for like (see also Section 7.6, Asset Management, Policy AM2).

### Policy HP1 is required because:

To encourage a large-scale shift towards walking and cycling we need to put in place the right infrastructure and create walking and cycling-friendly environments. Our efforts in terms of influencing hearts and minds will be less effective if not enabled by high quality infrastructure. This represents a shift in Hampshire’s previous approach to encouraging walking and cycling.

### Implementation of Policy HP1 will be supported by:

- using the **Movement and Place framework** to develop the right infrastructure for walking and cycling for each setting, including creating and re-allocating road space to support walking and cycling;
- developing **Local Cycling and Walking Infrastructure Plans (LCWIPs)**, and future versions of these plans, for all parts of the County (including both rural and urban areas). LCWIPs are evidence-based plans that identify preferred walking and cycling routes that connect places that people need to get to. They identify a long-term (e.g. 10 year) prioritised programme of infrastructure improvements for future funding. The first round of LCWIPs focus on walking and cycling routes/zones with the greatest opportunity to encourage more people to walk and cycle. Subsequent rounds will create higher density networks which can be accessed by all residents;
- **seeking funding** to implement infrastructure improvements prioritised in the Local Cycling and Walking infrastructure Plans, as well as on-going improvements in accessibility, e.g. dropped kerbs, and safe and secure cycle and micro-mobility parking and storage facilities. The funding needed to deliver the LCWIP programmes will be substantial. We will seek to maximise the contribution from Central Government, developers and other potential sources;
- testing all relevant transport proposals against the ten **Healthy Streets indicators** (see Core Policy C1, Figure 18c);
- undertaking **cycle assessments** of all transport proposals to ensure that opportunities to enable cycling are fully considered, and following national guidance, such as LTN1/20 Cycle Infrastructure Design (DfT, 2020);
- applying the ‘**Hampshire Walking and Cycling Principles**’ (<https://www.hants.gov.uk/activeplaces>) (and future iterations) across new developments and infrastructure schemes to achieve a consistent and high standard in development and design across the county. The principles were developed jointly with members and local stakeholders in 2020 through our first ever Active Places Summit. They are based on recognised best practice and aligned with national design guidance;

- adopting a 'safe by design' approach to ensure **personal safety and security is a core part of the design process**. For example, walking and cycling routes should be overlooked (by buildings with active frontages, where possible), provide good visibility (limiting potential hiding places), avoid use of subways, and have well-designed lighting (which also takes account of energy conservation issues). Cycle parking, and routes to and from it, should be clearly marked, overlooked, well-maintained, well-lit and integrated into the built environment;
- working with national transport operators (National Highways and Network Rail) **to address barriers to walking and cycling created by the strategic road and rail network**, e.g. through National Highways designated funds process;
- looking for opportunities to address **other existing barriers to cycling**, such as carefully considering the scope to allow more cycling in urban centres, and removing other physical barriers to cycling;
- supporting cross-boundary schemes;
- continuing to use our **Centre for Active Travel Excellence advisory group** to improve how we deliver inclusive walking and cycling in everything we do. We will adopt an integrated approach to all aspects of planning, development, design and operation of interventions, involving all aspects of council activity (education, countryside, parks and open spaces, health, etc.);

- improving our evidence base by collecting more and better data on walking and cycling. Embedding **engagement**, and **collection and use of data**, in our planning and design process, and supporting communities to take part in the process.

See also Core Policy C4; Rural Transport, Policy RT2 (Quiet Routes); and Asset Management, Policy AM2.

## Hampshire Walking and Cycling Principles

### Overarching principles

1. Prioritise walking and cycling for healthier people, healthier transport and a healthier planet
2. Have an integrated approach to all aspects of planning, development, design and operation
3. Ensure our planning is network based, shaped by evidence, and monitored

### Planning

4. Engage a wide range of users, and potential users, in the design process
5. Reframe the potential for walking, cycling and public transport to work together for longer distance journeys
6. Trial new things, and if they don't work, we'll change them

### Design and implementation

7. Focus street design on people

8. Incorporate national design principles into every transport scheme. Our designs will be:

- safe
- coherent
- direct
- comfortable
- attractive
- adaptable
- accessible to all

9. Deliver walking and cycling environments that feel comfortable and provide inclusive access for everyone regardless of confidence, age and disability
10. Design the right scheme for each location

See <https://www.hants.gov.uk/activeplaces> for full details.

## Policy HP2 – Enable healthy neighbourhoods and high streets in partnership with communities

### We will:

- a. provide training and advice to **enable community groups** to create more liveable neighbourhoods and undertake neighbourhood activities (such as safety initiatives around schools, play streets, litter picking, community gardening), where funding is available and the criteria for doing so are met;
- b. provide advice to those developing **neighbourhood plans** or looking to develop their **own local schemes**, on a cost recovery basis;
- c. encourage districts and boroughs to improve the sense of place in their high streets and centres and encourage local living, in line with our **Road User Utility Framework** and **Movement and Place Framework**, the **'Healthy Streets'** approach and our **'Hampshire Walking and Cycling Principles'**.

### Policy HP2 is required because:

Most streets in Hampshire are residential roads. They are the places where we live, and how they look and feel has an important impact on our quality of life – how willing we are to walk and cycle to our local shops and amenities or to access public transport; how we socialise and interact with our neighbours; and how much time we spend outside. However, high volumes of through traffic and typical driving speeds often have a detrimental effect and discourage walking and cycling – neighbours are less likely to know each other (which can contribute to isolation) and parents often feel unsafe allowing their children to walk to school or play outside. The car becomes the mode of choice for most, while those unable to travel by car may be unwilling to make unnecessary trips.

### Implementation of Policy HP2 will be supported by:

- applying the **Movement and Place framework** to focus neighbourhood streets on the residents who live there, reducing through traffic and making streets nicer places to live and to spend time;
- applying the **Healthy Streets approach** to create environments that feel welcoming, comfortable, and safe for walking and cycling;
- **engaging whole communities** before planning changes to their neighbourhoods and high streets and involve them in the process;
- **working with communities** to trial initiatives such as liveable neighbourhoods and measures to discourage through traffic. We will continue to offer local communities in both rural and urban areas the opportunity to develop their own scheme ideas (provided they help to deliver LTP4), on a cost recovery basis, to enable communities to obtain measures that would otherwise be less of a priority for the County Council;
- ensuring **online resources and guidance** (e.g. data, maps, survey tools, advice on developing neighbourhood plans) and processes (e.g. grass verge adoption, street closures for events) are easily accessible to local residents and community groups;
- **seeking funding** (e.g. through developer contributions) to support local initiatives.

## Policy HP3 – Widen participation and broaden the appeal of walking and cycling as a natural travel choice

### We will:

- a. enable more children to **walk and cycle to school** through improving the routes to schools and the area outside the school gates, cycle and road safety training, and behaviour change campaigns – so walking and cycling to school becomes the ‘norm’;
- b. offer **training and support** to enable more people to engage in walking and cycling for all purposes;
- c. work in partnership with public transport operators to improve **access to buses, trains and ferries**, for people walking and cycling (e.g. improvements to walking and cycling routes, better information, lifts to platforms, secure storage facilities) (see also Section 7.2, Public Transport, Policy RT3);
- d. support **cycle hire/loan and try-a-bike schemes** which are affordable and financially sustainable;
- e. ensure appropriate **cycle parking** is provided at key origins and destinations (e.g. high streets, education establishments, and new developments); and

- f. work with others to ensure that residents and visitors can **access and enjoy green space**, the wider countryside and nature close to where they live, where suitable funding can be identified and where schemes do not adversely impact sensitive environments (see also Section 7.5, Rural Transport, Policy RT2).

### Policy HP3 is required because:

To achieve the national target of having half of all journeys in towns and cities walked or cycled by 2030, and address Hampshire’s climate change target, we must widen participation and broaden the appeal of walking and cycling as a natural travel choice. Infrastructure and community-led initiatives alone will not address all the barriers people face. Many people will need to change the way they travel and we will need to provide the support, information, training and assistance to bring everyone along with us on this journey.



## Implementation of Policy HP3 will be supported by:

- ensuring **active travel (walking and cycling) initiatives** proactively target vulnerable users and disadvantaged groups (including children, those in deprived areas, ethnic minority households and communities) where the benefits (reduction in inequalities) will be greatest;
- ensuring **road safety education interventions** benefit vulnerable road users who are more likely to be involved in collisions and could be deterred from walking and cycling more (see also Core Policy C7);
- continuing to deliver **bikeability training** in schools, and seek funding to extend this to adults and families, including people who have never cycled before;
- prioritising walking and cycling **outside schools**, through infrastructure changes or other measures (e.g. temporary restrictions on motorised traffic outside schools at school drop-off and pick-up times);
- working with partners, such as employers, Sustrans / National Cycle Network, retail centres, transport hubs, to provide **secure cycle parking facilities**;
- developing a **travel training programme** to support new users of cycles, bus, train and, potentially in the future, micro-mobility modes such as e-scooters;
- introducing new **cycle awareness training aimed at drivers**, including the FORS scheme for commercial drivers (see also Core Policy C2);
- bolstering our **travel planning initiatives for schools, new developments and businesses, and health care settings**, to support behaviour change alongside new infrastructure that prioritises people (see also Core Policy C6, and Development and Masterplanning, Policy DM2);
- tailoring our activities to **meet the needs of different communities and individuals**, for example by offering cycle training and bike repair aimed at those less likely to cycle; providing on-street cycle hangars where people don't have space to store a bike at home; or offering opportunities for disabled people to access 'independent travel training' and adapted cycles - recognising that the built environment is what often "disables" a person, rather than any lack in their own abilities;
- continuing to offer **Wheels to Work moped/ e-bike loan schemes**, to allow those without access to suitable transport to independently get to work, apprenticeships, training or job interviews (see also Future Mobility, Policy FM1);
- **embedding public health intelligence and principles** into LTP4 activities;
- creating more **green infrastructure for walking and cycling** (including carefully planned planting to provide shade and shelter, and reduce noise and air pollution) and **enhancing the rights of way network**, to improve health and well-being.



## 7.2 Public Transport

Public transport has a major role to play in Hampshire. For some people (such as those without access to a car, or unable to drive) it provides an essential means of getting around for their daily lives. Public transport can also transport large volumes of people on our key urban and inter-urban routes much more efficiently than the private car, emitting less air pollution and carbon dioxide per person than private cars and using significantly less road space.

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 'We want to build upon the current public transport offer to make it a preferred mode of choice which is used by more residents in Hampshire – accessible and easier to use, with faster journeys, and affordable.'

### Policy PT1

Place customers at the heart of an affordable, easy to use and efficient low carbon public transport system.





### Policy PT2

Provide the infrastructure needed to enable reliable, frequent, fast and connected public transport trips.

### Policy PT3

Increase the reach of public transport services.

## Contribution to achieving our LTP4 outcomes

 <p>A carbon neutral, resilient Hampshire</p>	<ul style="list-style-type: none"> <li>Public transport can carry people with fewer carbon emissions than the private car, and can reduce our overall dependency on car use.</li> <li>The migration of bus fleets, and rail and ferry services to zero emission vehicles further supports this outcome.</li> </ul>
 <p>Respect and protect our environment</p>	<ul style="list-style-type: none"> <li>Providing attractive public transport alternatives can help reduce the number of cars in our towns and cities and reduce emissions of local pollutants which result in poor air quality.</li> <li>Good quality public transport options can reduce the need to provide new highways infrastructure which may adversely impact on our natural environment.</li> </ul>
 <p>Thriving and prosperous places</p>	<ul style="list-style-type: none"> <li>Successful and vibrant places are accessible by public transport. If more people access these places by public transport rather than car then space can often be better used to create higher quality environments for all.</li> <li>New developments which are located and designed with the need to provide good access to public transport services will ensure good access to jobs, education, and retail and leisure opportunities for all.</li> </ul>
 <p>Healthy, happy, and inclusive lives</p>	<ul style="list-style-type: none"> <li>Higher levels of public transport use typically involve higher levels of walking and cycling to and from bus and rail stops, providing health and wellbeing benefits.</li> <li>Accessible, frequent and reliable public transport services improve equality of access to jobs, health, education and leisure opportunities for all, especially for those without a car or unable to drive.</li> <li>For some older people buses are a lifeline away from isolation and loneliness, giving them access to social activities, health services and shops. Accessible public transport is often crucial in keeping disabled people connected to their communities.</li> </ul>



Our vision to deliver an improved bus offer for Hampshire's residents and visitors is set out in our Enhanced Partnership Plan and Bus Service Improvement Plan.

In order to tackle climate change and our other LTP4 outcomes we need to see the mode share of public transport increase substantially over the period of the LTP4. To do this, we need to make public transport more attractive and more accessible to a wider range of people, and provide the public with a real alternative choice to private car use.



## Policy PT1 – Place customers at the heart of an affordable, easy to use and efficient low carbon public transport system

**Our future public transport strategies will be developed with customer and operator input. Customer and passenger needs will be at the heart of decision making to make public transport an attractive and viable alternative to journeys currently made by car.**

### We will:

- a. work with transport operators to **make fares better value, easier to understand and more flexible**, with a particular focus on journeys that need to be made using more than one provider or more than one mode of travel;
- b. work with transport operators and customers to **understand and address barriers to public transport use** to achieve a more equitable service provision;
- c. work with transport operators to **improve the quality of service and fares information** and in-vehicle 'next stop' announcements, with smarter use of data, information and technology;
- d. seek opportunities to extend and improve the availability of **static and real-time passenger information** in partnership with transport operators, including provision of wayfinding information at busy stops as appropriate;
- e. work with bus operators to **tailor the configuration of buses to the journeys that passengers make** - for example, more legroom on longer journeys, fewer seats and provision for standing on short journeys, provision for bicycles in tourist areas such as the New Forest (see also Section 7.5, Rural Transport, Policy RT2);
- f. seek **funding and other opportunities to work towards the replacement of the existing diesel fleet of buses with zero emission buses**. We will also push for the rail sector to convert remaining diesel services to zero-emission propulsion systems and will seek opportunities to encourage ferry operators to adopt less polluting or zero-emission technologies.

### Policy PT1 is required because:

Effective and efficient public transport systems are designed around the needs of people. Planning and delivery of public transport in Hampshire will prioritise the overall user experience. This will include faster journey times, better reliability, the removal of barriers relating to information, fares and ticketing, and improving personal safety and security for existing and prospective customers to bus, rail and ferry travel.

### Implementation of Policy PT1 will be supported by:

- continuing to work collaboratively with bus operators and other stakeholders to deliver existing and future versions of **Hampshire's Enhanced Partnership Plan** and **Bus Service Improvement Plan (BSIP)**;

The **Hampshire Enhanced Partnership (EP)** was established in April 2022, following statutory consultation. The EP is a legally-binding agreement between Hampshire County Council and local bus operators setting out how they will work together to improve local bus services. An EP Board, Working Group and Forum have since been established to govern the Partnership.

The EP Plan sets out targets and commitments for improving bus services and growing bus patronage across Hampshire. It is fully aligned with this LTP4, and has a strong customer focus.

A Hampshire Customer Charter has been produced in collaboration with bus operators, setting out a consistent set of commitments to passengers from bus operators and the County Council.

- ensuring a wide range of **stakeholders** have a say in the planning and delivery of public transport in Hampshire, for example, through new public transport forum(s);
- developing and adopting solutions for **easier-to-use, quicker and affordable ticketing systems**, particularly where these have been demonstrated to be successful.

For example, during 2023 and 2024 we are working with bus operators to promote the £2 capped single bus fare funded by the UK Government. We also offer 'tap on tap off' (contactless) account-based ticketing with capped fares on some bus services, that ensure customers are charged the best value fare for the journeys that they make. We are also developing a new Mobility-as-a-Service (MaaS) app that integrates route planning, multi-operator ticketing and shared bike hire to transform how residents and visitors travel around the Solent area;



- seek to ensure **equality of access** for all, including:
  - **fares and ticketing approaches** for people who prefer not to use contactless payments or who don't have debit/credit cards (e.g. children, older people, or those without bank accounts);
  - work with operators so that passengers are able to **board and alight buses, trains and ferries at their desired location**. This includes disabled people, blind or cognitive impaired passengers (in line with the Equality Act 2010)<sup>13</sup> and those carrying heavy luggage and pushchairs. We will also support funding bids for more lifts or ramps at rail stations;
  - ensuring that **passenger safety, security and accessibility** are a core part of the design of roadside infrastructure (e.g. bus stops and shelters);
  - identifying **walking routes to key bus stops** and ensuring that they are **direct, safe, accessible and well-lit** – by working in partnership with parish and district / borough councils;
  - ensuring **public transport services are easy to understand and use**, with information available via a number of sources and in a variety of accessible formats;

- promoting the **integration of local ticketing schemes** with national rail ticketing;
- continuing to seek opportunities to introduce **zero emission buses**;

Partnering with First Bus and Portsmouth City Council, Hampshire County Council were successful in a joint bid to DfT's 2022 ZEBRA (zero-emission buses) fund. This will see 62 new electric buses in service by spring 2024 on local bus routes in the Fareham, Gosport and Portsmouth area. Costs for further depot charging infrastructure to enable electric bus operation have been quantified and the County Council will partner with bus operators on further future bids for funding.

- seeking to improve the **quality of data** we hold relating to bus stop/interchange facilities and passenger information, to help target investment and achieve consistency in the standard of facilities based upon usage and function (including prioritising investment in Equality Act compliance).



13. The Equality Act (2010) places a duty on both public transport operators and highway authorities to provide reasonable adjustments so that disabled passengers are not disadvantaged.

## Policy PT2 – Provide the infrastructure needed to enable reliable, frequent, fast and connected public transport trips

### We will:

- a. develop and deliver a dedicated mass transit and bus priority network. We will:
  - provide bus priority measures (including reallocation of road space) to speed up bus journeys, prioritising investment in line with priority corridors within our **Enhanced Partnership Plan and Bus Service Improvement Plan (BSIP)**;
  - seek to deliver frequent **mass rapid transit (MRT) services** on our highest use urban and inter-urban corridors;
- b. increase **enforcement of bus priority, kerbside parking regulations, and moving traffic contraventions**<sup>14</sup> where non-compliance with traffic regulations affects bus reliability;
- c. **improve roadside bus passenger infrastructure** including bus shelters, in order to achieve a consistently high standard across the core network;
- d. work with transport operators and other delivery partners to **improve key interchange points and travel hubs across Hampshire**;
- e. explore with bus operators the potential to use **multi-door buses** on busy urban routes where these will help to deliver quicker, more punctual journeys.

### Policy PT2 is required because:

The County Council has no direct control over the majority of bus services (which are run commercially by private bus companies), or the rail network. However, we are able to influence provision and use of bus services by providing supporting infrastructure and technology that enable faster and more reliable journey times. We are also able to work with passenger rail operators to improve interchange facilities and cycle storage at railway stations.

### Implementation of Policy PT2 will be supported by:

- **focusing investment and resources on well used bus routes** where the evidence (including stakeholder input and the TfSE Strategic Investment Plan) demonstrates the strongest case and value, in line with the Enhanced Partnership Plan. For example, bus services have been categorised as 'flagship', 'core' and 'non-core/non-commercial', and Bus Route Investment Plans for all flagship routes are being developed;
- work collaboratively with bus operators to design and implement **bus priority and infrastructure improvements** to enhance the overall outcomes of investment. In particular, where the County Council promotes measures to improve the viability of bus services, we will seek reciprocal improvements from bus operators in service provision. We will undertake similar engagement with ferry operators.

Here, the primary focus will be to ensure that fares for local ferry operations are integrated with bus fares, to provide seamless journeys;

- delivering further bus journey time improvements to **improve access to jobs**. South Hampshire has some of the poorest accessibility to employment of any major urban area in the UK, with only 18% of jobs accessible by public transport (National Infrastructure Committee Transport Connectivity Data, 2019);
- publishing a Hampshire **bus priority network**, an **interchange strategy** for our rail stations, and a **design standards document**;
- developing proposals and securing funding to deliver **mass rapid transit (MRT) services** (bus and rail based) on our highest use urban and inter-urban corridors e.g. Portsmouth and Southampton journey-to-work areas, Basingstoke, and the Blackwater Valley (in co-operation with Surrey County Council). These will embody a whole route approach to infrastructure measures, with the potential to support 'limited stop' or 'express' services where appropriate;
- delivering **whole route improvements on other key bus routes**;
- **targeting enforcement** of bus priority, kerbside parking regulations, and moving traffic contraventions on the busiest routes, including through application of new technology;

14. This includes offences such as driving in bus or cycle lanes, failing to adhere to one-way systems and no-entry signs, banned left and right turns, U-turns, no-vehicle entry points and entering yellow box junctions.

- creating convenient, comfortable and secure passenger environments and better co-ordinated timetables which support a more **seamless travel experience** between different modes and services;
- continuing to **work with Network Rail and train operating companies** to secure funding to deliver station and interchange improvements for communities within Hampshire and beyond;
- working with neighbouring transport authorities to co-ordinate improvements to **cross-boundary routes** (bus, rail and ferry).



## Policy PT3 – Increase the reach of public transport services

### We will:

- a. **expand the reach of existing mass rapid transit schemes** where this provides a practical and viable solution to enhancing service coverage, including completion of South East Hampshire Rapid Transit and the Gosport – Fareham 'Eclipse' Busway;
- b. work with bus and rail operators to **increase service frequencies and improve early morning, evening and Sunday services**;
- c. seek opportunities to **improve access to/from bus and rail services** by walking, cycling (including e-bikes), and other public or shared transport services (i.e. the first and last leg of a public transport journey);
- d. develop and trial applications of **digital demand responsive transit (DDRT) and taxi-bus schemes** and continue to support affordable **community transport services** on those routes which are unable to support commercially viable services (also see Section 7.3, Future Mobility, Policy FM1, and Section 7.5, Rural Transport, Policy RT1);
- e. invest in and promote **park and ride** as a means to reduce traffic volumes in historic and other urban centres such as Winchester.

### Policy PT3 is required because:

In order to support people make the choice to travel less by car we need to make public transport a more viable option for journeys to work, school, shopping and for leisure. This includes making public transport more convenient and improving its coverage and range of destinations served, including for medium and longer distance journeys to destinations outside the county.

### Implementation of Policy PT3 will be supported by:

- maximising the use of **external funding opportunities, partnership working and lobbying** to expand the reach of conventional public transport services. For rail, we will focus on the delivery of metro-style frequencies in the Solent area, with a re-focusing of rail services on the needs of local commuters and provision of supporting infrastructure where necessary. There is also considerable scope to provide more bus priority measures in locations with traffic congestion to reduce journey times in the Solent area;
- seeking more **innovative ways of delivering socially necessary services in cost effective ways for communities not served by the commercial bus network**. These services are becoming increasingly difficult to serve cost-effectively using traditional buses. We are increasingly looking to work with community transport providers and local community groups to explore how travel needs can

be met in rural and peripheral areas, and outside core hours of operation, subject to funding;

- continuing to work with train operating companies to implement improvements identified in **station travel plans** to enhance connectivity and integration with other modes of transport, subject to funding. This could include making better use of station buildings (including future mobility hubs) to further promote sustainable travel;
- working with public transport providers to ensure there is adequate **on-board capacity for cycles, e-bikes, mobility scooters and other forms of micro-mobility** to help make longer journeys without a car an easier choice. Most trains have only a few cycle spaces, and buses and coaches have none. We will initially focus on tourist areas (see Policy PT1) but within the lifetime of this LTP4 this capacity will need to increase everywhere, to allow people to cycle at both ends of their journey;
- working with local communities to create **safe cycle parking** at the point where people move from cycling to public transport (see also Policy FM1 – mobility hubs, and Policy HP3 – cycle parking);
- potentially **promoting changes to the English National Concessionary Travel Scheme** (i.e. the user contributes towards a proportion of the cost of travel).

- trialling and evaluating more **flexible and innovative forms of public transport**, such as digital demand responsive transit (DDRT), which offer a more personal, on-demand service, taking people from their doors or closer to their doors than a regular bus, where funding is available (see also Rural Transport, Policy RT2);
- launching a **single Countywide recognizable brand** for Hampshire County Council's **supported community transport and taxi-share services**;



- working with existing **Community Rail Partnerships** in Hampshire to facilitate delivery of projects which improve accessibility and promote increased use of local rail services (also see Rural Transport, Policy RT1).



## 7.3 Future Mobility

Technological change is happening at a rapid pace and this will impact how we move around in the future. Over the next generation we will see a major transition in cars and road vehicle technology, towards a zero emission fleet that is fully automated and connected. The potential for public good from this technological revolution is significant, but the opportunities need to be grasped and challenges overcome. Future forms of mobility must not only be environmentally conscious but accessible, connected and offer a compelling alternative to single occupancy car travel.

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The County Council can play an active role through investment in, facilitating and enabling future mobility solutions. Working in partnership with business, manufacturers and regulators, this technology could be harnessed to solve some of the most complex transport issues that we face.

**‘We will take account of the transformational opportunities that technology innovation offers to deliver a more sustainable transport system, with public transport, walking and cycling remaining fundamental. We will use technology as an enabler for delivering our LTP4 outcomes, but it will not lead our approach.’**

### Policy FM1

Using technology and innovation as an enabler for delivering our LTP4 outcomes

### Policy FM2

Accelerate the transition to low and zero emission vehicle use

## Contribution to achieving our LTP4 outcomes

 <p><b>A carbon neutral, resilient Hampshire</b></p>	<ul style="list-style-type: none"> <li>• Electric vehicles (and alternatives) have a major role in decarbonising transport (but are not the whole solution).</li> <li>• Increased digital connectivity supports lifestyles with a reduced need to travel. Mobile phone applications which provide access to travel information, shared transport options and payment facilities via a single platform will make it easier to use alternatives to the private car.</li> </ul>
 <p><b>Respect and protect our environment</b></p>	<ul style="list-style-type: none"> <li>• Transition to zero emission vehicles will deliver significant air quality benefits from reduced tail-pipe emissions, although brake and tyre dust will continue to contribute to poor air quality for both humans and wildlife.</li> </ul>
 <p><b>Thriving and prosperous places</b></p>	<ul style="list-style-type: none"> <li>• A better connected and automated transport network will be more efficient and reliable, generating productivity benefits for businesses and individuals.</li> </ul>
 <p><b>Healthy, happy, and inclusive lives</b></p>	<ul style="list-style-type: none"> <li>• Self-driving vehicles and the increased use of data and mobile applications to assist the planning and execution of journeys should make it easier for disabled and older people to get around.</li> <li>• However, there are safety challenges associated with automation of vehicles, which will continue to be subject to extensive research at a national (and global) level.</li> </ul>



## Policy FM1 – Using technology and innovation as an enabler for delivering our LTP4 outcomes

### We will:

- a. trial and pilot **new and innovative transport and mobility solutions** in order to identify those with the greatest potential for wider application;
- b. establish clear objectives for **subscription-based mobility services (also known as Mobility as a Service or MaaS)** within Hampshire and use this framework to engage with potential third-party commercial providers;
- c. support **'micro-mobility'** solutions (e.g. e-bikes and other legal forms of micro-mobility), which are affordable and financially sustainable and offer safe forms of travel;
- d. work with commercial providers and developers to **support and promote new shared transport options** which offer alternatives to car ownership and use (e.g. bike hire, car clubs, lift share schemes, taxi sharing models, digital demand responsive transport (DDRT) and community transport) (also see Section 7.2, Public Transport, Policy PT3, and Section 7.5, Rural Transport, Policy RT1);
- e. identify opportunities to create highly visible, safe and accessible spaces (**mobility hubs**) which act as a focal point for public and shared transport (e.g. car clubs or bike hire schemes) alongside other public services (like health clinics).

### Policy FM1 is required because:

Advances in technology and digital connectivity will serve an important role in reducing our need to travel. But they will also be significant in helping us to adopt more sustainable, cleaner and accessible ways of getting around, with a greater choice of travel options 'at our finger-tips' in the form of automated, connected and shared transport.

Vehicles, including all forms of transport, are also increasingly digitally 'connected', transferring data with the wider world. The growing availability of data on travel patterns and the flexibility of booking apps for users will allow us to plan our travel and use transport in new and more flexible ways.

Although fully autonomous vehicles (driverless vehicles) are some way off, increasing numbers of vehicles on the road have some degree of autonomous features (for example, adaptive cruise control, which can help to smooth traffic flow and improve emissions and safety).

However, while automation can bring significant benefits, it could also create unintended consequences, reinforcing the negatives associated with high car dependency – including increasing congestion, poor health, lack of public transport alternatives, and loneliness and social exclusion for those without a car.

### Implementation of Policy FM1 will be supported by:

- assessing the **role and influence of the County Council** in shaping the market in the field of technological innovation and application to deliver LTP4 outcomes;
- adopting a **flexible approach** to our application of technology (and associated services), considering what works best for different parts of the county, focusing on their specific challenges and the desired outcomes rather than the technology itself;
- continuing to build **collaborative relationships with local research and delivery partners** such as the University of Southampton and University of Portsmouth, to jointly develop and test new innovations. This will include working with Solent Transport to trial innovative approaches to personal mobility and sustainable urban logistics as part of the Solent Future Transport Zone Project. This includes smartphone apps for planning and paying for sustainable journeys (MaaS), e-bike share scheme, e-scooter trials, trialling digital booking and operation solutions for community and demand responsive transport, a mobility credits scheme, and new approaches to freight distribution (see Core Policy C2, Box 2).
- **assessing trials and research** undertaken by others and using the evidence to inform local trials and pilots;

- supporting and promoting **Mobility as a Service (MaaS) platforms or applications** which make end to end journeys easier to plan and pay for, by:
  - providing easy access to information about all types of transport and the choices available, including shared transport schemes (e.g. car clubs, bike-hire, etc); and
  - enabling users to book and pay for whole journeys, regardless of the number of types of transport involved, based on clear information on costs and options and a simple fares system;
- identifying opportunities to **use existing buildings and spaces (e.g. car parks, parking bays) to create mobility hubs**, where this is shown to be cost effective, will improve the public realm, will support the liveable neighbourhood concept and/or improve access to/from conventional bus and rail services. Mobility hubs will make sustainable alternatives to car more attractive and will help to reduce the number and length of trips by providing more opportunities locally. Potential locations include rail stations and bus stations and shops, employment destinations, town/city centres, neighbourhood centres, market towns and village hubs, and tourist destinations;
- exploring the feasibility of developing a **supported 'mobility hub' package** that urban and rural parishes and local communities could purchase from the Council. This could comprise zero emission car share vehicles and back-office operation, electric vehicle charging points, e-bikes for shared use, secure bike storage, parcel lockers for personal deliveries or as part of a local micro-consolidation centre, etc.

### Role of mobility hubs and shared mobility modes

Mobility hubs create space designed specifically to house public and shared mobility modes. Shared mobility modes are forms of transport shared among users, either concurrently or one after another. Public transport, or mass transit, as well as newer models such as car-sharing, bike-sharing and ride-sharing, are all types of shared mobility.

Mobility hubs typically have three key characteristics:

- co-location of public and shared mobility modes;
- the redesign of space to reduce private car space and improve the surrounding public realm;
- a pillar or sign which identifies the space as mobility hub which is part of a wider network and ideally provides digital travel information.

Mobility hubs are generally, but not necessarily, situated at significant points on major public transport corridors as they form a critical element in supporting the role of high-frequency public transport within cities and large towns.

The concept is being applied to the streetscape in many European and North American cities.



*(Mobility Hubs Guidance, 2019/20, Como UK)*

Figure 22: Example of a mobility hub



**Key benefits:**

- **convenience** for multi-modal trips;
- **choice of modes** for different journeys and needs;
- provide **opportunities to try new modes** (such as electric cars, e-bikes, etc.) and remove some of the fear and uncertainty;
- **plugging the gaps in the public transport network** in suburban and rural areas;
- support **liveable neighbourhoods** by facilitating local trips;
- provide an **alternative to car dependency**;
- allow space to be reorganised for the benefit of pedestrians, cyclists and business owners creating a **more pleasant urban realm**;
- provide a natural home for **electric vehicle charging infrastructure**;
- help to solve the issue of **managing “street clutter”** from dockless / free floating micro-mobility services (e.g. e-scooter rental schemes);
- provide an **opportunity to co-locate transport and local services** (e.g. health clinics, shops, etc.) and reduce the need to travel.

*(Mobility Hubs Guidance, 2019/20, Como UK)*

## Policy FM2 – Accelerate the transition to low and zero emission vehicle use

### We will:

- a. **lead by example and adopt electric vehicle (EV) or other zero emission vehicle (ZEV) technology** to reduce the environmental impact of our day-to-day Council operations;
- b. act as lead coordinator for a strategic Hampshire-wide approach to **EV charging provision**, working closely with the district, borough, towns and parish councils;
- c. work with local authority partners, private enterprise and workplaces to encourage **third party provision of EV chargepoints**, including supporting access to Central Government grants;
- d. encourage residents, businesses and public transport operators to **transition to zero emission vehicles**, by providing information on the benefits and practicalities of EV/ZEV use, and by seeking funding and opportunities for public transport operators (see Section 7.2, Public Transport, Policy PT1) and the freight sector (see Chapter 6, Core Policy C2);
- e. **support residents without off-street parking** to charge EVs near to their home, in a safe manner which does not impede those walking or cycling in the vicinity.

### Policy FM2 is required because:

Electric and other potentially zero emission vehicles (ZEV) are an essential part of the solution to removing carbon emissions from transport. Central Government is leading on the uptake of ZEVs at a national level through policies including a ban on new petrol and diesel car and van sales by 2030 and hybrid cars by a later date. It also intends to consult on phasing out sales of non-zero HGVs by 2040.

However, electric vehicles (EVs) still represent a very low proportion of the total vehicle fleet. In Hampshire battery EV registrations account for less than 2% of the

vehicle population. The (lack of) availability of charging infrastructure and the relatively high purchase costs are the most regularly cited barriers to EV uptake.

The private sector (e.g. car manufacturers and charge point operators) will have a major influence on the transition to electric (and alternative) vehicles. In addition, from 2022, new homes and buildings in England are required to install electric charging points. However, the County Council will take a proactive role to further facilitate this transition within Hampshire.



### Implementation of Policy FM2 will be supported by:

- continuing to expand **Hampshire County Council's fleet of electric vehicles**;
- continuing to expand the **provision of charging points** (including dedicated parking spaces) at Council-owned locations, and on the public highway where residential households do not have off-street parking. In particular, we will review strategically located Council-owned **land adjacent to roads of importance** for potential installation of rapid EV chargepoints and the development of mobility hubs for public use;
- publishing and maintaining an **Electric Vehicle Charging Infrastructure Strategy**, covering both urban and rural areas, to provide consistent and up to date guidance on our approach;
- gathering information directly from residents on the **preferred location for chargepoints**, to ensure that investment is targeted around local need;
- undertaking and monitoring/evaluating **pilot schemes** for on-street electric vehicle charging **for residents without off-street parking**. This will better inform the County Council's strategy for future schemes across the county, subject to funding;

- working in partnership with the district and borough councils to identify key locations where chargepoints can be installed to **facilitate the usage of EVs by taxi and private hire vehicle operators**;
- responding flexibly to **fast-paced developments** within the EV sector to ensure that charging infrastructure in Hampshire is of a high standard;
- encouraging the district, borough, town and parish councils to provide **electric bike charging facilities** within their public car parks alongside their EV infrastructure. The County Council will explore installing electric bike charging facilities at appropriate locations on Council-owned land.

See also Public Transport, Policy PT1 (funding and opportunities for public transport operators to transition to zero emission vehicles) and Core Policy C2 (taking a leadership role in supporting research and trials to develop solutions for low carbon HGVs).



## 7.4 Balancing Travel Demand

The impacts of car travel such as air pollution, noise, severance (where traffic flow impedes the movement of pedestrians and cyclists), and road safety are disproportionately borne by non-motorists and by residents. This theme is about how we manage the highway network on a day-to-day basis to balance the different needs of transport users and achieve our LTP4 outcomes.

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**'We will seek to achieve a better balance between access by car and the needs of others, to support walking, cycling and public transport; create high quality places and support economic needs; and minimise the adverse impacts of transport on the environments within which we live.'**

### Policy BTD1

Regulating traffic, parking, and kerbside deliveries





### Policy BTD2

Managing streetworks and other highway activities to minimise disruption to transport users

### Policy BTD3

New approaches for shifting the balance between private car use and other modes

## Contribution to achieving our LTP4 outcomes

 <p><b>A carbon neutral, resilient Hampshire</b></p>	<ul style="list-style-type: none"> <li>Managing the highway network to support walking, cycling and public transport will reduce dependency on the private car and reduce overall carbon emissions.</li> <li>Transport disruption related to climate change impacts (e.g. flooding of roads) will be managed through information provision.</li> </ul>
 <p><b>Respect and protect our environment</b></p>	<ul style="list-style-type: none"> <li>Managing the volume, type and speed of vehicles in our town centres, neighbourhoods and villages will have a positive impact on local air quality and noise levels.</li> </ul>
 <p><b>Thriving and prosperous places</b></p>	<ul style="list-style-type: none"> <li>Catering for the travel needs of everyone will drive more equitable and sustainable economic growth.</li> <li>These policies will create cities, towns and villages which are attractive, convenient and safe places to live, work and visit.</li> </ul>
 <p><b>Healthy, happy, and inclusive lives</b></p>	<ul style="list-style-type: none"> <li>Reducing traffic intrusion and intimidation in our villages, town centres and neighbourhoods (and therefore encouraging walking and cycling), will have widespread safety, health, well-being, and social inclusion benefits.</li> </ul>

## Policy BTD1 – Regulating traffic, parking, and kerbside deliveries

### We will:

- a. look for opportunities to **improve the ‘place’ function in villages, town centres and neighbourhoods**, including reallocating road space and managing vehicle access in specific locations;
- b. apply the Road User Utility Framework and Movement and Place Framework in the planning and operation of **junctions and crossings**;
- c. **manage speeds** to improve safety, support walking and cycling, reduce vehicle emissions (including particulates) and enhance places;
- d. **manage on-street parking** (e.g. through parking tariffs and changes in parking supply) to support the vitality and viability of our town centres, whilst also supporting objectives relating to quality of place and use of non-car modes;
- e. manage levels of **residential on-street parking** (e.g. through residents parking permit schemes) to provide fair access to all, whilst encouraging residents to use fewer and cleaner cars (e.g. through differential permit fees);
- f. identify how to support **residents without off street parking** make the switch to electric vehicles to ensure neighbourhoods benefit from cleaner air (see Section 7.3, Future Mobility, Policy FM2);
- g. use our **new and existing powers relating to parking and enforcement of moving traffic contraventions**<sup>15</sup> to create safe environments, facilitate efficient movement of traffic, and restrict vehicles in sensitive areas (in line with the Movement and Place Framework);
- h. ensure the **delivery and service needs of businesses and residents**, are considered particularly where road space is being reallocated for walking, cycling, and buses (e.g. provision of loading/unloading bays, dynamic management of kerbsides, re-timing deliveries, and use of new approaches and technologies) (see also Chapter 6, Core Policy C2).



### Policy BTD1 is required because:

Making best use of our highway network is important for economic vitality and society in general. Roads facilitate the transport of people and goods, provide access to homes, businesses and other destinations, and provide public space where people shop, socialise or relax.

The provision of additional road space, especially in our towns and cities, is often impractical and undesirable. The competing needs of different road users therefore need to be managed effectively to enable everyone to undertake their activities safely. In the past we have tended to prioritise the needs of car drivers, but this has meant that those that do not have a car available have not had access to the same opportunities. It has also created car dominated environments which are not conducive to physical activity, do not encourage social interactions, and lead to poor air quality – all of which adversely impact our health and well-being.

While the highway network is important for our economy, we also need to recognise that our town centres and other centres need to respond to changes in shopping and travel habits to provide a more holistic offering, incorporating not just functional services, but also to become destination points for people to spend time. Quality of place and attractive walking and cycling environments are increasingly important factors for businesses, workers and residents.

15. This includes offences such as driving in bus or cycle lanes, failing to adhere to one-way systems and no-entry signs, banned left and right turns, U-turns, no-vehicle entry points and entering yellow box junctions

### Implementation of Policy BTD1 will be supported by:

- using the **Movement and Place Framework** to balance the location-specific needs of cars, buses, goods vehicles, and other motorised traffic, with the needs of cyclists, pedestrians, residents, shoppers, and local businesses (see also Core Policy C1, and Healthy Places, Policy HP1);
- considering **bus-only access to urban centres, or time-restricted or charge-based access for other vehicles**, to improve bus journey times and encourage people to use the bus rather than the car;
- considering **time-restricted access for lorries** on local roads to reduce the noise nuisance of lorries travelling overnight or in the early hours of the day, in sensitive locations;
- **working with communities** to trial initiatives such as liveable neighbourhoods and measures to discourage through traffic (see Healthy Places, Policy HP2, for further detail). In general, however, we will not support use of vertical traffic calming measures (speed humps/bumps) unless there is a clear benefit;
- **working with communities** to identify opportunities to reallocate road space to support walking, cycling, and public transport use;
- developing and implementing a **Hampshire-wide parking strategy** which covers all aspects of parking and is aligned with the LTP4 outcomes, working collaboratively with the districts/boroughs (e.g. to co-ordinate parking tariffs across on and off-street parking) (see also Core Policy C6);

- considering the use of **tiered emissions-based charging for parking permits** with permit fees set at levels to discourage high household car ownership levels, and support a shift to low emission vehicles;
- continuing to **operate the County Council's Parking Service on a full cost recovery basis** through an appropriate mix of regulation and chargeable on-street parking, with the principle that controlling parking should not divert the limited funding for managing highways from priority maintenance and road safety functions;
- **investigating restrictions for deliveries to commercial centres**, e.g. deliveries and service vehicles timed to minimise disruption and pollution for visitors;
- investigating the role of **dynamic management of kerbside space**, particularly in urban and village centres. This could involve using physical sensors to monitor real time demand for parking and loading bays, and smartphone apps allowing drivers to locate spaces quickly or advance book spaces; and ultimately changing the use of kerbspace as demand varies throughout the day;
- investigating options for a more **controlled delivery system for residential areas**, such as creating neighbourhood delivery bays requiring portering to individual addresses;
- continuing to provide **disabled bays for blue badge holders** who meet certain criteria, primarily in residential areas with no off-street parking.

See also, Core Policy C7 - Safe, efficient and sustainable movement of goods.





## Policy BT2 – Managing streetworks and other highway activities<sup>16</sup> to minimise disruption to transport users

### We will:

- a. publish (and keep up to date) a **Network Management Plan** describing the tools and strategies employed to reduce disruption arising from works on the highway and minimise the adverse impact of diverting traffic on residents, visitors and all road users (pedestrians and cyclists, as well as motorised vehicles);
- b. continue to manage and coordinate highway activities in Hampshire to **minimise traffic disruption on our network and neighbouring networks**;
- c. consider introducing a **lane rental scheme** to protect key strategic routes (including important bus routes) that link important transport hubs and business areas both within and outside of Hampshire; and
- d. continue to use **traffic control and information tools** to actively manage the network to minimise disruption from works, events and incidents.

### Policy BT2 is required because:

Streetworks, road works and other highway activities (e.g. events and festivals and licenced activities) have the potential to cause disruption to traffic, pedestrians, business, local residents and any other users. Under the Traffic Management Act 2004 we have a Network Management Duty to do all that is reasonably practicable to manage the network effectively to keep traffic moving on our network and neighbouring networks. Benefits include reduced congestion on the key road network, reduced disruption to residents from significant works projects, improved journey time reliability. These outcomes will help support our vision of a connected economy and improved quality of life for all.

### Implementation of Policy BT2 will be supported by:

- publishing (and keeping up to date) a **Network Management Plan** describing the tools and strategies we will use to keep traffic moving;
- adopting a **whole authority approach** to ensure that the activities of other service areas are consistent with this policy;
- **working with partners and stakeholders**, including the Police (who also have responsibilities for management of traffic on the road network), public transport operators (whose services may be affected by temporary road closures), utility companies, district/borough and parish councils, as well as businesses, residents and road user groups;

- continuing to operate a **permit scheme** to co-ordinate work-related activity on the highway to minimise disruption to residents and road users, whilst allowing those undertaking the work the required time and space to complete their works effectively. Permits are required for utility works (undertaken by gas, electricity and water companies, etc.) and Highway Authority works;
- undertaking feasibility work to determine the additional benefit of a **lane rental scheme** to protect key strategic routes that link important transport hubs and business areas both within and outside of Hampshire.

A **lane rental scheme** would allow us to charge works promoters (both utility companies and local highway authorities) for the time that street and road works occupy the highway. Charges would be focused on the very busiest streets at the busiest times and would be used to incentivise work outside of peak times. The power for local highway authorities to implement and operate a lane rental scheme in England is subject to approval by the Secretary of State for Transport.

<sup>16</sup>. For example, construction work on nearby buildings, mass participation sporting events, etc.

## Policy BT3 – New approaches for shifting the balance between private car use and other modes (demand management)

Evidence suggests that some form of demand management is likely to be required to achieve our LTP4 outcomes.

### We will:

- a. **explore** the use of **new charge-based demand management measures** to encourage mode shift, create successful and prosperous places, improve the environment and quality of life for our residents, and to **help pay for delivery of the LTP4**.

Measures could include:

- workplace parking levy;
- emissions based charging/ Low Emission Zones; and
- road-user charging or congestion charging zones.

### Policy BT3 is required because:

We do not at this time know if demand management will be needed or what form it may need to take. This policy is needed to give authority to develop a business case and explore the wider issues associated with various forms of demand management.

Whilst road vehicles are an essential part of our transport system and have unlocked huge freedoms and opportunities for many, it is also clear that they impose costs on other road users and wider society in the form of congestion, accidents, carbon emissions, loss of biodiversity, severance, noise and air pollution.

We also know that the financial cost of vehicle travel (particularly private vehicle use) has been falling in price relative to public transport for some time. This widening gap in affordability makes it very difficult for public transport to compete with the car as the mode of choice and represents a significant risk to achieving the LTP4 outcomes.

The Government's Transport Select Committee are considering the implications of accelerating the shift to zero emission vehicles and the potential for introducing road pricing, or pay-as-you-drive, schemes<sup>xxix</sup>. One of the options identified is a road pricing mechanism that uses telematic technology to charge drivers according to distance driven, factoring in vehicle type and congestion. An arm's-length body is expected to be tasked with recommending an alternative road charging mechanism to replace fuel duty and vehicle excise duty.

At the time of writing this LTP4 the Government's plans remain uncertain. While a national scheme is the preferred approach (as set out in the TfSE Strategic Infrastructure Plan, 2022), there remains a possibility that local action to manage vehicle demand may be needed in the interests of the wider public good. Not just to achieve net zero carbon emissions and climate change obligations but also to manage pollution and growing car dependency.

### Implementation of this Policy BT3 will be supported by:

- investigating further the potential role of **charge-based demand management measures (pay-as-you-drive charges)** in Hampshire. This will include when, where and how such a measure might be delivered, consideration of how different types of vehicles would be affected, and the potential impact on businesses and communities.

It will be important to ensure that realistic, affordable alternative travel options are available to ensure that lower income people are not unfairly impacted by such measures. Specific consideration should be given to the impact on rural areas, where conventional public transport options are typically limited. In addition, any local scheme would need to consider the potential for re-routing of traffic through adjacent authority areas or onto the strategic road network (SRN), and the displacement or creation of problems elsewhere.

Any scheme implemented would be subject to a detailed Equality Impact Assessment.



## 7.5 Rural Transport

Approximately 85% of Hampshire’s land area is rural and accommodates 22%<sup>17</sup> of the county’s population. The quality of Hampshire’s rural environment is key to its desirability as somewhere to live and visit, and is crucial to the County’s economic success<sup>xxx</sup>.

Our rural areas are characterised by low population density and high levels of car dependency.

Conventional public transport services are often not commercially viable. However, technological innovation has the potential to transform how people and goods move around rural areas.

**‘We want to ensure that rural transport enables everyone to live happy and healthy lives in our rural communities; both by allowing rural residents to access jobs, services, and opportunities by a choice of modes, and by improving access to rural areas for all to enjoy.’**

### Policy RT1

Maintaining accessibility in rural areas, and providing viable alternatives to the private car.

### Policy RT2

Sustainable access to the countryside.

17. The total rural population in 2019 based on the RUC-11 classification was approaching 300,000.

## Contribution to achieving our LTP4 outcomes



**A carbon neutral, resilient Hampshire**

- Residents in rural areas are often more reliant on the private car, and travel longer distances than their urban counterparts. Options for sustainable travel are more limited in rural areas. However, enabling walking and cycling, and providing flexible public transport services is vital for achieving carbon neutrality and inclusivity; alongside sustainable development and accessible local services which allow rural residents to live locally and travel less.



**Respect and protect our environment**

- Alternatives to the private car for rural trips will reduce the impact of travel on the environment and provide access to Hampshire’s highly valued natural and historic environment by sustainable means.



**Thriving and prosperous places**

- Enabling residents to live locally and travel less will improve the viability and vitality of our rural villages. In addition, good access to services and opportunities without the need for a private car, will help maintain a diverse rural population, including younger people, those on lower incomes, and those with limited mobility.



**Healthy, happy, and inclusive lives**

- Alternatives to the private car will: improve access to jobs, services, education and other opportunities for all; tackle social isolation and deprivation; help address obesity, and wider health and well-being issues; and be inclusive to all.

## Policy RT1 – Maintaining accessibility in rural areas, and providing viable alternatives to the private car

### We will:

- a. seek to **improve access** to employment, services, community facilities, and other opportunities in rural areas;
- b. support **new technologies** which enable **innovative sustainable transport solutions in rural areas** (see also Section 7.2, Public Transport, Policy PT3, and Section 7.3, Future Mobility, Policy FM1);
- c. enable and work towards facilitating local communities to deliver **community-led place and transport improvements**, where there is funding to do so;
- d. **work with transport providers** (bus, rail, taxi, community transport operators and the voluntary sector) to deliver transport services and information provision in rural areas, and work with providers to offer connectivity to settlements where services are available, where there is funding to do so;
- e. encourage the **providers of public services** (e.g. health, education, libraries, etc.) to bring services to rural areas, or to co-locate transport and local services at 'mobility hubs', to reduce the need to travel into urban areas;
- f. support the roll out of **superfast/gigabit broadband** in rural areas to support home working and access to online services, retail and social opportunities, and reduce the need to travel.

### Policy RT1 is required because:

Residents in rural areas are often more reliant on the private car. Although the car is likely to remain the dominant mode of travel, alternatives are needed to deliver the climate change, environment, economy and, health and social outcomes we are seeking.

While many individuals in rural areas have thriving and prosperous lives, there are also pockets of deprivation:

- There are 10,240 rural households without access to a car or van (2011 Census).
- There are 39,240 rural residents (all ages) whose day-to-day activities are limited by long-term health and disability (2011 Census).
- Approximately 1 in 4 rural areas (LSOAs) could be construed as exhibiting high deprivation<sup>18</sup>. These are dispersed across the County.

Combined with the closure of many facilities and services in rural areas, this makes it very difficult for some rural residents to live quality lives.

For those without access to a car, rural living is particularly challenging. Lack of transport options is a key factor in exacerbating isolation and deteriorating mental health. Social isolation and loneliness can lead to a decline in health and wellbeing, and even an increase in premature deaths. These issues affect both younger and older residents.

*18. These statistics are based on analysis undertaken by Hampshire County Council using 11 indicators of rural deprivation. Local Super Output Areas (LSOAs) are standard areas primarily designed for the publication of Census data. LSOAs have an average population of 1500 people or 650 households.*

Our rural population is less diverse than our urban areas, in terms of age, disability, ethnicity, and background. We need to ensure that our transport system enables everyone to live happy, healthy and prosperous lives in our rural communities. The dispersed nature of rural deprivation means that transport solutions will need to be bespoke and target individuals. Conventional public transport options will only deliver limited benefits and are unlikely to be cost effective. Costs of demand responsive transport solutions are also high.

We will therefore encourage private sector innovation and community-led bottom-up solutions to meet the travel needs of rural areas in cost effective ways.

### Implementation of Policy RT1 will be supported by:

- developing locally generated, evidence-based, and affordable **rural-specific transport solutions** which support happy and healthy rural lives;
- considering rural issues within the **Enhanced Partnership Plan** (see also Public Transport, PT1);
- ensuring that the **Movement and Place Framework** reflects the specific characteristics of rural villages, recognising that the challenges for transport may be different to those in urban areas, requiring different solutions;

- **enabling community-led solutions**, for example:
  - providing **training and advice** to enable rural communities to deliver community led solutions;
  - supporting, **on a cost-recovery basis**, any parish or rural community that wishes to commission us to **deliver place or accessibility improvements** (recent examples include the implementation of schemes to deliver the Petersfield and Liss neighbourhood plans);
  - exploring the feasibility of developing a supported **'mobility hub' package** that parishes and local communities could purchase from the Council (see Future Mobility, Policy FM1). These could be co-located with community services, to reduce the need to travel;
  - also, by championing the introduction of **mobility hubs funded through the private sector**;
- seeking opportunities to trial and implement new technologies and approaches. This could include, for example:
  - trialling **shared taxi** and **digital demand responsive transport** (DDRT) services in rural areas to determine whether they can meet some of the needs of dispersed rural residents in cost effective and financially sustainable ways;
  - exploring the potential for **innovative use of developer contributions** for rural areas where there is evidence that **DDRT** could be more appropriate than conventional bus;
  - **loan or hire schemes for mopeds and legal e-modes (e.g. e-bikes)**. These can potentially increase the use and range of active travel modes. The County Council's "Wheels to Work" scheme is a good example of the sort of measures that can be targeted towards those people in rural areas who are isolated and don't own a car e.g. loaning mopeds to young people seeking alternative ways to access employment or education. They can be particularly effective in semi-rural areas for accessing facilities in urban areas, and linking to onward public transport services (first/last mile trips). They could also contribute to improved age balance in terms of the makeup of rural communities, as well as enabling more cycling by those with health issues or disabilities;
  - rural-focused digital platforms such as **Mobility-as-a-Service (MaaS)** which allow users to plan, book and pay for their travel in one go, and other journey planning applications to provide rural residents with information on linking journeys over multiple modes;
  - supporting **community car-based lift-share schemes and commercially-based electric vehicle car clubs**, to provide rural residents with an alternative to private car ownership for journeys which cannot be easily made by non-car modes;
  - considering the potential for using **'unmanned aerial vehicles' (drones) for deliveries in rural areas**, based on the findings of the Solent Future Transport Zone and subject to consideration of potential health, social, security, environmental and tranquillity impacts (see Policy C2 footnote);
- continuing to support and commission local bus, taxi share and community transport services<sup>19</sup> to **deliver and support a network of public transport services** across Hampshire, subject to available funding;
- work with **Community Rail/Bus Partnerships** that are seeking to encourage and promote increased usage of rail/bus through engagement with local communities and train/bus operators (see also Public Transport, PT2);



19. For example, the County Council and district/borough councils currently fund a dial-a-ride services, run by volunteers, for residents whose transport needs are not met by public bus services.

- using **Local Cycling and Walking Infrastructure Plans** to identify, prioritise and deliver significant infrastructure improvements in rural areas (see Healthy Places, Policy HP1);
- **managing speeds** in targeted rural areas to support walking and cycling (see Balancing Travel Demand, Policy BT1) – for example, where this would address safety concerns and allow people to walk or cycle from a hamlet to the nearest village with a GP surgery or shop or post office;
- working with local communities and partners such as Sustrans/National Cycle Network to **improve walking and cycling routes between rural centres**, and looking for opportunities to create **Quiet Routes** (see also Policy RT2);
- working with **Central Government** to inform and implement national strategies to improve access for people living in, and travelling around, rural areas;
- fully considering the impact of transport strategies and schemes on rural residents (for example, when undertaking **Equality Impact Assessments**<sup>20</sup>), and ensuring mitigation measures are identified, where appropriate.

*20. The Public Sector Equality Duty (PSED) is an obligation within the Equality Act 2010 ("the Act"), requiring public authorities, like Hampshire County Council, to have due regard to equality considerations. Our own guidance already requires us to consider the impact of policies and practices on rural populations, in addition to the standard protected characteristic groups.*



## Our vision for rural transport

Poor access to public transport can have a damaging impact on rural areas. If people do not have access to a car, they can be reliant on buses to get to school, hospital, and visiting friends or to go to the shops. If that bus service disappears it can leave whole villages completely isolated.

In rural areas, buses should concentrate on main settlements. They should be seen as an essential part of the community and the first choice for journeys to nearby towns and cities, health establishments, employment, education and leisure.

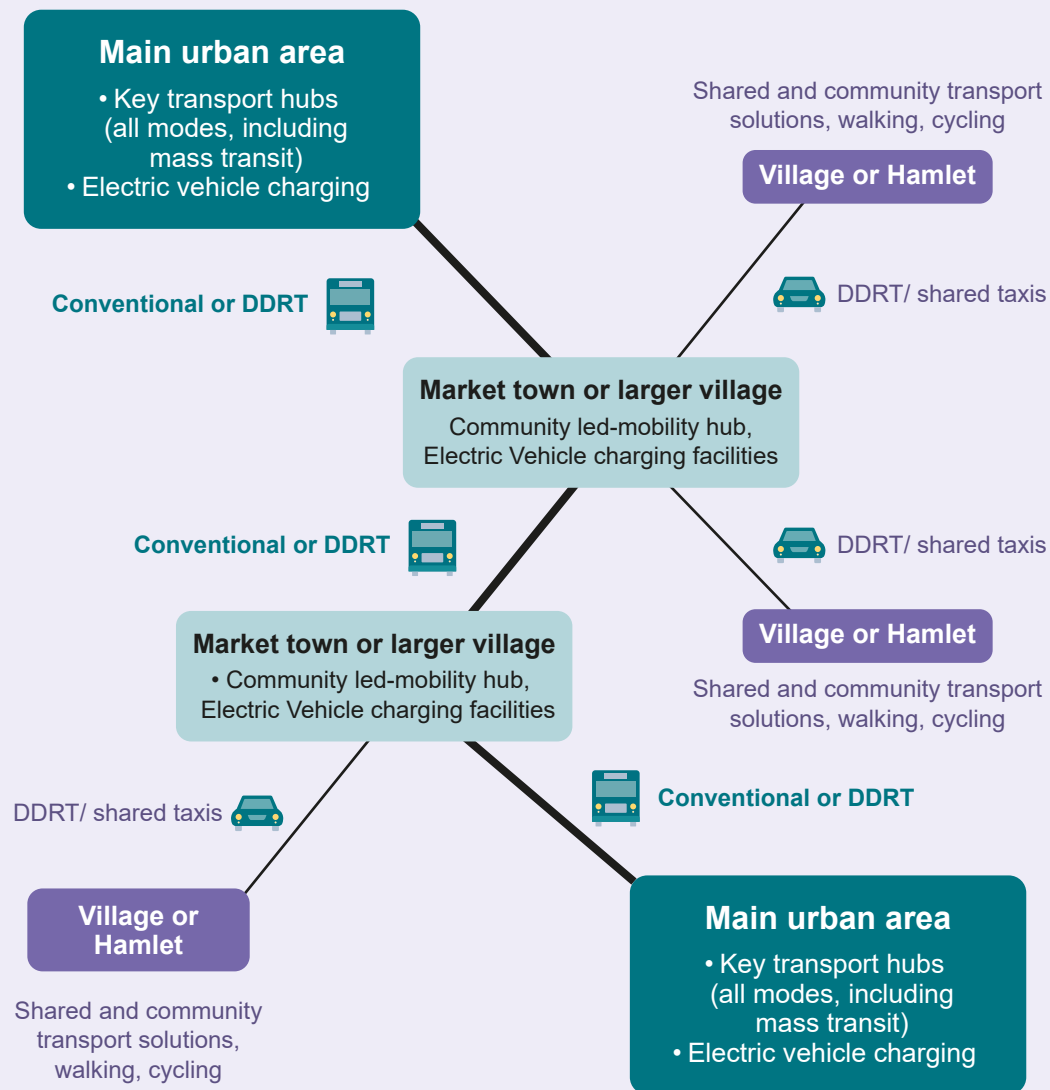
Smaller villages and hamlets should be able to access key stops through a range of **shared or community-led transport options** (e.g. car share schemes), and **safe walking and cycling routes**.

Public transport needs to operate in more flexible ways to meet the travel needs of rural users. **Digital demand responsive transport (DDRT)** – flexible services booked via apps - has the potential to offer more efficient public transport connectivity in areas where fixed route bus services can't meet travel needs effectively. In many rural areas, lower population densities and dispersed travel patterns can build in car-dependency, adversely affecting those unable to drive and those on low incomes. DDRT offers opportunities to implement services which support our LTP4 outcomes, including serving large areas that are not efficient to serve by conventional fixed public transport routes.

We believe there is a need to maintain connected communities where medium to longer distance journeys are made by sustainable public transport. The first and last mile connecting to this main public transport network could be through a variety of **DDRT, eBikes, taxi share and other schemes** improving mobility, access to services and meeting the needs of rural communities.

Recognising that the private car will continue to play an important role in rural areas, we will work with partners to install **electric vehicle chargepoints** in rural locations and explore the feasibility of including chargepoints within a 'mobility hub' package that parishes and local communities could purchase from the Council.

Figure 23: Our vision for rural transport





## Policy RT2 – Sustainable access to the countryside

### We will:

- a. work with others to ensure that residents and visitors can **access and enjoy the countryside** (including key visitor attractions), where suitable funding can be identified and where schemes do not adversely impact highly sensitive environments;
- b. seek to improve the accessibility and connectivity of the Rights of Way network;
- c. support and seek opportunities for leisure and commuter walking and cycling in rural areas, where external funding can be identified;
- d. base our decisions regarding investment in rural walking and cycling infrastructure on **Local Cycling and Walking Infrastructure Plans**, the **Countryside Access Improvement Plan**<sup>21</sup>, and the views of affiliated user groups. We will focus on those routes that provide the most benefit to residents, visitors and the local economy.

### Policy RT2 is required because:

It is widely recognised that access to green spaces can significantly improve people's health and wellbeing. Benefits include <sup>xxxi</sup>:

- a reduction in stress and depression; and
- increased physical activity that benefits both children and adults. This leads to a reduction in obesity, diabetes and cardiovascular disease, amongst others.

Access to the countryside is also important for Hampshire's economy. During 2012-13, in an average week, 41% of adults in England visited the natural environment; in over a quarter of these visits people spent money during their visit, and in Hampshire this equated to £580 million <sup>xxxii</sup>.

### Implementation of Policy RT2 will be supported by:

- working with bus operators and others to support **car-free sustainable tourism**;
- working with other partner organisations and with volunteers to **respond to local needs**;
- maximising the use of external funding opportunities to develop **strategically important routes** for walking, cycling and horse-riding;
- working with key stakeholders to secure funding to improve the **National Cycle Network and promoted routes in Hampshire**;

- working with **bus operators** to allow a limited number of bikes to be carried. Initially in tourist areas such as the New Forest, but within the timescale of this LTP, this could be standard for many rural bus services (see also Public Transport, Policy PT1);
- working with district, town and parish councils to develop **local access projects** that enhance the Rights of Way network, connect communities and destinations, and encourage communities to make the most of countryside and nature on their doorstep (e.g. multi-user access routes which pass through corridors of landscape, habitat and heritage interest);
- ensuring that **information** on finding paths and using them responsibly, and on managing public access, is widely available and easily understood;
- working with **visitor destinations and community groups** (e.g. Hampshire Community Rail Partnership) to develop solutions to improve access by sustainable modes;
- considering closing some rural roads to through traffic (motor vehicles) and/or reducing speed limits to create '**Quiet Routes**'. This will complement the Rights of Way network and provide a more joined up network of traffic free routes for walking, cycling and horse-riding;
- supporting schemes which **improve access to non-sensitive environments** and take pressure away from highly sensitive designated sites.

21. Under the Countryside and Rights of Way Act 2000, Hampshire County Council is required to produce a plan to improve the Rights of Way network to meet the current and future needs of the population. Hampshire Countryside Access Plan 2015–2025 is the latest version of this Plan.



## 7.6 Asset Management

This theme covers the maintenance of transport assets owned and operated by the County Council, including carriageways, footways, structures, drainage assets, traffic signals, and street lighting (which, unlike other assets, is managed via a Private Finance Initiative).

Asset management helps us to understand the assets we have, measures and monitors how they perform, and determines the funding needed to mitigate the demands placed upon them. It seeks to maximise value for money by balancing reactive, preventative, and planned maintenance activities over the whole life of the infrastructure. Effective processes and procedures are essential for a well-managed and maintained transport network that meets the needs of our economy and society. There is a need to adapt to reflect future changes in travel modes and usage, and the LTP4 outcomes.

**‘We want to ensure that our infrastructure is well managed, safe and accessible for all users; is resilient to the impacts of climate change; is designed to reduce our carbon footprint; supports our economic, social and environmental needs; and supports walking, cycling and public transport use.’**

### Policy AM1

Sustainable maintenance approach for new infrastructure.

### Policy AM2

Managing and maintaining the existing highway asset.

## Contribution to achieving our LTP4 outcomes



**A carbon neutral, resilient Hampshire**

- Long term value for money programmes of work that aim to improve the resilience of the network to the effects of climate change.
- Greater use of more sustainable products, processes and low carbon materials will reduce the carbon footprint of construction and the highway maintenance service.
- Ensures new infrastructure is designed to be maintainable, sustainable, resilient, and fit for purpose.



**Respect and protect our environment**

- Promoting the appropriate use of green infrastructure and Sustainable Urban Drainage Systems (SUDS) will help to improve local biodiversity.
- Recycling highway waste and increasing the use of recycled materials in highway construction will reduce the volume of materials sent to landfill and assist the move towards a circular economy.



**Thriving and prosperous places**

- Well-maintained and resilient transport infrastructure will ensure that the transport network assists economic growth and provides safe access to services and facilities for all.
- As our economy and network evolves, we will respond to changing priorities and adapt our maintenance strategies to support regeneration, sustainable housing growth and quality of place.



**Healthy, happy, and inclusive lives**

- Ensuring that maintenance standards for walking and cycling infrastructure are inclusive and appropriate for all users will encourage active travel and be vital for improving the health and quality of life for Hampshire residents.

## Policy AM1 – Sustainable maintenance approach for new infrastructure

### We will:

- a. review all new infrastructure designs to ensure that future maintenance requirements are clearly understood and minimised, the **whole life cost** of the assets are considered, and a **‘designing for maintenance’** approach (i.e. designed to reduce maintenance requirements) is adopted for all new transport schemes and developments;
- b. ensure that all new infrastructure:
  - is designed in accordance with the latest **guidance, standards and specifications**;
  - uses materials and assets with a **lower carbon footprint** and that are **resilient** to the effects of climate change;
  - meets its identified aims and objectives, and **contributes positively to our LTP4 outcomes** relating to climate change, environment, economy, people, and health and society.
- c. ensure that **appropriate levels of funding** are received from new developments so that associated new infrastructure can be maintained to the required levels of service; and, more generally, seek to identify and secure funding opportunities for maintaining new infrastructure.

### Policy AM1 is required because:

New housing developments and transport schemes will continually increase the size of the network and the number of assets that need to be maintained. More widely, new infrastructure will increasingly be focused on walking and cycling, public transport, shared mobility, and digital infrastructure. New processes and procedures are needed to support existing strategies to ensure our approach to the maintenance and management of new infrastructure is sustainable and meets the needs of our environment, economy, and society.

### Implementation of Policy AM1 will be supported by:

- using **systematic review processes** involving multiple stakeholders, to ensure that new infrastructure schemes meet their identified aims and objectives whilst minimising the impact on future maintenance;
- **early engagement** and close working with internal (e.g. development planning) and external partners (e.g. local planning authorities) to resolve issues between design aspirations, maintenance requirements, and to expedite the process of highway adoption and scheme delivery;

- ensuring that **technical guidance, specifications, and standards** related to the design of new infrastructure are accessible, applied appropriately and support sustainable development and transport initiatives;
- implementing and continually refining **Commuted Sums processes and procedures**<sup>22</sup>, that seek to ensure a sensible balance is struck between the use of sustainable and resilient materials, and materials which enhance the quality of new public spaces.



<sup>22</sup> *Commuted sums are a payment of a capital sum by developers or other 3rd parties to the highway authority as a contribution towards the future maintenance of the asset that is to be adopted by the highway authority.*

## Policy AM2 – Managing and maintaining the existing highway asset

### We will:

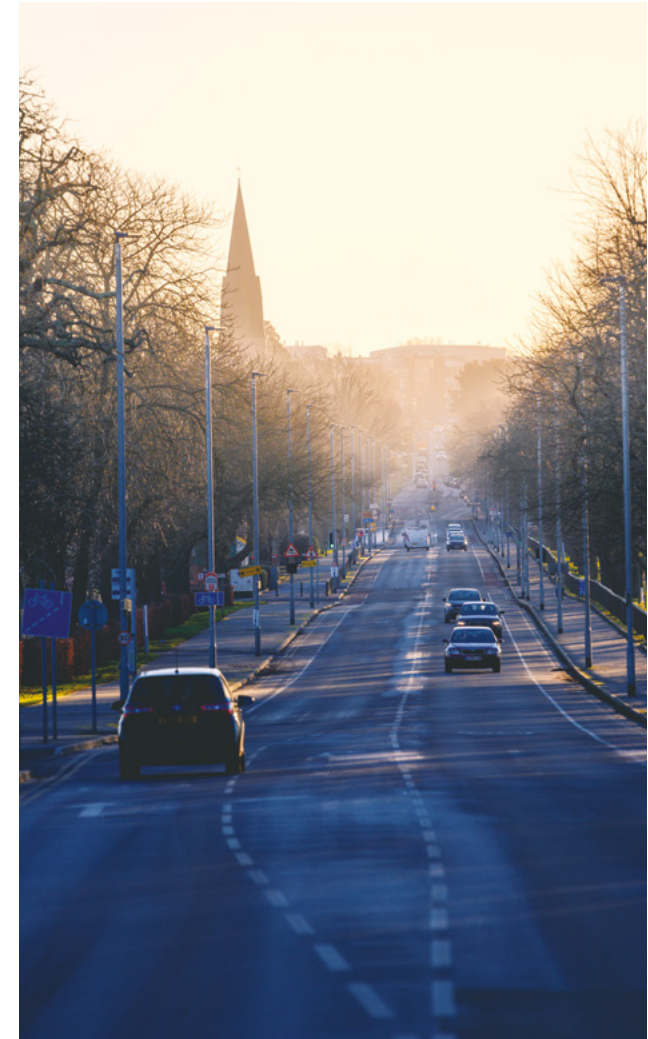
- a. aim to secure the maximum funding available from Central Government, and actively seek **new funding opportunities** to help address a growing maintenance backlog;
- b. apply a robust **risk-based approach** in setting maintenance standards and levels of service to ensure the highway network is fit for purpose and reflects local needs and priorities;
- c. ensure our approach to managing and maintaining the highway asset (and that of our contractors):
  - is **evidence-led** and based on comprehensive lifecycle and investment planning processes which make most effective use of the funding available;
  - **supports walking, cycling and public transport**, and reflects the Road User Utility Hierarchy and the Movement and Place Framework;
  - delivers long-term value for money programmes of work that aim to improve the **resilience of the network** and maximise the life of the asset;
  - takes account of and reduces the **carbon outputs** of highway operations;
  - seeks to **reduce waste**, through increased use of sustainable products and processes, and recycled materials.

### Policy AM2 is required because:

With maintenance budgets under severe pressure, and a backlog in the maintenance programme, it is essential that funding is optimised through all available funding streams and to ensure that the funding received is allocated as effectively as possible to provide the best return on the investment in the network.

The effects of climate change will increase the demand and pressure across all routine, reactive and planned service activities. New strategies and processes are needed to reduce the carbon footprint of maintenance activities, and to mitigate the effects of climate change.

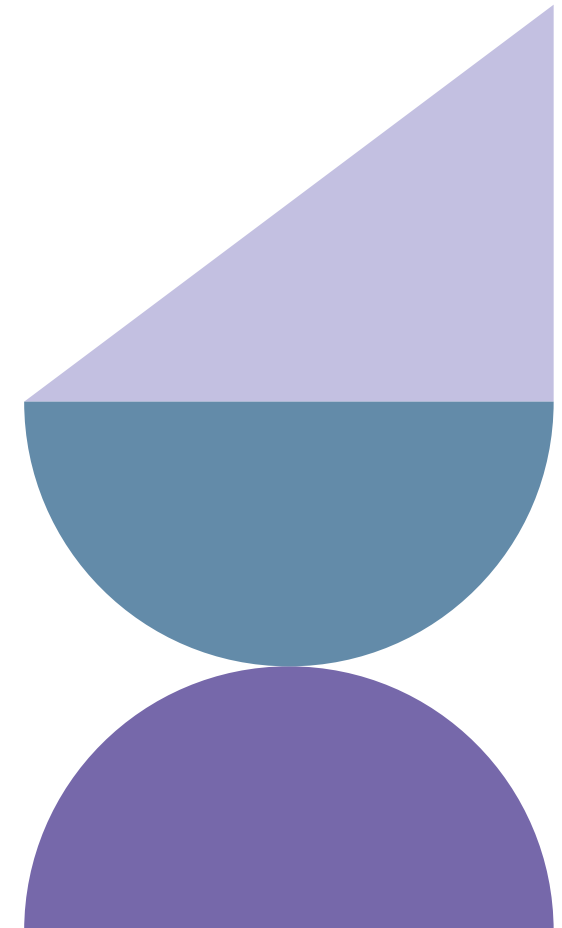
We need to continue to adopt a data-driven, risk-based and lifecycle approach to the maintenance of our existing infrastructure, to provide value for money and meet our economic, social and environmental needs.



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## Implementation of Policy AM2 will be supported by:

- considering the role of the **Movement and Place Framework** in revising and setting standards for maintenance and use of materials;
- securing funds from developers for on-going maintenance through a well-managed **Commuted Sums process**;
- measuring the condition and performance of assets, and using **data and systems** to enable more informed decisions and to identify the most cost-effective maintenance strategies which benefit both maintenance and transport service delivery;
- maximising value for money and network resilience by delivering a **risk-based** balance of reactive, preventative, and planned maintenance activities.
- developing cross asset prioritisation and long term investment plans to ensure the most **efficient allocation of funding** across all major assets;
- adapting asset management strategies and levels of service to support **evolving maintenance needs and transport objectives**;
- developing a **Resilient Network Management Plan** that will identify and manage known and potential issues and risks on the high use, high importance sections of the network;
- reducing the impact of climate change and improving network resilience through the effective management of **drainage assets and flooding incidents**, and other severe weather events;
- developing methods to **calculate whole life carbon generation** when selecting materials and processes and monitor our performance in reducing the carbon footprint of the highway service;
- making use of **innovative technologies** where they assist in more effective decision making or more efficient service delivery.



## 7.7 Development and Masterplanning

Where new development is located and how it is designed will shape Hampshire for generations to come. The County Council is not responsible for developing Local Plans<sup>23</sup> but as the Highway Authority it is a stakeholder in the planning process. The County Council will seek to support, influence and shape future development to achieve the objectives set out in this LTP4.

**‘We support strategic land use planning across the county, and will work with local planning authorities to influence the location and design of development to reduce the need to travel, reduce dependency on the private car and instead create people-focused neighbourhoods’.**

### Policy DM1





Integrate transport and strategic land use planning to reduce car dependency.

### Policy DM2

Support proactive masterplanning of new development sites for high quality neighbourhoods.

23. Local plans are prepared by the local planning authority (LPA), usually the district or borough council or the national park authority for the area.

## Contribution to achieving our LTP4 outcomes

 <p><b>A carbon neutral, resilient Hampshire</b></p>	<ul style="list-style-type: none"> <li>• To meet carbon targets we need to tackle emissions associated with future, as well as existing, trips.</li> <li>• New development generates a need to travel. Planned well, the amount of travel can be reduced, and the proportion of travel by low or zero emission modes increased.</li> </ul>
 <p><b>Respect and protect our environment</b></p>	<ul style="list-style-type: none"> <li>• Creating developments which facilitate shorter journeys made by walking and cycling benefits local air quality.</li> <li>• New developments supported by a range of land uses and served by high quality travel choices can reduce the need for more substantial and intrusive highway infrastructure.</li> </ul>
 <p><b>Thriving and prosperous places</b></p>	<ul style="list-style-type: none"> <li>• New developments which are well integrated with existing communities and transport network are more likely to provide wider benefits to the local area and economy.</li> <li>• Urban centres will be more viable/successful with higher levels of footfall, supported by strong walking, cycling and public transport links and adequate provision for vehicle access where necessary.</li> </ul>
 <p><b>Healthy, happy, and inclusive lives</b></p>	<ul style="list-style-type: none"> <li>• Location, layout and design of new development is a major factor in levels of physical activity associated with new and existing communities.</li> <li>• Planning for new development in the right way provides an excellent opportunity to achieve high-quality, accessible places. It is far easier to achieve this through new development than ‘retro-fitting’.</li> </ul>

## Policy DM1 - Integrate transport and strategic land use planning to reduce car dependency

### We will:

- a. **engage with local planning authorities (LPAs) and developers at the earliest stages** in the planning process i.e. before site allocations have been determined, or when reviewing settlement hierarchies used to inform planning decisions;
- b. **apply the NPPF presumption in favour of sustainable development** - The County Council defines sustainable development as sites that embody the following characteristics (taking account of the local context):
- are 'accessible' or 'highly accessible';
  - offer a mix of uses;
  - achieve a suitable high density of development, which will support frequent public transport and local facilities;
  - have good transport access;
  - achieve the necessary critical mass of development needed to encourage self-containment and support viable public transport services and frequencies, in both new settlements and urban extensions;
  - have been assessed for their transport carbon impacts, are compliant with carbon neutrality targets, or where this is not achievable, the impact is offset;

Further detail to be provided in the County Council's development planning guidance.

### Policy DM1 is required because:

The National Planning Policy Framework (NPPF) sets out planning policies for promoting sustainable transport. Our policies relating to development and master planning and associated guidance builds on the national framework and enhances it at a local level.

It is important that transport issues are considered in the early stages of Local Plan preparation. It is not realistic or practical to achieve development that avoids car dependency if the initial site allocations in Local Plans are poor in transport terms.

The County Council recognises that national housing targets set by Central Government are required to be delivered by local planning authorities (LPA). We understand the challenges this presents for LPAs when having to consider a range of factors, not just transport. We recognise that this may not always be achievable, particularly in rural areas. However, the intention of this policy is that all decisions made by LPAs when allocating sites will be informed by a better understanding of the transport issues associated with them.

To achieve the objectives set out in this LTP4 and to decarbonise transport the location of future sites needs to result in sustainable development, which meets the criteria set out in Policy DM1(b).

### Implementation of Policy DM1 will be supported by:

- the production and maintenance of **development planning guidance**;

- **collaborating with local planning authorities** to influence the location and design of development to reduce the need to travel and reduce dependency on the private car – including regular communication on transport evidence base, schemes, plans, and priorities and how these link with place-making and masterplanning of new developments;
- developing **area transport strategies** that have regard to the known Local Plan context;
- developing **mode specific plans** for interchange enhancements, rapid transit networks, bus and rail improvements, and Local Cycling and Walking Infrastructure Plans that have regard to the known local plan context;
- **working with strategic entities** that engage in spatial planning - notably the Hampshire and IoW planning officers group, Partnership for South Hampshire, Solent Transport, Transport for the South East and local planning authorities;
- maintaining a **transport evidence base**, including strategic transport models to allow others to test spatial plans;
- encourage local planning authorities to consult with relevant **public transport operators on planning applications** for more than 50 new dwellings and new office and retail floorspace;
- work with the local planning authorities to explore options for **securing developer contributions** on a roof tax or similar basis.



## Policy DM2 - Support proactive masterplanning of new development sites for high quality neighbourhoods

### We will:

- a. require development that complies with the **Hampshire Movement and Place Framework** and **Healthy Streets** approach;
- b. require developments that apply the principles of the **Road User Utility Framework** in planning for transport provision, and which are safe and comfortable to use by all relevant modes;
- c. require the **transport impacts (including carbon emissions and air pollution) of local plans and developments to be assessed** and, where necessary, require the developer to mitigate the impact or make developer contributions;
- d. ensure that planning applications are supported by **Transport Statements/ Assessments and Travel Plans** in accordance with the County Council's guidance;
- e. require development that is well designed and planned to **reduce the need to travel**;
- f. require that developments are designed to **widen the choice of modes** that can be used (i.e. those which design in high levels of walking, cycling and public transport use);
- g. require masterplans for strategic sites to ensure that any **sites for schools** within them are located to maximise the potential for pupils to walk and cycle, make provision for attractive routes through the wider development (including links to surrounding areas) and are designed to accommodate school buses where required;
- h. consider requests for **NEW accesses onto Council controlled A roads, and defined B roads, bypasses and relief roads** (map to be provided in supporting guidance), only where the strategic flow of traffic is prioritised and not compromised and when all other reasonable options (such as taking access from nearby side roads) have been considered;
- i. require developments to actively use **parking strategies, plans and pricing** to lock in sustainable travel behaviours (e.g. low car developments, provision of EV charging points and parking spaces for car club vehicles, and good quality cycle parking).

### Policy DM2 is required because:

Strategic housing and employment sites will continue to be part of the strategy for meeting population and jobs growth in Hampshire. We must ensure that new developments provide high-quality places for residents and workers that are sustainable in transport terms and well integrated with the existing transport network and surrounding communities. High quality spaces (streets, pavements, and green spaces) enhance our sense of community, are cleaner, support our health and well-being and bring economic value.

For all new developments, the needs of all road users should be assessed using the **Road User Utility Framework**, the **Movement and Place Framework** and **Healthy Streets** principles. By doing so more accessible, inclusive, often lower cost and smaller scale infrastructure is needed. Opportunities to reduce the need to travel and widen the choice of modes should be identified and incorporated into master planning development sites at an early stage. Developers should assess and mitigate the environmental (including carbon emissions and air pollution), social and economic impacts of developments, alongside the more direct transport impacts that would traditionally be picked up in a standard transport assessment.

*Developers should be aware that a proportion of developer contributions will need to be used for early stage optioneering or scheme development work to identify a preferred option. How much is needed for this purpose will depend on the nature and complexity of the issues and the scheme in question.*

### Implementation of Policy DM2 will be supported by:

- establishing a **Movement and Place Framework** (see Core Policy C1) to assist LPAs as they develop their Design Codes and Supplementary Planning Documents with transport and highway elements;
- producing and maintaining a portfolio of County Council **Technical Guidance** to aid in the planning process. These will set out the technical standards that we require to be met to achieve a high-quality infrastructure and street space, and will provide guidance on the use of **assessment tools** such as:
  - the DfT Cycling Level of Service (CLoS);
  - Healthy Streets audits;
  - the application of Manual for Streets and the Design Manual for Road and Bridges;
  - Transport for New Homes checklist;
  - LTN 1/20 Cycle Infrastructure Design (DfT, 2020);
  - Walking, Cycling & Horse-Riding Assessment & Review (WCHAR); and
  - other national tools developed subsequent to the publication of this plan;
- producing and maintaining development planning guidance on undertaking **transport assessments and preparing travel plans**;
- working in partnership with LPAs to ensure that officers within both tiers receive **training and support around the role of planning in population health and Healthy Streets**, and other tools and guidance used for transport matters, as well as on-site training around accessibility needs;
- encouraging developers to **reduce the need to travel and widen the choice of modes**, by actively embracing concepts like liveable neighbourhoods, reallocation of road space, shared mobility hubs, parking strategies/parking standards, and by designing developments to enable convenient access to public transport options (including suitable access for buses to and through the development);
- adopting an 'infrastructure first' approach when seeking **contributions towards public transport provision** (i.e. contributions towards bus priority measures before revenue support). Revenue funding support for public transport services will only be considered when there is a clear evidence base indicating that long term viability can be sustained;
- **prioritising high quality off site infrastructure for sustainable transport** and only considering mitigation schemes that increase vehicle capacity once all other options have been explored, *except where shown to be necessary for reasons of road safety or where there is a specifically identified strategic network pressure*;
- creating guidance on the **location of new schools** to encourage the use of walking and cycling routes by pupils and parents;
- encouraging developers to provide **traffic free entrances to new schools**, with separate vehicular access to school sites for staff, visitors, accessible parking users, servicing and emergency services. Traditional approaches to accessing school sites can put many different types of road users in conflict causing school gate congestion which can be uncomfortable for some vulnerable road users. For new schools where historic infrastructure constraints are less prevalent then opportunities should be taken to provide traffic free access points. We recognise that this may not be possible when developing historic schools, but the opportunity to do so should be investigated.
- future proofing **access points for adjacent planned developments**, to support site connectivity and permeability;
- ensuring developers actively seeking the **adoption of access roads and internal streets** for new developments comply with the County Council's requirements and offer public benefit, helping to achieve the aim of better neighbourhoods;
- providing **pre-application advice to developers** on a cost recovery only basis.

## 7.8 Strategic Infrastructure

Hampshire's strategic transport infrastructure includes the motorways (M3/M27) and trunk roads (A3/A27/A34/A303/A31/A36) managed by National Highways (formerly Highways England), and the rail network managed by Network Rail. This strategic transport network serves people and freight and is vitally important to achieving sustainable development and economic growth within Hampshire. It provides sub-regional and national connectivity including a critical gateway for freight between the manufacturing hubs of the Midlands and the international deep-water port of Southampton. Furthermore, Hampshire's digital infrastructure and connectivity has an increasingly significant role to play in providing clean and green transport and travel solutions.





Much of this strategic infrastructure is not in the direct control of the County Council, but is considered to be critically important in achieving the outcomes set out in this LTP4.

**'We aim to build on effective partnerships at a regional and national level to influence investment decisions for the strategic road, rail and digital network which deliver the greatest benefits for Hampshire's residents and economy. Strategic infrastructure improvements should complement enhanced local bus, cycling and walking networks.'**

### Policy SI1

Work with partners to deliver targeted improvements to Hampshire's strategic rail, road and digital infrastructure.

## Contribution to achieving our LTP4 outcomes

 <p><b>A carbon neutral, resilient Hampshire</b></p>	<ul style="list-style-type: none"> <li>Better strategic rail infrastructure would increase the frequency and capacity of rail freight and passenger services that operate in and through Hampshire. This is considered essential for broadening Hampshire's transport offer and reducing dependency on the private car.</li> </ul>
 <p><b>Respect and protect our environment</b></p>	<ul style="list-style-type: none"> <li>New infrastructure schemes have the potential to reduce environmental problems such as air quality, and also improve the environment (e.g. by delivering a net gain in biodiversity).</li> </ul>
 <p><b>Thriving and prosperous places</b></p>	<ul style="list-style-type: none"> <li>Integrated, smart, safe and reliable road and rail connections between Hampshire and the rest of the country and major international gateways is critical to the success of Hampshire's economy. A continued move to transferring freight from road to rail will benefit our economic prosperity and reduce congestion penalties for business.</li> </ul>
 <p><b>Healthy, happy, and inclusive lives</b></p>	<ul style="list-style-type: none"> <li>Targeted strategic infrastructure enhancements will improve access to services, opportunities and life chances for all.</li> </ul>

## Policy SI1: Work with partners to deliver targeted improvements to Hampshire's strategic rail, road and digital infrastructure

### We will:

- a. work with our rail industry partners to support delivery of **improved rail capacity** (passengers and freight) and better service **connectivity and frequency**;
- b. support multi-modal passenger and freight access for our **key international gateways**, including Port of Southampton, Portsmouth International Port, Southampton Airport, and Heathrow Airport;
- c. support targeted improvements to the wider **strategic road network (SRN)** and **major road network (MRN)** where there is a clear safety, economic, health or wider social case;
- d. support the future proofing of Hampshire's **digital network** and work with the public and private sector to secure gigabit connectivity across the whole of Hampshire (delivered through full-fibre connections and future 5G networks);
- e. support **new national infrastructure** schemes where the **environmental impacts** have been fully assessed and appropriate mitigation measures specified. We would like schemes delivered by national infrastructure providers to achieve a **10% net gain in biodiversity**, either as part of the immediate scheme design, or by creating new habitat elsewhere (funded within the overall cost of the scheme);
- f. liaise with the National Grid, the Distribution Network Operators (DNOs), suppliers, and other key stakeholders to encourage the delivery of infrastructure required to support the development of **electric and hydrogen-based transport**.

### Policy SI1 is required because:

Hampshire has the fourth largest economy in the country (of the 24 UK combined authorities/city regions) and is the largest exporting region in the South East. Large and strategically important sectors of the economy are highly dependent on transport links, including access to international gateways.

Many of Hampshire's strategic roads are at or near capacity at peak times. These pressures are expected to worsen, particularly as major developments come forward, such as at Welborne (off the M27), at Fawley Waterside, and to the west of Basingstoke near the M3. Securing modal shift from road to rail is necessary to reduce highway congestion and improve air quality which, in turn would boost business productivity and improve the quality of life for local residents.

The need to future-proof Hampshire's digital network with gigabit data coverage is not only vital for the County Council's inclusive economic recovery and health and well-being agendas but also to meet our vision of a carbon neutral transport system.

Accelerating the transition to electric or hydrogen-fueled vehicles is an important element of our approach to reducing transport related carbon emissions to net zero by 2050. However, there are currently limited supplies of carbon neutral electricity and hydrogen - widescale upgrades to electricity infrastructure will be required in many places to support charging facilities for buses and cars, and hydrogen projects (e.g. introduction of hydrogen fuel cell bus fleets) currently have a long lead in time.

## Implementation of Policy SI1 will be supported by:

- working with our regional partnerships and directly with the **National Infrastructure Commission** to draw attention to the growing strategic infrastructure deficit in the South East, which is inhibiting sustainable development and economic growth;
- proactively engaging with **Transport for the South East (TfSE)** in the development of its policies and plans for the South East region. We will actively contribute to the evidence base to support the development of TfSE's technical route and theme-based studies which underpin TfSE's future **Strategic Investment Plan**. We will seek to ensure that Hampshire's own infrastructure needs are clearly acknowledged in the Plan;
- providing strategic leadership to Hampshire's 13 local planning authorities. For example, producing the County Council's regular **Hampshire Strategic Infrastructure Statement** to support local infrastructure delivery plans;
- working closely with **National Highways** and **Network Rail/Great British Railways**<sup>24</sup> to inform their delivery plans with robust evidence-led transport assessments, to secure improvements to the strategic road network (SRN) and the rail network that runs through the county;
- partnership working, through **Solent Transport**, to improve strategic infrastructure in the Solent area;
- engaging with **neighbouring authorities and sub-national transport bodies** (e.g. Western Gateway) on cross-boundary and relevant schemes.

## Strategic transport infrastructure priorities for Hampshire currently include:

<b>International gateways</b>	<ul style="list-style-type: none"> <li>• Junction 9 improvements of M3</li> <li>• A326 multi-modal improvements to support the Solent Freeport<sup>25</sup></li> <li>• A34 (upgrade to motorway standard)</li> <li>• Western and Southern access to Heathrow schemes</li> <li>• Eastleigh Town Centre and Navigation Quarter Access Plan (to facilitate development associated with Solent Freeport, and address air quality and traffic issues in Eastleigh town centre)</li> </ul>
<b>Strategic rail improvements</b>	<ul style="list-style-type: none"> <li>• Works to support increased frequencies on various local and regional routes to improve connectivity and make rail a more attractive option</li> <li>• Removing performance and capacity constraints by: <ul style="list-style-type: none"> <li>- improving headways where appropriate</li> <li>- grade-separation of junctions such as at Basingstoke and Woking</li> <li>- provision of loops to allow faster trains to overtake slower ones e.g. at Fareham</li> </ul> </li> <li>• Providing direct rail access to Heathrow Airport</li> <li>• Re-opening railways where there is a strategic case to do so</li> <li>• Provision of W10/12 gauge-cleared diversionary routes for intermodal freight between Southampton and the West Coast Main Line: <ul style="list-style-type: none"> <li>- Southampton, Basingstoke, Woking, Staines, Acton, Willesden, WCML</li> <li>- Southampton, Salisbury, Westbury, Melksham, Didcot, Oxford, Birmingham, WCML</li> </ul> </li> <li>• Rail traction decarbonisation, whether by electrification or by use (where appropriate) of new technologies such as battery or hydrogen</li> </ul>
<b>Strategic Road Network</b>	<ul style="list-style-type: none"> <li>• M27 junction enhancements (Junction 7 to Junction 9)</li> <li>• Improvements to Junctions 6 to 8 on the M3 (Basingstoke)</li> <li>• Selected journey time reliability improvements on the M27 and M3</li> </ul>
<b>Major Road Network</b>	<ul style="list-style-type: none"> <li>• A33 corridor to serve an M3 to M4 link</li> <li>• Redbridge Causeway</li> </ul>

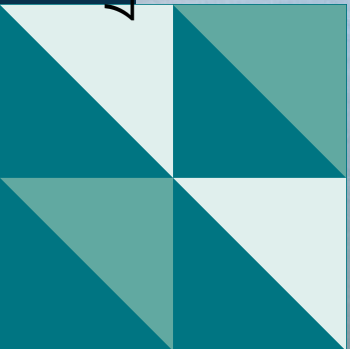
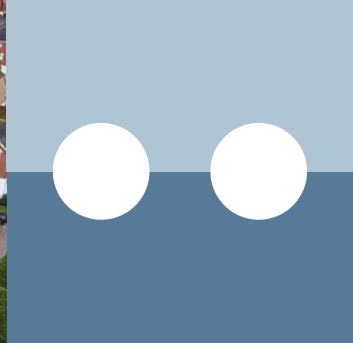
24. Great British Railways is a planned state-owned public body that will oversee rail transport in Great Britain from 2023. The organisation will replace Network Rail as the operator of rail infrastructure, and will also control the contracting of train operations, the setting of fares and timetables and the collection of fare revenue in most of England.

25. Freeports are usually located around shipping ports, or airports. Goods that arrive into freeports from abroad are exempt from tax charges, called tariffs, that are normally paid to Central Government. These taxes are only paid if the goods leave the freeport and are moved elsewhere in the UK. Otherwise, they are sent overseas without the charges being paid.



# Part E: Implementation

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# 8. Implementation approach

## 8.1 Our route to 2050

Our proposed route to achieving our LTP4 vision and outcomes by 2050 is summarised below.

A more detailed route map, structured around the core and theme-based policies is presented in Figure 24 and Figure 25.

In the short-term (to 2025), we will focus on achieving a 'green' and 'healthy' recovery from COVID-19, and kick-starting the local, rapid and transformational actions needed to reduce transport-related carbon emissions and remain on-track to deliver our climate change targets. This will include:

- Achieving the cultural shift required to deliver the adopted LTP4, both within our organisation and amongst our delivery partners and stakeholders. Shifting away from 'planning for vehicles', towards 'planning for people and places' and an increased focus on 'decide and provide' or 'vision and validate' policies which will deliver our LTP4 vision. An emphasis on modal shift and managing demand for road space, rather than just supplying the extra capacity to meet this demand.
- Developing the Movement and Place Framework and defining how the Framework, the Road User Utility Framework, and the Healthy Streets approach will influence the delivery of the Core and Theme-based policies.
- Reviewing and updating our Technical Guidance Notes to reflect the adopted LTP4, including the need to put climate change at the heart of decision-making and detailed recommendations of the Integrated Sustainability Appraisal. This will include embedding new or updated processes where appropriate.

- Completing Local Cycling and Walking Infrastructure Plans (LCWIPs) for the whole of Hampshire, with priority schemes delivered or in progress (subject to available funding).
- Enhanced Partnership in place between Hampshire County Council and the bus operators, driving joint delivery of the Bus Service Improvement Plan(s). Re-building trust in public transport and growing patronage.
- Clarifying the Council's role in accelerating transition to zero emission vehicles, in advance of Central Government targets. Publishing and maintaining an Electric Vehicle Charging Strategy, covering both urban and rural areas.
- Investigating further, the potential role of charge-based demand management measures (pay-as-you-drive charges) in Hampshire, and identifying next steps.
- Better integration of transport and land use planning. Through this LTP4 we are seeking to have a stronger influence on land use planning and in the regeneration of our high streets and town centres by setting out clear transport and highways development control policies and guidance.
- Working with relevant stakeholders to deliver our Equitable Transport Ten Point Plan (see Core Policy C1).

- Developing Theme Strategies such as a Hampshire Freight Strategy, an updated Network Improvement Plan, and an updated Resilient Network Management Plan; and Area-based Strategies for key travel-to-work areas such as the Solent area.
- Delivering the existing pipeline schemes that remain consistent with the adopted LTP4, and newly prioritised schemes.

In the medium-term (to 2030), we will seek to deliver the measures required to support a large-scale shift in mode use, encourage further uptake of new concepts and technology solutions, and achieve the transition from traffic growth to traffic reduction.

In the longer-term (beyond 2030), we will seek to consolidate travel behaviours in the context of significantly reduced car dependency, people-centric places, and fundamental changes in land use which enables more local living and reduces the need to travel.

### Implementation Plan and pipeline of schemes and studies

We will maintain a separate Implementation Plan, setting out a targeted programme of interventions for delivering our proposed route to 2050 and the LTP outcomes.

We will also maintain a supporting pipeline of schemes and programme of studies to focus our activity in the short-term and beyond. This will be reviewed and updated on a regular basis to reflect new and changing priorities.



Figure 24: Our route to 2050 – Short-term priorities and longer-term expectations relating to Core policies

	Short-term (to 2025)	Medium to long-term (beyond 2025)
<b>C1/3: People and places at the heart of decision - making / Road User Utility Framework</b>	Increased focus on policies which support <b>modal shift and manage demand for road space</b> , meet the needs of people and provide places where people want to live, work and visit. Development and application of <b>Road User Utility Framework, Movement and Place Framework, and Healthy Streets approach</b> .	Increased focus on schemes which enable <b>many people living in Hampshire's urban areas to adopt low car-use lifestyles</b> , provide a range of attractive travel choices for both urban and rural residents which support <b>physically active and rewarding lives</b> ; and help to create economically <b>successful and vibrant places</b> .
<b>C2: Efficient, and sustainable movement of goods</b>	<b>Engage with freight sector</b> and relevant stakeholders, to raise profile of freight within transport planning. <b>Support trials of new concepts and technologies</b> (e.g. urban logistics concepts being trialled within the Solent Future Transport Zone). Develop and implement <b>Hampshire Freight Strategy</b> , aligned with emerging Freight Strategy for the South East.	On-going engagement with freight sector, including around <b>low carbon HGVs</b> . On-going implementation of freight strategy. <b>New approaches to freight deliveries become more widespread in Hampshire</b> , including freight-based mobility models, freight consolidation centres, use of low carbon vehicles for last mile deliveries.  Improvements to <b>nationally important road and rail freight corridors</b> (delivered by others) improve journey time reliability, support decarbonisation, and enable a shift from road to rail freight.
<b>C4: Climate Change at the heart of decision making</b>	Developing and adopting a ' <b>designing for climate change</b> ' approach in terms of scheme design, assessment, adaption and mitigation. Embed new processes around carbon impact and climate change resilience.  Re-focus scheme pipeline to deliver local actions that will reduce carbon emissions.	Acceleration of local transport measures to achieve a <b>10% reduction (approx.) in car traffic by 2030</b> (compared with 2019), to remain on-track to deliver carbon reduction pathway. Continued focus in 2030s and 2040s towards target to reduce transport-related carbon emissions to net zero (neutrality) by 2050 (assuming national lead on carbon reduction within freight sector).
<b>C5: Support local living and reduce demands on transport</b>	Work with local planning authorities to encourage <b>integrated land use and transport planning</b> , to reduce the need to travel. Development and roll-out of other schemes to encourage local living and support the development of liveable neighbourhoods.  Support the roll out of <b>superfast / gigabit broadband</b> .  Develop tools to support local communities / parishes / interested groups develop and implement <b>community-led schemes</b> . Identify schemes and opportunities to support local living.	Better integration of transport and land use planning, regarding new development. Wider roll out of <b>public realm schemes in town, district and village centres and transport improvements which encourage local living and support the development of liveable neighbourhoods</b> . Schemes to support more use of local shops and services, more shorter trips by non-car modes, more trip chaining; and higher levels of home working and use of online retailing and services.
<b>C6: Encourage sustainable travel behaviour</b>	<b>Information, training and support measures</b> to encourage and enable everyone to change how they choose to travel. On-going throughout the period of the LTP to meet changing needs and priorities.	
	2020	2025
		2050

Figure 24 continued

	Short-term (to 2025)	Medium to long-term (beyond 2025)
<b>C7: A Safe Systems approach for Hampshire</b>	<p>Build on existing practices to work towards a <b>Safe System approach</b> to road safety delivery in Hampshire.</p> <hr/> <p>Seek to ensure that <b>actual and perceived safety does not deter people from travelling</b>, particularly by walking, cycling, and public transport.</p>	<p>Safe Systems approach <b>adopted by those who design, maintain and operate all parts of the transport system.</b></p>
<b>C8: Managing poor air quality and noise disturbance</b>	<p>Co-ordinated action with district / boroughs and neighbouring authorities, promotion of sustainable travel, and measures to accelerate uptake of zero emission vehicles within the Council, by public transport operators and by local residents - to <b>reduce harmful emissions</b>. Investigation of the <b>potential role of charge-based demand management</b> in Hampshire.</p>	<p>Measures in place manage air pollution, and reduce transport-related noise.</p>
<b>C9: Protecting the environment</b>	<p><b>Embed and apply new processes around biodiversity and environmental net gain.</b></p> <hr/> <p>Schemes to create <b>more green infrastructure for walking and cycling</b>, including carefully planned planting to provide shade and shelter, and reduce noise and air pollution.</p>	<p>Schemes requiring new infrastructure involving works outside of the existing carriageway <b>deliver a net gain in biodiversity and environmental gain</b> to enhance our natural and historic environments.</p>
	2020	2025 2050



Figure 25: Our route to 2050 – Short-term priorities and longer-term expectations relating to Theme policies

	Short-term (to 2025)	Medium to long-term (beyond 2025)
Healthy Places	Invest in cycling and walking-focused environments, and training and promotion activities to build on the uptake of walking and cycling during the pandemic.	Wider roll out of walking and cycling focused environments, to enable a large-scale shift in mode use and enable a high proportion of journeys in our urban areas to be undertaken by walking and cycling. Community-led initiatives to create healthy neighbourhoods and local centres become more widespread.
Public Transport	Focus on recovery of public transport patronage to pre-pandemic levels, and growing patronage further. Work with bus operators, through the newly formed Enhanced Partnership, and begin to deliver the Enhanced Partnership Plan / Bus Service Improvement Plan. Deliver South East Hants Rapid Transit infrastructure; enforce bus lane infringements; deliver bus stop/interchange, information and ticketing improvements. Build the case for further mass rapid transit or bus rapid transit-type services.	Further investment in bus priority (e.g. extension of Eclipse Busway, Basingstoke, Blackwater Valley and schemes associated with new developments). Further service, ticketing and information improvements to meet customer needs. Potential re-opening of Waterside Rail Line to passenger services.  On-going work with public transport operators (buses, taxis, trains, ferries) to transition to a zero emission fleet.
Future Mobility	Seek to accelerate the uptake of electric and other low emission vehicles, prior to the proposed national ban on the sale of new petrol and diesel cars and vans in 2035 - leading by example and co-ordinating with external partners (e.g. on provision of electric vehicle charging points).  Trial and implement new technologies, including personal mobility and sustainable urban logistics concepts being trialled within the Solent Future Transport Zone.	Wider adoption of new technologies which offer attractive alternatives to private car use and encourage use of smaller vehicles, e.g. subscription-based mobility services, micro-mobility solutions, mobility hubs, shared ownership and use models).  Developing strategies to adapt to emerging Connected and Autonomous vehicles - high levels of vehicle automation with limited input from 'drivers', expected; but timescales for full automation under all conditions unclear.
Balancing Travel Demand	Manage the network (traffic, deliveries, parking, enforcement activity and streetworks) to achieve a better balance between access by car and the needs of others.  Explore the use of charge-based demand management measures to encourage mode shift, improve quality of place and quality of life, and to help pay for improved walking, cycling, and public transport infrastructure.	Implement identified approach to charge-based demand management measures.
	2020	2025 2050

Figure 25 continued

	Short-term (to 2025)	Medium to long-term (beyond 2025)
<b>Rural Transport</b>	Measures led by public transport providers, local communities and providers of public services <b>to allow rural residents to access jobs, services, and opportunities by a choice of modes.</b> Trial and implement new technologies and approaches (e.g. demand responsive transport). Support measures to encourage sustainable access to the countryside.	<b>Wider roll out of measures</b> to improve accessibility in rural areas and provide realistic alternatives to reduce dependency on the private car. <b>Wider adoption of new technologies</b> which broaden travel choice, such as community-led mobility hubs.
<b>Asset Management</b>	Develop and implement <b>sustainable strategies and processes to improve the resilience of the highway network and reduce the carbon impact of highway operations.</b>	Resilience and carbon reduction measures are core to policy and decision making and embedded throughout the highway service.
<b>Development and Master- planning</b>	<b>Work with Local Planning Authorities, developers and others</b> to achieve more integrated transport and strategic land use planning leading to new development that reduces the need to travel, widens travel choice, and delivers high quality neighbourhoods.	
<b>Strategic Infrastructure</b>	Work with partners to deliver <b>targeted improvements</b> to Hampshire's strategic rail, road and digital infrastructure.	Strategic infrastructure schemes (delivered by others) <b>support national and sub-national economy</b> and <b>offer efficient and competitive transport options</b> by private and public transport, road and rail.

2020

2025

2050



## 8.2 Prioritising and developing interventions

**Funding for transport schemes is limited. It will never be possible to deliver all the schemes that we would like. Moreover, some schemes will be more effective than others at delivering our LTP4 outcomes. We therefore need to ensure that we focus on those schemes which deliver the greatest benefits for the largest number of people, and the most value for money.**

Our approach to prioritising investment and developing schemes for delivery is shown in Figure 26. It applies a common set of prioritisation criteria across all potential interventions; and seeks to provide a proportionate, consistent and transparent approach for decision-making. It is aligned with the Department for Transport's Business Case approach<sup>26</sup>, and seeks to prioritise schemes which:

- will make a **substantial positive contribution** to delivering the LTP4 outcomes and guiding principles and are aligned with our policies;
- represent **value for money**;
- are **affordable**, in terms of both infrastructure and on-going maintenance requirements;
- are **feasible and deliverable**, because the risks are manageable, there is a clear funding source available (including 3rd party contributions or full funding), and/or the scheme will generate income.

Our **Gateway Process** ensures appropriate scrutiny and approval at key decision points in the scheme development process.

We will draw on ideas from a wide range of sources, including stakeholders and the public. A **Problems and Ideas Pool**, comprising high level concepts, will be identified and updated on a regular basis. Ideas should focus on addressing problems, rather than describing pre-conceived concept solutions.

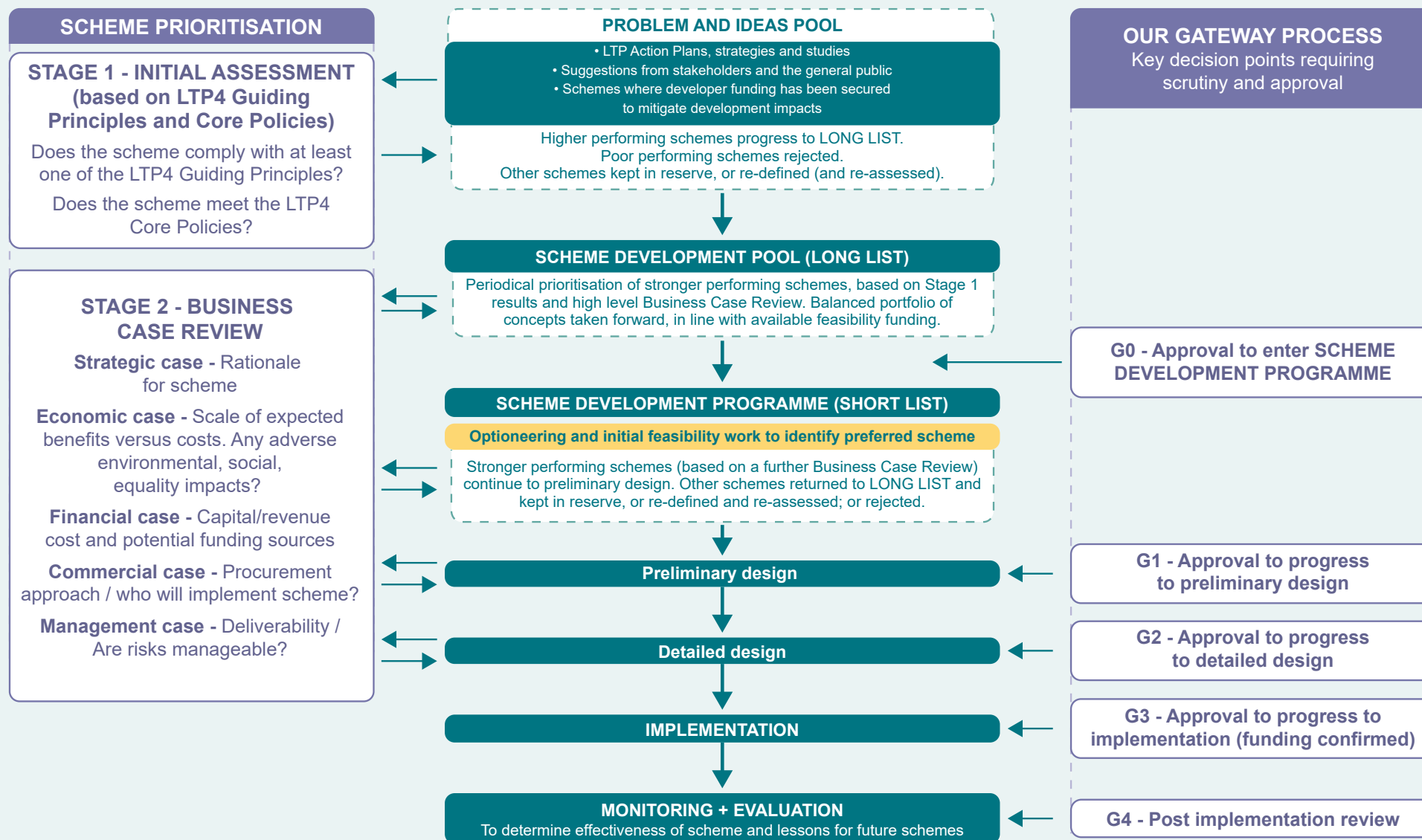
All schemes in the Problems and Ideas Pool will be subject to an **Initial Assessment (Compliance Review)** which will examine whether the concept is:

- applicable to the LTP4 guiding principles; and
- substantially contributes to the LTP4 core policies.



26. Department for Transport (2013) *The Transport Business Cases*

Figure 26: Our approach to prioritising and developing interventions



Higher performing schemes from the Problems and Ideas Pool will progress to the **Scheme Development Pool (Long List)**. A periodic prioritisation process, based on Stage 1 (Initial assessment) results and a high level Business Case Review, will be undertaken to identify which schemes progress to the **Scheme Development Programme (Short List)** and receive funding for initial feasibility and optioneering work. A balanced portfolio of concepts will be taken forward to the Short List in line with the available funding.

Schemes on the Short List will progress through feasibility and optioneering, preliminary design, detailed design and implementation, providing they continue to meet the **Business Case assessment criteria** and receive the appropriate **Gateway approval** at each stage.

Schemes will be continually reviewed and assessed as more information becomes available at each stage of the scheme development/design process.

Schemes which are found to perform less well as further development work is undertaken will be returned to the Long List and kept in reserve, or re-defined and re-assessed, or rejected.

Some schemes which deliver significant change may be high cost but deliver high value for money. Cost alone will not, therefore, be a reason for assessing a scheme as low priority. Larger schemes will often require us to bid for external funding from Central Government. Where local funding can be identified, higher priority schemes will be developed to a state of readiness to take best advantage of appropriate bidding opportunities.

The prioritisation process means we select the best transport schemes we can progress within available resources. Inevitably this will mean not doing some schemes that others would like us to do. This is often the case when a scheme is not primarily a transport scheme. This can apply to some public realm enhancements which provide few mobility benefits. We are usually very supportive of such schemes and are happy for others to fund initial feasibility or design work which the Council then undertakes on a cost recovery, consultancy basis. In practice, a growing number of schemes are now being funded by districts, parishes, town councils or other bodies.

### **Assessing climate change, environmental, social, equality and health impacts (integrated impact assessment)**

We will ensure that all transport schemes are assessed from the early stages of development (through to construction or implementation) to understand any potential climate change, environmental, social and equality, and health impacts.

For schemes requiring planning permission, we will ensure that the following formal assessments are undertaken and act on the findings: Environmental Impact Assessment (EIA); Health Impact Assessment (HIA); Habitats Regulations Assessment (HRA); and Equalities Impact Assessment (EqIA).

For all schemes, wherever possible, we will seek to avoid or mitigate any potential negative impacts identified and enhance any potential positive impacts.

#### **Assessing climate change impacts**

Within the Council, there is now an obligation to consider the expected change in carbon emissions and assess climate change vulnerability, when making key decisions.

A '**carbon check**' will be undertaken to flag up schemes with the potential to adversely impact on our climate change commitments. Higher level approval will be required to progress these schemes and any subsequent development work will need to fully consider the scale of the potential impact and the scope for mitigation action.

For the Business Case Review, we will seek to **estimate the carbon impact of schemes**, making use of existing tools (available now or in the future) or by developing our own in-house approach. Potential for offsetting will be considered as part of the assessment.

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## 8.3 Area strategies

**The LTP4 sets the policy framework against which we will develop area transport strategies and area action plans.**

Area transport strategies look in depth at a particular geography. Typically these cover areas defined by towns or urban areas and their catchments. Examples include the recent **Basingstoke and Winchester Movement Strategies**. In some cases, they focus on an area with a common transport challenge, where we need to dive deep into issues or complex movement problems in order to identify solutions. An example of this includes the Waterside Transport Strategy which is required because of potential growth of national significance e.g. large scale port expansion requiring a Development Consent Order (DCO).

Area strategies may initially be formed with an “indicative” status. This allows us to have meaningful dialogue with the community, planning authorities and developers about options and solutions before formally adopting a ‘full’ area strategy. A ‘full’ strategy has a higher order status. These may be agreed by a planning authority which then supports better integration of land use and transport planning.

Once an area strategy has been developed, and sometimes in parallel, we will develop an **area action plan**. An action plan typically sets out a 3 to 5 year programme of feasibility work, detailed design and delivery of schemes.

Development of area strategies requires intense effort and is expensive, and it is important that we prioritise where and when we develop area transport strategies. The most recent strategies have been developed in

areas where there is significant growth pressure and change likely, where there is a particularly difficult transport challenge or set of problems that needs solving, or where we expect there to be funding opportunities. Over the next 5 years the case for new or refreshed strategies will be considered for:

- **Eastleigh** surrounding area;
- the **Solent** area with a particular focus on Gosport, Havant and Fareham; and
- the **Blackwater Valley** or its constituent urban settlements.

We are also aware of significant regeneration potential for Andover and Farnborough town centres which may trigger the need for new area strategies to be developed in line with land use changes being led by the borough / district councils.

## 8.4 Funding

**There are many sources of funding for transport projects.** Typically these include:

- **annual transport grants** from Central Government to pay for improvement and maintenance of transport infrastructure;
- **competitive bidding** (against other local authorities) for Central Government funding (e.g. challenge funds);
- **developer contributions** for mitigating development impacts, e.g. Section 106 agreements and Community Infrastructure Levy (CIL);
- the **County Council’s own budget**.

Hampshire receives a transport allocation each year from Central Government. This is for improvements and maintenance of transport infrastructure and is set by a national formula. In real terms the level of funding has declined over time. The Asset Management section of this LTP4 has highlighted that current funding levels are insufficient to maintain the asset and that there is a growing maintenance backlog. There are also early indications that the Government are intending to change the grant system for transport improvements. This means that future grants may be based on the strength of the LTP4, its ambition and compliance with national policy agendas.

Hampshire has historically been successful in bidding to Government for various challenge funds. The vast majority of our highways capital programmes in recent years have been made up of schemes we have bid for in competition against other local authorities. This is likely to continue to be the case going forward. Our approach to securing these investments is to gather intelligence on funding opportunities, craft strategies and plans with an awareness of what is likely to be forthcoming, and speculatively invest in scheme development and area strategies. We also maintain a local evidence base (strategic transport models) to support the development of strong bids.

Developer contributions are secured through the planning process. They are taken to mitigate the transport impact of a particular development. They make up a significant proportion of the capital programme.

The County Council has historically, and continues to, put limited local funding into scheme and strategy development and into maintenance funding.



These are likely to remain the main sources of funding going forward, with the amount of funding available fluctuating over time. The LTP Implementation Plan, including the pipeline of schemes and programme of studies (see Figure 1) will only be able to come forward with continued national and local funding and more bidding success.

The near horizon for national funding is indicating opportunities around schemes that:

- will support the levelling up agenda;
- are part of well crafted Bus Service Improvement Plans (BSIP's);
- deliver high quality and high impact active travel schemes; and
- support a transition to cleaner fuel vehicles, or
- are road schemes with national importance.

Beyond the short-term, new sources of funding may become available or be needed over time. The LTP4 section on Balancing Travel Demand indicates some new areas of potential funding related to demand management and tackling pollution from transport through new fees and charges. These would be subject to future study and development work.

The County Council would like to see some changes to national funding for transport to make the system and process of competitive bidding more efficient and effective.

### Our strategic funding asks of Central Government are:

- A **consolidated Highways and Transport Fund multi-year settlement**, over at least 5 years and aligning with national infrastructure funding periods, to help with forward planning and provide certainty to operators and other stakeholders considering transport-related investment.
- Allow **greater flexibility over revenue and capital spend**, potentially moving towards a total expenditure (totex) approach (which would benefit highway maintenance). Possibly including amending CIPFA<sup>27</sup> regulations to allow earlier capitalisation of scheme study costs and policy development.
- A **simplified approach to mixing different funding streams** from different parts of Government for the same project. Matching different funds, with differing conditions, deadlines for spend and processes makes managing funding complicated.
- More **substantial and sustained funding for the delivery of public transport, cycling and walking infrastructure**. By our own estimates, the levels of funding available nationally need to be increased by 2.5 times the stated levels in national policy documents and maintained for many years to come, if we are to make the modal shift to these modes a reality.

27. Chartered Institute of Public Finance and Accountancy (CIPFA) – sets standards for public expenditure.



## 8.5 Measuring our success

We will monitor our progress against the LTP4 outcomes on an ongoing and meaningful basis. This will enable us to ensure that our schemes and measures are delivering the changes we are expecting.

### Monitoring indicators

Table 1 shows the key indicators (in bold) and sub indicators that Hampshire will aim to use to measure against the LTP4 outcomes as part of an outcome-based approach between now and 2050.

Some metrics will be monitored at 5-year intervals and others at 3-year intervals. Those monitored at 5-year intervals reflect the fact that some metrics may take a longer period to start to shift in response to LTP schemes and measures.

This approach will be supported by a baseline document which will establish the detail of how these metrics will be monitored and how this supports the outcomes set out within LTP4.

Page 338 Table 1: Proposed LTP4 monitoring indicators and relevance to the four Outcome themes

	Indicative monitoring frequency	Climate (Outcome A,B)	Environment (Outcome C, D)	Economy (Outcome E, F)	Health and Society (Outcome G,H)
<b>Modal split (surveys at specific locations across the county to track the proportion of all journeys made by sustainable modes)</b>	3 years	✓✓✓	✓✓	✓✓✓	✓✓✓✓
Healthy Streets scores for new infrastructure	3 years	✓✓✓	✓✓✓	✓✓✓	✓✓✓✓
Public transport use (number of trips per head of population)	3 years	✓✓✓	✓✓	✓✓	✓✓✓
Casualty data across Hampshire	3 years			✓	✓✓✓✓
<b>Decarbonisation (carbon emissions from transport)</b>	5 years	✓✓✓✓			
Number of public electric vehicle charging points in Hampshire	5 years	✓✓✓✓	✓✓✓	✓✓	
<b>Air Quality (number of AQMAs and low emission zones in Hampshire)</b>	3 years	✓✓	✓✓✓✓	✓✓	✓✓✓✓
<b>Maintenance (tracking the maintenance backlog)</b>	3 years	✓✓✓		✓✓✓✓	✓✓



# A carbon neutral, resilient Hampshire



## Success Factors

As part of the monitoring approach we will review the extent to which we are achieving the 'success factors' identified in Section 4.2 and summarised in Table 2.

**Table 2: LTP4 outcome 'success factors' (see Section 4.2 for LTP4 outcomes)**

Outcome	Success would mean
<b>A carbon neutral, resilient Hampshire</b>	
<b>Outcome A</b>	<ul style="list-style-type: none"> <li>• Carbon emissions associated with the use of all transport modes (including the generation of energy to power them) virtually reduced to zero. Any remaining carbon emissions are offset by fully sustainable planting or carbon capture.</li> <li>• Fewer vehicles, with higher levels of usage (to make most efficient use of road space and energy required to produce and run each vehicle).</li> <li>• Public transport, walking and cycling to become the preferred option for travel, resulting in lower levels of car use.</li> </ul>
<b>Outcome B</b>	<ul style="list-style-type: none"> <li>• Infrastructure is located, planned, designed and maintained to be resilient to climate change, extreme weather, and incidents; ensure travelling in extreme temperatures is as comfortable as possible; and is cost effective to maintain.</li> <li>• Services and routes return to normal as quickly as possible after incidents on the network and the impact of any disruption on people and businesses is managed. People are still able to access vital services (e.g. health) during extreme weather, incidents and major disruptive events.</li> <li>• We are better prepared for any future pandemics or other major disruptive events.</li> </ul>



## Respect and protect Hampshire's environment

Table 2 continued

Outcome	Success would mean
<b>Respect and protect Hampshire's environment</b>	
<b>Outcome C</b>	<ul style="list-style-type: none"><li>• National air quality limits for nitrogen dioxide (NO<sub>2</sub>) and particulate matter (PM) concentrations are fully met; and there are no Air Quality Management Areas (where emissions exceed national limit values) resulting from transport emissions.</li><li>• Everyone can live, work and play in clean air - adverse impact of road transport emissions on health virtually eliminated.</li><li>• Substantial reduction in the number of Hampshire residents that are exposed to unacceptable transport-related noise – primarily from roads, but also from rail or air transport.</li></ul>
<b>Outcome D</b>	<ul style="list-style-type: none"><li>• A net gain in biodiversity generally (i.e. a greater variety of plants and animals), and more green infrastructure for walking and cycling.</li><li>• No net degradation of other aspects of the natural and historic environment, moving towards an overall net environmental gain by 2050.</li><li>• A transport network that promotes access to the countryside for residents and visitors from all walks of life, whilst also preserving and protecting our natural and historic environment.</li></ul>





## Thriving and prosperous places



Table 2 continued

Outcome	Success would mean
<b>Thriving and prosperous places</b>	
<b>Outcome E</b>	<ul style="list-style-type: none"><li>• Successful and vibrant places with economic growth and activity focused in locations that are accessible by walking, cycling and public transport.</li><li>• High quality town and village centres with attractive walking and cycling environments where people want to spend time, to boost local economies.</li><li>• Economic hubs and international gateways that are well connected to the regional and national transport network via reliable routes.</li><li>• Improved access to opportunities and services especially for areas of deprivation and 'left behind places'.</li><li>• High levels of digital connectivity, enabling people to access work, education, training, and services in a flexible manner.</li></ul>
<b>Outcome F</b>	<ul style="list-style-type: none"><li>• New development that supports mixed use, 'local living' in locations that are integrated with the transport system.</li><li>• New housing development where people choose to walk and cycle, have good access to public transport, and there is minimal need for parking spaces.</li><li>• New employment development in accessible locations that are well connected by a variety of different transport modes.</li></ul>

Table 2 continued

Outcome	Success would mean
<b>Healthy, happy, inclusive lives</b>	
<b>Outcome G</b>	<ul style="list-style-type: none"> <li>• More journeys undertaken by active modes (walking and cycling).</li> <li>• Streets that are busy with people rather than cars.</li> <li>• Increased levels of individual physical activity (more people travelling actively, more frequently), resulting in improved levels of physical and mental health.</li> </ul>
<b>Outcome H</b>	<ul style="list-style-type: none"> <li>• A transport system that is accessible, comfortable, and affordable for all in Hampshire, regardless of background*, income, rural or urban living, or access to the internet or technology.</li> <li>• Significantly more people being able to undertake journeys from end to end, by a variety of modes, in a seamless manner. A higher proportion of the population able to access jobs, services and opportunities by non-car modes.</li> <li>• A transport system that supports strong communities, where people can make connections, access leisure and recreation activities, and live happy lives.</li> </ul> <p><i>*This includes protected groups, under the Equality Act 2010, defined by age, disability, gender reassignment, marriage or civil partnership, race, religion or belief, gender, sexual orientation, pregnancy and maternity.</i></p>



**Healthy,  
happy,  
inclusive  
lives**

## National targets

Our monitoring approach will have regard to current and future national targets for transport (Table 3).

Table 3: Current national targets for transport

National target or aim	National policy document
By 2050, every place in the UK will have its own net zero transport network.	Decarbonising Transport: A Better, Greener Britain (2021)
Double cycling activity by 2025 (compared with 2013) Increase walking to 300 stages per person per year. Increase the percentage of children aged 5 to 10 that usually walk to school from 49% in 2014 to 55% in 2025.	Walking and Cycling Investment Strategy (2017)
Half of all journeys in towns and cities will be cycled or walked by 2030.	Decarbonising Transport: A Better, Greener Britain (2021)
Get overall bus patronage back to its pre-COVID-19 level, and then to exceed it. From April 2022, Local Transport Authorities will need to have an Enhanced Partnership in place or be following the statutory process to decide whether to implement a franchising scheme.	Bus Back Better: A long-term strategy for buses in England, outside London (2021)
80% of new cars and 70% of new vans sold in Great Britain to be zero emission by 2030, increasing to 100% by 2035.	Zero Emission Vehicle Mandate (2023)
Phase out all new non-zero emission road vehicles, from motorbikes to HGVs, by 2040. Deliver a net zero railway network by 2050. Remove all diesel-only trains (passenger and freight) by 2040. In addition, the Government is consulting on a phase out date for the sale of new non-zero emission buses.	Decarbonising Transport: A Better, Greener Britain (2021)
National Air Quality Objectives – UK air quality limits New national targets to reduce annual concentrations of particulate matter (PM <sub>2.5</sub> ) in ambient air and achieve a 35% reduction in population exposure by 2040.	Air Quality Strategy The Environmental Targets (Fine Particulate Matter) (England) Regulations 202

# Glossary

**Accessibility** - In transport terms, the extent to which services and opportunities (such as health services and shops) and transport services, can be reached by all members of society at a reasonable cost and in a reasonable time scale.

**Active travel** - The terms 'active travel' and 'walking and cycling' are used in this document to encompass a range of methods of active mobility, including trips made by wheelchair, mobility scooters, adapted cycles and e-bikes.

**Air quality** - Term used to describe the levels of pollution in the air. Higher levels of pollution lead to lower air quality. Nitrogen Dioxide (NO<sub>2</sub>) is emitted by petrol and diesel vehicles; particulate matter (PM) is emitted by petrol and diesel vehicles, and also comprises brake, clutch and tyre dust from all vehicles. Both pollutants are harmful to human health and natural habitats.

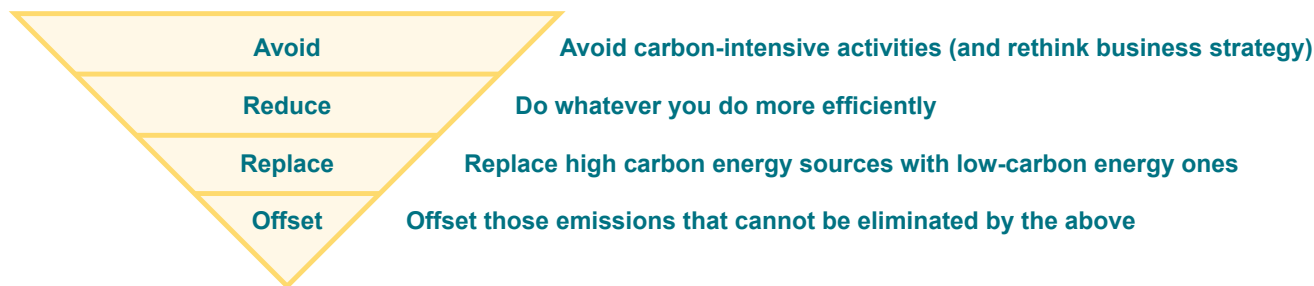
**Air Quality Management Area (AQMA)** - An AQMA is declared for an area where the local air quality is unlikely to meet the Government's national air quality objectives. Once an AQMA has been declared, the Council has to carry out further work to monitor the air quality in the area and identify what action can be taken to improve it.

**Autonomous Vehicle** - A vehicle that is able to operate itself and perform necessary functions without human intervention, by sensing their surroundings (also known as self-driving or driverless vehicles).

**Behaviour change** - A change in how people travel.

**Carbon budget** - The finite amount of carbon (or carbon dioxide, CO<sub>2</sub>) that can be emitted into the atmosphere before global temperatures exceed a specified temperature increase.

**Carbon Management Hierarchy** - Hampshire County Council's framework for achieving carbon neutrality by 2050, as set out in the Hampshire County Council Climate Change Strategy 2020-2025. The order of priority for actions is AVOID, REDUCE, REPLACE, OFFSET.



**Carbon neutral (or net zero)** - A situation in which any carbon dioxide emitted to the atmosphere is balanced by **carbon offsetting**, i.e. removals through natural processes (for instance carbon dioxide absorbed by tree growth) or technological means (such as direct air capture).

**Carbon reduction pathway** - The year-on-year reduction in carbon emissions over time.

**Cargo bike** - A cycle that is specially designed to carry loads such as deliveries or heavy equipment.

**Clean Air Zone (CAZ)** - An area where targeted action is taken to improve air quality by reducing pollution from road vehicles e.g. through encouraging greater uptake of Ultra Low Emission Vehicles (ULEVs) and walking and cycling.

**Climate change** - A long term change in global or regional climate patterns and average temperatures,

due to increased levels of greenhouse gases in the atmosphere (including carbon dioxide).

**Connected vehicle** - Vehicles that are connected to an external network in some way, such as a mobile phone (via Bluetooth), GPS (via a dashboard sat nav system), or internet (from an internal SIM). This allows the vehicle to share data with other devices both inside and outside the vehicle.

**Connectivity** - In relation to transport, this means the effectiveness of the transport network at getting people from one location to another.

**Consolidation centre/hub** - A place where many suppliers can have goods delivered and combined into a single fuller load on one vehicle, often smaller, for the last leg of the journey e.g. into the city centre.

**Decarbonisation** - Removing or reducing the carbon dioxide produced by human activities such as transport.



**Demand management** - Strategies or measures to reduce the demand for travel e.g. parking charges or road pricing.

**Demand Responsive Transport (DRT)** - A flexible form of shared transport where people book journeys on identified routes and vehicles alter their routes based on where the people travelling at that time wish to go, rather than fully following a fixed route or timetable. Dial-a-ride services scheduled through next day or advanced bookings are a traditional example.

More recent applications of DRT seek to work dynamically (**Dynamic Demand Responsive Transport, DDRT**), adjusting routes in real time to accommodate new pickup requests often made minutes in advance.

**Digital connectivity** - The ability to access services or activities through internet or mobile phone connections e.g. working from home or online doctor's appointments.

**E-bike** - A cycle with an electric battery to assist with pedalling.

**Electric vehicle** - EVs are vehicles that are either partially or fully powered on electric power.

**Enhanced Partnership** - An Enhanced Partnership is a statutory arrangement under the 2017 Bus Services Act which can specify, for example, timetables and multi-operator ticketing, and allows the Local Transport Authority to take over the role of registering bus services from the Traffic Commissioners.

**Environmental net gain** - This is an approach to infrastructure development that leaves the natural environment in a measurably better state than beforehand.

**E-scooter** - A scooter with an electric battery that propels it forward.

**Healthy Streets Approach** - The Healthy Streets Approach focuses on creating streets that are welcoming, comfortable, and safe, where noise, air pollution, accessibility and lack of seating and shelter are not barriers that prevent people using streets. This is intended to lead to a healthier environment where people are able to choose to walk, cycle and use public transport more often.

**Integrated Sustainability Appraisal (ISA)** - This LTP4 has been subjected to a series of assessments that cover the topics of Sustainability and Strategic Environmental Assessment (SA/SEA), Habitats Regulations Assessment (HRA), Health Impact Assessment (HIA), and Equality Impact Assessment (EqIA). Taken together these various assessments are described as an ISA.

**Last mile** - The last leg of a journey, either for a person or goods being delivered.

**Liveable Neighbourhoods** – Areas of towns or cities that are improved to be people-centered and more 'liveable' which may involve quieter, safer streets, closer communities and facilities, and improved public space.

**Local Cycling and Walking Infrastructure Plans (LCWIPs)** - Evidence-based plans that identify preferred walking and cycling routes that connect places that people need to get to. They identify a long-term prioritised programme of infrastructure improvements for future funding.

**Local Plans** - Local plans are prepared by the Local Planning Authority (LPA), usually the district or borough council or the national park authority for the

area. Succinct and up-to-date plans should provide a positive vision for the future of each area and a framework for addressing housing needs and other economic, social and environmental priorities.

**Micro-mobility** - The use of small mobility devices, designed to carry one or two people, or 'last mile' deliveries. E-scooters and e-bikes are examples.

**Mobility** - Technologies and services that enable people and goods to move around more freely.

**Mobility as a Service** - The integration of various modes of transport along with information and payment functions into a single mobility service. Recent services that allow customers to purchase monthly subscription packages giving them access to public transport and private taxi and bike hire schemes are an example.

**Mobility credits** - Credits provided in exchange for a private vehicle that is given up, which can be spent on certain forms of shared transport e.g. bus, rail, car club. The incentive is created by the credits being greater than the market value of the car.

**Mobility hub** - A high quality, accessible space bringing together access to different modes of transport e.g. bus, walking, cycling and e-scooter rental and to other activities and services.

**Mode shift** - A change in the way people travel e.g. from driving to cycling or from the bus to walking.

**Movement and Place Framework** - Identifies the relative balance between 'movement' and 'place' in different locations and informs decisions about the types of interventions required.

**Moving traffic contravention/moving traffic offence** - This includes offences such as driving in bus or cycle

lanes, failing to adhere to one-way systems and no-entry signs, banned left and right turns, U-turns, no-vehicle entry points and entering yellow box junctions.

**Multi-modal** - Involving more than one mode (type) of travelling e.g. both bus and train.

**Network management** - Running the highway network so that vehicles move around smoothly and efficiently. Management involves measures like responding to incidents and congestion build up.

**Noise Important Areas (NIAs)** - Areas in which the top 1% of the population affected by the highest noise levels from major roads live.

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**Parking management** - Strategies to improve the efficiency of parking in an area e.g. public car parks and on street parking within a town. This may involve changing the number of spaces available and the cost to park, to influence the number of people driving into an area and hence traffic levels.

**Public transport** - Transport that charges fares and runs on fixed routes and is available for use by the public e.g. bus, train and coach.

**Ride-sharing (sometimes known as car-pooling)** - Formal or informal sharing of rides between unlicensed drivers and passengers with a common or similar journey route. Ride-sharing platforms charge a fee for bringing together drivers and passengers. Drivers share trip costs with passengers rather than making a profit.

**Rights of way** - Public roads, bridleways, and footpaths.

**Settlement hierarchy** - A “settlement hierarchy” ranks and classifies settlements, based on the availability and accessibility of a broad range of facilities, a settlement’s economic role and the environmental constraints to development. Settlements that are in a higher tier of the hierarchy will often be more sustainable locations for new development, because residents would be able to access a greater range of services and facilities more easily, without the need to travel by private car.

**Shared mobility/shared transport** - Transport services and resources that are shared among users, either concurrently or one after another. Public transport, or mass transit, as well as newer models such as car-sharing, bike-sharing and ride-sharing, are all types of shared mobility.

**Sustainable transport/travel** - Forms of transport and travel that have a low impact on the environment e.g. walking and cycling.

**Workplace parking levy** - A charge on employers and education organisations for the number of parking places they provide that are regularly used by employees or students.

**Zero emission vehicles (ZEVs)** - This includes battery electric vehicles, and vehicles powered by other fuels derived from electricity (e.g. hydrogen), and potentially bio-fuels.



# References

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<sup>iv</sup> <https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic/domestic-transport-usage-by-mode>

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<sup>vi</sup> CCC (2020). Sixth Carbon Budget, 2020 – Balanced Net Zero Pathway: [Sixth Carbon Budget - Climate Change Committee \(theccc.org.uk\)](https://www.theccc.org.uk/2020/06/23/sixth-carbon-budget-2020/)

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<sup>x</sup> Hampshire Joint Strategic Needs Assessment: <https://www.hants.gov.uk/socialcareandhealth/publichealth/jsna>

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<sup>xiii</sup> Atkins (2021) HCC Air Quality Framework, Hampshire County Council. March 2021. Section 8.3. The figure of £225 million has been calculated by multiplying Hampshire's road emissions for 2017 (from the National Atmospheric Emissions Inventory), by the relevant damage cost (health impact) factors for NOX and PM<sub>2.5</sub> (from Defra).

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<sup>xvii</sup> Public Health England (2018). Cycling and walking for individual and population health benefits: A rapid evidence review for health and care system decision-makers

<sup>xviii</sup> Green Space and Health: Research Summary (2018), Hampshire 2050 Evidence.

<sup>xix</sup> DfT (2020). Public Opinion Survey on Traffic and Road Use, General Public Research. Kantar. Public attitudes towards traffic and road use - GOV.UK [www.gov.uk](https://www.gov.uk)

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<sup>xxvi</sup> Atkins (2021). HCC Air Quality Framework, Phase 1 (Manual).

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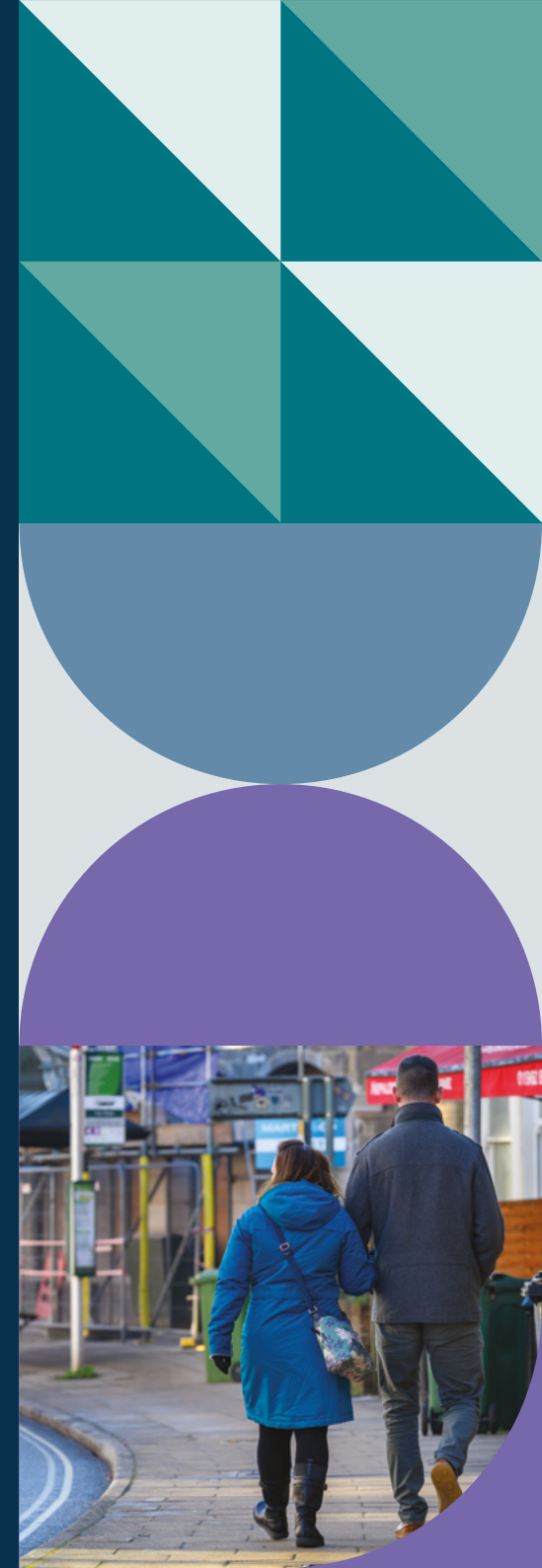
<sup>xxviii</sup> Public Health England (2020). Review of interventions to improve outdoor air quality and public health: Principal interventions for local authorities. Principal interventions for LAs: improving air quality and public health ([publishing.service.gov.uk](https://publishing.service.gov.uk))

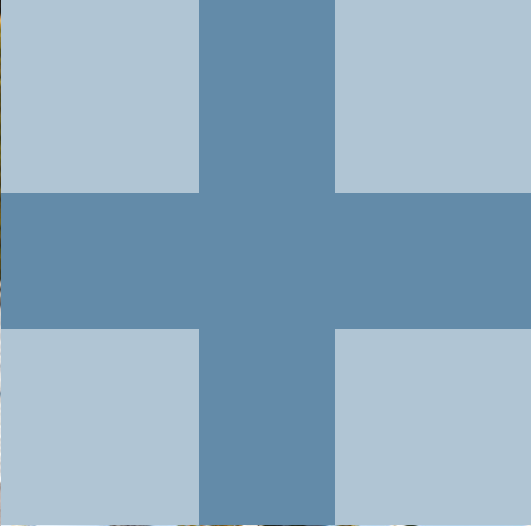
<sup>xxix</sup> House of Commons Transport Committee (2022). Road Pricing. Fourth Report of Session 2021-22. Published 4th February 2022.

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Make:</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Title:</b>	Constitutional update, Standing Orders and Protocol for Member Officer Relations
<b>Report From:</b>	Chief Executive

**Contact name:** David Kelly-Assistant Director Legal Services and Monitoring Officer

**Email:** David.kelly@hants.gov.uk

#### Purpose of this Report

1. The purpose of this report is to:
  - 1.1. Update Standing Orders to enable the Chairman to agree reasonable adjustments to Standing Orders to facilitate the participation of Members and others with disabilities (as defined in the Equality Act 2010) in County Council business.
  - 1.2. Update the Protocol for Member Officer relations to take account of the development of the Member Contact Protocol.

#### Recommendation(s)

2. That Cabinet approves the revised Standing Order 38 set out in [Appendix 2](#) for recommendation to the County Council.
3. That the Cabinet approves the updated Protocol for Member Officer Relations as set out in [Appendix 4](#) for recommendation to the County Council.

#### Background

4. The County Council has a duty under the Equality Act 2010 so that where a person has a disability which puts them at a substantial disadvantage in comparison with others who are not disabled to make such adjustments as are reasonable in the circumstances in order to avoid that disadvantage.

5. The County Council's current Standing Orders are set out in [Appendix 1](#). The proposed change to Standing Order 38 is set out in [Appendix 2](#) and it gives the Chairman of the County Council or the Chairman of any Council Committee the ability to agree reasonable adjustments to enable a person to participate in a meeting, on the advice of the Monitoring Officer, with any person suffering a disability.
6. The power given to the Chairman is drafted in general terms so that it will cover any form of disability.
7. The County Council has recently developed a Member Contact Protocol to clarify and regulate contact between Members and Officers. It is now proposed to incorporate these arrangements into the Protocol for Member/Officer Relations and to clarify the position where Members visit County Council workplaces. The intention being to improve the accessibility and visibility of these arrangements. The current Protocol for Member Officer Relations is set out in [Appendix 3](#). The proposed amended Protocol for Member Officer Relations is set out in [Appendix 4](#). See paragraphs 6 and 7 for the relevant amendments.
8. A separate Protocol, which will not be part of the Constitution, which sets out the contact arrangements for Members of other Councils and Members of Parliament will be published on the Member's Portal and on the County Council's website.

## **Finance**

9. There may be some limited financial implications deriving from the changes to Standing Orders but given the County Council's statutory obligations in relation to disability provision will need to be made to cover any additional costs.
10. There are no financial implications deriving from the proposed changes to the Protocol for Member Officer Relations.

## **Consultation and Equalities**

11. The recommendations in the Report are designed to mitigate impacts on people with disabilities.



## **Climate Change Impact Assessment**

12. 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.
  
13. The carbon mitigation tool and/or climate change adaptation tool were not applicable because the decision is administrative in nature.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
None	
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>
The Equality Act	2010

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p><b>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</b></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 recommendations in the Report are designed to mitigate impacts on people with disabilities.

# Part 3 Chapter 1

## County Council Standing Orders

### 1. Copy of Standing Orders to Members

A copy of these Standing Orders shall be supplied to each Member by the Chief Executive upon receipt of such Member's declaration of acceptance of office.

### 2. Adherence to Constitution and Codes of Conduct

Members shall act at all times in accordance with the County Council's Constitution and adopted Codes of Conduct and Protocols.

### 3. Interpretation

Throughout these Standing Orders the following words and expressions mean as follows:

\* denotes those Standing Orders which apply to Committees, Sub-Committees and Standing Panels of the County Council.

'Agenda' shall mean the agenda for a Meeting or individual Executive Member Decision Day;

'Amendment' shall mean an amendment to a recommendation in a Part I item Report or to a Motion;

'Chairman' shall mean the Chairman of the County Council or the Chairman for the time being of a Meeting;

'Chief Executive' shall mean the Chief Executive of the County Council;

'Committee' shall mean a Committee of the County Council;

'Co-opted Member' shall mean a person who is not an elected member of the County Council but who is a member of a Committee or Sub-Committee of the County Council;

'County Council' shall mean Hampshire County Council;

‘Executive’ shall mean the Executive of the County Council. The Executive may be referred to as either ‘the Executive’ or ‘the Cabinet’ and both terms shall be interchangeable;

‘General Question’ shall mean a question (other than a question on a Report), asked in accordance with Standing Order 16.2;

‘Leader of the County Council’ shall mean the Leader of the Executive;

‘Quorum’ shall mean a quorum of Members present at a Meeting, interpreted in accordance with Standing Order 11;

‘Meeting’ shall mean a meeting of the County Council, or where the context so admits a meeting of a Committee, Sub-Committee or Standing Panel of the County Council; or meeting of Cabinet or individual Executive Member Decision Days.

‘Member’ shall mean a member of the County Council (or where the context so admits a Co-opted Member); and where any Standing Order is applied to a Committee, Sub-Committee or Standing Panel Meeting, it shall mean a member of that Committee, Sub-Committee or Standing Panel;

‘Members of the Executive’ and ‘Executive Member’ shall mean those Members of the Executive appointed by the Leader of the County Council and notified to the Chief Executive;

‘Minutes’ shall mean the minutes of a Meeting;

‘Motion’ shall mean a formal Notice of Motion submitted in accordance with Standing Order 18, to be debated and voted on at a Meeting;

‘Part I item’ shall mean Reports on functions reserved to the County Council as detailed in Part 1, Chapter 4 of the Constitution or any Local Choice Functions reserved to the County Council as detailed in Part 1, Chapter 2, Paragraph 2.2 of the Constitution, and proceedings and recommendations of the Cabinet, individual Executive Members, and Committees of the County Council and Joint Committees requiring a decision;

‘Part II item’ shall mean Reports of Cabinet, individual Executive Members, and Committees of the County Council, plus Reports of the Hampshire and Isle of Wight Fire and Rescue Authority submitted for information;

‘Proposal’ shall mean a proposition (other than a formal Motion) which may be moved without notice at a Meeting;

‘Recommendation’ shall mean a recommendation in a Part I item Report

‘Substantive Proposition’ shall include an original Recommendation or Motion as appropriate;

‘Question on Report’ shall mean a question on a Report within an Agenda;

‘Report’ shall mean a report on a Part I item or a Part II item to be considered at a Meeting

‘Sub-Committee’ shall mean a Sub-Committee of a Committee of the County Council

‘Summons’ shall mean the summons for a Meeting of the County Council;

‘Vice-Chairman’ shall mean the Vice-Chairman of the County Council or the Vice-Chairman for the time being of a Meeting;

‘Working Day’ shall mean any day Monday to Friday inclusive, excluding Bank Holidays.

#### **4. Meetings of the County Council**

4.1. There shall be an Annual Meeting of the County Council in May each year together with up to five other Meetings of the County Council in each year, save that in a year of an ordinary election of Members to the County Council such Annual Meeting shall be held on a date fixed by the County Council in accordance with Schedule 12 of the Local Government Act 1972. All ordinary meetings of the County Council shall normally be held on a Thursday at The Castle, Winchester, normally commencing at 10.00am.

#### **4.2. Extraordinary Meetings**

An Extraordinary Meeting of the County Council may be called at any time by the Chairman of the County Council.

Any five Members of the County Council may present a requisition to the Chairman of the County Council to call an Extraordinary Meeting. If the Chairman refuses to call an Extraordinary Meeting after a requisition for that purpose, signed by five Members of the County Council, has been presented to him or her; or if, without so refusing, the Chairman does not call an Extraordinary Meeting within seven calendar days after the requisition has been presented to him or her; then any five Members of the County Council may, on refusal or on expiration of seven calendar days, as the case may be, forthwith call an Extraordinary Meeting.

#### **4.3. Special Meetings**

A special Meeting of the County Council may be called at any time to confer the title of honorary alderman in accordance with Section 249 of the Local Government Act 1972.

5. **\*Summons and Agenda papers**

5.1. Business included on Summons and Agenda;

The Chief Executive shall place, upon every Summons, notice of all business required to be brought before the County Council.

5.2. Circulation of Agenda and confirmation of Minutes;

A copy of the Summons, Agenda and Reports for the forthcoming Meeting and the Minutes of the previous Meeting shall be despatched by the Chief Executive to each Member at least five clear Working Days before such forthcoming Meeting. Such Minutes shall be taken as read when submitted to the County Council for confirmation, unless a majority of the Members then present otherwise order. Unless similarly ordered, any document which comes up for consideration at a Meeting and which has been circulated to each Member at or prior to such Meeting, shall be taken as read when submitted to the County Council for confirmation unless a majority of the Members then present otherwise order.

NB Summons required for Meetings of County Council only.

6. **\*Chairmen and Vice-Chairmen**

6.1. The County Council shall, at its Annual Meeting in each year, elect a Chairman and appoint a Vice-Chairman of the County Council

6.2. The County Council shall at its Annual Meeting in each year, appoint a Chairman and Vice-Chairman for every Committee of the County Council, all of whom shall be elected Members of the County Council.

6.3. In the absence of both the Chairman and Vice-Chairman at any Meeting of a Committee or Standing Panel, Members of the Committee or Standing Panel shall appoint a Chairman for that Meeting who shall, while presiding at that Meeting, have any power or duty of the Chairman in relation to the conduct of the Meeting.

7. **Appointment of Leader**

The County Council shall, at its first Annual Meeting following an election of Members to the County Council, elect a Leader of the County Council for a term of office expiring on the day of the next post election of Members to

the County Council Annual Meeting which follows his or her election. If there should be a vacancy in the position of Leader of the County Council, the County Council shall at its next Meeting appoint another Leader of the County Council.

8. **\*Order of Business**

Except where the County Council varies the order of business in line with Standing Order 9, the order of business at every Meeting of the County Council shall be:

- 8.1. to choose a Member to preside if the Chairman and Vice-Chairman are absent;
- 8.2. apologies for absence;
- 8.3. to conduct any business required by statute to be done before any other business;
- 8.4. to allow Members to declare personal and personal prejudicial interests;
- 8.5. to approve the Minutes of the last Meeting of the County Council as a correct record in accordance with Standing Order 5.2;
- 8.6. to receive deputations pursuant to Standing Order 12;
- 8.7. to receive such announcements as the Chairman may desire to lay before the County Council;
- 8.8. to receive such announcements as the Leader may desire to bring before the County Council;
- 8.9. to answer General Questions pursuant to Standing Order 16.1.1 for no more than 30 minutes in the order received, subject to the requirements of Standing Order 16.5 in respect of second, third and subsequent questions;
- 8.10. To answer any urgent questions pursuant to Standing Order 16.1.2
- 8.11. to make appointments to Committees or Standing Panels of the County Council and such alterations in the membership of Committees and Standing Panels of the County Council, Joint Committees or relevant outside bodies as the County Council may think fit;
- 8.12. to receive and resolve Part I items;
- 8.13. to consider Notices of Motion in the order in which they have been received;



- 8.14. for no more than ten minutes to have answered any General Questions which have been submitted in accordance with Standing Order 16.3 on the discharge of the functions of the Hampshire and Isle of Wight Fire and Rescue Authority, subject to the requirements of Standing Order 16.5 on the Hampshire Fire and Rescue Authority in respect of second, third and subsequent questions;
- 8.15. to receive and consider the Report of the Hampshire and Isle of Wight Fire and Rescue Authority;
- 8.16. to receive and consider any remaining Part II items;
- 8.17. to receive and consider other business (if any) specified in the Agenda.

9. **Variation of Order of business**

The Chairman may vary the order of business specified in the Summons so as to give precedence to any matter.

10. **\*Recordings, etc of proceedings**

County Council and Cabinet Meetings may be broadcast live on the County Council's website, or they may be recorded by the County Council. County Council Members, the press and members of the public may make reports of Meetings of the County Council, its Committees and Panels, Cabinet and individual Executive Member Decision Days open to the public, provided that no oral commentary shall be allowed while a Meeting or Executive Member Decision Day is in progress. All reporting should be in accordance with the County Council's Filming Protocol. All mobile telephones and any other electronic devices shall be switched to silent mode.

11. **\*Quorum**

- 11.1. If within 10 minutes after the time appointed for the commencement of any Meeting of the County Council a quorum (that is one-quarter of the whole number of Members of the County Council) is not present, the Meeting of the County Council shall be dissolved.
- 11.2. If within ten minutes after the time appointed for the commencement of a Meeting of a Committee, Sub-Committee or Standing Panel of the County Council a quorum (in this case one-quarter of whole number of Members, or three Members, whichever is the greater) appointed to such Committee, Sub-Committee or Standing Panel is not present, the Meeting shall be dissolved.

- 11.3. Where reference appears in this Constitution to a 'quorum' of Members 'quorum' shall be interpreted in accordance with this Standing Order.
- 11.4. Whenever, during a Meeting, it is stated to the Chairman by either a Member or the Chief Executive that there is not a quorum present, the Chief Executive shall call the names of the Members. If it appears that there is not a quorum present, the Chairman shall declare the Meeting at an end, and the names of the Members who are then present shall be recorded in the Minutes. Any business not disposed of shall be considered at the next Meeting, whether ordinary or adjourned, in line with Standing Order 8.

## 12. **\*Deputations**

- 12.1. Subject to the provisions of this Standing Order, the County Council shall receive deputations at a Meeting of the County Council on any business that is properly within its terms of reference and the deputation shall be allowed to address the Meeting.
- 12.2. Subject to the provisions of this Standing Order, Cabinet or any Executive Member, Committees or Standing Panels of the County Council shall receive deputations at any Meeting or Individual Executive Member Decision Day relating to business that is properly within the Agenda for such Meeting or Individual Executive Member Decision Day and the deputation shall be allowed to address the Meeting or Individual Executive Member Decision Day.

For the purpose of this Standing Order:

- 12.2.1. notice in writing shall be given to the Chief Executive (to the Head of Democratic and Member Services via [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk)) that a deputation wishes to address a Meeting or Individual Executive Member Decision Day and the notice shall specify the subject on which the deputation wishes to speak. In the case of a County Council Meeting, the notice shall be given at least 10 clear Working Days in advance. In the case of other Meetings or Individual Executive Decision Days, the notice shall be given at least three clear Working Days in advance.
- 12.2.2. deputations shall consist of not more than four people who shall (except in the case of a deputation to the Regulatory Committee when it is exercising a function within the Functions Regulations, Regulation 2 and Schedule 1, or in respect of a deputation to the Pension Fund Panel and

Board or a Sub Committee of the Pension Fund Panel and Board) be local government electors for the administrative area of Hampshire County Council, or otherwise and subject to the provisions set out at paragraph 12.2.3 below, have attained the age of seven years or older;

12.2.3. any deputation request received from a child of compulsory school age shall be accompanied by the following:

12.2.3.1. written consent from the parent of or person with Parental Responsibility for the child to the making of the deputation, including in respect of a request to make a deputation at a Meeting of the County Council or Cabinet, to the deputation being recorded and available for broadcast; and

12.2.3.2. in the case of a request to make a deputation within school term time, written consent to the making of the deputation from the Headteacher of the school the child attends, without which consent(s) the deputation shall not be heard.

12.2.4. without prejudice to the provisions of 12.2.3 above, deputations will not be received from children in cases where, in the opinion of the Director of Children's Services, it is not in the best interests of the child to make the deputation.

12.2.5. any member of a deputation may address a Meeting or Individual Executive Decision Day;

12.2.6. deputations shall be taken at the beginning of the Meeting or Individual Executive Decision Day in the order received (after the Minutes) and the total time for all deputations in any Meeting or Individual Executive Decision Day shall not exceed one hour in duration;

12.2.7. the total time taken by a deputation in addressing a Meeting or Individual Executive Decision Day shall not exceed 10 minutes provided that where the number of deputations in any Meeting or Individual Executive Decision Day would otherwise mean that the maximum time for deputations would be exceeded, the time allowed per deputation will be reduced on a proportional basis;

- 12.2.8. any deputation which has appeared before a Meeting of the County Council, the Executive, a Individual Executive Decision Day or any Committee or Standing Panel of County Council, shall not reappear at any such Meeting or any other Meeting or Individual Executive Decision Day within a period of six months on the same or similar topic (except in the case of a deputation to the Regulatory Committee when it is exercising a regulatory function, in which case a deputation may reappear where an item is adjourned, or when there is another similar application submitted in respect of the same site);
- 12.2.9. for the avoidance of doubt a deputation to a Meeting of the Executive, a Committee or Standing Panel or an Individual Executive Decision Day must relate to an item on the Agenda for that Meeting or Individual Executive Decision Day;
- 12.2.10. no discussion shall take place with the presenters of a deputation but the Chairman of the Meeting or the Executive Member may inform the deputation how, if at all, the matter will be dealt with by noting, action or referral. At a Meeting of the County Council, the Chairman may invite the Leader or appropriate Executive Member or Committee Chairman to give this information to the deputation.
- 12.2.11. Deputations in respect of Individual service concerns will not be received where, in the opinion of the Chief Executive in consultation with the Monitoring Officer, the subject matter of the deputation relates to issues which are more properly dealt with through the County Council's Corporate Complaints Procedure, or which might cause the County Council to breach confidentiality rules.
- 12.3. Deputations at Meetings of the County Council, Committees, Standing Panels and Cabinet will be received in person at the Meeting.
- 12.4. Where an Individual Executive Member Decision Day is open to the public remotely in accordance with the provisions of Part 3, Chapter 2, Paragraph 4 of the Constitution, or is open to the public both in person or remotely by way of hybrid meeting room technology, then deputations will be received in person or remotely.

NB: The Purpose of Standing Order 12 is to give members of the public an opportunity to address the County Council, the Executive, its Committees or Standing Panels. Elected Members of other Councils, political parties, trade unions and members of staff have

other opportunities to bring matters to the County Council's attention and will not be received under the provision of Standing Order 12.

Arrangements with regard to Non-Committee Members speaking at meetings of Committees of the County Council are contained within Standing Order 40. Arrangements for Non-Executive Members speaking at meetings of Cabinet and Individual Executive Member Decision Days are contained within Executive Procedures at Part 3, Chapter 2, Paragraph 4.

Additional arrangements apply in respect of Regulatory Committee or when the County Council is otherwise exercising a function within the Functions Regulations. These arrangements are set out within the Local Protocol on Planning, Rights of Way and Commons and Village Green Registration, Paragraph 9, contained at Appendix B and in respect of the Pension Fund Panel and Board, the additional arrangements are set out in the Pension Fund Panel and Board's Terms of Reference at Part 1 Chapter 8.

### **13. Presentation of Reports of the Leader, Executive Members and Committees**

#### **Part I items**

- 13.1. The Leader on behalf of Cabinet or as Executive Member for Hampshire 2050 and Corporate Services and any Executive Member or Chairman or Vice-Chairman of a Committee may present a Report to the County Council for decision on any matter that falls within their area of responsibility. The Leader, Executive Member, or Chairman or Vice-Chairman of the relevant Committee (as the case may be), will introduce the Report and move the Recommendations.
- 13.2. The Chairman shall ask whether there are any questions on the Report. Any Member may ask the Leader, Executive Member, or Chairman or Vice-Chairman of a Committee (as the case may be) presenting the Report, a question on a numbered Paragraph of the report, referring to the Paragraph number in question. In cases where a question relates to a purely technical matter, the Leader, Executive Member or Chairman or Vice-Chairman of a Committee, may with the agreement of the Chairman of the Council meeting, indicate that the question should be answered by the Chief Officer of the relevant service.
- 13.3. In cases where it is considered appropriate (in accordance with Standing Order 13.2 above) that a Chief Officer answer a technical question, the Chief Officer will answer the question. Otherwise, the

Leader, Executive Member, or Chairman or Vice-Chairman of a Committee (as the case may be) will answer any questions or remaining questions on the Report.

- 13.4. Following questions on the Report, the Chairman will call for debate. During debate, a Member can move an Amendment to a Recommendation in the Report. The normal rules of debate, as contained in Standing Order 17, shall apply.
- 13.5. After consideration of the Report, and after any questions or debate, the Recommendations of the Executive or the Committee in the Report shall be put to the County Council one at a time, and when all the Recommendations of the Executive or the Committee have been disposed of and any questions dealt with, the Chairman of the County Council shall then move that the Report of the Executive or of the Committee be agreed, or that the Report of the Executive or of the Committee as amended be agreed, as the case may be.

#### **Part II items**

- 13.6. The Leader and any Executive Member or Chairman or Vice-Chairman of a Committee may present a Part II item Report on any matter that falls within their area of responsibility. The Leader, Executive Member or Chairman or Vice-Chairman of the relevant Committee (as the case may be) will introduce the Report.
- 13.7. Any Member may ask the Leader, Executive Member, or Chairman or Vice-Chairman of a Committee (as the case may be) presenting the Report a question on a numbered Paragraph in the Report.
- 13.8. In cases where it is considered appropriate (in accordance with Standing Order 13.2 above) that a Chief Officer answer a technical question, the Chief Officer will answer the question. Otherwise, the Leader, Executive Member, or Chairman or Vice-Chairman of a Committee (as the case may be) will answer any questions or remaining questions on the Report.
- 13.9. When questions on all paragraphs have been answered, the Report shall be open to debate and the Chairman shall invite debate on the Report and the normal rules of debate, as contained in Standing Order 17 shall apply so far as they relate to Part II items, and the Report shall be received after debate.

NB: Reports of the Hampshire and Isle of Wight Fire and Rescue Authority are Part II items.

#### **14. Presentation of Draft Plans and Strategies by Executive**

14.1. In this Standing Order:

“plan or strategy” means:

- 14.1.1. a plan or strategy of a description specified in column (1) of the table in Schedule 3 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (functions not to be the sole responsibility of an authority’s executive), as amended from time to time;
- 14.1.2. a plan or strategy for the control of a relevant authority’s borrowing or capital expenditure; or
- 14.1.3. any other plan or strategy whose adoption or approval is, by virtue of Regulation 5(1) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (Discharge of Executive Functions by Authorities), as amended from time to time, a matter for determination by a relevant authority;

and “working day” shall mean any day which is not a Saturday, a Sunday, Christmas Eve, Christmas Day, Maundy Thursday, Good Friday, a bank holiday in England or a day appointed for public thanksgiving or mourning (and “bank holiday”) means a day to be observed as such under Section 1 of and Schedule 1 to the Banking and Financial Dealings Act 1971);

as defined in the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended).

- 14.2. the Leader or other Executive Member may present on behalf of the Executive a draft plan or strategy to the County Council.
- 14.3. Where the Executive of the County Council has submitted a draft plan or strategy to the County Council for its consideration and, following consideration of that draft plan or strategy, the County Council has any objections to it, the County Council must take the action set out in paragraph 14.4.
- 14.4. Before the County Council -
  - 14.4.1. amends the draft plan or strategy;
  - 14.4.2. approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his/her approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or
  - 14.4.3. adopts (with or without modification) the plan or strategy,

it must inform the Leader by majority vote of any objections which it has to the draft plan or strategy and must give to him/her instructions requiring the Executive to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

- 14.5. Where the County Council gives instructions in accordance with paragraph 14.4, it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions on behalf of the executive within which the Leader may –
- 14.5.1. submit a revision of the draft plan or strategy as amended by the Executive (the “revised draft plan or strategy”), with the Executive’s reasons for any amendments made to the draft plan or strategy, to the County Council for the County Council’s consideration;
- or
- 14.5.2. inform the County Council of any disagreement that the Executive has with any of the County Council’s objections and the Executive’s reasons for any such disagreement.
- 14.6. When the period specified by the County Council, referred to in paragraph 14.5, has expired, the authority must, when –
- 14.6.1. amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
- 14.6.2. approving, for the purpose of its submission to the secretary of State or any Minister of the Crown for his/her approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be so submitted; or
- 14.6.3. adopting (with or without modification) the plan or strategy, take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the Executive’s reason for those amendments, any disagreement that the Executive has with any of the County Council’s objections and the Executive’s reasons for that disagreement, which the Leader submitted to the County Council, or informed the County Council of, within the period specified.

**Process by which the Budget shall be developed:**



- 14.7. For the purposes of this Constitution, the Budget shall be defined as meaning the process whereby in any financial year, the Executive submits to the County Council for its consideration in relation to the following financial year:
- 14.7.1. estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of Sections 32 to 37 or 43 to 49 of the Local Government Finance Act 1992;
  - 14.7.2. estimates of other amounts to be used for the purposes of such a calculation;
  - 14.7.3. estimates of such a calculation; or
  - 14.7.4. amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992,
- 14.8. The County Council will consider the proposals of the Executive and may adopt them, amend them, refer them back to the Executive for further consideration, or substitute its own proposals in their place. In considering the matter, the County Council shall have before it the Executive's proposals and any comments or recommendations from the Hampshire 2050, Corporate Services and Resources Select (Overview and Scrutiny) Committee.
- 14.9. The County Council's decision will be publicised and a copy shall be given to the Leader. The notice of decision shall be dated and shall state either that the decision shall be effective immediately (if the County Council accepts the Executive's proposals without amendment) or (if the Executive's proposals are not accepted without amendment), that the County Council's decision will become effective on the expiry of five clear working days after the publication of the notice of decision, unless the Leader objects to it in that period. The Leader may, in writing, waive that right, thus giving immediate effect to the decision. If the County Council resolves to refer the matter back to the Executive for the further consideration, that decision shall take effect immediately.
- 14.10. If the Leader objects to the decision of the County Council, he shall give written notice to the Chief Executive to that effect prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Chief Executive shall convene a further Meeting of the County Council to reconsider its decision, and the decision shall not be effective pending that Meeting. Where the County Council has referred the matter back to the Executive for further consideration, the Chief Executive shall convene a further Meeting of the County Council to reconsider the matter following the Executive's further considerations.

- 14.11. The County Council Meeting must take place within either six clear working days of receipt of the Leader's written objection, or within 11 clear working days of the date of the Meeting where the County Council has referred the matter back to the Executive for further consideration (or such other timeframe in order to meet any statutory deadlines). At that County Council Meeting, the decision of the County Council shall be reconsidered in the light of the objection or further considerations by the Executive, which shall be available in writing for the County Council.
- 14.12. The County Council shall at that Meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made public and shall be implemented from the first day of the following financial year, save for any preparatory, consultative or Executive decisions required to implement the Budget as referred to in the Budget Report.
- 14.13. Paragraphs 14.7 to 14.12 shall not apply in relation to:
- 14.13.1. calculations or substitute calculations which an authority is required to make in accordance with section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and
  - 14.13.2. amounts stated in precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.
- 14.14. Any Member may ask the Leader or appropriate Executive Member a question on the draft plan or strategy or may call for a debate on the draft plan or strategy. Once a debate has been called for, the Report shall become subject to debate and the normal rules of debate, as contained in Standing Order 17 shall apply.
15. **Presentation of Reports of Chief Executive, Chief Financial Officer and Monitoring Officer**
- 15.1. The Chief Executive, the Chief Financial Officer (Section 151 Officer) and Monitoring Officer in respect of their statutory roles may present a Report to the County Council for decision.
- 15.2. Once a debate has been called for, the Chairman will move the recommendations and a debate shall then immediately take place; the normal rules of debate as contained in these Standing Orders shall apply. Recommendations contained in the Report shall be put to the County Council one at a time.
16. **Questions by Members**

## 16.1. **General Questions**

At any Meeting, a Member may:

- 16.1.1. if notice is received by the Chief Executive (to the Head of Democratic and Member Services via [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk)) not later than noon on the Thursday immediately preceding a Meeting of the County Council (other than a special or extraordinary meeting), ask the Chairman, the Leader or any Executive Member or the Chairman of the appropriate Committee, any question on any matter in relation to which the Council, the Executive or a Committee has powers or duties, or which affects the County Council but which is not otherwise before the County Council
- 16.1.2. with the permission of the Chairman, put to the Chairman, the Leader or Executive Member, or to the Chairman of the appropriate Committee, any question relating to urgent business
- 16.1.3. notice under 16.1.1 above must be given to the Chief Executive in writing and shall set out, in full, the question to be asked; and the notice shall be signed and dated or sent electronically by the Member giving the notice
- 16.1.4. every question shall be put and answered without discussion but the person to whom a question has been put may decline to answer
- 16.1.5. where a reply to any question cannot conveniently be given orally, it shall be deemed a sufficient reply if the answer is circulated to Members of the County Council, within six Working Days of the Meeting.

N.B. Where a Meeting is held on a day other than a Thursday, the notice period for receipt on questions shall be noon on the day one calendar week immediately preceding the Meeting.

## 16.2. **Questions on Reports**

At any Meeting, a Member may ask any question upon Reports submitted to the County Council by the Executive, Leader or other Executive Member, a Statutory Officer (the Chief Executive, the Chief Financial Officer or the Monitoring Officer) or a Committee, for which the purpose the Rules of debate procedure as set out in Standing Order 17 shall apply.

## 16.3. **Questions concerning the Hampshire and Isle of Wight Fire and Rescue Authority**

Notice of any questions concerning the Hampshire and Isle of Wight Fire and Rescue Authority must be set out in full and submitted to the Chief Executive in accordance with paragraph 16.1.1, not later than noon on the Thursday immediately preceding a meeting of the County Council. The provisions of paragraph 16.1 apply.

#### **16.4. Supplementary Questions**

In respect of paragraphs 16.1.1 and 16.3 above, the Member putting the question may ask a supplementary question on that question, provided it arises from the answer given.

#### **16.5. Second Questions**

A Member may not ask a second question until all first questions put by other Members have been dealt with. The same guiding principle will apply to third and subsequent questions.

#### **16.6. Questions relating to Employees**

If any question arises at a meeting of the County Council, the Executive, or a committee to which Part I of Schedule 12A of the Local Government Act 1972 applies as to the appointment, promotion, dismissal, salary, pension, condition of service or conduct of any person employed by the County Council, such question shall not be the subject of discussion until a Motion under Part I of Schedule 12A of the Local Government Act 1972 to exclude the press and public has been moved by the Chairman and put without debate.

### **17. Rules of debate – Part I items**

#### **Amendments to Recommendations to be in writing and seconded.**

17.1. The mover of an Amendment shall, prior to moving the Amendment, and before speaking to, it put it in writing and deliver it to the Chairman. The Amendment shall not be discussed until after the Amendment has been seconded and the mover has spoken to it.

17.2. A Member may with the consent of the seconder, and of the County Council signified without discussion, alter an Amendment that they have proposed.

#### **Withdrawal of Amendment**

- 17.3. An Amendment may be withdrawn by the proposer with the concurrence of the seconder, and the consent of the County Council, which shall be signified without discussion, and no Member may speak upon it after the proposer has asked permission for its withdrawal, unless such permission shall have been refused.

#### **Reservations of speech by seconder**

- 17.4. The seconder of any Amendment may, if they want to and they indicate their intention when seconding, reserve their speech until a later period of the debate.

#### **One Amendment at a time**

- 17.5. When an Amendment to a Recommendation has been moved and seconded, the Chairman shall call for any other Amendments to be moved and seconded. The Chairman may then permit all Amendments to be discussed in the ensuing debate, if the Chairman considers that this course would facilitate the proper conduct of the County Council's business. Otherwise, all Amendments shall be discussed (but not voted on) in the order in which they were proposed.

#### **Member not to move or second more than one Amendment**

- 17.6. A Member who has moved or seconded an Amendment to any Recommendation shall thereafter neither move nor second any further amendment to that Recommendation, or to any Recommendation which has displaced it.

#### **Notice of further Amendment**

- 17.7. Notice of the terms of all further Amendments to Recommendations in a Report must be given before the reply to the debate commences (or, in the absence of a reply, before the vote is taken) on the Amendment (or if more than one, Amendments), by the Leader, appropriate Executive Member or Chairman of the appropriate Committee (as the case may be).

#### **Amendment inconsistent with amended Recommendation already carried**

- 17.8. When an original Recommendation has been amended, any further Amendment moved to, or to any proposition displacing, such

amended Recommendation shall not be inconsistent with the Amendment(s) already carried.

- 17.9. When any Amendment has been duly put and either carried or lost, it shall be the Chairman's duty to refuse to put, at the same Meeting, any subsequent Amendment which would substantially contradict, override, repeat or reintroduce the subject matter of the previous Amendment.

### **Right to speak**

- 17.10. A Member shall not speak more than once in any debate on any Recommendations or Amendment, except when the Chairman determines any Amendments should be debated separately, or in exercising their right of reply given by Standing Order 17.11, or on a point of order, or by way of personal explanation.

### **Right of reply to Amendment**

- 17.11. If any Amendment is proposed the Leader, appropriate Executive Member, or the Chairman of the appropriate Committee (as the case may be), shall be entitled to a reply at the close of the debate upon the Amendment, or if more than one Amendment is proposed, Amendments. The mover of an Amendment shall not be entitled to a right of reply. A Member exercising a right of reply shall not introduce new matter. After the reply to which this Standing Order refers, a decision shall then be taken without further discussion.

### **Substantive Propositions**

- 17.12. Amendments shall be voted on against the original Recommendation in reverse order. This means that the last Amendment to be moved shall be voted on first. Where an Amendment to a Recommendation is carried, the Recommendation shall be displaced by the Amendment carried, which shall itself become the Substantive Proposition. Where the last Amendment fails and all other Amendments have failed, the question shall be put on the Substantive Proposition without further debate.

### **Formal Proposals moved in accordance with Standing Order 20 – Part I items**

- 17.13. A Member who has not spoken may, at the conclusion of a speech of another Member, move without comment 'that the vote on the Recommendation be now put', or 'that the County Council proceed

to the next item of business', or 'that the Meeting or debate be adjourned', on the seconding of which the Chairman shall put that Proposal to the vote without amendment or discussion, and if it is carried, the Recommendation before the Meeting shall (after allowing an opportunity for a Member to speak in seconding any Amendment which has been moved, and subject to the right of reply given by Standing Order 17.11), be put to the vote provided that if, on the moving and seconding of any such formal Proposal, the Chairman decides that the matter has not been sufficiently discussed, the Chairman may either refuse to accept the Proposal at that time, or may indicate how many more members will be permitted to speak before putting the Proposal.

### **Point of order and explanation**

17.14. A Member may rise to a point of order or in personal explanation and, on rising, shall be entitled to be heard forthwith. The ruling of the Chairman on a point of order, or on the admissibility of a personal explanation, shall be final.

### **General conduct and demeanour of Members**

17.15. Members shall stand when speaking and addressing the Chairman. If two or more Members indicate that they wish to speak on the same item, the Chairman shall decide the order in which they are to speak. No Member, upon rising in their place, shall commence to address the Meeting until the Chairman calls on them.

17.16. Whenever the Chairman rises, no other Member shall remain standing, and, until the Chairman sits, no Member shall rise. The Council shall be silent so that the Chairman may be heard without interruption.

## **18. Notices of Motion**

### **18.1. Procedure for giving Notice of Motion**

18.1.1. Every Notice of Motion shall be in writing, signed by the Member or Members giving the notice, and delivered 10 clear Working Days before the next Meeting of the County Council at the office of the Chief Executive (to the Head of Democratic and Member Services via [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk)) by whom it shall be dated, numbered in the order in which it is received and entered in a book which shall be open to the inspection of every Member.

18.1.2. The requirement regarding submission of the notice in writing and signature shall not apply where notice is given by e-mail, authenticated by the identification of the Member concerned.

**18.2. Notices to be inserted in the Summons**

The Chief Executive shall insert in the Summons for every Meeting of the County Council all Notices of Motion duly given, in the order in which they have been received, unless the Member giving such notice has, when giving it, intimated in writing that it is proposed to move it at some later Meeting, or has withdrawn it in writing.

**18.3. Motion not moved**

If a Motion, notice of which is specified in the Summons, is not moved by its originator, it shall, unless postponed by consent of the County Council, be treated as abandoned and shall not be moved without fresh notice.

**18.4. Procedure for Notices of Motions**

Motions under this Standing Order, after being moved and seconded, and spoken to by the proposer of the Motion in accordance with Standing Order 19.1, shall be debated by the County Council unless immediately following the seconding of the motion and after the proposer of the Motion has spoken to the Motion, and following any observations of the Leader or Executive Member for the function(s) concerned or the Chairman of the appropriate Committee or Committees, the County Council resolve to refer the Motion to the Executive or any Committee or Committees. Upon being so resolved, the Motion shall stand referred, without discussion, to the Executive or to such Committee or Committees as the County Council may determine for consideration and report to the next Meeting of the County Council, unless circumstances necessitate a report to a later Meeting.

**18.5. Proposer of Motion may attend subsequent Executive or Committee Meeting**

A Member of the County Council who has proposed a Motion which has been referred to the Executive, or to any Committee, shall have notice of the meeting of the Executive or Committee and any Sub-Committee or Standing Panel at which it is proposed to consider the Motion and, if they attend, shall have the opportunity of explaining it, but shall not take part in the voting.



## 19. **Rules of debate – Motions**

### **Motions and Amendments to be in writing and seconded.**

- 19.1. Notices of Motion will only be received in accordance with Standing Order 18, the mover of any Motion or Amendment shall, immediately on moving the Motion or Amendment, and before speaking to it – put it in writing and deliver it to the Chairman. The Motion or Amendment shall not be discussed until after the mover has spoken to it and the Motion or Amendment has been seconded.
- 19.2. A Member may with the consent of the seconder, and of the County Council signified without discussion, alter a Motion that they have proposed provided that the Alteration is in accordance with Standing Order 19.6.

### **Withdrawal of Motion or Amendment**

- 19.3. A Motion or Amendment may be withdrawn by the proposer with the concurrence of the seconder, and the consent of the County Council, which shall be signified without discussion, and no Member may speak upon it after the proposer has asked permission for its withdrawal, unless such permission shall have been refused.

### **Right of reply to Notice of Motion**

- 19.4. The proposer of a Motion shall have a right of reply at close of the debate upon the Motion immediately before it is put to the vote (and after any Proposal ‘that the vote on the Motion be now put’ or ‘that the County Council do proceed to the next item of business’ is put and carried). If an Amendment is proposed, the Leader or other appropriate Executive Member and proposer of a Motion shall be entitled to a reply at the close of the debate upon the Amendment. The proposer of the Motion shall speak last. The mover of an Amendment shall not be entitled to a right of reply. A Member exercising a right of reply shall not introduce new matter. After every reply to which this Standing Order refers, a decision shall then be taken without further discussion.

### **Reservations of speech by seconder**

- 19.5. The seconder of any Motion or Amendment may, if they want to and they indicate their intention when seconding, reserve their speech until a later period of the debate.

### **Relevance of Amendments to original Motion**

19.6. An Amendment shall be relevant to, and a modification of, the Motion.

19.7. An Amendment shall be:

19.7.1. to leave out words, or;

19.7.2. to leave out words and insert or add other words, or;

19.7.3. to insert or add words

but such omission or insertion of words shall not have the effect of introducing a materially new issue into or of negating the Motion before the County Council.

### **One Amendment at a time**

19.8. When an Amendment to a Motion has been moved and seconded, the Chairman shall call for any other Amendments to the Motion to be moved and seconded. The Chairman may then permit all the Amendments to the Motion to be discussed in the ensuing debate, if the Chairman considers that this course would facilitate the proper conduct of the County Council's business. Otherwise, any Amendments to a Motion shall be discussed in the order they were proposed.

### **Member not to move or second more than one Amendment**

19.9. A Member who has moved or seconded an Amendment to any Motion shall thereafter neither move nor second any further amendment to that Motion, or to any Amendment which has displaced it.

### **Notices of further Amendment**

19.10. Notice of the terms of all further Amendments to a Motion must be given before the reply to the debate commences (or, in the absence of a reply, before the vote is taken) on the Motion.

19.11. When any Motion or Amendment thereto has been duly put and either carried or lost, it shall be the Chairman's duty to refuse to put, at the same Meeting, any subsequent Amendment which would

substantially contradict, override, repeat or reintroduce the subject matter of the previous Motion or Amendment.

### **Substantive Propositions**

- 19.12. Amendments to a Motion shall be voted on against the original Motion in reverse order. This means that the last Amendment to a Motion shall be voted on first. Where an Amendment to a Motion is carried, the original Motion shall be displaced by the Amendment, which shall itself become the Substantive Proposition. Where the last Amendment fails and all other Amendments to a Motion have failed, the question shall be put on the Substantive Proposition without further debate.

### **Right to speak**

- 19.13. A Member shall not speak more than once on any Motion or Amendment, except when the Chairman determines any Amendments to a Motion should be debated separately, or in exercising their right of reply given by Standing Order 19.4, or on a point of order, or by way of personal explanation.

### **Formal Proposals moved in accordance with Standing Order 20 – Motions and Recommendations**

- 19.14. A Member who has not spoken may, at the conclusion of a speech of another Member, move without comment 'that the vote on the Motion be now put', or 'that the County Council proceed to the next item of business', or 'that the Meeting or debate now adjourned', on the seconding of which the Chairman shall put that Proposal to the vote without amendment or discussion and if it is carried, the Motion (or Amendment as the case may be) before the Meeting shall (after allowing an opportunity for a Member to speak in seconding any Motion or Amendment which has been moved, and subject to the right of reply given by Standing Order 19.4 such Proposal shall be put to the vote provided that if, on the moving and seconding of any such formal Proposal, the Chairman decides that the matter has not been sufficiently discussed the Chairman may either refuse to accept the Proposal at that time, or may indicate how many more Members will be permitted to speak before putting the Proposal.

### **Point of order and explanation**

- 19.15. A Member may rise to a point of order or in personal explanation and, on rising, shall be entitled to be heard forthwith. The ruling of

the Chairman on a point of order, or on the admissibility of a personal explanation, shall not be open to discussion.

### **General conduct and demeanour of Members**

19.16. Members shall stand when speaking and address the Chair. If two or more Members indicate that they wish to speak on the same item, the Chairman shall decide the order in which they are to speak. No Member, upon rising in their place, shall commence to address the Meeting until the Chairman calls on them.

19.17. Whenever the Chairman rises, no other Member shall remain standing, and, until the Chairman sits, no Member shall rise. The Council shall be silent so that the Chairman may be heard without interruption.

## **20. Proposals which may be moved without notice**

The following Proposals may be moved without notice:

- 20.1. an amendment to the Minutes of a Meeting;
- 20.2. an amendment to any Recommendation or Motion before the County Council, subject to Standing Orders 17 and 19;
- 20.3. a Proposal that a Motion be referred to the Executive or a Committee in accordance with Standing Order 18;
- 20.4. that the Meeting or debate be adjourned;
- 20.5. that the vote on a recommendation or a Motion be now put;
- 20.6. for suspending Standing Orders (but only so far as is necessary to enable the proper conduct of business);
- 20.7. that the County Council proceeds to the next item of business;
- 20.8. a Proposal to resolve under Part I of Schedule 12A of the Local Government Act 1972 to exclude the public (including the press);
- 20.9. a Proposal that a Member be not further heard or that a Member be allowed to speak for a longer period;
- 20.10. a Proposal that the County Council resolves to consider in open Council a question affecting a person in its employment;
- 20.11. that the County Council varies the order of business;

20.12. that there be no more questions on the matter under debate.

**21. Relevance and length of speeches**

Members shall direct their speech to the question under discussion or to an explanation or to a point of order. Except with the County Council's consent, no speech shall exceed the following lengths:

- 21.1. four minutes for a Member speaking on a paragraph on a Part I item or a Part II item, or on a Motion notice of which has been given under Standing Order 18, or on a Proposal, or in any other case except as indicated below;
- 21.2. seven minutes for the Leader or a member of the Executive or Chairman of a Committee in presenting a Report or in speaking in reply to a debate on a paragraph in a Part I item or a Part II item;
- 21.3. the mover of a Motion, notice of which has been given under Standing Order 18:
  - 21.3.1. five minutes for speaking to the Motion
  - 21.3.2. five minutes for speaking in reply to the debate on the Motion
- 21.4. five minutes for the Leader or a member of the Executive or the Chairman of the appropriate Committee in a debate on a Motion, notice of which has been given under Standing Order 18;
- 21.5. one minute for a Member speaking on a Proposal to suspend Standing Orders;
- 21.6. 30 minutes for the leader or spokesman of a minority group on the County Council, in moving an Amendment in a debate on the budget proposals;
- 21.7. No time limit for the Leader when moving the budget proposals, or in reply to the debate on the budget proposals.
- 21.8. 30 minutes total for answering General Questions or Questions concerning the Hampshire and Isle of Wight Fire and Rescue Authority pursuant to Standing Order 16.1.1 or 16.3.

**22. \*Voting**

- 22.1. Every question shall be determined either by the voices of those present or, at the discretion of the Chairman, by way of digital voting, provided that, if any Member indicates dissent to this procedure, then a vote by a show of hands, or by way of digital voting, as

determined by the Chairman, shall take place;

- 22.2. Immediately after any vote is taken on any question on the budget item at the County Council's Budget decision meeting, the voting on the question shall be recorded to show how each Member present and voting gave their vote or abstained from voting. Without prejudice to Standing Order 22.1 above, all questions relating to the budget item shall be determined by way of digital voting;
- 22.3. Without prejudice to Standing Orders 21.2 and 22.2 above, on the requisition of any Member supported by 10 other Members who should signify their support by rising in their places before the vote is taken, the voting on any question shall be recorded to show how each Member present and voting gave their vote or abstained from voting. This is provided that a recorded vote may not be requisitioned on a formal Motion or any Proposal which, under Standing Order 20.3 to 20.11 inclusive, may be moved without notice. In applying this Standing Order to Committees, Sub-Committees and Standing Panels, the number of Members required to support a requisition for a recorded vote shall be one quarter of the whole number of appointed Members of the Committee, Sub-Committee or Standing Panel, or three Members of the Committee, Sub-Committee or Standing Panel, whichever is the greater. All recorded votes shall be conducted by way of digital voting;
- 22.4. Where, immediately after a vote is taken (and without prejudice to the provisions of 22.1, 22.2, and 22.3) above at a Meeting of the County Council if any Member so requires, it shall be recorded in the minutes of the proceedings of that Meeting whether that person cast their vote for the question or against the question; or whether they abstained from voting.

### 23. **Rescission of previous resolution**

No Motion to rescind any resolution passed by the County Council or by a Committee, Sub-Committee or Standing Panel of the County Council within the preceding six months – and no Motion or Amendment to the same effect as one which has been negated by the County Council within the preceding six months – shall be proposed, unless notice of it is given under Standing Order 18 and bears the names of at least 10 Members. Any such Motion may be moved by any one of those 10 Members. When any such Motion has been disposed of, it shall not be open to any Member to propose a similar motion within a further period of six months.

This Standing Order shall not apply to Amendments moved in pursuance of a Report or Recommendations of the Leader or other Executive Member, a Committee or Sub-Committee.

## **24. Appointments to Committees**

### **24.1. Appointments to Committees of the County Council**

The County Council shall at its Annual Meeting in the year of the ordinary election of County Councillors appoint Members (including any Co-opted Members) to Committees and Standing Panels of the County Council, and make such provision as to the constitution or membership thereof as it thinks fit, to discharge any functions of the County Council;

### **24.2. Appointments of Substitute Members to Committees and Standing Panels of the County Council**

The County Council shall at its Annual Meeting in the year of the ordinary election of County Councillors appoint up to four Substitute Members from each political group on the County Council represented on any Select (Overview and Scrutiny) Committee of the County Council, to substitute for any Member ('Ordinary Member') of such political group appointed to any Select (Overview and Scrutiny) Committee, Committee of the County Council in accordance with sub-paragraph 24.1 above.

24.3. The County Council shall at its Annual Meeting in the year of the ordinary election of County Councillors appoint two Substitute Members from each political group on the County Council represented on any other Committee or Standing Panel of the County Council, to substitute for any Ordinary Member of such political group appointed to any Committee or Standing Panel of the County Council in accordance with sub-paragraph 24.1 above

24.4. Where a Substitute Member of a Committee or Standing Panel of the County Council is appointed in accordance with Standing sub-paragraph 24.1 above, then such Substitute Member may attend any Meeting of a Committee or Standing Panel of the County Council to which such substitution relates in place of any Ordinary Member of the same political group appointed to such Committee or Standing Panel of the County Council, on notification to the Chief Executive by the relevant political group leader that an Ordinary Member is unable to attend and the Substitute Member will be attending in his place. A Substitute Member may only attend a Meeting when the Ordinary Member will be absent for the whole of the Meeting.

#### **24.5. Appointments to Joint Committees**

The County Council shall at its Annual Meeting in the year of ordinary election of Members to the County Council appoint Members (including any Co-opted Members) to any Joint Committees and Outside Bodies (statutory or otherwise) to which the County Council appoints Members;

#### **24.6. Review of Appointments to Committees at Annual Meeting**

The County Council shall at each subsequent Annual Meeting review the representation of Members to Committees and Standing Panels of the County Council and Joint Committees and Outside Bodies, and review the Proportionality Table.

Any alterations in the membership of Committees and Standing Panels of the County Council and Joint Committees (including any alterations of Co-opted Members), whether by filling casual vacancies or otherwise, shall be made at a Meeting of the County Council.

#### **25. Membership of Committees**

At least two-thirds of the Members of any Committee, Sub-Committee or Standing Panel shall be Members of the County Council (subject to any statutory provision which shall regulate such membership).

Every member of a Committee, Sub-Committee or Standing Panel who, at the time of appointment, is a Member of the County Council shall, when they cease to be a Member of the County Council, also cease to be a member of the Committee, Sub-Committee or Standing Panel.

#### **26. Appointment of Members to Hampshire and Isle of Wight Fire and Rescue Authority**

At its Annual Meeting each year, the County Council shall appoint its full quota of Members to the Hampshire and Isle of Wight Fire and Rescue Authority, in line with the rules of appointment prevailing at the time.

#### **27. \*Meetings of County Council Committees, etc – August recess**

Except in the case of urgent business which, in the opinion of the Chief Executive (after consultation with the Leader), ought not to be held over, no Meetings of the County Council, the Executive, Committees, or Sub-Committees, Standing Panels or working parties shall be held during the month of August; provided that this Standing Order shall not be deemed to extend to visits for the purpose of increasing members' knowledge of installations or sites relevant to their work.



28. **\*Approval of Committee decisions – minority order procedure**

28.1. If Members numbering at least one quarter of the voting Members present at a Committee Meeting so request, immediately after the vote is taken on any matter (which is otherwise within the Committee's delegated powers) the decision shall take the form of a recommendation to the County Council and shall not be effective unless and until approved by the County Council. Where any matter is, for the time being, delegated to a Sub-Committee or a Standing Panel, Members numbering at least one quarter of the voting Members present at the Meeting of the Sub-Committee or Standing Panel may, in the same manner, require that the decision shall take the form of a recommendation to the appropriate Committee.

28.2. **The Standing Order shall only apply to:**

28.2.1. the Employment in Hampshire County Council Committee;

28.2.2. the Audit Committee;

28.2.3. the Pension Fund Panel and Board;

28.2.4. the River Hamble Harbour Board; and shall not apply to:

28.2.5. Standing Panels or Sub-Committees established to appoint Senior Officers of the County Council in accordance with Standing Order 43

28.2.6. any decisions of a quasi-judicial nature

28.2.7. decisions where delay could put the County Council in breach of the law or in breach of legally binding obligations.

28.2.8. Select (Overview and Scrutiny) Committees.

29. **\*Discretion to exclude any matter which ought not to be published**

If the Chief Executive is required, whether by statute, Standing Order, or otherwise, to issue any document (including any Agenda), to give notice of any item, or reproduce, or otherwise communicate the contents of any notice or document (including a notice of motion or questions asked in pursuance of Standing Orders), delivered to him or her, then he or she shall exclude any matter which, in his or her professional opinion, is out of order or which on the grounds of illegality, irregularity, confidentiality, liability for defamation or otherwise ought not to be published.

30. **\*Confidentiality of proceedings**

No Member of the County Council, the Executive or of a Committee, Sub-Committee or Standing Panel thereof (where elected or co-opted) shall disclose confidential or exempt information specified on a Meeting Summons or Agenda, until or unless such confidentiality has been lifted. If, however, the matter has been dealt with or has been brought before the Executive, a Committee, Sub-Committee or Standing Panel while the press and public are entitled to be present, this Standing Order shall not apply.

31. **\*Inspection of documents and Minutes**

For the purposes of their duty as a Member of the County Council or as a member of a Committee, Sub-Committee or Standing Panel of the County Council a Member may inspect any document (other than a draft) which is in the possession of, or under the control of the County Council, and which contains information relating to any business to be transacted as a Meeting of a Committee, Sub-Committee or Standing Panel to which the Local Government Act 1972 applies. This right does not, however, apply to certain categories of exempt information. Members' rights in respect of exempt information are set out at paragraph 5 of the Protocol for Member/Officer Relations in Part 4 Appendix D of this Constitution.

32. **\*Misconduct of Members**

The Chairman shall call a Member to order for irrelevance, repetition, unbecoming language or any breach of order. If the Member should disregard the authority of the Chairman, or if it appears to the Chairman that the Meeting does not desire any longer to hear the Member then speaking, the Chairman may move (no seconder being required) that the Member be no longer heard. The Proposal shall be put to the vote without discussion and, if it is carried, the Member then speaking shall discontinue their speech and resume their seat. If the Member continues to speak, disregarding the authority of the Chairman, then the Chairman shall warn the Member. If the Member shall then continue to disregard the authority of the Chairman, the Chairman shall order the removal of the Member from the Council Chamber.

33. **\*Behaviour of the public**

If a member of the public interrupts the proceedings at any meeting, the Chairman shall warn the person concerned. If the person continues, the Chairman shall order that person's removal from the Council Chamber. In the case of general disturbance in any part of the Council Chamber open to the public, the Chairman shall order that part to be cleared.

34. **\*Adjourned Meetings**

When a Meeting or any item of business to be considered at a Meeting is adjourned to a future day, notice of the adjourned Meeting shall be sent to each Member, specifying the business to be transacted at that Meeting.

35. **\*Signing of Minutes**

Local Government Act 1972, Schedule 12

Local Government and Housing Act 1989 Section 20

Minutes of every meeting of the County Council, of any Committee or of any Sub-Committee or Standing Panel or the Executive shall be submitted to, and signed at, that meeting or at the next following ordinary meeting of the body concerned.

The person presiding shall put the question that the Minutes submitted to the meeting be approved as a correct record of that Meeting, or of a specified former Meeting, as the case may be.

Any question on their accuracy shall be raised by a Proposal, and shall be duly seconded. If no such question is raised, or if it is raised, then as soon as it has been dealt with the person presiding shall sign the minutes ('the Approved Minutes').

The Chairman shall ask if there are any matters arising upon the approved Minutes, pursuant to which any Member may ask as to the current position or progress made on any item contained in the approved Minutes. The Chairman shall avoid any debate or discussion that could be construed as attempting to change or vary a previous decision, and shall not allow any debate or discussion to transgress the statutory rule that only business specified in the County Council summons may be disposed of at a County Council meeting.

If, in relation to any Meeting of the County Council, the next such Meeting is a Meeting called under Paragraph 3 (extraordinary meetings) of Schedule 12 to the 1972 Act, the next following Meeting of the County Council (being a meeting called otherwise than under that Paragraph of the 1972 Act) shall be treated as a suitable Meeting for the purposes of Paragraphs 41(1) and (2) (signing of minutes) of that Schedule.

This Standing Order is not capable of being suspended.

36. **\*Signing of Minutes – Extraordinary Meetings**

Where, in relation to any Meeting of the Council, the next such Meeting is called under paragraph 3 (extraordinary meetings) of Schedule 12 to the Local Government Act 1972, that next Meeting of the County Council (being a meeting called otherwise than under that paragraph), shall be

treated as a suitable meeting for the purposes of paragraph 41 of that Schedule (signing of Minutes).

**37. \*Additional Committee Meetings**

The Chairman of a Committee may call an additional Meeting of a Committee at any time. An additional Meeting of the Committee may also be summoned on the requisition, in writing, of either one quarter of the total number of Members of the Committee or three Members, whichever is the greater. This requisition shall be delivered to the Chief Executive and shall specify the business to be considered. The Chief Executive will arrange for the Meeting to be held in accordance with the timetable specified in Standing Order 5. The Agenda shall set out the business so required to be considered at the additional meeting and no business other than that set out shall be considered at the meeting.

**38. \*Suspension of Standing Orders**

38.1. Any Standing Order (save for Standing Order 35 and 36) may be suspended on a Proposal in accordance with Standing Order 20.6 carried by a majority of the Members present.

38.2. There shall be no questions, speeches or discussion whatsoever other than by the mover of a Proposal moved under Standing Order 20.6 to suspend a Standing Order.

**39. Withdrawal from Chamber or Room in cases of Disclosable Pecuniary Interests**

39.1. Unless a dispensation has been granted by the County Council, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a disclosable pecuniary interest as set out at Part 2 Paragraph 3 of the Members' Code of Conduct. You must as soon as it becomes apparent that you have an interest (save for in circumstances set out at Standing Order 39.2 below) withdraw from the chamber or room where the meeting considering the business is being held, and must not seek improperly to influence a decision about that business. If acting as a single Executive Member you may not take any further steps in relation to the matter other than for the purpose of arranging for the matter to be dealt with otherwise than by yourself.

39.2. Without prejudice to Standing Order 39.1 above where you have a disclosable pecuniary interest in any business of the County Council (including any meeting of a Select Overview and Scrutiny Committee of the County Council) you may, notwithstanding such disclosable pecuniary interest, attend such meeting for the purpose of making

representations, answering questions or giving evidence relating to such business, provided members of the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

**40. Application of County Council Procedure Rules to Committees**

The following Standing Orders shall also apply, with any necessary modification, to Committees, Sub-Committees and Standing Panels of the County Council, (including Select (Overview and Scrutiny) Committees and the word 'County Council' shall be construed accordingly.

**Standing Order**

5. Summons and Agenda Papers
6. Chairmen and Vice-Chairmen
8. Order of Business
9. Variation of Order of Business
10. Recordings, etc of proceedings
11. Quorum
12. Deputations
22. Voting
28. Approval of Committee decisions – minority order procedure
29. Discretion to exclude any matter which ought not to be published
30. Confidentiality of proceedings
31. Inspection of documents and Minutes
32. Misconduct of Members
33. Behaviour of the public
34. Adjourned Meetings
35. Signing of Minutes
36. Signing Minutes – Extraordinary Meetings

37. Additional Committee Meetings
38. Suspension of Standing Orders
39. Withdrawal from Chamber or Room in cases of Disclosable Pecuniary Interests

NB For ease of reference those Standing Orders which apply to Committees, Sub-Committees and Standing Panels of the County Council are indicated by an asterisk.

Non-Committee Members will be allowed to speak at Committee and Sub-Committee meetings, following notice to the Chief Executive via [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) , such notice to be received no later than noon on the working day immediately preceding such Committee/Sub-Committee meeting. Without prejudice to the above the Chairman may permit a non-Committee Member to speak where, in exceptional circumstances in the opinion of the Chairman, it has not been possible for the non-Committee Member to give the required notice.

#### 41. **Execution and Signing of Documents**

The Common Seal of the County Council shall not be fixed to any document, and no document shall otherwise be executed as a Deed or signed as a Contract or Agreement on behalf of the County Council unless the sealing, execution, or signing of such document has been authorised by a resolution of the County Council or of the Leader and Cabinet (acting collectively or individually as the case may be), or a committee or sub-committee or standing panel, where the County Council has delegated its powers in this behalf. But a resolution of the County Council or the Leader and Executive (acting collectively or individually under the provisions of the Constitution) or of a committee, sub-committee or standing panel where the Leader or Executive or Executive Member or that committee, sub-committee or standing panel, has the power authorising the acceptance of any tender; the purchase, sale, letting or taking of any property; the issue of any stock; the presentation of any petition, memorial or address; or the making of any rate or contract or any other matter or thing; shall be sufficient authority for sealing, executing or signing any document necessary to give effect to the resolution. The execution of Deeds and signing of documents shall be done in accordance with the provisions of Part 1, Chapter 14, of the Constitution.

The seal shall be attested by the Assistant Director Legal Services and Monitoring Officer or other officer or officers authorised by the Assistant Director Legal Services and Monitoring Officer, and an entry of every sealing of a document shall be made and consecutively numbered in a book to be provided for this purpose, and shall be signed by the person who shall have attested the seal.

**42. Head of Paid Service, Chief Financial Officer, Monitoring Officer – disciplinary action**

42.1. In this Standing Order:

42.1.1. 'the 2011 Act' means the Localism Act 2011;

42.1.2. 'Chief Financial Officer', 'Disciplinary Action', 'Head of the County Council's Paid Service', and 'Monitoring Officer' have the same meaning as in Regulation 2 of the Local Authorities (Standing Orders) (England) Regulations 2001;

42.1.3. 'Independent Person' means a person appointed under Section 28(7) of the 2011 Act;

42.1.4. 'Local Government Elector' means a person registered as a local government elector in the register of electors in the County Council's area in accordance with the Representation of the People Acts;

42.1.5. 'the Panel' means a Committee comprising Independent Persons only appointed by the County Council under section 102(4) of the Local Government Act 1972 for the purpose of advising the County Council on matters relating to the dismissal of Relevant Officers of the County Council, following in accordance with paragraph 43, a proposal of a Committee or Sub-Committee of the County Council to dismiss a Relevant Officer;

42.1.6. 'Relevant Meeting' means a meeting of the County Council to consider whether or not to approve a proposal to dismiss a Relevant Officer; and

42.1.7. 'Relevant Officer' means the Chief Financial Officer, Head of the County Council's Paid Service or Monitoring Officer, as the case may be.

42.2. A Relevant Officer may not be dismissed by the County Council unless the procedure set out in the following Paragraphs is complied with.

42.3. The County Council must invite Relevant Independent Persons to be considered for appointment to the Panel, with a view to appointing at least two such persons to the Panel.

42.4. In Paragraph 42.3 'Relevant Independent Person' means any Independent Person who has been appointed by the County Council or, where there are fewer than two such person, such Independent

Persons as have been appointed by another Authority or Authorities as the County Council considers appropriate.

- 42.5. Subject to Paragraph 42.6 the County Council must appoint to the Panel such Relevant Independent Persons who have accepted an invitation in accordance with Paragraph 42.3 in accordance with the following priority order:
  - 42.5.1. a Relevant Independent Person who has been appointed by the County Council and who is a Local Government Elector;
  - 42.5.2. any other Relevant Independent Person who has been appointed by the County Council;
  - 42.5.3. a Relevant Independent Person who has been appointed by another Authority or Authorities.
- 42.6. The County Council is not required to appoint more than two Relevant Independent Persons in accordance with paragraph 42.5 but may do so.
- 42.7. The County Council must appoint any Panel at least 20 Working Days before the Relevant Meeting.
- 42.8. Before taking of a vote at the Relevant Meeting on whether or not to approve such a dismissal, the County Council must take into account, in particular:
  - 42.8.1. any advice, views or recommendations of the Panel;
  - 42.8.2. the conclusions of any investigation into the proposed dismissal; and
  - 42.8.3. any representation from the Relevant Officer.
- 42.9. Any remuneration, allowances or fees paid by the County Council to an Independent Person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that Independent Person in respect of that person's role as Independent Person under the 2011 Act.

43. **Appointment, Dismissal and Disciplinary action in respect of Senior Officers**

- 43.1. In this Standing Order –
  - “the 1989 Act” means the Local Government and Housing Act 1989;
  - “the 2000 Act” means the Local Government Act 2000;



“Disciplinary Action” shall have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001;

“Executive” and “Executive Leader” shall have the same meaning as in Part II of the 2000” Act;

“Member of Staff” means a person appointed to or holding a paid office or employment under the County Council; and

“Proper Officer” means the Chief Executive.

- 43.2. Subject to paragraphs 43.3 and 43.7, the function of appointment and dismissal of and taking disciplinary action against, a Member of Staff of the County Council must be discharged, on behalf of the County Council, by the officer designated under section 4(1) of the 1989 Act as the Head of the Authority’s Paid Service or by an officer nominated by him.
- 43.3. Paragraph 43.2 shall not apply to the appointment or dismissal of, or disciplinary action against –
- 43.3.1. the Officer designated as the Head of Authority’s Paid Service;
  - 43.3.2. a Statutory Chief Officer within the meaning of Section 2(6) of the 1989 Act;
  - 43.3.3. a Non-Statutory Chief Officer within the meaning of Section 2(7) of the 1989 Act;
  - 43.3.4. a Deputy Chief Officer within the meaning of Section 2(8) of the 1989 Act; or
  - 43.3.5. a person appointed in pursuance of Section 9 of the 1989 Act (assistants for political groups).
- 43.4. (1) Where a Committee or Sub-Committee of the County Council or Officer is discharging, on behalf of the County Council, the function of the appointment of an officer designated as the Head of the County Council’s Paid Service, the County Council must approve that appointment before an offer of appointment is made to him/her or,
- (2) Where a Committee or Sub-Committee of the County Council or Officer is discharging, on behalf of the County Council, the function of dismissal of an officer designated as the Head of the County Council’s Paid Service, the Chief Financial Officer, or the Monitoring Officer, the County Council must approve the dismissal before notice of dismissal is given to that person.

(3) Where a Committee or Sub-Committee of the County Council discharging on behalf of the County Council, the function of the appointment or dismissal of any Officer referred to in sub paragraphs 43.3.1 to 43.3.5 of paragraph 43.3, at least one member of the Executive must be a member of that Committee or Sub-Committee.

43.5. (1) In this paragraph, "Appointor" means, in relation to the appointment of a person as an Officer of the County Council, the County Council or, where a Committee, Sub-Committee or Officer is discharging the function of appointment on behalf of the County Council, that Committee, Sub-Committee or Officer, as the case may be.

(2) An offer of an appointment as an Officer referred to in sub paragraphs 43.3.1 to 43.3.5 of paragraph 43.3 must not be made by the Appointor until –

43.5.1. the Appointer has notified the Proper Officer of the name of the person to whom the Appointor wishes to make the offer and any other particulars which the Appointor considers are relevant to the appointment.

43.5.2. The Proper Officer has notified every member of the Executive of the County Council of –

- i) the name of the person to whom the Appointor wishes to make the offer;
- ii) any other particulars relevant to the appointment which the Appointor has notified to the Proper Officer; and
- iii) the period within which any objection to the making of the offer is to be made by the Executive Leader on behalf of the Executive to the Proper Officer;

**and**

43.5.3. either –

- i) the Executive Leader has, within the period specified in the notice under sub-paragraph 44.5.2, notified the Appointor that neither he/she nor any other member of the Executive has any objection to the making of the offer;
- ii) the Proper Officer has notified the Appointor that no objection was received by him/her within that period from the Executive Leader; **or**

- iii) the Appointor is satisfied that any objection received from the Executive Leader within that period is not material or is not well-founded.

43.6. (1) In this paragraph, "Dismissor" means, in relation to the dismissal of an Officer of the County Council, the County Council or, where a Committee, Sub-Committee or other Officer is discharging the function of the dismissal on behalf of the County Council, that Committee, Sub-Committee or other Officer, as the case may be.

(2) Notice of the dismissal of an Officer referred to in sub-paragraphs 43.3.1 to 43.3.5 of paragraph 43.3 must not be given by the Dismissor until:

43.6.1. the Dismissor has notified the Proper Officer of the name of the person who the Dismissor wishes to dismiss and any other particulars which the Dismissor considers are relevant to the dismissal;

43.6.2. the Proper Officer has notified every member of the Executive of the County Council of:

- i) the name of the person who the Dismissor wishes to dismiss;
- ii) any other particulars relevant to the dismissal which the Dismissor has notified to the Proper Officer; and
- iii) the period within which any objection to the dismissal is to be made by the Executive Leader on behalf of the Executive to the Proper Officer; **and**

43.6.3. either:

- i) the Executive Leader has, within the period specified in the notice under sub-paragraph 43.6.2(iii), notified the Dismissor that neither he/she nor any other member of the Executive has any objection to the dismissal;
- ii) the Proper Officer has notified the Dismissor that no objection was received by him/her within that period from the Executive Leader; **or**
- iii) the Dismissor is satisfied that any objection received from the Executive Leader within that period is not material or is not well-founded.

43.7. Nothing in paragraph 43.2 shall prevent a person from serving as a member of any Committee or Sub-Committee established by the County Council to consider an appeal by:

- 43.7.1. another person against any decision relating to the appointment of that other person as a member of staff of the County Council; or
  - 43.7.2. a member of staff of the County Council against any decision relating to the dismissal of, or taking disciplinary action against, that member of staff.
- 43.8. Where the Council proposes to appoint any Officer referred to in Standing Order 43.3 and it is not proposed that the appointment be made exclusively from among its existing Officers, it should:
- 43.8.1. draw up a statement specifying:
    - i) the duties of the Officer concerned;
    - ii) any qualifications or qualities to be sought in the person to be appointed.
  - 43.8.2. make arrangements for the post to be advertised in such way as is likely to bring it to the attention of people who are qualified to apply for it;
  - 43.8.3. make arrangements for a copy of the statement mentioned in paragraph 43.8.1 to be sent to any person, on request.
- 43.9. Where a post has been advertised as provided by Standing Order 43.8, the panel referred to in Standing Order 43.11 shall:
- 43.9.1. interview all qualified applicants for the post, or
  - 43.9.2. interview those qualified applicants included on a selected short list where no qualified person has applied, the County Council shall make further arrangements for advertisement in accordance with 43.8.2 above.
- 43.10. Where the County Council proposes to appoint any officer referred to in Standing Order 43.3 and it is proposed that the appointee be an existing Officer who is acting into that role, the Head of Paid Service in conjunction with the Director of Corporate Operations / Chief Financial Officer shall provide a report to a panel established under Standing Order 43.11, setting out;
- 43.10.1. the duties of the post to which appointments is to be made
  - 43.10.2. any qualifications or qualities to be sought in the person to be appointed, and
  - 43.10.3. the suitability of a particular candidate for such post including the performance of that individual while acting in that role

- 43.11. Appointments or dismissal of any Officer referred to in Standing Order 43.3 shall be made by a panel of members which shall comprise:
- 43.11.1. the Leader, Deputy Leader or other member of the Executive nominated by the Leader;
  - 43.11.2. the Executive Member responsible for the service (or the Leader's nominee in the case of a Chief Executive or Chief Officer of a central service appointment), and;
  - 43.11.3. the requisite number of other Members (to be nominated by relevant political group leaders) to achieve the proportionality required by the provisions of the Local Government and Housing Act 1989.

44. **Candidates for appointment – canvassing of and recommendations by Members**

- a) Canvassing of Members or Officers of the County Council or of any Committee of the County Council, directly or indirectly, for any appointment made by the County Council shall disqualify the candidate for that appointment. The purport of this paragraph of this Standing Order shall be included in every advertisement inviting applications for appointments or in any form of application;
- b) A Member of the County Council shall not seek support for any candidate for any appointment under the County Council, but this shall not preclude a member from giving a written testimonial of a candidate's ability, experience of character for submission to the County Council with an application for appointment.

45. **Candidates for appointment – relatives of Members or Officers**

- a) Candidates for any appointment under the County Council who know that they are related to any Member or senior officer of the County Council shall, when making their application, disclose that relationship to the appropriate officer. A candidate who fails to disclose such a relationship shall be disqualified for the appointment and, if appointed, shall be liable to dismissal without notice. Every Member and senior officer of the County Council shall disclose to the Chief Executive any relationship known to them to exist between themselves and any person who they know is a candidate for an appointment under the County Council. The Chief Executive shall notify all disclosures made pursuant to this Standing Order to the head of department concerned or to the person chairing the panel authorised to make the appointment;
- b) The purport of this Standing Order shall be brought specifically to the attention of all applicants for posts with the County Council;

c) For the purpose of this Standing Order, 'senior officer' means any officer of the County Council in receipt of a salary equal to, or greater than, applicable to Hampshire County Council Senior Management Grade H. Persons shall be deemed to be related if they are husband and wife, or partners living together, or if either of them or the spouse of either of them is the son, daughter, grandson, granddaughter, brother, sister, nephew or niece of the other; or of the spouse or partner of the other; or a person with whom they have a close or established relationship.

## Appendix 2:

### 38. \*Suspension of Standing Orders

- 38.1 Any Standing Order (save for Standing Order 35 and 36) may be suspended on a Proposal in accordance with Standing Order 20.6 carried by a majority of the Members present.
- 38.2 There shall be no questions, speeches or discussion whatsoever other than by the mover of a Proposal moved under Standing Order 20.6 to suspend a Standing Order.

### 38 (B) \*Reasonable Adjustments to Standing Orders

- 38 (B).1 Where a Member or other person attending a meeting of the County Council or a County Council Committee has a disability as defined in the Equality Act 2010 and any of these Standing Orders puts that Member or other person at a substantial disadvantage in comparison with others who are not disabled then, having taken advice from the Monitoring Officer, the Chairman of the County Council or the Chairman of any committee may make such adjustments to Standing Orders or apply such interpretations to Standing Orders, as are reasonable in the circumstances, in order to avoid that disadvantage.

## Part 4

# Appendix D - Protocol for Member/Officer Relations

### 1. Introduction

- 1.1. Members are democratically elected and are responsible for the strategic direction, policing and budget of the County Council. They are supported by the County Council's officers who provide professional and managerial expertise in the running of the County Council's business and in implementing the decision of the County Council.
- 1.2. The purpose of this Protocol is to guide members and officers of the County Council in their relations with one another in such a way as to ensure the smooth running of the County Council.
- 1.3. Given the variety and complexity of such relations, this Protocol does not seek to be either prescriptive or comprehensive. It does, however, offer guidance on some of the issues which most commonly arise.
- 1.4. This Protocol is, to a large extent, no more than a written statement of current practice and convention. It seeks to promote greater clarity and certainty. If the advice is followed it should also ensure that members receive objective and impartial advice, and that officers are protected from accusations of bias and any undue influence from members.
- 1.5. This Protocol also seeks to reflect the principles underlying the respective Codes of Conduct which apply to members and officers. The shared object of these codes is to enhance and maintain the integrity (real and perceived) of local government and they, therefore, demand very high standards or personal conduct.
- 1.6. Mutual respect between councillors and officers is essential to good local government. Close personal familiarity between individual councillors and officers can damage this relationship and prove embarrassing to other councillors and officers."
- 1.7. It is important that any dealings between members and officers should observe reasonable standards of courtesy, and that neither party should seek to take unfair advantage of their position.



## **2. Conduct and Capability Issues**

- 2.1. Members should not raise matters relating to the conduct or capability of a County Council employee or of employees collectively at meetings held in public. This is a long-standing tradition in public service. Employees have no means of responding to criticisms like this in public. If members feel they have not been treated with proper respect or courtesy or if they have any concern about the conduct or capability of a County Council employee, they should raise the matter with the chief officer of the department concerned if they fail to resolve it through direct discussion with the employee. The chief officer will then look into the facts and report back to the member. If the member continues to feel concern, they should then report the facts to the Chief Executive who will look into the matter afresh.
- 2.2. Officers are bound by the Officer's Code of Conduct and relevant contractual and disciplinary Codes. The Chief Executive may inform the relevant political group leader of the matter, if it is referred to him following ongoing concerns by the Member, but should only do so in full knowledge of the facts surrounding the issue and where doing so would not contravene any legal or confidentiality requirements or other Protocol contained within this Constitution, or would otherwise prejudice determination of the matter.
- 2.3. If an officer feels that he or she has not been properly treated with respect and courtesy they should raise the matter with their line manager, their chief officer, the Monitoring Officer or the Chief Executive as appropriate, especially if they do not feel able to discuss it directly with the member concerned. In these circumstances and subject to Paragraph 2.4, the chief officer, the Monitoring Officer or the Chief Executive will take appropriate action either by approaching the individual member or group leader.
- 2.4. Members are bound by the Members' Code of Conduct. Where a complaint is made by an Officer under the Members' Code of Conduct, then regard must be given to any statutory requirements or statutory guidance thereon regarding confidentiality. Whilst a Member subject of a complaint under the Members' Code of Conduct may inform his political group leader of the matter, Officers may not inform the group leader without the permission of the Member.

## **3. Officer advice to party groups**

- 3.1. It must be recognised by all officers and members that in discharging their duties and responsibilities, officers serve the County Council as a whole and not exclusively any political group, combination of groups or any individual member of the County Council.

- 3.2. It is common practice for party groups to give preliminary consideration to matters of County Council business in advance of such matters being considered by the relevant County Council decision-making body. Officers may properly be called upon to support and contribute to such deliberations by party groups, but they must maintain political neutrality at all times. All officers must, in their dealings with political groups and individual members, treat them in a fair and even-handed manner.
- 3.3. The support provided by officers can take many forms, ranging from a briefing meeting with a chairman or spokesperson prior to a committee meeting to a presentation to a full-party group meeting. Whilst in practice such officer support is likely to be in most demand from whichever party group is for the time being in control of the County Council, such support is available to all party groups.
- 3.4. Certain points must however, be clearly understood by all those participating in this type of process, members and officers alike. In particular:
  - 3.4.1. Officer support in these circumstances must not extend beyond providing information and advice in relation to matters of County Council business. Officers must not be involved in advising on matters of party business. The observance of this distinction will be assisted if officers are not expected to be present at meetings or parts of meetings, when matters of party business are to be discussed.
  - 3.4.2. Party group meetings, while they form part of the preliminaries to County Council decision making, are not empowered to make decisions on behalf of the County Council. Conclusions reached at such meetings do not therefore rank as County Council decisions and it is essential that they are not interpreted or acted upon as such; and
  - 3.4.3. Similarly, where officers provide information and advice to a party group meeting in relation to a matter of County Council business, this cannot act as a substitute for providing all necessary information and advice to the relevant committee or sub-committee when the matter in question is considered.
- 3.5. Special care needs to be exercised whenever officers are involved in providing information and advice to a party group meeting, which includes persons who are not members of the County Council. Such persons will not be bound by the Members' Code of Conduct (in particular, the provisions concerning the declaration on interests and confidentiality) and for this and other reasons, officers may not be able to provide the same level of information and advice as they would do for a members-only

meeting.

- 3.6. Any request for advice, together with the advice given to a political group of Members, will be treated with strict confidentiality by the officers concerned and will not be accessible to any other political group. It is acknowledged, however, that factual information on which any advice is based will, if requested, be available to all political groups.
- 3.7. It must not be assumed by any political group or Member that any officer is personally supportive of any policy or strategy developed because of that officer's assistance in the formulation of that policy or strategy.
- 3.8. Officers must respect the confidentiality of any party group discussions at which they are present, in the sense that they should not relay the content of any such discussion to another party group or other non-involved officers.
- 3.9. Any particular cases of difficulty or uncertainty in this area of officer-advice to party groups should be raised with the Chief Executive who will discuss them with the relevant group leader(s).

#### **4. Support services to members and party groups**

- 4.1. The only basis on which the County Council can lawfully provide support services (e.g., stationery, typing, printing, photocopying, transport, etc) to members is to assist them in discharging their role as members of the County Council. Such support services must therefore only be used on County Council business. They should never be used in connection with party political or campaigning activity, or for private purposes.
- 4.2. It is acknowledged however, that certain equipment provided, such as personal computers and mobile phones, can be put to ancillary personal use by members, provided that such use incurs no cost to the County Council. Any such equipment provided by the County Council, such as personal computers, must however only be used in accordance with any County Council policies which apply at the time. Furthermore, the member will be fully responsible for the use or misuse of the equipment, including any use or misuse by anyone to whom the member has given access to the equipment.

#### **5. Members' access to information and to County Council documents**

- 5.1. Members are free to approach any County Council department to provide them with such information, explanation and advice (about that department's functions) as they may reasonably need in order to assist them in discharging their role as members of the County Council. This can range from a request for general information about some aspect of a department's activities, to a request for specific information on behalf of a constituent. Such approaches should normally be directed to the chief

officer or another senior officer of the Department concerned. In cases of doubt, the Monitoring Officer should be asked for assistance.

- 5.2. As regards the legal rights of members to inspect County Council documents, these are covered partly by statute and partly by the common law.
- 5.3. By virtue of Section 100F(1) of the Local Government Act 1972 (“the 1972 Act”), Members have a statutory right to inspect any County Council document which contains material relating to any business which is to be transacted at a County Council, Committee, Sub-Committee or Standing Panel Meeting. This right applies irrespective of whether the Member is a Member of the Committee, Sub-Committee or Standing Panel concerned, and it extends not only to Reports which are to be submitted to the Meeting, but also to any relevant background papers.
- 5.4. Similar provisions apply in respect of Executive documents by virtue of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (“the Access to Information Regulations”), in respect of documents in the possession or under the control of the Executive. Where the document contains information relating to business to be transacted at a public meeting of the Executive or individual Executive Member Decision Day, Members have a right to inspect the document once it is available. Where the document contains information relating to business to be discussed at a private meeting of the Executive, or to an individual Executive Member decision made in private, or an Executive Decision to be made by an Officer, then the document should be available for inspection on conclusion of the Meeting. Members may also inspect any contemporaneous notes taken by the Chief Executive’s business support staff at any such meeting.
- 5.5. This right does not, however, apply to documents relating to some exempt items. The items in question are described in Schedule 12A of the 1972 Act, and are those which contain exempt information relating to:
  - 5.5.1. Information relating to any individual (e.g. appointment of staff),
  - 5.5.2. Information which is likely to reveal the identity of an individual,
  - 5.5.3. Information relating to the financial or business affairs of any particular person (including the County Council), where the information relates to any terms proposed or to be proposed by the County Council in the course of negotiations for a contract (e.g. property transactions),
  - 5.5.4. Employment and industrial relations negotiations (e.g. pay and other employment matters),

- 5.5.5. Information in respect of which a claim to a legal professional privilege could be maintained in legal proceedings (e.g. legal advice),
- 5.5.6. Criminal investigations
- 5.6. Additional rights of access are given to Members of Select (Overview and Scrutiny) Committees, who are entitled to a copy of any document which is in the possession or under the control of the Executive, and contains material relating to any business transacted at a meeting of the County Council, or any decision made by an individual Executive Member, or any Executive decision made by an Officer in accordance with delegated powers, provided that this shall not apply to any exempt or confidential document in the possession of or under the control of the Executive, unless the information is relevant to an action or decision the Member is reviewing or scrutinising, or which is relevant to any review contained in a work programme of such Committee.
- 5.7. However, the statutory position is in addition to any common law right of Members to have access to information. The common law right members have is much broader and is based in the principle that *prima facie* a Member has a right to inspect County Council documents. This right exists because Members are under a duty to keep themselves informed of business which enables a Member to properly perform his or her duties as a Member of the County Council. This principle is commonly referred to as the 'need to know' principle. This same principle applies to Meetings where exempt information is discussed.
- 5.8. The exercise of this common law right depends therefore, upon the Member's ability to demonstrate that he or she has the necessary 'need to know'. In this respect a Member has no right to 'a roving commission' to go and examine documents of the County Council. Mere curiosity is not sufficient. The crucial question is determination of the 'need to know'.
- 5.9. In some circumstances (e.g. a Committee Member wishing to inspect documents relating to the business of that Committee or an Opposition Group Spokesperson for an Executive Portfolio) a Member's 'need to know' will normally be presumed. In other circumstances (e.g. a Member wishing to inspect documents which contain personal information about third parties), such Member will be expected to justify the request in specific terms. Furthermore, there will be a range of documents which, because of their nature, are either not accessible by members or are accessible only by the political group forming the administration and not by the other political groups. An example of this latter category would be draft documents compiled in the context of emerging County Council policies and draft committee reports, the premature disclosure of which might be against the County Council's and the public interest.

- 5.10. Any question as to whether a Member has a right to an exempt document or to attend a Meeting where exempt information is discussed should be referred to the Monitoring Officer as Proper Officer for Access to Information.
- 5.11. The term 'County Council document' is very broad and includes, for example, any document produced with Council resources, but it is accepted by convention that a Member of one party group will not have a 'need to know' and therefore a right to inspect, a document which forms part of the internal workings of another party group.
- 5.12. Finally, any County Council information provided to a Member must only be used by the Member for the purpose for which it was provided, that is in connection with the proper performance of the Member's duties as a Member of the County Council. Unauthorised disclosure of exempt or confidential information is prejudicial to the effective conduct of public affairs, and detrimental to the effective delivery of the County Council's business. Unauthorised disclosure of exempt or confidential information is also potentially a breach of the Members' Code of Conduct.

## **6. Officer, Executive Member and Chairman relationships**

- 6.1. It is clearly important that there should be a close working relationship between an executive member, a chairman of a committee and the chief officer and other senior officers of any department which reports to that committee. However, such relationships should never be allowed to become so close, or appear to be so close, as to bring into question the officer's ability to deal impartially with other members and other party groups.
- 6.2. The executive member or chairman or a committee (or sub-committee) will routinely be consulted as part of the process of drawing up the agenda for a forthcoming meeting but it must be recognised that in some situations, a chief officer will be under a duty to submit a report on a particular matter. It is at this stage executive members should make clear their requirements for any changes. Similarly, a chief officer or other senior officer will always be fully responsible for the contents of any report submitted in his or her name. This means that any such report will be amended only where the amendment reflects the professional judgement of the author of the report. Executive members are entitled to accept, amend or change recommendations of officers in reports. For legal reasons, reports may not be amended after publication. Any issues arising between an executive member, a chairman and a chief officer in this area should be referred to the Chief Executive for resolution in conjunction with the Leader of the County Council.
- 6.3. In addition to the Chairman's briefing before any committee or sub-committee, minority group representatives on that committee or sub-committee will also have the opportunity of a briefing through their

appropriate spokespersons.

- 6.4. At some executive member, committee and sub-committee meetings, a resolution may be passed, which authorises named officers to take action between meetings in consultation with the executive member or chairman. It must be recognised that in such circumstances it is the officer, rather than the executive member or chairman, who takes the action and it is the officer who is accountable for it.
- 6.5. Finally, it must be remembered that officers within a department are accountable to their chief officer and that while officers should always seek to assist an executive member or chairman (or indeed any member), they must not, in doing so, go beyond the bounds of whatever authority they have been given by their chief officer.

## **7. Correspondence**

- 7.1. Correspondence between an individual member and an officer should not normally be copied (by the officer) to any other member. Where, exceptionally it is necessary to copy the correspondence to another member, this should be made clear to the original member. In other words, a system of 'silent copies' should not be employed.
- 7.2. If correspondence is received by an officer from a member of the public asking for any details about a member, that letter and the officer's reply will be sent to the individual member. The member of the public requesting the information will be so informed.
- 7.3. Official letters on behalf of the County Council should normally be sent out in the name of the appropriate officer, rather than in the name of a member. It may be appropriate in certain circumstances (e.g., representations to a government minister) for a letter to appear over the name of a member, but this should be the exception rather than the norm. Letters which, for example, create obligations or give instructions on behalf of the County Council should never be sent out over the name of a member.

## **8. Involvement of divisional members**

- 8.1. Whenever a public meeting is organised by the County Council to consider a local issue, all the members representing the division or divisions affected must, as a matter of course, be invited to attend the meeting. Whenever a member is invited to such a meeting or any seminar or conference or any ceremonial event the member will, at the same time, be informed as to whether they are entitled to claim any attendance, travelling or subsistence allowance. Similarly, whenever the County Council undertakes any form of consultative exercise on a local issue, the divisional members should be notified at the outset of the

exercise.

## **9. Ceremonial events**

- 9.1. The Chairman of the County Council, or in his or her absence the Vice-Chairman, will be the appropriate person to lead County Council ceremonial events which are not specifically associated with a particular committee, and to represent the County Council by invitation at ceremonial events of other organisations which are not specifically associated with a particular committee.
- 9.2. Executive members or their nominees are the appropriate candidates for ceremonial events within the scope of their portfolios.
- 9.3. Local members should always be informed of and, where possible, invited to ceremonial events taking place within their own divisions, as should district and parish councils as appropriate.
- 9.4. Any member taking part in a ceremonial event must not seek disproportionate personal publicity or use the occasions for party political advantage, bearing in mind that the member is representing the County Council as a whole.

## **10. Public relations and press releases**

- 10.1. The County Council's Corporate Communications Office services the County Council as a whole and must operate within the limits of the Local Government Act 1986 and the Code of Recommended Practice on Local Authority Publicity. This Act and the Code prohibits the County Council from publishing material which appears to be designed to affect public support for a political party. County Council press releases are drafted by officers and will often contain quotations (within the limits of the Local Government Act 1986 and the Code) from the Leader of the County Council and executive members whose service is involved, and from the Chairman and Vice-Chairman of the County Council about ceremonial events. Such press releases are issued on behalf of the County Council and it would not, therefore, be appropriate when repeating quotations from members to indicate their party political affiliation.



## Part 4

# Appendix D - Protocol for Member/Officer Relations

### 1. Introduction

- 1.1. Members are democratically elected and are responsible for the strategic direction, policing and budget of the County Council. They are supported by the County Council's officers who provide professional and managerial expertise in the running of the County Council's business and in implementing the decision of the County Council.
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- 1.5. This Protocol also seeks to reflect the principles underlying the respective Codes of Conduct which apply to members and officers. The shared object of these codes is to enhance and maintain the integrity (real and perceived) of local government and they, therefore, demand very high standards of personal conduct.
- 1.6. Mutual respect between councillors and officers is essential to good local government. Close personal familiarity between individual councillors and officers can damage this relationship and prove embarrassing to other councillors and officers."
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## **2. Conduct and Capability Issues**

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- 2.2. Officers are bound by the Officer's Code of Conduct and relevant contractual and disciplinary Codes. The Chief Executive may inform the relevant political group leader of the matter, if it is referred to him following ongoing concerns by the Member but should only do so in full knowledge of the facts surrounding the issue and where doing so would not contravene any legal or confidentiality requirements or other Protocol contained within this Constitution, or would otherwise prejudice determination of the matter.
- 2.3. If an officer feels that he or she has not been properly treated with respect and courtesy they should raise the matter with their line manager, their chief officer, the Monitoring Officer or the Chief Executive as appropriate, especially if they do not feel able to discuss it directly with the member concerned. In these circumstances and subject to Paragraph 2.4, the chief officer, the Monitoring Officer or the Chief Executive will take appropriate action either by approaching the individual member or group leader.
- 2.4. Members are bound by the Members' Code of Conduct. Where a complaint is made by an Officer under the Members' Code of Conduct, then regard must be given to any statutory requirements or statutory guidance thereon regarding confidentiality. Whilst a Member subject of a complaint under the Members' Code of Conduct may inform his political group leader of the matter, Officers may not inform the group leader without the permission of the Member.

## **3. Officer advice to party groups**

- 3.1. It must be recognised by all officers and members that in discharging their duties and responsibilities, officers serve the County Council as a whole and not exclusively any political group, combination of groups or any individual member of the County Council.

- 3.2. It is common practice for party groups to give preliminary consideration to matters of County Council business in advance of such matters being considered by the relevant County Council decision-making body. Officers may properly be called upon to support and contribute to such deliberations by party groups, but they must maintain political neutrality at all times. All officers must, in their dealings with political groups and individual members, treat them in a fair and even-handed manner.
- 3.3. The support provided by officers can take many forms, ranging from a briefing meeting with a chairman or spokesperson prior to a committee meeting to a presentation to a full-party group meeting. Whilst in practice such officer support is likely to be in most demand from whichever party group is for the time being in control of the County Council, such support is available to all party groups.
- 3.4. Certain points must however, be clearly understood by all those participating in this type of process, members and officers alike. In particular:
  - 3.4.1. Officer support in these circumstances must not extend beyond providing information and advice in relation to matters of County Council business. Officers must not be involved in advising on matters of party business. The observance of this distinction will be assisted if officers are not expected to be present at meetings or parts of meetings, when matters of party business are to be discussed.
  - 3.4.2. Party group meetings, while they form part of the preliminaries to County Council decision making, are not empowered to make decisions on behalf of the County Council. Conclusions reached at such meetings do not therefore rank as County Council decisions and it is essential that they are not interpreted or acted upon as such; and
  - 3.4.3. Similarly, where officers provide information and advice to a party group meeting in relation to a matter of County Council business, this cannot act as a substitute for providing all necessary information and advice to the relevant committee or sub-committee when the matter in question is considered.
- 3.5. Special care needs to be exercised whenever officers are involved in providing information and advice to a party group meeting, which includes persons who are not members of the County Council. Such persons will not be bound by the Members' Code of Conduct (in particular, the provisions concerning the declaration on interests and confidentiality) and for this and other reasons, officers may not be able to provide the same level of information and advice as they would do for a members-only meeting.

- 3.6. Any request for advice, together with the advice given to a political group of Members, will be treated with strict confidentiality by the officers concerned and will not be accessible to any other political group. It is acknowledged, however, that factual information on which any advice is based will, if requested, be available to all political groups.
- 3.7. It must not be assumed by any political group or Member that any officer is personally supportive of any policy or strategy developed because of that officer's assistance in the formulation of that policy or strategy.
- 3.8. Officers must respect the confidentiality of any party group discussions at which they are present, in the sense that they should not relay the content of any such discussion to another party group or other non-involved officers.
- 3.9. Any particular cases of difficulty or uncertainty in this area of officer-advice to party groups should be raised with the Chief Executive who will discuss them with the relevant group leader(s).

#### **4. Support services to members and party groups**

- 4.1. The only basis on which the County Council can lawfully provide support services (e.g., stationery, typing, printing, photocopying, transport, etc) to members is to assist them in discharging their role as members of the County Council. Such support services must therefore only be used on County Council business. They should never be used in connection with party political or campaigning activity, or for private purposes.
- 4.2. It is acknowledged however, that certain equipment provided, such as personal computers and mobile phones, can be put to ancillary personal use by members, provided that such use incurs no cost to the County Council. Any such equipment provided by the County Council, such as personal computers, must however only be used in accordance with any County Council policies which apply at the time. Furthermore, the member will be fully responsible for the use or misuse of the equipment, including any use or misuse by anyone to whom the member has given access to the equipment.

#### **5. Members' access to information and to County Council documents**

- 5.1. Members are free to approach any County Council directorate to provide them with such information, explanation and advice (about that department's functions) as they may reasonably need in order to assist them in discharging their role as members of the County Council. This can range from a request for general information about some aspect of a department's activities, to a request for specific information on behalf of a constituent. Paragraph 6 below provides more information on the appropriate process.

- 5.2. As regards the legal rights of members to inspect County Council documents, these are covered partly by statute and partly by the common law.
- 5.3. By virtue of Section 100F(1) of the Local Government Act 1972 (“the 1972 Act”), Members have a statutory right to inspect any County Council document which contains material relating to any business which is to be transacted at a County Council, Committee, Sub-Committee or Standing Panel Meeting. This right applies irrespective of whether the Member is a Member of the Committee, Sub-Committee or Standing Panel concerned, and it extends not only to Reports which are to be submitted to the Meeting, but also to any relevant background papers.
- 5.4. Similar provisions apply in respect of Executive documents by virtue of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (“the Access to Information Regulations”), in respect of documents in the possession or under the control of the Executive. Where the document contains information relating to business to be transacted at a public meeting of the Executive or individual Executive Member Decision Day, Members have a right to inspect the document once it is available. Where the document contains information relating to business to be discussed at a private meeting of the Executive, or to an individual Executive Member decision made in private, or an Executive Decision to be made by an Officer, then the document should be available for inspection on conclusion of the Meeting. Members may also inspect any contemporaneous notes taken by the Chief Executive’s business support staff at any such meeting.
- 5.5. This right does not, however, apply to documents relating to some exempt items. The items in question are described in Schedule 12A of the 1972 Act, and are those which contain exempt information relating to:
  - 5.5.1. Information relating to any individual (e.g. appointment of staff),
  - 5.5.2. Information which is likely to reveal the identity of an individual,
  - 5.5.3. Information relating to the financial or business affairs of any particular person (including the County Council), where the information relates to any terms proposed or to be proposed by the County Council in the course of negotiations for a contract (e.g. property transactions),
  - 5.5.4. Employment and industrial relations negotiations (e.g. pay and other employment matters),
  - 5.5.5. Information in respect of which a claim to a legal professional privilege could be maintained in legal proceedings (e.g. legal advice),

#### 5.5.6. Criminal investigations

- 5.6. Additional rights of access are given to Members of Select (Overview and Scrutiny) Committees, who are entitled to a copy of any document which is in the possession or under the control of the Executive, and contains material relating to any business transacted at a meeting of the County Council, or any decision made by an individual Executive Member, or any Executive decision made by an Officer in accordance with delegated powers, provided that this shall not apply to any exempt or confidential document in the possession of or under the control of the Executive, unless the information is relevant to an action or decision the Member is reviewing or scrutinising, or which is relevant to any review contained in a work programme of such Committee.
- 5.7. However, the statutory position is in addition to any common law right of Members to have access to information. The common law right members have is much broader and is based in the principle that *prima facie* a Member has a right to inspect County Council documents. This right exists because Members are under a duty to keep themselves informed of business which enables a Member to properly perform his or her duties as a Member of the County Council. This principle is commonly referred to as the 'need to know' principle. This same principle applies to Meetings where exempt information is discussed.
- 5.8. The exercise of this common law right depends therefore, upon the Member's ability to demonstrate that he or she has the necessary 'need to know'. In this respect a Member has no right to 'a roving commission' to go and examine documents of the County Council. Mere curiosity is not sufficient. The crucial question is determination of the 'need to know'.
- 5.9. In some circumstances (e.g. a Committee Member wishing to inspect documents relating to the business of that Committee or an Opposition Group Spokesperson for an Executive Portfolio) a Member's 'need to know' will normally be presumed. In other circumstances (e.g. a Member wishing to inspect documents which contain personal information about third parties), such Member will be expected to justify the request in specific terms. Furthermore, there will be a range of documents which, because of their nature, are either not accessible by members or are accessible only by the political group forming the administration and not by the other political groups. An example of this latter category would be draft documents compiled in the context of emerging County Council policies and draft committee reports, the premature disclosure of which might be against the County Council's and the public interest.
- 5.10. Any question as to whether a Member has a right to an exempt document or to attend a Meeting where exempt information is discussed should be referred to the Monitoring Officer as Proper Officer for Access to Information.

- 5.11. The term 'County Council document' is very broad and includes, for example, any document produced with Council resources, but it is accepted by convention that a Member of one party group will not have a 'need to know' and therefore a right to inspect, a document which forms part of the internal workings of another party group.
- 5.12. Finally, any County Council information provided to a Member must only be used by the Member for the purpose for which it was provided, that is in connection with the proper performance of the Member's duties as a Member of the County Council. Unauthorised disclosure of exempt or confidential information is prejudicial to the effective conduct of public affairs, and detrimental to the effective delivery of the County Council's business. Unauthorised disclosure of exempt or confidential information is also potentially a breach of the Members' Code of Conduct.

## **6. Arrangements for Members to contact officers of the County Council**

- 6.1. This section seeks to provide clarity as to how County Councillors should contact officers at the County Council, to help ensure a swift and effective response. It also sets out performance standards so that Members are clear as to when they can expect a response.
- 6.2. This section also sets out expectations where a Member is raising an enquiry relating specifically to their role as a County Councillor. For contact regarding case work, or contact on behalf of a resident, queries should be directed via the same route as available to residents.
- 6.3. When contacting the County Council, Councillors should use their corporate County Council email account to ensure they can be quickly identified as a County Councillor and their contact dealt with accordingly.
- 6.4. Executive Lead Members are encouraged to determine which officer they consider best able to answer their query. Otherwise, by contacting the relevant Directorate's Director's Office, they will be signposted to the best person to help.
- 6.5. All contact from Executive Members will be dealt with as soon as is practicable.
- 6.6. All other County Councillors should direct all contact through the relevant Directorate's Director's Office. This is to ensure that all contact can be prioritised and dealt with in a consistent, timely and effective manner.
- 6.7. County Councillors should avoid copying in third parties, including media outlets, when contacting Officers. Officers will not normally copy any third parties into their replies to County Councillors. County Councillors should

also avoid copying officers into emails or other correspondence exchanging political views or raising political issues with other Councillors.

- 6.8. County Councillors can expect to receive an acknowledgment to their query within two working days, and a full response within 20 working days, depending on its complexity. However, officers will aim to respond in advance of 20 working days, wherever possible.
- 6.9. In order to support Members in fulfilling their role, it is important that contact from County Councillors is prioritised and follows the agreed process. This is to ensure that contact is handled by the most appropriate person and so Directors can maintain oversight of contact from County Councillors coming into their areas of responsibility.
- 6.10. All contact from County Councillors should be passed in the first instance to the relevant Director's Office for triaging.
- 6.11. Officers should apply discretion as to the urgency of a query received from a non-Executive Member, whilst being mindful of the agreed response time standards. Officers should respond to queries from County Councillors more quickly than these response time standards, wherever possible.
- 6.12. Queries from County Councillors on specific casework should be treated in the same way as queries from members of the public would be treated.
- 6.13. Each Directorate will be responsible for updating the Members' Portal with the relevant contact details for their area.
- 6.14. If a County Councillor is not satisfied with an officer's response to their query, they should escalate this to the relevant Director in the first instance, followed by the Chief Executive.

## **7. Planned and unplanned visits to County Council workplaces by County Councillors**

- 7.1. This section also provides guidance on interactions between Members of the Council and officers when Members are visiting County Council workplaces or have cause to interact with officers who are undertaking their role at other locations across the County either as part of a visit arranged by the County Council or on an unplanned basis.
- 7.2. While it is appropriate for Members, when visiting a County Council workplace (including local authority maintained schools), to ask officers factual questions about the role they are performing and to engage them in general conversation, it is not appropriate for them to seek to obtain



from Officers opinions or views on County Council policy or performance. Members should always be clear with officers about the purpose of any conversation.

- 7.3. Officers should not be quoted in any press article or political newsletter without the explicit consent of the Corporate Communications Team and the individual concerned.
- 7.4. Members should not take photographs of officers or with officers without the explicit agreement of the officer concerned. Photographs may be appropriate during planned visits, but they should not under any circumstances be used for political purposes as the County Council cannot be seen to be helping or endorsing the position of any particular political party. Photographs of officers should not be taken at all during the pre-election period of any election.
- 7.5. It is not appropriate for officers, while at work, to publicly express their views or opinions on County Council policy or performance to Members, the press or other third parties.

## **8. Officer, Executive Member and Chairman relationships**

- 8.1. It is clearly important that there should be a close working relationship between an executive member, a chairman of a committee and the chief officer and other senior officers of any department which reports to that committee. However, such relationships should never be allowed to become so close, or appear to be so close, as to bring into question the officer's ability to deal impartially with other members and other party groups.
- 8.2. The executive member or chairman or a committee (or sub-committee) will routinely be consulted as part of the process of drawing up the agenda for a forthcoming meeting but it must be recognised that in some situations, a chief officer will be under a duty to submit a report on a particular matter. It is at this stage executive members should make clear their requirements for any changes. Similarly, a chief officer or other senior officer will always be fully responsible for the contents of any report submitted in his or her name. This means that any such report will be amended only where the amendment reflects the professional judgement of the author of the report. Executive members are entitled to accept, amend or change recommendations of officers in reports. For legal reasons, reports may not be amended after publication. Any issues arising between an executive member, a chairman and a chief officer in this area should be referred to the Chief Executive for resolution in conjunction with the Leader of the County Council.
- 8.3. In addition to the Chairman's briefing before any committee or sub-committee, minority group representatives on that committee or sub-

committee will also have the opportunity of a briefing through their appropriate spokespersons.

- 8.4. At some executive member, committee and sub-committee meetings, a resolution may be passed, which authorises named officers to take action between meetings in consultation with the executive member or chairman. It must be recognised that in such circumstances it is the officer, rather than the executive member or chairman, who takes the action and it is the officer who is accountable for it.
- 8.5. Finally, it must be remembered that officers within a department are accountable to their chief officer and that while officers should always seek to assist an executive member or chairman (or indeed any member), they must not, in doing so, go beyond the bounds of whatever authority they have been given by their chief officer.

## **9. Correspondence**

- 9.1. Correspondence between an individual member and an officer should not normally be copied (by the officer) to any other member. Where, exceptionally it is necessary to copy the correspondence to another member, this should be made clear to the original member. In other words, a system of 'silent copies' should not be employed.
- 9.2. If correspondence is received by an officer from a member of the public asking for any details about a member, that letter and the officer's reply will be sent to the individual member. The member of the public requesting the information will be so informed.
- 9.3. Official letters on behalf of the County Council should normally be sent out in the name of the appropriate officer, rather than in the name of a member. It may be appropriate in certain circumstances (e.g., representations to a government minister) for a letter to appear over the name of a member, but this should be the exception rather than the norm. Letters which, for example, create obligations or give instructions on behalf of the County Council should never be sent out over the name of a member.

## **10. Involvement of divisional members**

- 10.1. Whenever a public meeting is organised by the County Council to consider a local issue, all the members representing the division or divisions affected must, as a matter of course, be invited to attend the meeting. Whenever a member is invited to such a meeting or any seminar or conference or any ceremonial event the member will, at the same time, be informed as to whether they are entitled to claim any attendance, travelling or subsistence allowance. Similarly, whenever the County Council undertakes any form of consultative exercise on a local issue, the divisional members should be notified at the outset of the

exercise.

## **11. Ceremonial events**

- 11.1. The Chairman of the County Council, or in his or her absence the Vice-Chairman, will be the appropriate person to lead County Council ceremonial events which are not specifically associated with a particular committee, and to represent the County Council by invitation at ceremonial events of other organisations which are not specifically associated with a particular committee.
- 11.2. Executive members or their nominees are the appropriate candidates for ceremonial events within the scope of their portfolios.
- 11.3. Local members should always be informed of and, where possible, invited to ceremonial events taking place within their own divisions, as should district and parish councils as appropriate.
- 11.4. Any member taking part in a ceremonial event must not seek disproportionate personal publicity or use the occasions for party political advantage, bearing in mind that the member is representing the County Council as a whole.

## **12. Public relations and press releases**

The County Council's Corporate Communications Office services the County Council as a whole and must operate within the limits of the Local Government Act 1986 and the Code of Recommended Practice on Local Authority Publicity. This Act and the Code prohibits the County Council from publishing material which appears to be designed to affect public support for a political party. County Council press releases are drafted by officers and will often contain quotations (within the limits of the Local Government Act 1986 and the Code) from the Leader of the County Council and executive members whose service is involved, and from the Chairman and Vice-Chairman of the County Council about ceremonial events. Such press releases are issued on behalf of the County Council and it would not, therefore, be appropriate when repeating quotations from members to indicate their party political affiliation.

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	6 February 2024
<b>Title:</b>	Digital Hampshire: Future Strategy
<b>Report From:</b>	Director of Hampshire 2050

**Contact name:** Emma Noyce

**Email:** Emma.noyce@hants.gov.uk

### Purpose of this Report

1. The aim of this paper is to consider the future approach to the County Council's strategy for Hampshire as a Digital Place.
2. The paper focuses primarily on the 'outward' facing elements of Hampshire as a Digital Place and aims to compliment and partner, but not duplicate, the more internally focused work already in progress as part of Hampshire's Digital Business Strategy. It explores the role and responsibilities of Hampshire County Council in supporting a digital Hampshire.

### Recommendations

3. That Cabinet confirms the County Council's future role and responsibility for Digital, including a creating a greater operational distance between the systems leadership role and the operational ownership and responsibility for infrastructure delivery. The future strategic responsibility is defined as:  
Digital Inclusion:  
A duty to ensure that our residents have the skills, knowledge and confidence to access our services safely online, through providing an improved 'digital front door' and providing an appropriate 'physical front door' to enable people to engage with our digital organisation.  
  
Digital Infrastructure:  
To enable suppliers to invest in Hampshire's digital infrastructure by facilitating relationships, providing reasonable access to the information we hold and promoting the communications of our partners.

### Systems Leadership:

To use our influence to convene (and, where appropriate, lead) partnerships to enable collective action on shared strategic priorities.

4. That Cabinet endorses the County Council's support for the development of a Digital Place Strategy for Hampshire.

### **Executive Summary**

5. On 12 December 2023 a paper was brought to Cabinet considering Hampshire's previous role in delivering the Superfast Broadband and marking the closure of this phase of activity. This report moves the discussion onwards and looks to the future – noting that what is needed going forward will be different to what was required in the past.
6. The paper describes the importance of digital connectivity and inclusion in the context of the future prosperity of Hampshire and the wellbeing of its residents. It considers three key themes: Inclusion, Infrastructure and Systems Leadership; and seeks to articulate Hampshire County Council's role in respect of each.
7. The report notes the direct responsibilities of Hampshire County Council, but also recognises that the County Council is just one contributor in a much broader collective of public, charitable and private sector organisations. It therefore resets the County Council's position and clarifies the difference between the direct operational responsibilities of the County Council and our role in terms of systems leadership and partnership working.

### **Contextual information**

8. In December 2023, Cabinet considered a paper on the closure of the Superfast Broadband Programme in Hampshire. This paper set out the achievements of the programme and the benefits it had delivered. Officers agreed to bring a further paper to Cabinet to consider Hampshire's future approach as part of a Digital Place Strategy and utilise this as an opportunity to "re-set" the County Council's role in the digital future of Hampshire.
9. A Digital Place strategy addresses how people, businesses and places operate in a digital world: making the most of technology and new ways of thinking, doing things differently and, ultimately, shaping places and connecting communities.
10. The Hampshire 2050 Vision recognises 'changing technology' as a key cross-cutting theme. The Vision statement explains:

*“Hampshire should take advantage of the opportunities of technology to people, place and economy; maximising the benefits whilst mitigating against the negative impacts.”*

11. Connected communities, digital inclusion, prosperity and economic competitiveness are key themes running through the Serving Hampshire Strategic Plan. The [Hampshire Economic Strategy](#) highlights digital connectivity as well as digital skills for the future as one of the key issues affecting Hampshire's current and future economic success. Meanwhile, one key enabler for the successful delivery of the [Public Health Strategy](#) will be a digitally connected and digitally literate population.
12. A digital strategy will also support the County Council's agreed stated ambition that where appropriate resident services will be online by default, with appropriate alternatives available where required.
13. The importance of 'digital place' is therefore well understood. The question is, what is Hampshire County Council's role and responsibility in developing and shaping this future? The establishment of the Hampshire 2050 Directorate, our one organisation approach and our strategic leadership function provide a new opportunity to answer this question. This paper explores the relationship between residents, businesses and the public realm in a digital world, and is intended to provoke discussion about the specific role of Hampshire County Council in this landscape. It is also set in the context of the recently agreed financial principles through which the Savings Programme to 2025 has been recently developed:
  - resources will be focussed on statutory and critical services
  - discretionary preventative services will only be provided where there is a clear and demonstrable longer term value for money business case
  - resident services to be online by default, with appropriate alternatives available where required
  - enabling functions to be provided as efficiently and effectively as possible from the centre of the organisation at a level sufficient to provide an adequate level of corporate governance and informed decision making
  - discretionary service areas must have a strong rationale for being delivered and need to be cost neutral. Fees and charges to be increased if this allows a discretionary service to continue
14. As part of the exploration of the role the County Council is already playing, two 'Digital Place' workshops have been held with colleagues drawn from all Directorates. Further discussions have been held with the Assistant Director for IT and the Head of LM&D to ensure the Digital Place Strategy sits comfortably with the County Council's Digital Business Strategy and the Digital Employee work respectively. CMT have also had the opportunity to consider the areas raised in this report.

15. This work has identified that there is already a range of activity taking place across the authority. This work is undoubtedly delivering value, but there is an opportunity to develop a more strategic approach, improving the integration of different agendas and better defining our role.
16. Current activity across the organisation can be broadly broken down into three areas:
  - Digital Inclusion
  - Digital Connectivity and Infrastructure
  - Systems leadership

### **Digital Inclusion: ‘No one is left behind’**

17. Digital Equity is, unsurprisingly, a critical issue for society:

*“A lack of digital skills and access can have a huge negative impact on a person’s life, leading to poorer health outcomes and a lower life expectancy, increased loneliness and social isolation, less access to jobs and education.*

*It can mean paying more for essentials, financial exclusion, an increased risk of experiencing poverty. People who are digitally excluded also lack a voice and visibility in the modern world, as government services and democracy increasingly move online.*

*What’s more, it’s those already at a disadvantage – through age, education, income, disability, or unemployment – who are most likely to be missing out, further widening the social inequality gap.”<sup>1</sup>*

18. It’s also a big issue for Government and Industry. The House of Lords issued [report](#) making a strong case for government intervention, noting that basic digital capability is set to become the UK’s biggest skills gap by 2030.
19. It is no surprise, therefore, that Digital Inclusion is a key priority for many parts of our organisation – with activity mainly focusing on the provision of Access, Skills and Support. These digital inclusion activities are recognised as enablers for a number of statutory functions. The critical drivers for the County Council’s activity can broadly be characterised as follows:
  - to enable our residents to live happy, healthy and independent lives; reducing the pressure on County Council services and helping them to stay safe in an online world
  - to support a prosperous Hampshire with an appropriately skilled and engaged workforce, which will ensure both inclusive access to Digital jobs

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<sup>1</sup> [The digital divide - Good Things Foundation](#)



today and into the future, as well as making Hampshire a place to attract inward investment and jobs

- to facilitate our move to a digital organisation; enabling residents and communities across Hampshire to continue to access services and digital delivery models

20. There is some superb Digital Inclusion work going on across the organisation, but this information can be difficult to find or access – either hidden in our webpages or provided in face-to-face settings by those individual staff who are skilled and confident in offering support. In moving to a delivery model which is ‘digital by default’ there is an opportunity to take an organisational view of both our ‘digital front door’, but also how we offer a physical front door to a digital world through our service provision.
21. However, this is also a congested landscape. All over Hampshire, businesses, third sector organisations, local authorities and individuals are offering support for the digitally excluded – no surprise when it’s such a critical societal and commercial issue. However, there is a real opportunity, particularly around skills provision, to develop a more joined up and strategic approach to the commissioning of digital skills programmes for employability; inclusion and wellbeing.

### **Digital Infrastructure: ‘No place is left behind’**

22. Between 2014 and 2023, Hampshire County Council ran a Superfast Broadband project in partnership with BDUK (the Government’s executive agency for digital infrastructure). This programme has been highly successful. It has increased coverage in Hampshire from 80% to 97.8%, supporting 115,000 households and businesses to access superfast broadband; households which the market would have ‘left behind’ as non-commercially viable. This programme has delivered £7.2m in Gainshare payments to the County Council. As well as the crucial role in enabling infrastructure, the importance of the wider support provided by the County Council to enable these ‘left behind’ communities to take up the connectivity provided was pivotal in encouraging uptake.
23. The Superfast Broadband programme has now formally closed, with just the administration of approved voucher payments to oversee for the next year or so. Superfast has been replaced by Project Gigabit. Unlike Superfast Broadband, Project Gigabit is based on a direct relationship between BDUK and suppliers.
24. The County Council has not got a direct financial involvement and there is no longer a statutory role or contractual requirement to support infrastructure roll out. However, there is a clear desire from BDUK to work in collaboration with

Councils, recognising that [Local Authorities and Councillors](#) have ‘vital local levers that can help fast track broadband roll-out to rural communities’, and can help to problem solve delivery issues. Discussions with BDUK have indicated that, as a minimum, they would ask for support in the promotion of programme communications with residents, and support in unlocking build issues which relate directly to the County Council’s statutory responsibilities (e.g. Highways).

25. Furthermore, the Gigabit Broadband Voucher payment scheme provides an opportunity for those premises not in scope of the Project Gigabit procurement to work directly with suppliers to purchase a connection.
26. Again, whilst there is not a direct responsibility for the County Council to administer the scheme, the promotion, support and information provided by the Local Authority has been crucial to enabling communities to understand and take advantage of the opportunity. It is estimated that there are approximately 22,000 of the county’s most hard to reach properties which are not included in project Gigabit due to viability issues, and therefore, these properties would be reliant on the voucher scheme for future connectivity.
27. Broadband provision is not the only digital infrastructure consideration for Hampshire. Many other local authorities are devoting resource to regional connectivity and wireless technologies. In each of these cases, whilst it is probable that the market will eventually provide, a strategic decision has been made to invest, enable and encourage in order to pump-prime economic growth and ensure that ‘their place’ is the one which the market prioritises. In nearly all of these examples, activity is funded through Gainshare reserves.

### **Systems Leadership: working in collaboration for Hampshire**

28. Digital change affects everyone and everything. There are few clearer cases demanding a systems leadership approach than this, and this is increasingly recognised by a range of organisations – for example, NHS England has just published its new [Framework for Digital Inclusion](#) as part of its strategy to reduce health inequalities – this reduction being a statutory duty for the NHS and ICBs. This strategy talks to the importance of collaboration and cross-discipline partnership.
29. And the systems leadership approach isn’t just about the public sector working together. Digital connectivity is increasingly recognised as a basic utility in the modern world, and therefore this systems leadership approach is also about working constructively with the market – recognising that we don’t have a direct role, but we may have an opportunity to influence as appropriate. It is very likely that businesses in the technology and telecoms sectors are much better equipped than us to solve key digital challenges, but

we can have a role as enablers, creating the conditions to make investment attractive.

30. There may be future opportunities for the County Council to directly invest in digital infrastructure where there is currently no market led provision. However, any future decision would need to align to the agreed financial principles of any capital investment or revenue funding needing to generate a direct positive net financial return to the County Council.
31. As well as the collective power and influence that working in partnership brings, there is a specific issue around how we could together make better use of our data and intelligence to better inform our digital strategies. For example, every organisation in Hampshire will be concerned about digital exclusion – either from a commercial or a societal perspective. However, we do not have a single, evidence-based view on how and why Hampshire’s population is excluded, and how this varies across our geography. By working collectively, we could have a better understanding of the causes of digital exclusion in any given place or population, and then more effectively target activity to address it.
32. A systems approach of this sort would be most effective under a structure of strategic governance and infrastructure funding, which many areas across England have been developed in Devolution Governance and Combined Authorities. In the absence of this formal structure in Hampshire, there may be other ways to build constructive partnerships - for example through the disaggregation of the LEPs. Whilst there is little certainty about the future in this regard, it is conceivable that a business led Economy and Skills Board could have a role in setting strategic priorities and overseeing delivery – perhaps feeding into the wider Hampshire 2050 Partnership Board. This may provide new opportunities for improved co-ordination and collaboration across the region.

### **Working towards a Digital Place Strategy**

33. The three areas of focus as set out above set out a helpful strategic framework for future activity. However, none of what was described above is the sole province of the County Council and it is important to reflect on those areas which are the direct role and responsibility of the County Council, versus those areas which may be better delivered by other organisations or the private sector.
34. Table 1 identifies officers’ assessment of those things which best reflect the specific role and responsibility of Hampshire County Council:

*Table 1:*

<b>Role:</b>	<b>Key responsibilities</b>
<p><u>Digital Inclusion:</u> A duty to ensure that our residents have the skills, knowledge and confidence to access our services safely online, through providing an improved 'digital front door' and providing an appropriate 'physical front door' to enable people to engage with us as a digital organisation.</p>	<ul style="list-style-type: none"> <li>• Ensuring that our services are digitally accessible and providing appropriate support/signposting to enable residents to use them safely.</li> <li>• Understanding the nature of the 'physical front door' to our services (for example identifying the digital support component of a community hub offer).</li> <li>• Enabling better join up across the organisation to improve efficiency, remove duplication, share best practice and better communicate digital inclusion work.</li> <li>• Working in partnership with other organisations to promote online safety, specifically in accordance with our Prevent Duty.</li> <li>• Development of a 'Digital Skills' strategy and action plan for Hampshire which clearly outlines our ambition, actions, and impact.</li> </ul>
<p><u>Digital Infrastructure:</u> Our role is to enable suppliers to invest in Hampshire's digital infrastructure by facilitating relationships and communicating opportunity.</p>	<ul style="list-style-type: none"> <li>• Supporting the administration of the Project Gigabit Voucher Scheme through completing the administration of vouchers already approved and signposting residents to future voucher opportunities.</li> <li>• Communicating future Project Gigabit activity within Hampshire, providing access to information that Hampshire holds and facilitating join-up between suppliers and key organisations or services.</li> <li>• Co-ordinating activity within Hampshire County Council to ensure Hampshire is an easy place to 'do business'.</li> </ul>
<p><u>Systems Leadership:</u> Our role is to use our influence to convene (and, where appropriate, lead) partnerships to enable collective action and strategic priorities.</p>	<ul style="list-style-type: none"> <li>• Facilitating partnerships and joint working to ensure Hampshire is an easy place to 'do digital' through the Hampshire 2050 Partnership, Economy and Skills Board and other mechanisms.</li> </ul>

	<ul style="list-style-type: none"> <li>• Recognising the future need for digital infrastructure and building this into our planning and delivery where appropriate.</li> <li>• Improving our use of data and evidence to inform priorities and action.</li> <li>• Identifying opportunities for improved regional collaboration e.g. skills and employment.</li> </ul>
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**Finance and Resourcing**

- 35. The Superfast Broadband Programme, at its height, required a small team to facilitate the procurement and contract management of the Openreach build, deal with a range of technical issues, manage a volume of data, support communities to access voucher schemes and lead public communications.
  
- 36. The Superfast Programme contract has now been formally closed, albeit with some legacy activity to complete. Hampshire County Council does not receive any funding for supporting Project Gigabit or associated activity, and all resourcing decisions need to be considered in the context of the financial principles set out in paragraph 11.
  
- 37. This report describes two different areas of responsibility for the county council. Firstly, our operational role in supporting the functional delivery of digital inclusion and digital infrastructure activity, where these activities link directly our specific role as an upper tier local authority. Secondly, our strategic role in systems leadership – acting in partnership with others and working collectively with others to ensure the best possible digital future for Hampshire.
  
- 38. This work is truly cross-cutting; it relates to all parts of the organisation and is the responsibility of everyone. Whilst the Hampshire 2050 Directorate maintains strategic oversight, digital thinking should be embedded across all directorates – in much the same way as we would expect for Climate Change or Inclusion. However, this embedded approach requires a degree of organisational maturity and so, initially, dedicated resource will be required to develop this maturity; to provide drive and direction, ensure activity is delivered as efficiently as possible and is appropriately prioritised. One-off funding is available to support this initial phase of activity.
  
- 39. As part of the scope of the Hampshire 2050 Organisational redesign project, consideration will be given to how this work needs to be built into the future structure of the Hampshire 2050 Directorate.

## **Consultation and Equalities**

40. As described in the report, the development of a digital strategy is likely to have had a positive impact across a range of protected characteristics (as defined by the Equality Act 2010) including for people living with disabilities and people of all ages. Individual Equalities Impact Assessments will be developed for any activities which are taken forward.

## **Climate Change Impact Assessments**

41. 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.
42. This paper considers the County Council's strategic approach to Digital Hampshire and, as such, encompasses a varied programme of work. Individual Climate Change Impact Assessments will be developed for specific projects where they proceed. However, it is likely that the outcomes of any Digital Strategy could provide opportunities to support both adaptation and resilience in Hampshire.

## **Conclusions**

43. A good digital future for Hampshire means that our residents will be happier, healthier and better off and our businesses will prosper. This digital future is the responsibility of everyone – across every sector; public and private.
44. The County Council is a key stakeholder in this but will be re-setting its role and creating a greater operational distance between the systems leadership role and the operational ownership and responsibility for infrastructure delivery. Developing a digital place strategy will enable the County Council to better define its own role in shaping Hampshire's digital future, and better engage with partners as part of a systems leadership approach.
45. To enable this, it is recommended that resource be allocated to develop and refine the Digital Place Strategy for Hampshire County Council as outlined in paragraph 33, engaging with partners and establishing a programme of work which can then be embedded across the organisation.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> <a href="https://www.hants.gov.uk">Superfast Broadband - Project Conclusion-2023-12-12-Cabinet (hants.gov.uk)</a>	<u>Date</u> 12 December 2023
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

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

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

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

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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

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

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

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

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

This is paper forms part of a strategic discussion linked to a Digital Strategy for Hampshire. Individual Equalities Impact Assessments will be developed for any activities which are taken forward.