

NOTICE OF MEETING

Meeting	Cabinet
Date and Time	Monday, 17th June, 2019 at 2.00 pm
Place	Wellington Room, Ell Court, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

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 3 - 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. REFERRAL OF MOTION FROM COUNTY COUNCIL ON 17 MAY 2019
(Pages 13 - 48)

To consider a report of the Chief Executive regarding the referral of a motion from County Council on 17 May 2019

7. 2018/19 - END OF YEAR FINANCIAL REPORT (Pages 49 - 96)

To consider a report of the Director of Corporate Resources regarding the 2018/19 end of year financial report.

8. TRANSFORMATION TO 2019: REPORT NO. 7 (Pages 97 - 116)

To consider a report of the Chief Executive regarding the Transformation to 2019 programme.

9. SERVING HAMPSHIRE - 2018/19 PERFORMANCE REPORT (Pages 117 - 144)

To consider a report of the Chief Executive and Head of Law and Governance setting out the 2018/19 performance report.

10. CABINET PORTFOLIOS (Pages 145 - 156)

To consider a report of the Chief Executive regarding Cabinet portfolios.

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 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.

Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Monday, 8th April, 2019

Chairman:

* Councillor Roy Perry

- | | |
|----------------------------|--------------------------------|
| * Councillor Keith Mans | * Councillor Mel Kendal |
| * Councillor Liz Fairhurst | * Councillor Stephen Reid |
| * Councillor Edward Heron | * Councillor Patricia Stallard |
| * Councillor Rob Humby | * Councillor Seán Woodward |
| * Councillor Andrew Joy | |

Also present with the agreement of the Chairman: Councillor Chadd, Huxstep and Oppenheimer.

115. APOLOGIES FOR ABSENCE

All Members were present and no apologies were noted

116. 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.

117. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting were reviewed and agreed.

118. DEPUTATIONS

No requests to make a deputation had been received.

119. CHAIRMAN'S ANNOUNCEMENTS

The Chairman reported on a recent tragic accident at a Household Waste Recycling Centre and offered his condolences. He confirmed that the incident would be investigated thoroughly.

It was noted that uncertainty remained as to when the UK would leave the European Union and updated Cabinet on recent meetings that had been held with neighbouring Authorities, in particular relating to access to the port of Portsmouth.

A piece of research by the County Council's Network on local government funding and spending was outlined. This recognised the pressures on the sector in a number of areas. The Chairman highlighted the differences in Band D Council Tax rates between Hampshire County Council and other upper-tier Authorities in the region.

The Chairman noted this would be both his and Councillor Kendal's final Cabinet meetings as both would stand down from the Cabinet prior to the County Council AGM in May.

120. LOCAL INDUSTRIAL STRATEGIES

Cabinet considered a report of the Director of Environment, Transport and Economy regarding local industrial strategies.

The report was introduced and it was confirmed that the it was government policy for each Local Enterprise Partnership (LEP) to develop a local industrial strategy, which amounts to a long term economic vision for the future. The key considerations being taken into account were outlined and it was detailed how this also connected with the Vision for Hampshire 2050 Commission of Inquiry. It was confirmed that both of the LEPs in the Hampshire area had indicated their support for the report.

Cabinet welcomed the report and expressed their support for the proposal that the two LEPs work together to ensure Hampshire wide co-ordination.

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

121. SYSTEMS RESILIENCE AND DELAYED TRANSFERS OF CARE

[Councillor Reid declared a personal interest as the County Council's representative on Hampshire Hospitals Foundation Trust]

Cabinet considered a report of the Director of Adults' Health and Care regarding systems resilience and delayed transfers of care.

The report was introduced and the performance improvements were highlighted, in particular a 75 percent reduction in the delayed transfers of care. This was as a result of sustained effort to ensure systems flowed smoothly.

Cabinet members welcomed the performance improvements and recognised the need to continue to drive this forward. The benefit to the wider healthcare system was noted as the increase in capacity had enabled elective surgery programmes to be fully maintained. Further patient health benefits of having shorter stays in acute healthcare settings were also detailed.

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

122. BREXIT PREPAREDNESS UPDATE – REPORT NUMBER 2

Cabinet considered a report of the Chief Executive regarding the County Council's preparations for Brexit.

The report was set out to Cabinet and it was explained that the situation continued to evolve at a national level and that the risk of the UK leaving the European Union without an exit deal remained.

Members commended the contingency and planning work that had been done in the context of the uncertainty. Particular concerns around traffic and access to the port of Portsmouth were raised and it was noted that the work being undertaken on the A31 would have wider benefits for traffic management regardless of Brexit.

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

123. OUTGOING LEADER'S REMARKS

Following conclusion of the Cabinet business, the outgoing Leader took the opportunity to pay tribute to Cabinet members past and present, to all County Councillors from across the political spectrum and to Council officers, noting the positive relationship between them and elected members. The Leader reflected on the key issues of devolution and transformation that had dominated recent years and welcomed the fact that Hampshire remained whole and continued to deliver high quality services.

On behalf of the Corporate Management Team and other officers, the Chief Executive thanked the Leader for his strong, clear and thoughtful leadership, in particular on the issues of devolution and transformation and wished him well for the future.

On behalf of Cabinet, the deputy Leader thanked the Leader for his leadership and noted that he would be both missed and a difficult act to follow. The deputy Leader also noted that the Executive Member for Economic Development would also stand down from Cabinet and thanked him for his contribution to the financial management of the Council and contribution in a number of other roles over many years.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	8 April 2019
Title:	Local Industrial Strategies
Report From:	Director of Economy, Transport & Environment

Contact name: David Fletcher

Tel: 01962 846125

Email: david.fletcher@hants.gov.uk

1. The decision:

- a) That Cabinet notes the ongoing development of local industrial strategies by the two Hampshire LEPs, and the need to ensure that the wider future economic needs of Hampshire are appropriately considered.
- b) That Cabinet gives approval for full engagement with the processes put in place by the two LEPs to develop their respective local industrial strategies.
- c) That Cabinet approves the key economic priorities set out in this report, which need to be considered on a Hampshire-wide basis, and are largely derived from the submissions to the Vision for Hampshire 2050 Commission of Inquiry, to inform the preparation of the local industrial strategies for the Solent and Enterprise M3 LEP geographies.
- d) Given the Government's stated policy of one local industrial strategy per LEP area, and Hampshire County Council's assertion that we require a consistent strategy across Hampshire, that Cabinet gives approval for the development of proposals for collective governance arrangements in relation to the local industrial strategies with the Solent and Enterprise M3 LEPs, in order to enable the required consistency of approach to best serve the needs of the Hampshire economy, with proposals and further updates to be reported to Cabinet for approval as necessary.

2. Reason(s) for the decision:

- 2.1. To brief Cabinet on the process for the development of local industrial strategies for the two Hampshire LEP areas, Solent and Enterprise M3, and for Cabinet to consider the nature of key priorities the County Council would wish to have incorporated across both strategies for the benefit of Hampshire.

3. Other options considered and rejected:

3.1. None

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker: None

4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

8 April 2019

**Chairman of Cabinet
Councillor Roy Perry**

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	8 April 2019
Title:	Systems Resilience and Delayed Discharges
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

Tel: 01962 847200

Email: graham.allen@hants.gov.uk

1. The decision:

- a) For Cabinet to note this progress update in respect of system resilience and delayed discharges and for the actions being taken in relation to this work to be noted.

2. Reason(s) for the decision:

- 2.1. This report provides Cabinet with an update on the key issues and activities related to system resilience.

3. Other options considered and rejected:

- 3.1. None

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None

- 4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

8 April 2019

**Chairman of Cabinet
Councillor Roy Perry**

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	8 April 2019
Title:	Brexit preparedness update – report number 2
Report From:	Chief Executive

Contact name: Deborah Harkin, Assistant Chief Executive

Tel: 01962 845006

Email: Deborah.harkin@hants.gov.uk

1. The decision:

That Cabinet notes:

- a) The progress made since December 2018 to understand the impact of Brexit on the County Council's resources and services; and
- b) The main risks and mitigating actions being undertaken by the County Council, and with its partners, to prepare for Brexit (including a delayed or no-deal EU exit scenario).

2. Reason(s) for the decision:

- 2.1. To provide an updated position on the impact of Brexit on the County Council's resources and services, covering both risks and opportunities, building on the previous report to Cabinet in December 2018.

3. Other options considered and rejected:

- 3.1. None

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None
- 4.2. Conflicts of interest declared by other Executive Members consulted: Not applicable

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

8 April 2019

**Chairman of Cabinet
Councillor Roy Perry**

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	17 June 2019
Title:	Referral of Motion from County Council on 17 May 2019
Report From:	Chief Executive

Contact name: Barbara Beardwell

Tel: 01962 845157

Email: barbara.beardwell@hants.gov.uk

1. Recommendation

- 1.1. That Cabinet consider the way forward in respect of this referral from the County Council.

2. Executive Summary

- 2.1. A Notice of Motion ('Motion') proposed by Councillor Martin Tod and seconded by Councillor Adrian Collett was submitted in accordance with Standing Order 18.1 to a meeting of the County Council held on 17 May 2019. A copy of the Motion is attached to this report as Appendix 1.
- 2.2. In accordance with Standing Order 18.4 the Council referred the Motion to Cabinet for consideration. Cabinet is accordingly requested to consider the Motion and report back to the County Council.

3. Contextual Information

- 3.1. Climate Change and 'Green', 'Environmental' or 'Sustainable' are labels which are often used inter-changeably, but are in fact different and distinct, albeit with some areas of overlap. Environmental or sustainability considerations are wider than climate change alone, although most expert commentators see a changing climate as the most significant threat to the environment and to human welfare. There is a however potential danger that in focussing exclusively on climate change, actions may be taken which compromise wider environmental considerations. Perhaps the best example of this was the UK government decision to promote diesel vehicles to help reduce CO₂ emissions to mitigate climate change, which has now been recognised has contributed to significant air quality problems in relation to NO₂ emissions from traffic.

- 3.2. The Climate Emergency Movement has developed rapidly following the publication of the Intergovernmental Panel on Climate Change (IPCC) special report of the on the state of global warming in October 2018. Extracts from the Report's 'Headline Statements from the Summary for Policymakers' are set out below.
- 3.3. The Report estimates that human activities have caused approximately 1.0°C of global warming above pre-industrial levels, with a likely range of 0.8°C to 1.2°C. Global warming is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate.
- 3.4. Warming from anthropogenic emissions from the pre-industrial period to the present will persist for centuries to millennia and will continue to cause further long-term changes in the climate system, such as sea level rise, with associated impacts, but these emissions alone are unlikely to cause global warming of 1.5°C. Climate-related risks for natural and human systems are higher for global warming of 1.5°C than at present, but lower than at 2°C.
- 3.5. These risks depend on the magnitude and rate of warming, geographic location, levels of development and vulnerability, and on the choices and implementation of adaptation and mitigation options.
- 3.6. Climate models project robust differences in regional climate characteristics between present-day and global warming of 1.5°C, and between 1.5°C and 2°C. These differences include increases in: mean temperature in most land and ocean regions, hot extremes in most inhabited regions, heavy precipitation in several regions, and the probability of drought and precipitation deficits in some regions.
- 3.7. By 2100, global mean sea level rise is projected to be around 0.1 metre lower with global warming of 1.5°C compared to 2°C. Sea level will continue to rise well beyond 2100, and the magnitude and rate of this rise depend on future emission pathways. A slower rate of sea level rise enables greater opportunities for adaptation in the human and ecological systems of small islands, low-lying coastal areas and deltas.
- 3.8. On land, impacts on biodiversity and ecosystems, including species loss and extinction, are projected to be lower at 1.5°C of global warming compared to 2°C. Limiting global warming to 1.5°C compared to 2°C is projected to lower the impacts on terrestrial, freshwater and coastal ecosystems and to retain more of their services to humans.
- 3.9. Limiting global warming to 1.5°C compared to 2°C is projected to reduce increases in ocean temperature as well as associated increases in ocean acidity and decreases in ocean oxygen levels. Consequently, limiting global warming to 1.5°C is projected to reduce risks to marine biodiversity, fisheries, and ecosystems, and their functions and services to humans, as illustrated by recent changes to Arctic sea ice and warm-water coral reef ecosystems. Climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth are projected to increase with global warming of 1.5°C and increase further with 2°C. Most adaptation needs will be lower for global warming of 1.5°C compared to 2°C.
- 3.10. Declaring a Climate Emergency would be a formal recognition by the County Council of the scale and urgency of the global challenge from climate change,

as documented by the latest Special Report of the Intergovernmental Panel on Climate Change. A number of Councils in England have declared a climate emergency, starting with Bristol and Manchester City Councils in November 2018, and many others including a number of Counties, have followed suit, also pledging to reduce carbon or become carbon neutral by various dates from 2028 to 2050.

- 3.11. The County Council has been engaged with climate change issues for many years and has been taking active steps to respond, both in terms of making Hampshire more resilient to changes already coming and mitigating future climate change through reducing carbon emissions.
- 3.12. Hampshire County Council continues to embed climate change adaptation measures and considerations throughout the policies, processes and daily work of the Council, to ensure that the Council and its services are resilient to the impacts of a changing climate.
- 3.13. Achievements to date include key policies and documents which now include adaptation. Examples include the Strategic Asset Management Plan and through relevant reference in executive decision reports. The Council has also made adaptation tools available to residents and organisations through its webpages. These include an interactive resilient buildings WebApp, Climate Change Risk Assessment tool and the Performance Acceleration Climate Tool (PACT) which helps assess and improve organisations' capacity to respond to climate change. The County Council is also working through the Defra led Local Adaptation Advisory Panel to develop the next National Adaptation Programme for the UK.
- 3.14. The key achievements of the Carbon Reduction and Energy Savings Programme are set out below:
 - County Council carbon consumption reduced by over 40% since 2010. This target achieved 7 years early. Revised target of 50% reduction by 2025 approved by members.
 - Total energy cost savings of £30 million achieved since 2010 (including schools).
 - £385,000 of Carbon Tax reductions achieved through energy saving initiatives.
 - Total County Council corporate carbon emissions down by 21,800 tonnes in only 8 years.
 - Over 60 photovoltaic arrays installed on County Council owned buildings.
 - Major LED lighting replacement programme expected to deliver £240,000 energy savings per annum and significantly reduce maintenance costs.
 - A regional public sector framework for electric vehicle charging points procured by the County Council. 80 new charging points across Hampshire planned by the end of 2019.
 - Programme of conversion of County Council small vehicle fleet (including pool cars) to electric well underway. Over 150 vehicles planned expected to achieve around £210,000 of fuel savings and zero emissions.
 - The County Council has rationalised its office estate reducing floor space by around 25% saving £2million in annual revenue costs.
 - 40% reduction in print volumes with the introduction of digital technology and other efficiencies achieving £900,000 in annual savings.

3.15. A Report to the Buildings Land and Procurement Panel on 9 October 2018 (attached at Appendix 2) and the Business Services Sustainability Report (attached at Appendix 3) provide further detail on the work undertaken in this area by the County Council.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because the matter has been referred by the County Council to Cabinet in accordance with Standing Orders.

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 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:

No direct impact on equalities is anticipated as a result of Cabinet's consideration of the Motion.

**COUNTY COUNCIL AGM – 17 MAY 2019
NOTICE OF MOTION**

**NOTICE OF MOTION SUBMITTED IN ACCORDANCE WITH STANDING
ORDER 18.1**

Proposed by Councillor Martin Tod and seconded by Councillor Adrian Collett:

Hampshire 'climate emergency'.

Council notes:

1. Humans have already caused irreversible climate change, the impacts of which are being felt around the world. Global temperatures have already increased by 1 degree Celsius from pre-industrial levels. Atmospheric CO₂ levels are above 400 parts per million (ppm). The latest report from the Intergovernmental Panel on Climate Change (IPCC) in October 2018 gave us 12 years to implement changes to keep global warming to a maximum of 1.5 degrees in order to avoid widespread drought, food scarcity, heat related deaths and loss of biodiversity including insects and vital food crop pollinators.
2. At present the world is on track to overshoot the Paris Agreement's 1.5°C limit before 2050. In order to reduce the chance of runaway global warming and limit the effects of climate breakdown, it is imperative that we as a species reduce our CO₂eq (carbon equivalent) emissions from their current 6.5 tonnes per person per year to less than 2 tonnes as soon as possible.
3. Individuals cannot be expected to make this reduction on their own. Society needs to change its laws, taxation, and infrastructure to make low carbon living easier and the new norm.
4. Carbon emissions result from both production and consumption.
5. Hampshire County Council has already made some positive progress, but this is not enough. More can and must be done. The Independent Panel on Climate Change in its Oct. 2018 report was very clear that action from all parts of society is necessary and local government has a responsibility to lead the way.
6. Councils around the world are responding by declaring a 'Climate Emergency' and taking action to address this emergency.

Council believes that:

1. All levels of government (national, regional and local) have a duty to limit the negative impacts of climate breakdown. Local councils that recognise this should not wait for their national governments to change their policies.

2. Hampshire is already suffering from flooding problems, and a significant proportion of its population and a large number of its settlements are based in coastal areas which would potentially be severely affected by a rise in sea levels caused by continual global warming. The consequences of global temperature rising above 1.5°C are potentially so severe that preventing this from happening must be a number one priority.

3. Bold local climate action can deliver economic and social benefits in terms of new green jobs, economic savings and market opportunities, as well as much improved well-being for Hampshire residents – for example through reducing fuel poverty and energy bills, encouraging healthy, active travel and improving green spaces and access to nature.

This Council therefore calls on the Cabinet to:

1. Declare a 'Climate Emergency';
2. Pledge to make Hampshire carbon neutral by 2030, taking into account both production and consumption emissions;
3. Report to full Council within six months setting out the immediate actions the Council will take to address this emergency and a plan to measure annual countywide progress towards meeting the 2030 target.
4. Work with partners across the county and the region to deliver this new goal through all relevant strategies and plans and drawing on local and global best practice.
5. Actively lobby the Government to provide the additional powers and resources needed to meet the 2030 target.

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	9 October 2018
Title:	Energy and Carbon Management Activities Update
Report From:	Director of Culture, Communities and Business Services

Contact name: Steve Clow

Tel: 01962 847858

Email: Steve.clow@hants.gov.uk

1. Recommendation

It is recommended that:

- i) The positive achievements of the Carbon Management Strategy Phase 2 are noted. This has produced a further reduction of 2.1% year on year resulting in an overall reduction of 40.2% against the revised target supported by the Panel of 50% by 2025.
- ii) The further £185,000 of carbon tax reductions in Phase 2 is noted.
- iii) A further saving of £102,000 in energy costs over the past year is noted
- iv) The good progress in Energy Performance Programmes Phases 4 and 5 is noted.
- v) The positive engagement with schools is noted
- vi) The savings and reduced costs arising from the improved management of the energy supply contracts is noted.
- vii) The Panel support the Governments Emissions Reduction Pledge 2020 initiative.

2. Executive Summary

- 2.1 In October 2015, the Director of Culture, Communities and Business Services (CCBS) reported that the first phase of the Carbon Management Strategy had been successful in achieving a 22.8% carbon emissions reduction over the first five years against a 20% target.
- 2.2 In June 2016 the Panel supported the proposal from the Director of CCBS to focus Phase 2 of the carbon management strategy on carbon emissions reductions from the corporate estate, street lighting and officer travel.

- 2.3 In October 2017 the Director of CCBS reported that excellent progress was being made on Phase 2 of the Strategy. A 38.1% reduction had been achieved against the 40% target to 2025 approved by Cabinet in 2010.
- 2.4 Recognising the progress made, in January 2018 the Director of CCBS recommended to the Panel that the target be revised upward to 50% by 2025. The new target of 50% was duly adopted.
- 2.5 The Executive Member for Policy and Resources (EMPR) approved further investment in energy programmes in July 2017 allocating £2.72m from available funds. This annual report now updates Members on progress against those initiatives.
- 2.6 Members are reminded that since 2010 the energy cost savings have been in the order of around £30m (including schools in Phase 1). In addition Carbon Tax Charges have been reduced by £385,000 since the start of the programme.
- 2.7 A further saving in of £102,000 in energy cost has been made this year as a result of the reduction in energy consumption

3. National reporting on Carbon Consumption

- 3.1 2018/19 will be the final year of the Carbon Reduction Commitment (CRC) scheme which will be replaced by the enhanced Climate Change Levy (CCL). CCL is already a component of our utility bills and is designed to incentivise organisations to reduce their energy consumption.
- 3.2 Currently CRC applies only to large consumers of energy in the public and private sectors, but CCL will be charged on all energy used by all consumers.
- 3.3 The success of Phase 1 of the carbon management strategy saved in excess of £200,000 in CRC charges for the County Council.
- 3.4 This year as a result of the reductions in emissions and by forward purchasing lower cost carbon credits a further saving of £55,000 has been realised.
- 3.5 This means that in the first three years of phase 2 of the strategy has realised a total of £185,000 of savings as the price of carbon credits has risen over the life of the scheme.
- 3.6 The Director of CCBS has recently signed up to the Department of Business, Energy and Industrial Strategy's (BEIS) Emissions Reduction Pledge 2020. This initiative is linked to the Clean Growth Strategy in which the government introduced a voluntary target for carbon reduction across the wider public and higher education sectors in England. This

target would aim to reduce greenhouse gas emissions across these sectors by 30% by 2020/21, compared to a 2009/10 baseline.

- 3.7 Whilst the 30% has been set across the sectors as a common target, the government recognises some organisations like the County Council have already exceeded this and will accommodate this within their reporting structure.
- 3.8 As the County Council already report our emissions through the CRC and greenhouse gas emissions schemes, there will be no additional burden placed on officers to collate the information required as part of the BEIS Pledge.

4. Carbon Management Strategy Phase 2

- 4.1 The carbon management strategy, phase 2, concentrates on reducing carbon emissions from street lighting, buildings in the corporate estate and business travel by officers and is currently on track to achieve the objective of a 50% reduction from 2010 levels by 2025.
- 4.2 The table below shows a very positive start was made on the phase 2 emissions reduction programme in year 1(2016) with consistent reductions in years 2 & 3. A further reduction of 2.1% has been achieved in the 2017/2018 “energy year”.

Table of Carbon Emissions from 2010

Sector	2010 Emissions Tonnes	2015 Emissions Tonnes	2016 Emissions Tonnes	2017 Emissions Tonnes	2018 Emissions Tonnes	2025 Target Emissions
Corporate Buildings	21,000	19,060	16,829	16,830	16,425	-
Street Lighting	26,600	17,558	13,450	12,119	11,560	-
Officer Travel	6,600	4,889	4,534	4,605	4,420	-
Total	54,200	41,507	34,813	33,544	32,405	27,100
% Reduction	-	-23.4%	-35.8%	-38.1%	-40.2%	50%

- 4.3 There has been a reduction in emissions from corporate buildings, further analysis of the data shows that;
- Electricity emissions have reduced by 1.4% over the year, the reduction achieved through a combination of the energy performance programmes and greater staff awareness and engagement.

- Gas emissions fell by almost 4.6% over the same period despite the prolonged cold winter period.
- 4.4 Street lighting continues to show a reduction in emissions year on year. A number of initiatives including the dimming of some street lighting for specific periods overnight have been deployed and more is being proposed by the Director of ETE. The use of LED lamps to replace the conventional compact fluorescent type is also under consideration based on fitting in with cyclical maintenance schedules. Feasibility work is ongoing by officers in the two departments.
- 4.5 Having seen an increase in officer travel last year, this year that has been reversed and there has been a reduction from the emissions seen last year. The greater deployment of electric vehicles through the fleet and the planned conversion of the pool cars to electric vehicles (EV) is expected to see emissions reduce further. The proposed implementation of modern meeting room technology is also expected to reduce travel demands as officers can 'meet' and connect remotely.
- 4.6 In June 2017 the Panel supported the proposal from the Director of CCBS to undertake two further phases of the Energy Performance Programme (EPP4 and EPP5). This was approved by the Executive Member Policy and Resources (EMPR) in July 2017. Additional resources of £2.72m were approved as a total investment for the future planned phases.

Energy Performance Programme Phase 4

- 4.7 This phase will entail the replacement of conventional lighting with low energy LED lighting and controls across the corporate estate. This is expected to deliver a revenue saving of £240,000 per year in both energy and maintenance costs.
- 4.8 The first stage of the LED lighting programme is now well underway with around £300,000 of works already completed. By the close of this financial year this will be around £850,000 of completed projects with the second stage in 2019/20 amounting a further £800,000.
- 4.9 The early schemes are already showing good returns on investment. For example, replacing the lighting in just one building (the Sunderland Hangar) at Calshot Activities Centre will save £10,000 a year in energy costs.
- 4.10 The second initiative in EPP 4 is the development of an Electric Vehicle (EV) charging point procurement framework for the public sector.
- 4.11 Earlier this year, the Director of CCBS launched Hampshire's framework for the procurement of charging points for the public sector. To date 12 organisations including Winchester City Council, Southampton City Council, Oxford City Council, Test Valley Borough Council and Hampshire Police have signed up to the accession agreement with a potential for around £500,000 of investment through the framework. This is an excellent start and there is more interest from the public sector

market. This framework is self sustaining financially and through a small levy will cover the costs of officer resources to manage and promote it.

- 4.12 The Director of CCBS is also delivering a programme of charge point installations to support the roll out of the County Councils electric vehicle (EV) fleet. Supply points have been installed at Bar End, Bishops Waltham highways depot and at the Scientific Services building in Southsea. Further points are planned in a number of highways depots and workshops as well as a number in specific strategic location across the estate to support the use of EVs by the Council catering and courier services.
- 4.13 By the end of the financial year approximately 80 charge points will have installed including 12 for public use in our country parks. This will enable the acceleration of the conversion of vehicles to EV as pilots complete and pool car lease arrangements come up for renewal. The EV conversion programme is expected to save around £210,000 per year in the reduction of fuel costs (around 96%) by conversion from diesel to electric.
- 4.14 On-street charge points are being explored in response to interest from residents. The technology exists to facilitate this and there are number of market providers including the market leader Ubertricity. Generally chargers are powered from the street lights with smart leads allowing on-line payment by the user. Office of Low Emission Vehicles (OLEV) grants are also available to part fund on-street charging and officers are currently looking into how this may be developed.

Energy Performance Programme - Phase 5

- 4.15 EPP5 focuses on the deployment of electric vehicles for the HCC managed fleet and exploring the potential of battery storage technology for the built estate.
- 4.16 The Panel supported the proposal to the roll out of electric vehicles to replace conventional diesel and petrol models. The Director of CCBS has identified a number of potential 'early wins' and these have been progressed to provide EVs for client departments and business units.
- 4.17 EVs are now being used by the asbestos team in Scientific Services, H3CS Catering Service, County Supplies, the Courier Service, the Highways Maintenance team and Facilities Management. The Director of CCBS is reviewing the use of EVs to replace the 'pool car' fleet in 2019.
- 4.18 Sites suitable for battery storage trials are being investigated with a view to the development of a business case for two initiatives – battery storage for buildings with Photo Voltaic (PV) attached and bulk storage of grid electricity. The Director of CCBS has commenced a study on a number of buildings to establish the feasibility of installing battery storage. An update on the outcome of the study will be brought to a future meeting of the Panel.

Salix Funding

- 4.19 Salix funding has been used successfully to augment our energy programmes to fund (or part fund) capital investments in energy saving technologies. Salix loans are interest free loans which have a simple payback criteria of a maximum of 5 years for local authority schemes. The Director of CCBS is in regular contact with Salix and the County Council are regarded as a leader in the public sector for innovation and investment in energy saving initiatives.
- 4.20 In 2014 the Director CCBS secured a Salix loan of £750,000 to support our Energy Performance Programmes (EPP) and to date over £600,000 of this Salix loan has been deployed. The Director of CCBS is looking to secure a further £500,000 to continue to augment the funding for our EPPs.
- 4.21 Council officers continue to have regular dialogue with Salix who are about to launch a revised Recycling Fund where authorities match fund any Salix loan contribution which is then used to fund energy saving works. The revenue saved in energy cost is returned to the funding pot and is further used to invest in more energy saving measures.
- 4.22 The recycling fund could be used to fund, or part fund the upgrade of the street lighting to LED subject to a satisfactory business case being formulated and approved.

Schools

- 4.23 The Director CCBS continues to provide support for Hampshire's schools. To date 36 schools have expressed an interest in joining the schools energy performance programme and have been sent an information pack outlining details of the scheme. 20 schools have been surveyed to assess their viability and 6 schools have had detailed option appraisals prepared. 5 more schools will be surveyed in the autumn term.
- 4.24 6 schools have had their works completed with savings anticipated to be in the order of £30,000 per annum in total. As schools budgets come under increasing pressure these savings are very welcome and we are anticipating more demand as the programme scales up. The work of the Property Services team is fully funded through the budget from Salix and is another self financing business opportunity.

Energy Supply Contracts & Management

- 4.25 The Director of CCBS has engaged the services of an energy category specialist to review our current energy supply contracts and undertake an options analysis for the development of future energy supply contracts for the County Council and its partners. The initial work has focussed on driving efficiencies from the remaining 2 years of existing contracts including invoice processing, metering arrangements, capacity optimisation and billing reconciliation. By moving to a consolidated billing arrangement with the utilities it now takes less than half the time each

month to process the bills saving the County Councils corporate transaction team the equivalent of 7 FTE days per month.

- 4.26 Electricity metering contracts have been rationalised to align them with the energy supply contracts resulting in savings of £45,000. Many of our sites have been paying for capacity which has never been used. By re-evaluating the capacity required it has been possible to reduce our maximum demand charges by £53,000 p.a.
- 4.27 Billing reconciliation has resulted in £40,000 being returned to HCC from credits held by the utilities. In addition the reconciliation of the previous energy supply contracts – correcting billing errors, estimated readings and the like - has resulted in £220,000 being returned to the County Council by the utility companies.
- 4.28 In order to take advantage of existing lower energy prices and to allow sufficient time to evaluate the new Crown Commercial Services and Laser procurement frameworks the Executive Member for Policy and Resources at the Decision Day in September approved a proposal by the Director of CCBS to extend the current energy supply contracts by 12 months to October 2020.
- 4.29 The investment in an energy specialist has been very fruitful realising both ongoing revenue savings and also the return of funds held by the utilities company. This role is being extended in to 2019 to support the re-procurement of the energy supply contracts to maximise purchasing power in the market for the Council and our partners – including schools, police and fire.

CORPORATE OR 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

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

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2. Equalities Impact Assessment:

An equalities impact assessment has not been considered in the development of this report as access requirements are always considered during the design stages of building projects and are often improved.

2. Impact on Crime and Disorder:

2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

3.1. The Energy Strategy and Carbon Management Plan will have significant positive effect on the carbon emissions of the County Council. Climate change impacts are a driver in implementing reduction programmes.

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Hampshire County Council Business Services

Sustainability Initiatives



v1 | 0419



Hampshire
County Council

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www.hants.gov.uk



As Business Services, we're committed to operating with a focus on customers, people and society.

We are committed to taking environmental concerns into account in our decision-making.

Our sustainability report shows what we're doing now and outlines our future plans.

Yateley Common in Hampshire.

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7,200

Estimated number of plastic bottles saved by the move to 'glass water bottles only' policy.



£1,342.47

Total amount raised by HC3S during 2018 for the benefit of local charities.



8

Number of Catering Award nominations in 2018.



12

Total number of electric vehicles currently on fleet.



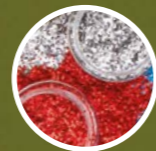
263,000

School meals delivered by the Courier Service.



£350,000

Total amount saved by Adult Services year-on-year through use of HTM's Adult Services Driver Scheme.



305

Number of products stocked by County Supplies with environmentally responsible credentials.



2,500

Used fluorescent tubes collected by County Supplies vehicles and recycled in 2018 by County Supplies' partner Recolight.



98%

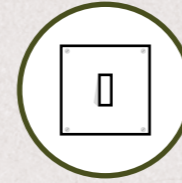
Percentage of orders invoiced electronically, thus reducing paper waste.

➤ Our Commitment to a Sustainable Future

At HC3S, we're constantly searching for ways we can minimise our impact on the environment while maintaining a great service.

This is what we've achieved so far...

- Across HC3S, we have created a family of sustainable meals that combine nutrition, sustainability and a commitment that the meals taste good, and are healthy for residents and visitors who eat with us.
- In our schools, we encourage an awareness of energy consumption and monitoring, especially when we purchase new equipment.
- We look to reduce energy consumption in school kitchens, for example, by replacing sterilizers with electric dishwashers. We also discuss with staff about only switching on appliances when needed.

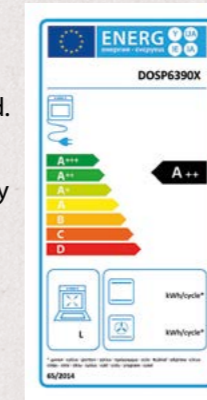


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Sustainability

Energy Saving

- We train staff to use energy saving features on current equipment by explaining the wash cycles on MKN ovens during staff inductions.
- We ask staff to be more energy efficient by using shorter wash cycles on the MKN combination ovens to reduce the time it takes, only using the longer cycles on cleaning days.
- Switching off equipment machines over a holiday period.
- Multifunctional equipment that is more energy efficient impacts kitchen workflow; Combination and MKN ovens combine steaming and use of convection in cooking which in effect replaces the single steamer and convection oven.
- Switching lights on only when needed.
- Energy efficient table top induction hobs have been introduced to school kitchens where ventilation is insufficient and gas cannot be installed.
- When we choose new equipment, we look to ensure we are looking at energy efficient solutions, for example that it can be run from 13 amps; most of the upright fridges purchased are rated A or B on their energy saving.
- Detergents used across HC3S are safe for the environment, and either meet biodegradable standards or are phosphate-free.



➤ Sustainable packaging

At HC3S, we understand the impact of plastic on the environment, particularly the ocean, and have been trialling many ways of reducing it across the business.

Equally, we are working with our suppliers to reduce their use of plastic and look at more environmentally friendly solutions that meet our needs as responsible caterers. For example, the New Forest Ice Cream Company switched from plastic to cardboard tubs for our child-size ice cream.



New Forest Ice Cream has switched from plastic to cardboard tubs for their child-size ice cream.

➤ The Future is Electric

As HTM is the fleet management supplier within the County Council, it might seem strange to hear that HTM has been pushing for sustainable transport and promoting electric vehicles for some time.

HTM has always purchased low emission vehicles with mixed success over the last ten years. Firstly, there was the first hybrid pool car. Then small efficient diesel vehicles with below 100 CO₂ carbon emissions and now the fully electric vehicle offerings.

HTM shares an electric pool car with County Supplies (aptly named Buzz) and has the first electric courier van for Winchester deliveries. This has culminated in achieving a Gold award for reducing CO₂ and equivalent emissions.

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Buzz the electric pool car.



Putting charge points into Hampshire



The biggest challenge that has been faced and overcome is the lack of operational charge point availability.

HTM has worked collaboratively with the County Council's Property Services and customer base to build a strategic charge point infrastructure to meet future requirements. Initially this started with the main HCC hubs in Hampshire (Eastleigh, Totton, Basingstoke and Alton) and HTM workshop locations (Totton, Bishops Waltham, Petersfield, Micheldever and Hook). This has then spread to include future requirements in the country park locations and a Winchester hub for future pool car and operational vehicle charge points.

The cost of purchasing electric vehicles is much higher, but this is offset by the reduction in fuel and maintenance costs.

ELECTRIC VEHICLES
12 on fleet
32 on order

CHARGE POINTS
21 fitted
42 pending

KEY:
 IN PLACE
 PENDING FITMENT IN 2019



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Sustainability

Why invest in electric?



- Zero emissions at point of use.
- Less maintenance and waste due to fewer moving parts.
- Reduced fuel cost (2p per mile as opposed to diesel vehicles which are currently 11p per mile).

How are we doing it?

- Encouraging use – electric vehicle take-up has grown from 0 to 12 vehicles in the space of one year.
- HTM is working with a number of vehicle users to develop a resilient charge point infrastructure to support a growing fleet of electric vehicles.

Recognition...

We have recently been awarded the Masternaut Gold award for reducing CO₂ and equivalent emissions; and the Smarter Working Oscars, Highly Commended Green Award for our work towards building an electric vehicle charging infrastructure in Hampshire.



➤ Sustainable Purchasing

County Supplies has a firm policy of researching and sourcing products which match customer requirements and demonstrate environmental and economic efficiency.

Our green purchasing objectives are to:

- Consider economic and environmental impacts for the whole life cycle of a product before it is included in the catalogue
- Specify and purchase products, wherever possible, with a low environmental impact as opposed to disposable products or those made from virgin material
- Vet suppliers and manufacturers and impress upon them the need to move towards compliance with our green purchasing goals
- Provide a positive and proactive approach to researching and sourcing new environmentally friendly technologies to reflect the Council's corporate aims for sustainability and best value
- Encourage all our manufacturers and suppliers to significantly reduce all unnecessary printing and packaging (packaging that is used to maintain product integrity should be reusable and/or recyclable)
- Encourage manufacturers and suppliers to include a retrieve and recycle system on as many products as possible

- Promote our green purchasing responsibilities to other organisations to encourage them to adopt similar practices
- Work closely with other local authority procurement departments in the Central Buying Consortium to positively influence environmentally friendly and recycled product markets
- Examine our own practices and regularly review our responsibilities to ensure compliance with legislation and to reflect best practice
- Increase awareness and improve the sustainability of both our own and customer purchasing decisions.

➤ Making it easier to choose the most sustainable products

We use a range of symbols within the Catalogue of Goods and Services to make it easier for customers to choose the most environmentally responsible products.



➤ Sourcing Food With Integrity

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Sustainability

Hampshire County Council has a strong sustainability and traceability policy. Food purchased by County Supplies is expected to embrace the values and principles of initiatives related to Government Food and Catering Buying Standards and other projects that promote sustainability.

Supporting local producers

We require short supply chains and, whenever possible, source products from small and, where appropriate, local producers ensuring fresh, seasonal ingredients are used. Our aim is to support local businesses, minimise food miles and mitigate adverse impacts on the environment wherever possible.

HC3S is a supporter of Hampshire Fare, the County's local food group who works with producers and farmers in Hampshire to heighten awareness and consumption of Hampshire's quality produce and support the rural economy in Hampshire.

Higher Welfare

Hampshire County Council is passionate about ethically sourced and produced products. When procuring products, we ensure the following accreditations are adhered to as a minimum standard:

- Red Tractor Assured Food Standards,
- LEAF (Linking Environment and Farming),
- Marine Stewardship Council,
- Fairtrade,
- Rainforest Alliance.

HC3S holds the following Compassion in World Farming awards in respect of purchasing animal products:

- The Good Egg Award
- The Good Pig Award

We will always do our best to uphold these accreditations and standards, as long as the County Council is also able to achieve value for money and ensure that menu options and the meals that it provides are affordable for Hampshire residents.

Traceability and Environmental Impacts

Hampshire County Council expects all suppliers to have a traceability system from raw ingredients to finished product in accordance with HACCP*.

Environmental impacts are also a concern for Hampshire County Council and ensures suppliers have in place efficient production standards and routes to market. In addition to the supply chain, Hampshire County Council expects suppliers to cut carbon emissions, reduce food miles, utilise fuel efficient vehicles, backhaul products where possible and recycle waste.

As part of the tender process, suppliers are asked to provide details of their approach to local purchasing and sustainable development, and to provide their local and ethical supplier sourcing strategy and explain how this minimises environmental impact. The responses which are received ensures we are working with the right suppliers who share the same values as we do.

*HACCP is a method of managing food safety hazards. It stands for Hazard Analysis and Critical Control Points.

➤ Sustainable Products and Services

These are just a few of the products and services chosen by County Supplies for their sustainable credentials or to meet an environmental requirement.

➤ Sustainable Packaging

From 2019 County Supplies will stock a range of recyclable and compostable catering disposables, including paper cups, paper drinking straws and paper food packaging.

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➤ Waste Sacks

All black refuse sacks available in stock are manufactured from a minimum of 96% UK-sourced post consumer waste.



➤ Bio Glitter

New for 2019 is a selection of 92% plastic-free and biodegradable glitters. The glitters are supplied in fully-recyclable plastic containers.



➤ Stationery

Many stationery products, including ring binders, flip files and storage boxes, have a recycled element. A range of recycled and sustainably sourced copier paper is also available.



➤ Waste and Recycling

A Waste and Recycling contract, available through County Supplies, includes food and used IT equipment recycling.



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Sustainability

➤ MFDs (Copiers)

All MFDs (copiers) feature energy saving functions. Additionally, 50% of all toner cartridges are recycled.



➤ Cleaning Chemicals

All detergents stocked by County Supplies are biodegradable and liquid detergents are free from phosphates.



➤ Our Successes 2018-2019

During the last 12 months we have made various changes to how we operate in a bid to become more environmentally sustainable.

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Hampshire County Council buildings

- We no longer use single-use plastic cups.
- Glass water bottles are now always available for members' meetings instead of plastic.
- Our glass water bottles only policy has saved an estimated 600 plastic bottles per month (7,200 per year) in the Castle Restaurant alone.
- We offer reusable travel mugs for staff to purchase with a 15% discount on future hot drinks.
- Castle Catering collected the CCBS Smarter Working Green award on behalf of HC3S for the work we have done on plastic reduction, particularly at Ell Court in Winchester.

Country Parks

- Sourced environmentally-friendly reusable cups.
- Roll-out of 'Dementia Friends' training in our public-facing catering outlets.

Across the business

- Supported the Final Straw Campaign – Winchester in September 2019 which aimed to reduce single-use plastic across sites including the country parks, Winchester Discovery Centre, Hampshire Library Service and the staff restaurant.



- Through a successful partnership with Passenger Transport in the Spend to Save Scheme, we have been able to increase the number of children taken to school by minibus, thus reducing the number of cars and taxis on the road during busy periods.
- During 2018 we increased our fleet of electric vehicles from 0 to 12.
- For 2019 we have invested in environmentally responsible marketing materials such as bamboo fibre mugs and recycled pens.

In the workshops

- Solar panels have been fitted at Micheldever workshop and are currently being installed at Bishops Waltham. The workshops' large roofs are ideal for harnessing solar energy.
- Rain water is collected in the brine plant bunds. After mixing the water with salt, it is used by the Salt Spreaders on Hampshire's A roads.
- All spent engine oil is recycled by Slicker Recycling; approximately 12,500 litres per year across the five workshops.
- Low energy LED lighting is installed in all five workshops with the possibility of solar energy use in the future.
- We use Rozone smart washers to wash all parts with solvent-free cleaning products.
- All new vehicles supplied by HTM meet Euro 6 emissions standards.

CO₂

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Our Successes



- Introduced 5 new products with strong environmental credentials into stock for the 2018-19 catalogue.
- New for 2019 is a range of notepads where every sale helps the Save the Rhino charity.
- Working with Recolight we now offer a collection and recycling service for used fluorescent tubes. Approximately 2,500 tubes originally bought from County Supplies were recycled in 2018.
- Working with HTM we successfully installed telematics tracking systems into the fleet of delivery vans. This will enable us to plan more efficient delivery routes, in terms of time spent on the road and fuel usage.
- Collaboration with HTM has further enhanced the efficiency of County Supplies' deliveries: HTM Courier vehicles are now being utilized to deliver County Supplies packages wherever there is crossover in destinations, or a need for a rapid delivery.
- With the assistance of HTM we are upgrading some of our delivery fleet to Euro Cat 6 vehicles which will produce reduced emissions compared to older vehicles.
- We have succeeded in reducing paper invoices from 600 per month to <50 per month.

➤ HC3S Cooking with Integrity

We're embracing initiatives to tackle waste, energy and water consumption to drive down waste and reduce negative impacts on our school children.

- In 2018 we replaced single use plastic cups with reusable beakers/tumblers in primary schools.
- Building on what some school kitchens have tried out this year, there will be hints and tips in the new recipe folder for primary schools such as making jelly in tins and served in squares on plates instead of single use plastic pots.
- Our British Food Fortnight celebrations and NSMW campaigns focus on showing customers our commitment to British food, the local economy and encourage customers to consider what they and their families eat.

Staying in touch the sustainable way

Schools can stay in touch with us in a variety of ways including e-newsletters and social media as well as telephone and email.

In 2017 we introduced our e-newsletter that improves communication without using paper and destroying the forests.

Our Facebook page allows parents to 'join in' with our brand experience without the need for reams of paper. Through Facebook and the new more easily navigable web site, we are giving customers quality, reliable information – real time primary school menus are available at the touch of a button.



facebook.com/hc3seducation
facebook.com/hc3sCaterers

#healthymeals #FoodToFlourish
#YourCateringExpert #TasteSecondary

➤ From Farm to Fork

We want pupils to understand the importance of eating the right foods and help them understand the journey from farm to fork.

As part of the Food to Flourish Classroom resources for teachers, we have introduced KS2 food chains, so pupils understand the journey from the point their food is harvested or caught to how it arrives on their school plate. Through these resources KS1 pupils learn how food is grown underground and how animals are reared to high welfare standards.



Springwood Junior School pupils enjoy learning about the stages of fish development at Chalk Stream Farm in Romsey.

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Our Successes

➤ CASE STUDY

Going beyond the school meal during British Food Fortnight

HC3S tested children's taste buds and showed them the kinds of food produced in Hampshire.

Twelve young members of the school council at Springwood Junior School in Waterlooville visited Chalk Stream Farm, a trout farm in Romsey, where they toured the different streams and tanks, saw fish being fed and learned about the different stages of fish development. They were also able to see fish up close and even touch them, before returning them to the water.

Springwood pupil Jack, aged 10, said: "It was really interesting. I especially liked seeing the different sizes of fish. I have never been anywhere like this before."

Billie, aged 8, also enjoyed the tour. She said: "I have eaten fish at home and didn't like it. But I might try it again now."



Suppliers Share Our Goals

At HC3S we realise the importance of partnering with suppliers who align their green credentials with ours as this supports the future sustainability of our service. Our ethical procurement approach is embedded in our supply chain process, so we can take into account green credentials as one of the factors when deciding whom to partner with.

We are committed to sourcing food and catering equipment that are high quality and have environmental benefits while supporting our suppliers' development through balanced and long-term relationships.

Our approach to sustainable supplies includes sourcing produce that meet industry marques and buying produce locally where possible from the regions where we operate to contribute to the economic development of the places in which we operate. We prefer to purchase produce that are ethically sourced and where suppliers seek to improve their ethical credentials long term. For example, those that share our goals. This ensures better trading conditions and helps us become more sustainable as a business.

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We source local and seasonally available produce wherever possible.



Happy pigs are free to roam outdoors on the Scott Free Range Farm in West Sussex.

CASE STUDY

Farmer's Choice Free Range

HC3S fresh meat and fish supplier Farmer's Choice Free Range is a small, friendly online farmers' market, dedicated to delivering top quality, British free range meat and fish direct to customers.

Established in 1984, Farmer's Choice has built partnerships with some of the best British free range farms in the UK; sourced from the South Downs and the New Forest wherever possible. Through these partnerships they offer a range of high quality meat taken from animals raised in natural and comfortable conditions. All of these farms adhere to free range farming regulations and practices and are well known and respected for their excellent standard of farming.

Scott free range

Farmer's Choice Free Range ensures that all their pork meat is sourced from free range animals supplied by pigs from the Scott free range farm in West Sussex. Scott Farm rears traditional breeds such as Landrace, Larcombe and Duroc slowly and naturally in outdoor, organic conditions. This ensures the pigs are kept in the most calming and peaceful environment possible.



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Customers and Partnerships

We choose or recommend equipment options that have a lower environmental impact than others from material, energy, water or waste.

Procurement focus on sustainability and provenance.

We review our logistics arrangements to reduce delivery miles; we encourage backhauling to reduce delivery miles through our main distributor who uses empty lorries returning to depot to collect goods from local suppliers.

Our commitments:

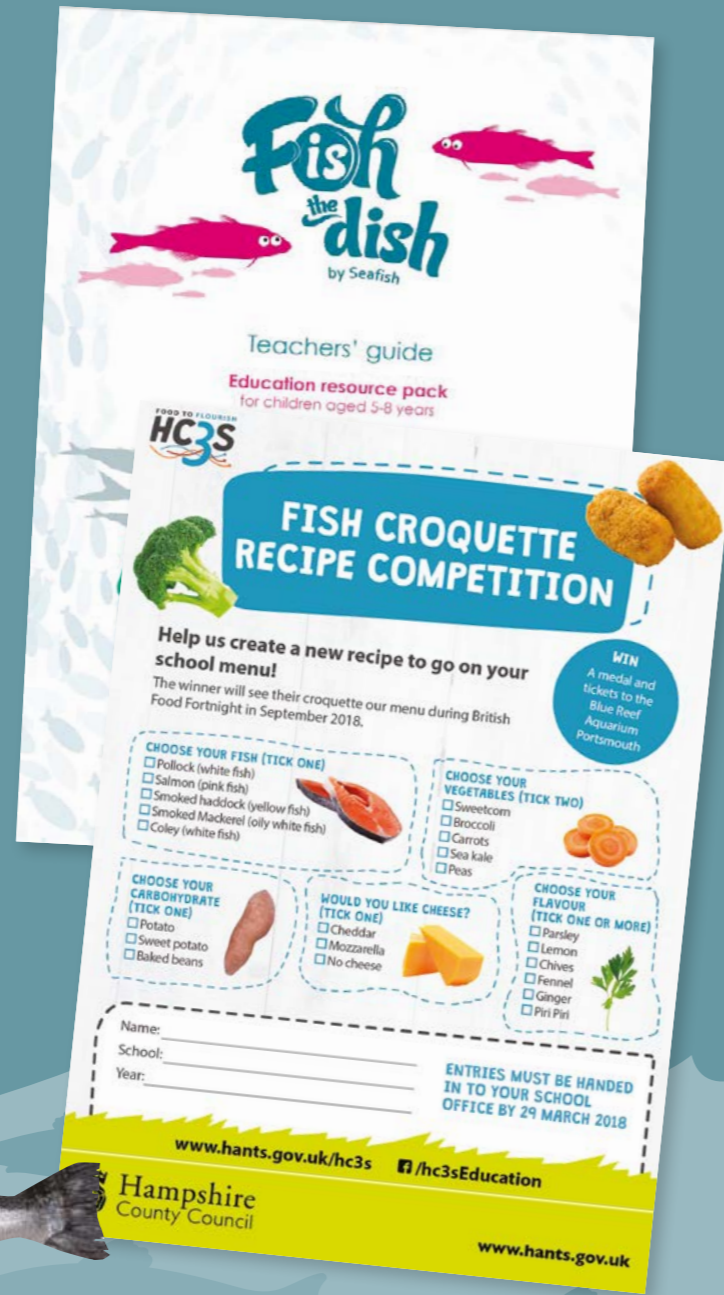
- Sourcing sustainable fish and seafood from Marine Stewardship Council (MSC) certified fisheries and farmed fish from well managed and sustainable sources.
- Sourcing Red Tractor assured products.
- Sourcing free range eggs to Laid in Britain standards.
- Including local products that are sustainably grown or raised.
- Sourcing sustainable equipment and supplies.
- Promoting seasonal, sustainably grown or raised products because supporting local suppliers is one of the ways that HC3S contributes to the economic development of the places in which we operate.



HC3S Working Collaboratively

Externally...

In 2018 we partnered with industry body Seafish to bring the topic of sustainable fishing into primary schools. Every school was given a teaching resource pack and pupils in disadvantaged areas enjoyed visits from HC3S and Seafish ambassador chefs with live cooking, talks and hands-on cooking with fish. Many of these activities took place during British Food Fortnight and National Seafood Week, following on from the World Ocean's Day theme day lunch where school kitchens were asked to produce a special menu with no single-use plastic in sight.



With more people choosing a flexitarian diet, the demand for high protein food is strong. So, we collaborated with a household brand Quorn who supply our healthy meat-free alternatives across the business with Meat Free Week; we promoted this in schools with stickers and on Facebook drawing attention to the product as offering protein.

We also worked with Quorn to be one of the counties that took part in their national Kids Campaign. By offering this product, we have supported the movement to eat more plant-based foods and therefore protect the planet. The collaboration has led to a commitment for further partnership working with support for live cooking and competitions for families and schools for National School Meals Week 2018 and a competition for schools during Veganuary 2019.



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Customers and Partnerships

Carrot and beetroot hidden in cake.



Internally...

During British Food Fortnight, we teamed up with HCC's Waste Management Service for their 'veg swap' that took place at Winchester HQ to encourage staff not to waste food. We supported them with posters, cakes with hidden vegetables for staff to sample and a competition to win free travel mugs and hot drinks from the Coffee Shop.

We work with Property Services to install fan heaters with timers on and to install light sensors in cloakrooms and food storage rooms on new builds to reduce energy consumption.

We work closely with the Procurement team to ensure our food buying meets our aims.

HTM makes 788 courier runs transporting school meals where we service smaller schools.

Through County Supplies, we have increased our contribution of regular articles to SupplyBase, the Business Services magazine that is distributed to schools as well as 'Your Hampshire', HCC's e-newsletter for residents.



Community

In our role as a corporate citizen, we champion improving the lives of others. HC3S has supported several charities during 2017-18 taking part in the Big Bandana Bake for the Brain Tumour Charity based in Farnborough, Hampshire raising £1,100. The total amount of money raised for charity was £1,342.47.

To encourage staff participation in the annual Finishing Touches industry baking competition held at LACA, HC3S held a charity baking competition. Winners of the three categories got to attend a fine dining masterclass, courtesy of our food distributor Bidfood who helped judge the winners.

OUR BIG BANDANA BAKE RAISED £1,100 FOR THE BRAIN TUMOUR CHARITY



The winning cake.

HTM Building Sustainable Partnerships



HTM believes in working collaboratively with County Council departments, partners and suppliers to share knowledge and skills wherever possible.

This achieves an efficient, sustainable and cost-effective service for the people of Hampshire.

- We are currently working closely with Property Services to build electric vehicle charging infrastructure in Hampshire locations.
- Collaborative partnerships with Hampshire Highways and vehicle supplier Adams Morey has provided a Highways fleet of operational vehicles that is fit for purpose.
- We are also working with Adams Morey to provide lower emission Euro 6 trucks to County Supplies.
- Working closely with vehicle supplier Stanfords we have developed innovative solutions for accessible minibuses.
- Our contract renewal system allows us to contact customers shortly before the end of their lease contract to offer a new vehicle, which in turn helps us to build and maintain strong relationships with our customers.

- HCC Countryside Service is now using our Key 2 asset management system for its equipment inventory auditing. This has eliminated the need for Countryside to purchase their own separate software.
- Our driver supply partnership with Adult Services has saved the department £350,000 on their transport costs year-on-year since 2014.
- We work closely with Passenger Transport on the Spend to Save Scheme. The scheme, which provides home-to-school transport, saves Children's Services over £300,000 per year in bus and taxi costs.
- In conjunction with Facilities Management, we pick and deliver all the standard forms and documentation for Hampshire Constabulary and HFRS.
- The Courier Service also delivers printed materials on behalf of Hampshire Printing Services, saving them a driver and a van.
- A similar partnership with the Libraries Services sees the Courier Service take care of book movements around Hampshire.
- The Courier Service works closely with HC3S to deliver school meals to schools without a working kitchen on-site. In 2018, 263,000 meals were delivered.
- Joint marketing work with County Supplies has attracted additional business and has allowed further cost savings for the 'Home to School Transport' scheme. The Passenger Transport team were invited to talk to the schools at the Admin Officers conference in 2018 and attracted a number of interested schools to the scheme. This has saved the County Council money and increased HTM's business revenue.
- Our partnership with Paragon College has allowed us to tailor the apprenticeship program, enabling Technical Apprentices to get the most out of their NVQ qualification.

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Customers and Partnerships

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A Hampshire Highways 26 Tonne Gritter



>£300,000
SAVED PER YEAR IN HOME-TO-SCHOOL TRANSPORT SINCE 2014

Watch Gritter Garbo's naming ceremony >

HCC Pool Cars – AlphaCity

AlphaCity, run and maintained in partnership with Alphabet, is an innovative self service pool car system for use by HCC staff. The vehicles are available from hubs in Winchester, Basingstoke, Eastleigh, Totton and Alton and can be booked easily via a user-friendly web portal.

Currently, the AlphaCity vehicles are low-emission Minis but we are now planning to replace the majority of these with an all-electric pool car fleet by 2022.

With the fast rate of developments in the electric vehicle market, there will be a number of new offerings to assess to ensure the County Council's transport is more sustainable.



➤ County Supplies Working with Suppliers



County Supplies works in partnership with suppliers and local businesses to promote sustainable practices and mitigate adverse impacts on the environment wherever possible.

- All of our scrap pallets are either donated to the Hampshire Scout campsites or taken for recycling into garden mulch by Eco Sustainable Solutions.
- Working with Recolight we offer a free collection and recycling service to all of our customers for life expired fluorescent tubes originally purchased from County Supplies.
- We ensure all our copier suppliers offer MFDs with energy saving functions as standard.
- In partnership with HTM we will be upgrading more of our delivery fleet to low emission Euro 6 LGVs during 2019.
- Our partner GH Services, based in Portsmouth, reprocesses all the warehouse's compacted cardboard and plastic shrink-wrap waste. In 2018, 36 bales of plastic (9 tonnes) and 71 bales of card (17.5 tonnes) were collected.
- Conferences, focus groups and customer visits have helped us to pinpoint the kinds of environmentally responsible products our customers are looking for. As a result, many of these products have been added to our stock range.
- Exercise book supplier Victor now wraps all exercise books in paper rather than shrink wrap.



Compacting and baling cardboard and plastic waste.

➤ DID YOU KNOW...

County Supplies re-uses original cardboard packaging wherever possible. So, next time your County Supplies order arrives in a non-branded box you'll know it's recycling in action!

➤ CASE STUDY

Supporting the Farm4Life Container Project

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Customers and Partnerships



Presenting items to teachers at Bob Bates School, Liberia.

Putting unwanted items to good use

County Supplies' partnership with Farm4Life sees damaged, old or second-hand furniture and written-off stock go to a new home in Africa.

Farm4Life's Container Project involves collecting goods that can benefit people across Ghana, Liberia, Madagascar and Uganda. Items such as desks, filing cabinets and old shelving that would otherwise go to landfill is picked up from County Supplies by Farm4Life. Containers of donated items are then shipped to Africa and distributed to individuals, organisations and communities in need.

Farm4Life: Creating hope for a better future

Farm4life is an international charity committed to empowering individuals, and organisations, to help communities flourish. With several programmes running, the charity is working to build a greater future for the people of Africa.



>100 tonnes OF AID HAS LEFT FARM4LIFE'S WAREHOUSE SINCE 2007



Sorting County Supplies items.

➤ How are we Extending Our Green Credentials?

We have made good progress in our efforts to tackle waste but recognise there is much more we can do across the three Business Services.

HC3S

We have made progress during 2017-18 to develop our focus for our green credentials. We will lead our teams forward to realise sustainable opportunities to serve our communities in the best way possible.

The last 12 months have seen challenges in rising food costs and the economy which we have faced head on. Simultaneously, plastic's effect on the planet has come to the fore and is an issue that our customers take seriously. We continue to look at our customers' changing needs and will grow and flex with them.

An example of this is the experimentation in our school kitchens on how we can reduce plastic.

We believe a sustainable catering operation is essential to meet the needs of our customers. As a responsible employer we strive to operate in an environmentally responsible manner whilst contributing to the communities in which we operate.

HTM

For 2019 we've developed a range of reduced plastic marketing materials such as recycled pens, wildflower seeds and bamboo mugs.

Over the past year we have been seeking to reduce our paper use wherever possible. For example, we have succeeded in reducing our printing volume by two thirds during 2018.

Wherever reasonable, we've been encouraging more staff to work from home to reduce the carbon footprint of HTM.

Recycling bins placed in the office mean the majority of our paper and card waste is sent for recycling.



➤ Reducing the plastic in HTM's marketing materials

HTM is active at conferences throughout the year as this is a great opportunity for us to interact directly with our customers. For 2019 we have decided to make all of our conference materials as sustainable as possible. For this reason we've sourced a range of reduced-plastic 'giveaways' which we hope customers will find useful.



Ballpoint pens made from recycled plastic



Hot drinks cup made from 100% bamboo



Cardboard USB flash drive



Wildflower seeds for children to plant

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Looking after our environment

County Supplies

We are looking at ways we can reduce our use of packaging in the future. For example, there are alternatives to plastic wrapping such as film made from compostable potato starch which may be suitable for keeping orders safe and dry in transit. Research in this area is ongoing.

There is a lot of potential to expand our range of recycled and reusable products on offer to customers.

Working with HTM, we're hoping to test a 14-tonne electric vehicle as soon as one becomes available. If suitable, an emission-free electric truck would be ideal for deliveries in the Winchester area.

Paper purchasing has been challenging in the past few years as the price of pulp has increased 33% since August 2017. Despite this, we continue to source copier paper with high environmental credentials, for example from mills working within the Eco Management and Audit Scheme (EMAS). A range of 100% recycled papers is also available.

In 2018, to reduce our overall paper and printing usage, County Supplies set up a project to convert all customers to electronic invoicing. During the 2017/18 financial year we printed and sent out 8,809 paper invoices. In addition to the environmental impact, this was costing County Supplies in the region of £260 per annum printing costs, £3,800 in postage and an estimated 294 person hours (@ £30 per hour) printing and posting these out. This project was completed in February 2019 and all invoicing is now electronic.

All surplus and life expired County Supplies catalogues are stored on site and then bulk collected for reprocessing.

➤ Investing in people

HC3S – Creating opportunities

As an employer we foster a culture of environmental responsibility. As a large employer in the catering industry, with 1800 staff with diverse backgrounds from around the county, we recognise that many families need part-time or term-time working.

County Supplies – Creating the warehouse pickers of the future

County Supplies periodically offers 3-month traineeship placements to young people in its warehouse. Trainees learn how the Business Units work within Hampshire County Council and experience order picking and packing.

So far, five apprenticeships have been offered across County Supplies' Customer Services, Warehouse and Marketing teams.



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People

➤ HTM Investing in Young People

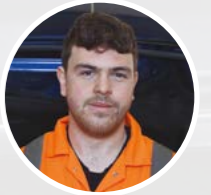
HTM has a strong record of encouraging and nurturing young people in Hampshire.

Since its launch in 2008, HTM's Apprenticeship Scheme has seen 16 young people successfully attain NVQ qualifications. Currently, five Technical Apprentices are based at the workshops while a Business Administration Apprentice is based with the office team in Winchester.

HTM is also a keen advocate of the Traineeship and work experience programs. There have been numerous young people who have gained valuable transferable skills through work placements at HTM.

➤ CASE STUDY

Matt Shelley, Technical Apprentice



"The Technical Apprenticeship is a three-year programme. I currently spend four days a week working at Bishops Waltham Workshop learning the practicalities of vehicle maintenance and repair which I really enjoy. One day a week I attend Paragon College where I swap the socket set for pen and paper and learn the theory behind my role. I'm currently working towards a City and Guilds NVQ Level 2. Then, once I've completed my second year, I'll move on to study for an NVQ Level 3.

So far I've learned how to apply the skills I've gained at college into my everyday job. I get involved in a wide range of the work coming through the workshop, from general upkeep to brakes, chassis and engines. I've also prepared a car for its MOT and changed suspension components on a minibus. Being able to work on a variety of vehicles has given me lots of valuable experience which I can feed back into my NVQ studies. It's great that the team at Bishops Waltham are really supportive and offer me lots of feedback and advice whenever I need it.

My apprenticeship is challenging but definitely worthwhile. In the future, I want to qualify as a Vehicle Technician. I'll then be equipped with a transferable trade plus a range of valuable skills and knowledge that will benefit me in later life."



Technical Apprentice Matt Shelley is currently working toward his City and Guilds NVQ Level 2.

Our Ambitions

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Looking ahead

HC3S – Focused on customers and partnerships

Our aim is to build loyalty with customers and encourage them to extend or renew their catering contracts. We do this by providing an outstanding service, providing fresh, honest and tasty food whilst building a lasting relationship with them.

We want customers to feel valued so we will continue to listen to their feedback and take on board suggested improvements where possible so that we remain their preferred caterer.

We will continue to communicate key messages about the value and quality of our school meals and provenance of ingredients so that customers have a greater understanding of local, seasonal and nutritious food. We will also continue to encourage healthy eating. We will do this through all our channels including our web site, literature, social media and staff engagement.

HTM – Committed to reducing emissions and our impact on the environment

Our focus for the next few years is on building a more environmentally responsible fleet with a sustainable fleet network.

We will continue to source from local suppliers wherever we can to reduce movement of parts and lubricants.

We will identify where HTM can make use of new technology or existing technology to add value, streamline systems and reduce waste, such as paper and mileage.

County Supplies – Delivering a more sustainable service

In the coming years we will be looking to make our service more economical, reducing mileage where we can and operating more efficiently as a business.

We aim to make it easy for customers to source everyday products with increased environmental credentials.

We will be researching the latest innovations in sustainable packaging, with an eye to reducing our plastic and cardboard waste.

Our Sustainable Development Goals

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By the end of 2018...

- All plastic cutlery has been removed from The Castle Restaurant.
- Single-use plastic has been eliminated in all primary school kitchens that want this.

- We have increased our discount from 10% - 15% on drinks when using a reusable cup to encourage staff and external visitors to move towards reusable cups and think about their choices.



By the end of 2019...

- All kitchens will have connectivity reducing the need for paper and distribution.
- Plastic film in school sandwich boxes will no longer be available.

- We aim to reduce paper copies of school menus printed by 30%.
- The electric vehicle fleet will be increased from 12 vehicles to 44.

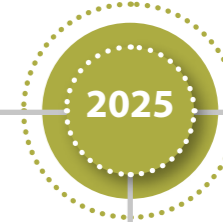


By the end of 2022...

- Electric vehicle charging points will be available in all HCC country park locations.



- The majority of Winchester-based pool cars to be upgraded to electric vehicles.
- County Supplies' vehicle fleet will be upgraded to lower-emission Euro 6 LGVs.



By the end of 2025...

- All HCC vehicles used to deliver school meals will be electric.
- All HC3S suppliers will use recyclable packaging materials and not single-use plastic.

- County Supplies will research possibilities for sustainable packaging solutions.





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Web: www.hants.gov.uk/countysupplies

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet County Council
Date:	17 June 2019 18 July 2019
Title:	2018/19 – End of Year Financial Report
Report From:	Director of Corporate Resources

Contact name: Rob Carr, Head of Finance

Tel: 01962 847508

Email: Rob.Carr@hants.gov.uk

1. Recommendations

RECOMMENDATIONS TO CABINET

It is recommended that Cabinet:

- 1.1 Approves the outturn position set out in Section 3.
- 1.2 Approves the increase of service capital programme cash limits for 2019/20 to reflect the carry forward of capital programme schemes and shares of capital receipts, as set out in Appendix 3.
- 1.3 Notes the urgent decision taken to stand up the site as required on the A31 to deal with traffic management issues predicted following the UKs exit from the European Union, which was previously anticipated in April, and that the approved funding of £968,000 to meet the potential costs if required will be met from contingencies in 2019/20.
- 1.4 Approves the transfer of £10m to the Invest to Save Reserve to fund the IT enabling investment that is anticipated, at this early planning stage, will be required to deliver the Transformation to 2021 (Tt2021) Programme which is currently being developed.
- 1.5 Approves the transfer of £1.0m to the Organisational Change Reserve to fund the next phase of management development costs under the Workforce Development Strategy.
- 1.6 Approves the transfer of the balance of the net corporate savings of just under £1.5m to the Grant Equalisation Reserve (GER).
- 1.7 **Recommends to County Council that:**
 - a) The report on the County Council's treasury management activities and prudential indicators set out in Appendix 2 be approved.

RECOMMENDATIONS TO COUNTY 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 report on the County Council's treasury management activities and prudential indicators set out in Appendix 2.

2. Executive Summary

- 2.1 This report provides a summary of the 2018/19 final accounts. The draft statement of accounts was submitted for audit on the 31 May 2019 and will be reported to the Audit Committee in July, in conjunction with the External Audit report on the accounts.
- 2.2 Due to the early delivery of resources from proposals in advance of need, net service cash-limited expenditure was £27.1m lower than expected against an overall gross budget of circa £1.9bn, a variance in the region of 1.4%. This position reflects the County Council's continuing successful financial strategy of early delivery, where it is safe and practical, which provides funding that can then be used to meet the costs of change, to cash flow the necessarily slower delivery of some savings or to offset other service pressures, for example within social care.
- 2.3 The position for each of the departments is summarised in the table below:

	Variance (Under) / Over Budget £'000
Adults' Health and Care	(10.9)
Children's Services - Non Schools	0
Economy, Transport and Environment	(7.9)
Policy and Resources	(8.3)
Total Departmental Expenditure	(27.1)

- 2.4 The position for Adults' Health and Care reflects the earlier than originally anticipated realisation of £9.9m of Transformation to 2019 Programme (Tt2019) savings. In addition, sustained management activity during the year to control spend in the face of well publicised care pressures and the effective use non-recurrent funding made available through various grants, including but not limited to, the Improved Better Care Fund (IBCF) and Winter Pressures grant, have all contributed to this position at the end of the year.
- 2.5 The break even position in Children's Services equally reflects significant management activity which has seen work to limit, as far as possible, pressures in the Children Looked After (CLA) budget, that continue to grow due to increasing activity levels and higher average costs due to the type of care being provided and the availability of that care. This alongside the early

delivery of resources, use of cost of change reserves and agreed targeted corporate support has resulted in a balanced position despite the considerable pressures.

- 2.6 The final outturn position for Economy, Transport and Environment (ETE) shows savings against the budget of almost £7.9m due to early delivery of resources and savings primarily in Highways Traffic and Transport of which £2.0m relates to the winter maintenance budget as a consequence of the relatively mild and dry weather. The savings on the winter maintenance budget will be carried forward to be spent in 2019/20 as part of an ongoing programme of maintenance work.
- 2.7 Policy and Resources achieved a saving against budget of approaching £8.3m, mainly due to ongoing efficiency savings and the early delivery aspects of the Tt2019 Programme.
- 2.8 The net savings within Adults' Health and Care, ETE and Policy and Resources have been set aside for use by the respective services to meet restructuring and investment costs associated with the Tt2019 Programme and beyond, in accordance with the current financial management policy and the Medium Term Financial Strategy (MTFS). These net savings do not represent a deterioration of service delivery but do represent careful stewardship which supports the safe delivery of necessary transformation.
- 2.9 In addition, within ETE it is specifically proposed to again reinvest available funding associated with the winter maintenance budget in highways maintenance to provide additional one-off resources to supplement existing maintenance programmes. This flexibility was approved in February by Cabinet and County Council.
- 2.10 Schools are facing increasing financial pressure, in particular relating to high needs for children with special educational needs and or disabilities (SEND), both at an individual school level and within the overall schools' budget. These pressures are outside the County Council's core budgets, but the County Council retains an active role and interest as the local education authority. In 2018/19 the overall position has been balanced through the use of the Dedicated Schools Grant (DSG) Reserve; albeit that this is in deficit.
- 2.11 Consequently, the resulting DSG deficit of £13.7m (up from £4.5m last year) will need to be met from future years school budgets and strategies have been developed, and agreed with the Schools Forum, to address the underlying pressures on high needs. The County Council must also submit a containment / recovery plan to the Government, which in the medium term will need to rely on significant additional government funding if it is to have any chance of addressing the underlying financial pressures in this area.
- 2.12 Savings on non-cash limited budgets total just under £12.5m. This is mainly as a result of treasury management activity (including the achievement of a return of more than 4.9% from higher yielding investments), additional grant income and unused contingencies. Contingencies were in the main set aside in recognition of the increased risk in the budget due to ongoing pressures within social care and other demand led services; such as waste disposal.
- 2.13 This report recommends that these corporate savings are allocated as follows:

- £1.0m is set aside to fund the next phase of management development costs under the Workforce Development Strategy. More detail is set out in paragraphs 3.41 to 3.43.
 - £10.0m is allocated to provide funding for the anticipated requirement for IT enabling investment to deliver the Transformation to 2021 (Tt2021) Programme that is being developed. More detail is set out in Section 4.
 - The balance of approaching £1.5m is transferred to the Grant Equalisation Reserve (GER). Building the provision within the GER will support the revenue position in future years, as set out in the MTFS, and give the County Council the time and capacity to implement the next phase of transformation. More detail is set out in Section 5.
- 2.14 Planning for the next phase of transformation is continuing and this report sets out the latest assessment of the financial implications and how the potential investment and cash flow support for Tt2021 will be provided.
- 2.15 The report contains a small section on reserves and balances highlighting that in line with the MTFS, the level of reserves has risen as we prepare for planned draws in 2019/20 and beyond.
- 2.16 The report also provides details of an urgent decision made in relation to preparations for Brexit and recommends approval of:
- The annual report on the operation of the treasury management strategy and the County Council's end of year prudential indicators, for subsequent approval by the County Council.
 - A revised capital financing plan for 2019/20.

3. 2018/19 Revenue Outturn

Service Cash Limits

- 3.1 The table below summarises the net outturn position for each department compared to the final cash limit for the year. The figures exclude schools spending but include cost of change paid for during 2018/19:

	Variance (Under) / Over Budget £'000
Adults' Health and Care	(10.9)
Children's Services - Non Schools	0
Economy, Transport and Environment	(7.9)
Policy and Resources	(8.3)
Total Departmental Expenditure	(27.1)

- 3.2 The third quarter monitoring position indicated that most departments, with the exception of Children's Services, were anticipating that they would be able to

manage the large-scale investment required to deliver their planned transformation activity and to meet service pressures through the use of cost of change and other reserves, along with agreed corporate funding.

- 3.3 Strong financial management has remained a key focus throughout the year to ensure that all departments stay within their cash limits, that no new revenue pressures are created and that they deliver the savings programmes that have been approved. Enhanced financial resilience monitoring, which looks not only at the regular financial reporting but also at potential pressures in the system and the early achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
- 3.4 This focus has ensured that at the end of the year the final position is in line with expectations and that departments have, where safe and practical to do so, delivered resources early, which will provide funding that can then be used to meet the costs of change and to cash flow the delivery of savings or offset service pressures.
- 3.5 For Children's Services, revised funding for growth in Children Looked After (CLA) numbers, and in turn the knock on impact for care leavers, previously agreed, alongside continued management focus, has enabled the Department to deliver a balanced position at the end of the year. This achievement underscores still further the quality of the Department's performance as evidenced by the recent Outstanding Ofsted judgement.
- 3.6 Key issues across each of the departments are highlighted in the paragraphs below and whilst pressures within social care services remain the highest risk and most volatile area of the County Council's budget the impact of successive savings programmes along with other service pressures means that all departments continue to face considerable and developing financial pressures.

Adults' Health and Care

- 3.7 Adults' Health and Care have continued to contain care pressures, arising through demography and complexity changes in clients, and delivered a saving of £10.9m in 2018/19. However, this position is largely due to the early achievement of £9.9m of Transformation to 2019, (Tt2019) savings ahead of the budget being reduced in 2019/20.
- 3.8 This overall position is also heavily reliant on the utilisation of non-recurrent funding made available through various grants, including but not limited to, the Improved Better Care Fund (IBCF) and Winter Pressures grant. The scale of reductions in mainstream funding experienced by the Department is only partially offset by these non-recurrent grants and so to achieve the position reported is still a significant achievement, made possible through consistent and wider application of a strengths based approach to assessing clients care needs and the use of new initiatives; including Telecare.
- 3.9 These non-recurrent sources of funding will only mitigate the pressure in the short term and looking further ahead this funding will cease and over the same period it is anticipated that further care provision pressures will arise from both increases in demand and complexity of clients' needs and from care costs to ensure market stability.

- 3.10 More immediately, whilst the outturn position is positive it should be noted that there has been a marked increase in the level of spend on care packages for clients in the last four months of 2018/19. This has had a positive impact by assisting with an upturn in the County Councils reported performance on Delayed Transfers of Care (DToC). The additional spend in these last four months has been of a level than can be accommodated in 2018/19 through the non recurrent funds as stated above. However, should the volume of spend on care in the last four months continue as the new baseline throughout 2019/20 the full year effect will be considerably greater than the combined funding available through the annual budget and expected non recurrent funds.
- 3.11 In addition to meeting existing demand and costs pressures a large proportion of the IBCF and Winter Pressures funding has been spent on initiatives that support long term change and transformation of services, including those that benefit Health, such as improving DToC, and that provide stability within the care market. The full funding allocation of IBCF funding (£13.4m) and the Winter Pressures grant (£4.8m) for 2018/19 was spent in full by the Department.
- 3.12 The early realisation of £9.9m of savings within the Tt2019 Programme has placed the Department in a far stronger position as we move into 2019/20 to support both the costs of the Tt2019 Programme and to cash flow the delivery of their savings. However, the scale of the challenge faced by Adults' Health and Care will mean that approximately £9.6m of the corporate support available will be required over the lifetime of the programme.
- 3.13 Public Health ended the year with a balanced position, after making a contribution to the ring-fenced reserve of £1.7m. This has been achieved through planned work to deliver efficiencies and innovation within existing services in advance of future reductions in funding, including holding vacancies in the Public Health team and making reductions in contractual and non-contractual spend. The 2018/19 closing balance of the Public Health Reserve is £7.5m and it is planned to utilise this reserve over the short term to provide investment for further initiatives to drive down recurring costs and to offset reductions in the grant that will occur prior to the savings being achieved.

Children's Services

- 3.14 Children's Services have seen the number of CLA, including Unaccompanied Asylum Seeking Children (UASC) continue to grow during 2018/19, above the levels that were forecast. The additional funding to meet the costs of UASC, announced by the Government in May 2019 is welcomed and it is anticipated this funding will be circa £1.0m for the County Council, but this still does not completely cover the full costs in providing care for these individuals. In addition, there are other increasing cost pressures, particularly in relation to the cost of agency staff and home to school transport costs for post 16 provision.
- 3.15 Nationally there is growing attention being focused on the pressures facing children's services and analysis by the Local Government Association (LGA) publications by the Association of Directors of Children's Services,

independent studies (Newton Europe) and published data from the Department for Education (DfE) all highlight that growing demand for support is leading to over spends in almost all authorities. The DfE have made it clear that they will be making submissions in the Spending Review in this context.

- 3.16 The Department have applied strong focus to these pressures and the reported position is break even, reflecting the pro-active management of the services together with early delivery of savings, the use of the departmental reserves and agreed corporate support. However, these pressures continue to be areas of some concern in Children's Services and for the County Council as a whole and will be closely monitored throughout the current year.
- 3.17 Funding has been set aside within contingencies to provide for the projected growth in CLA numbers (and in turn the knock on impact for care leavers) in 2019/20 and beyond.
- 3.18 Other challenges faced by the Department relate to the short supply of qualified social workers and the costs associated with the provision of school transport, mainly relating to those with special educational needs.
- 3.19 Further corporate support has been agreed to fund additional social worker capacity through increased recruitment and improved retention. This support alongside continued management focus on the other pressure areas, will help the Department to operate from a firmer financial base as work on the challenging transformation programme progresses.

Economy, Transport and Environment

- 3.20 The final outturn position for Economy, Transport and Environment (ETE) shows a saving against the budget of almost £7.9m due to early delivery of 2019/20 savings totalling £6.7m together with more than £1.2m of net savings on planned departmental activity. Included within this result is an amount of £2.0m within the winter maintenance budget.
- 3.21 At their meeting on 1 February 2019 Cabinet agreed to transfer any one-off resources available within the 2018/19 winter maintenance budget to the highways maintenance budget for 2019/20. The highways maintenance budget will therefore be increased by £2.0m to reinvest in highways maintenance in 2019/20. This was agreed on an ongoing basis with the position to be reported to Cabinet in the End of Year report,

Policy and Resources

- 3.22 Policy and Resources achieved a saving against the budget of approaching £8.3m, after transformation costs have been met in year, mainly due to ongoing efficiency savings and the early achievement of 2019/20 savings.
- 3.23 The successful implementation of the Tt2019 Programme and the resulting early delivery of savings will be crucial as successive budget reductions mean there is less scope to generate savings across the services and high levels of investment and resources are required over a longer time period to generate further savings.

Overall Position

- 3.24 Detailed explanations for the outturn position for all departmental budgets are provided in Appendix 1.
- 3.25 The departmental savings will be set aside to meet the future cost of change in line with the current financial policy which incentivises good stewardship.
- 3.26 In addition, within ETE the remaining resources associated with the 2018/19 winter maintenance budget will be set aside to provide additional one-off resources in 2019/20 as part an ongoing programme of highways maintenance.

Schools Budget

- 3.27 Financial pressures on schools are increasing, both at an individual school level and within the overall schools' budget, in particular within the High Needs Block.
- 3.28 Pressures on the High Needs Block have mainly arisen due to significant increases in the number of pupils with additional needs and as a result of the extension of support to young people with high needs up to the age of 25. This is a pressure that is mirrored nationally and has been seen since the SEND reforms in 2014. There are also increases in the amount of funding required for each pupil on average due to increasing levels of need and these factors have created a pressure on the top-up budgets for mainstream schools, resourced provisions and Post 16 colleges. There is also significant pressure due to more pupils requiring placements in independent and non-maintained schools.
- 3.29 In 2018/19 there was a net over spend of £9.2m against the school budget including a £10.5m over spend on the High Needs Block. This over spend will be added to the £4.5m brought forward deficit on the Dedicated Schools Grant (DSG) Reserve. Responsibility for addressing the deficit rests with schools and strategies are being developed to reduce demand and consider funding options from future years school budgets.
- 3.30 Nationally, there are many councils in this position, all of which are required to submit to government a containment / recovery plan in respect of the cumulative deficits in DSG which are mainly the result of pressures in the high needs block. Whilst the County Council will of course comply with this requirement, it will make it clear in the return that the only realistic chance of being able to address the deficit and underlying annual pressures in the long run is to receive significant additional government funding.

Other Budgets

- 3.31 The outturn for other items contained within in the budget is shown in the following table:

	Variance (Under) / Over Budget £m
Capital Financing / Interest on Balances	(0.6)
Waste Management	(2.9)
Contingencies	(8.4)
Other Net Variations	(0.6)
Total	(12.5)

3.32 The main reasons for these variances are set out in the paragraphs below.

Capital Financing and Interest on Balances (£0.6m Saving)

3.33 These savings reflect the ongoing trend of a very prudent approach to capital financing costs and interest on balances and the continuing use of 'internal borrowing' to fund capital expenditure rather than taking out long term loans at this point. In addition, a return of more than 4.9% from higher yielding investments has been achieved, in line with the approved Investment Strategy.

Waste Management (£2.9m Saving)

3.34 Due to the number of variables associated with the provision of the Waste Management contract, separate central provisions are made within the budget each year and released in line with changes in waste volumes or contract terms. Whilst waste volumes stabilised in previous years, requiring less to be drawn from contingencies, 2014/15 saw the first real increase in volumes for several years and the provision in future years was reviewed in light of this.

3.35 The upward trend in 2018/19 has been less than forecast, reflecting amongst other factors, the impact of waste minimisation initiatives in ETE, resulting in savings against the budget however, continued close scrutiny of waste volumes will be required throughout 2019/20 to model and monitor the future costs.

Contingencies (£8.4m Saving)

3.36 The level of contingencies held as part of the 2018/19 budget reflected the well documented pressures and risk around demand and costs for the provision of social care services. Through strong management, applied to manage demand and suppress the additional costs, savings against these contingency amounts were realised.

3.37 Other contingencies which were not required in the year related to a central provision for carbon allowances and inflation / risk provisions (in particular for energy and business rates) which accounted for the balance of the overall saving within contingencies.

Other Net Variations (£0.6m Saving)

3.38 This relates to additional unanticipated Section 31 business rate relief grant income of approaching £0.5m received in 2018/19, and an under spend in the

Coroner's Service of £0.1m, due to a lower than anticipated number of inquests which are difficult to predict.

- 3.39 Whilst the outturn position for Coroners is favourable, the way in which charges for Coroners services across Hampshire are calculated is due to change part way through the current year and will have a substantial impact on costs going forward. The impact could be as much as £600,000 per annum, which will be reflected in the update of the MTFs which will be reported to Cabinet in October this year.

Allocation of Net Saving

- 3.40 The net saving totals £12.5m and it is recommended that this amount is allocated as set out in paragraphs 3.41 to 3.46 below.

Workforce Development Strategy – Management Development

- 3.41 The County Council has previously identified the importance of capacity and an appropriately skilled workforce and funding of £1.0m was set aside at the end of 2015/16 for this purpose, which has been used to support the management development challenges arising from both Transformation to 2017 (Tt2017) and Tt2019.
- 3.42 This investment has now been fully committed and it is proposed that an additional £1.0m is added to the Organisational Change Reserve to fund the next phase of management development costs under the Workforce Development Strategy that will be aligned to changes arising from the Tt2021 Programme.
- 3.43 This would be the first set-aside of its kind for three years and it is anticipated this fund would cover an equivalent period. The funds are used to support a range of middle and senior management developmental work which have been critical to the delivery of transformation and have also been a key factor in HCC's ability to recruit and retain the best senior staff. This commitment underlines the ability of the Council to continue to provide for targeted investment, even during a prolonged period of tight spending control.

Investment in Enabling IT - Invest to Save

- 3.44 It is recommended that £10.0m is allocated to be added to the Invest to Save Reserve to fund the anticipated investment in enabling IT to support the delivery of savings for the Tt2021 Programme. Further detail is set out in Section 4, paragraphs 4.8 to 4.13 which outlines the next steps that will be taken to fully develop a programme which will see investment concentrated on those initial proposals where technology will deliver direct and significant cashable savings.

Balance of Savings

- 3.45 It is proposed that the balance of the net savings of just under £1.5m be added to the GER, in preparation for any future draw required beyond 2020 as set out in the MTFs which was approved by the County Council in September 2018.
- 3.46 This amount will mean that the GER is now anticipated to be able to provide sufficient resources to cover the delivery of the Tt2021 Programme, but further

contributions will be needed to rebuild the provision within the reserve to support the revenue position in future years. Further detail is set out in Section 5 of this report.

4. Transformation to 2021 Programme

- 4.1 The high level medium term forecast to 2021/22 now requires the County Council to develop a transformation programme that will deliver a further £80m.
- 4.2 It must be emphasised that this forecast is based on a wide range of assumptions and represents a realistic view as opposed to the worst case scenario. There are significant risks around government funding and we are in effect working “blind” at this stage. The scale of the reductions in funding for local government will be unknown until the next Comprehensive Spending Review (CSR) is announced and the impact on the County Council itself will remain unclear until the announcement of the Local Government Finance Settlement towards the end of 2019.
- 4.3 However, in the meantime it is prudent to plan on this basis, not least because although the Chancellor confirmed that the Government’s intention is to provide a three year CSR, the caveat is “if an EU exit deal is agreed”.
- 4.4 A one year settlement is an increasing possibility and will prolong the uncertainty, but a hurried three year CSR would potentially be even less desirable as the changes could be fundamental and would continue to impact local authorities for many years to come.

Meeting the Gap in 2020/21

- 4.5 The overall position is predicated on the Council’s ability to meet, on a one-off basis, a significant gap in funding in 2020/21 in order to give the longer lead in time for delivery. The draw required to balance the budget in 2020/21 is £28.4m and this can be met from the balance available in the GER, as set out in the Reserves Strategy presented to Cabinet and County Council in February as part of budget setting, and in Section 5 of this report.

Cash Flow Support for Late Delivery

- 4.6 Even over a two year period, delivering the Tt2021 Programme is clearly a very challenging prospect given the value of resources that have already been taken out of the system and the additional effort and levels of transformation activity that are required to achieve further phases of change. The impact of managing overlapping programmes will create further demands and complexity.
- 4.7 Given this fact, an initial high level estimate was calculated of the likely corporate cash flow support that might be required to ensure that where savings would take more time to implement safely this was factored into our longer term planning. Support to enable this managed approach to be taken was estimated to be £32m. The latest information provided by departments indicates that this envelope will be adequate, with Adults’ Health and Care requiring more than £25m of cash flow support – which is perhaps not

surprising given the fact that the savings they need to deliver account for more than half of the total.

Enabling Investment

- 4.8 Departments have been critically reviewing the enabling investment required to deliver the developing Tt2021 Programme and whilst it is not possible to determine the requirements with any certainty at this stage of the process it is important that high level estimates are provided to facilitate financial planning and resource allocation. The requirements have been considered in two tranches:
- Non-IT enabling investment; and
 - IT enabling investment.
- 4.9 It is anticipated that non-IT enabling investment identified by departments may be met in the main from the anticipated early delivery of Tt2021 savings and therefore will be managed through departmental cost of change (and other) reserves. As more information around the Programme becomes available these estimates can be refined and will reported as part of the decision making cycle later this year.
- 4.10 For Tt2019 a large programme of IT activity was developed to enable change, underpinned by significant one-off investment of £38.6m, to deliver the following:
- Digital 2 and other enabling infrastructure.
 - Corporate Wi-Fi Upgrade.
 - Enabling IT for the Tt2019 Programme.
 - Enabling Productivity Programme.
- 4.11 Digital 2 built upon and enhanced the platforms and tools implemented to support departments with their future transformation as part of Digital 1 (which itself cost circa £10.0m). These investments enabled total recurring savings of around £62m as part of previous transformation programmes. Whilst it is important to acknowledge that the authority's digital journey does not end there, and that Digital by Default should be the continued strategic approach, at this stage there is no business case for Digital 3 and the focus needs to be on fully exploiting the capability provided through the substantial investment already made.
- 4.12 Work is ongoing to confirm the scale and scope of the IT Programme and the costs, but it is sensible at this stage to begin to make provision for the investment which early assessment work suggests will be in the region of £11.0 to £14.0m, with some internal resource also available to help progress the programme. Given the level of funding required to balance the budget in 2021/22 and cash flow the late delivery of Tt2021 savings, on top of the funding already being provided for Tt2019, this investment will be met from one-off savings on non-cash limited budgets available from the outturn position for 2018/19. A sum of £10.0m has been made available and, subject to approval of this allocation from the net under spend, the IT programme will see investment concentrated on delivering cashable savings. Approval has already been granted to utilise up to £3m of Tt2019 programme funding to

cashflow early mobilisation for some of the more developed schemes and this is still considered sufficient at this stage.

- 4.13 A more detailed programme and costings (including payback) together with the identification of all the required funding will be prepared with a view to securing approval for the necessary investment in technology to underpin the Tt2021 Programme as part of the next MTFS. What is clear however is that there are few local authorities in the country that could deliver and fund IT enablement of this scale and complexity which in turn will facilitate the effective and safe delivery of the Tt2021 Programme. It is testament to Hampshire’s planning, professional capacity and good financial management that change of this pace and scale is being continued.

5. Grant Equalisation Reserve

- 5.1 The current strategy that the County Council operates works on the basis of a two-year cycle of delivering departmental savings to close the anticipated budget gap, providing the time and capacity to properly deliver major savings programmes every two years with deficits in the intervening years being met from the GER. Building the provision within the GER will support the revenue position in future years, as set out in the MTFS, in order to give the County Council the time and capacity to implement the next phase of transformation to take us to 2021/22.
- 5.2 It has been agreed that where possible, the County Council will continue to direct spare one-off funding into the GER to maintain what is part of a successful strategy which has served it very well to date. Consequently, as part of budget setting in February, a number of additions totalling £29.9m were approved (over 2018/19 and 2019/20) to begin to make provision for the period beyond 2020 to support the two year savings cycle and to provide cash flow support to the Tt2021 Programme.
- 5.3 The following table summarises the forecast position for the GER taking into account the requirement to balance the budget in 2020/21 and to provide corporate funding to cash flow the next stage of transformation:

	GER
	£'000
Balance at 31/03/2018	74,870
2018/19 Original Draw Planned	(26,435)
Additions Approved February 2019	15,100
Addition Outturn 2018/19	1,466
Balance at 31/03/2019	65,001
Additions Approved February 2019	14,811
Further Budgeted Addition - MRP “Holiday”	21,000
Planned use:	
Cash Flow Tt2019	(40,000)
Cash Flow Tt2021	(32,000)
Interim Year 2020/21	(28,400)
Unallocated Balance	412

5.4 This will largely deplete the GER and therefore, where possible, the County Council must continue to direct spare one-off funding into the reserve as part of its overall longer term risk mitigation strategy.

6. General Balances and Earmarked Reserves

- 6.1 The County Council's reserves strategy, which is set out in the MTFS, is now well rehearsed and continues to be one of the key factors that underpin our ability not only to provide funding for the transformation of services but also to give the time for changes to be properly planned, developed and safely implemented.
- 6.2 We have made no secret of the fact that this deliberate strategy was expected to see reserves continue to increase during the period of tight financial control by the Government, although it was always recognised that the eventual planned use of the reserves would mean that a tipping point would come and we would expect to see reserves start to decline as they are put to the use in the way intended as part of the wider MTFS.
- 6.3 General Balances at the 31 March 2019 stand at £21.4m, following the planned draw in 2018/19 which is broadly in line with the current policy of carrying a general balance that is approximately 2.5% of the County Council's Budget Requirement (currently a sum of circa £20m).
- 6.4 In addition to the general balance, the County Council maintains earmarked reserves for specific purposes and to a large extent the majority of these are committed either to existing revenue or capital programmes or to mitigate risks that the County Council faces through self insurance or funding changes by government.
- 6.5 In overall terms the total value of earmarked revenue reserves has increased as provision is built up in the GER, ahead of planned draws in line with the MTFS.
- 6.6 The net impact of the changes in the revenue account during 2018/19 mean that the GER will stand at £65.0m, which is in line with the financial strategy of supporting the revenue spend position as savings are developed and delivered on a two year cycle. Provision is being made for a draw in 2020/21 in order to give the County Council the time and capacity to implement the Tt2021 Programme and to cash flow the safe delivery of change.
- 6.7 In the period to 2022/23, the unallocated amount remaining in the reserve will be just over £0.4m, as shown in the table at paragraph 5.3. In preparation for any future draw required beyond this point further additions will be required to the GER as set out in the MTFS.
- 6.8 Other earmarked reserves will increase due to the timing of receipt of funds in advance of their planned use for an intended purpose, in particular in funding the Capital Programme. Schools balances, over which the County Council has no direct control, have decreased and are expected to decrease further in the medium term, while reserves held for the Enterprise M3 Local Enterprise Partnership (EM3 LEP) have increased as part of a deliberate strategy to ensure that major projects are approved based on the outcomes they will deliver rather than the speed at which funding provided by the Government can be spent.

- 6.9 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 and the level and nature of current outstanding claims.
- 6.10 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.
- 6.11 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. However, the conclusions of the most recent review were that there was a need to adopt a long term approach to increasing that fund going forward and the intention was to regularly review the Insurance Reserve and to make year end contributions that move the County Council towards the level outlined in the latest actuarial assessment.
- 6.12 To begin this, last year £6.25m was added to the Insurance Reserve resulting in a net increase of £5m after the provision for 2017/18 totalling £1.25m was set aside. This year the provision has reduced and there has been a net increase in the reserve of almost £10.3m. In light of this, and the fact that an actuarial review has been commissioned, the results of which will be available later in the year, no further additions to the Insurance Reserve will be made at this point.

7. Treasury Management and Prudential Indicators

- 7.1 The County Council's treasury management policy requires an annual report to the Cabinet on the exercise of the treasury management function, details of which are set out in Appendix 2. Under the Treasury Management Code of Practice, the end of year report has to be submitted to the County Council.
- 7.2 The Prudential Code for Capital Finance in Local Authorities requires that the County Council reports its actual performance against the Prudential Indicators that were set in its Treasury Management Strategy. Appendix 2 summarises the relevant indicators for the 2018/19 outturn which are in accordance with the figures approved by the County Council.

8. Capital Spending and Financing 2018/19

- 8.1 From the 2018/19 Capital Programme, schemes to the value of £253.2m were committed during the year, leaving £122.3m to be carried forward to 2019/20, subject to Cabinet's approval.
- 8.2 During 2018/19 capital expenditure of £194.5m was incurred, which can all be financed within available resources. This includes prudential borrowing of approaching £35.3m. There will also be a further repayment of prudential borrowing from capital receipts and other funding sources of £2.4m. Further details of the outturn position for capital are provided in Appendix 3.

9. Brexit Preparations

- 9.1 Where an urgent financial decision is required that falls outside of the defined process or limits within Financial Regulations or Financial Procedure Rules, but is felt to be in the wider interests of the County Council, the Chief Financial Officer in consultation with the Chief Executive and the Leader can make the decision subject to it being reported back to the appropriate decision making body.
- 9.2 One of the potential impacts of the United Kingdom leaving the European Union (EU) without a clear deal in place is that there could be significant delays at ports due to more stringent rules being applied for travel from the UK to mainland Europe. In Hampshire, the port of Portsmouth has significant ferry traffic that transports large freight vehicles to mainland Europe.
- 9.3 The Local Resilience Forum (LRF) has been considering the potential impact of Brexit for some time and one of the key risks that has been flagged is the potential for traffic chaos in and around Portsmouth if large numbers of freight vehicles are unable to leave the country in the same manner that they do currently. This has implications for the wider road network and public safety and means that Hampshire County Council as a highway authority (working with Portsmouth City Council) is required to put mitigating actions in place.
- 9.4 Options for the management and control of freight vehicles through 'stacking' at appropriate locations were considered by the LRF under advice from HCC and a suitable location was identified on the A31.
- 9.5 Initial capital works to prepare the site for this purpose have already been agreed by the Director of Economy, Transport and Environment under delegated powers and the works have been carried out.
- 9.6 However, at the point that the UK formally leaves the EU (which at the time of taking the decision was expected to be 11 April) the A31 site would need to 'stood up' in order to cope with any potential traffic back logs at the port in the event that a deal was not agreed which would address this potential issue. Assuming a firm date is set for the EU exit, this will be the trigger point if a 'no deal' position is reached, and the facility will need to be prepared in advance so that it is available from the first day. The Government have advised that we should plan to have the facility available at least for an initial six week period. This is being referred to as 'Operation Transmission'.
- 9.7 Discussions have been ongoing with the Department for Transport and the LRF about the need for this facility and the funding arrangements, but the final details and costs involved were not available for the Cabinet meeting that took place on 8 April. An urgent decision was therefore required to approve the spend to ensure that the facility was available on the planned EU exit date of 11 April or as required when a future date has been agreed.
- 9.8 The costs associated with running the facility are significant as it requires 24 hour support for traffic management and marshalling, vehicle rescue and recovery as well as the provision of welfare facilities on the site.
- 9.9 Initial estimates are that the one-off costs of setting up the site are around £328,000 with weekly running costs of just under £86,000, giving a total for the 6 week period of £842,000. However, given the fact that we have never run a

facility of this type 15% contingency was added giving a total request for funding of up to £968,000.

- 9.10 The Government have been approached to help fund these costs but have said that they would only contribute if the County Council can demonstrate financial hardship.
- 9.11 In view of the urgent requirement for Economy, Transport and Environment to stand up the site on the A31 to deal with traffic management issues that are predicted following the UK's exit from the EU, the decision report therefore sought approval for funding up to £968,000 and it can now be confirmed that if required, this will be met from general contingencies in the 2019/20 budget.
- 9.12 The County Council in consultation with the LRF and the DfT will need to consider future developments as part of the planned EU exit and continually assess what the potential impact could be on the ferry port and the need or otherwise to stand up the site.

10. Assurance Statement

- 10.1 The code of Practice on Local Authority Accounting in the UK requires the County Council to publish, together with its Statement of Accounts, an annual governance statement signed by the Leader and Chief Executive. As part of this process, the Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control operating in the County Council as a whole. The Chief Internal Auditor's Annual Report and Opinion is approved by the Audit Committee.
- 10.2 The Chief Internal Auditor has concluded that:

"In my opinion, Hampshire County Council's framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

11. Pension Fund

- 11.1 The separate accounts for the Hampshire Pension Fund will also be incorporated in the County Council's Statement of Accounts. The accounts for 2018/19 record that the value of the fund's assets increased from £6.6bn to £7.2bn during the year. The Chief Internal Auditor has provided a separate assurance opinion for the Pension Fund and has concluded that:

"In my opinion, based on internal audit work completed 'Substantial Assurance' can be placed on Hampshire County Council (Pension Services) framework of governance, risk management and management control and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

12. Statutory Statement of Accounts

- 12.1 The Accounts and Audit Regulations 2015 introduced changes to the statutory accounting and audit timescales which have had a significant impact on the organisation. The changes came into effect for the preparation of the 2017/18 accounts.
- 12.2 As a result, the statement of accounts must be certified by the Chief Financial Officer (CFO) and submitted for external audit by 31 May, a month earlier than previously. Additionally, the audited accounts must be published by 31 July, two months earlier than the previous timeframe.
- 12.3 Meeting these earlier deadlines has again been achieved through hard work across all departments in liaison with finance and our external auditors. There is an ongoing focus on continuous improvement, and the success this year in meeting the timescale despite reducing resources and demanding transformation programmes remains noteworthy.

CORPORATE OR 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

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>
Revenue Budget and Precept 2019/20 and Capital Programme 2019/20 – 2021/22 http://democracy.hants.gov.uk/ielssueDetails.aspx?IId=17179&Opt=3	Cabinet – 1 February 2019 County Council – 14 February 2019
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=3194#mgDocuments	Cabinet – 16 October 2017 County Council – 2 November 2017
Looking Ahead - Medium Term Financial Strategy https://democracy.hants.gov.uk/ielssueDetails.aspx?IId=10915&PlanId=0&Opt=3#A18687	Cabinet - 18 June 2018 County Council – 20 September 2018

IMPACT ASSESSMENTS:

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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

Equalities Impact Assessment:

- d) Equality objectives are not considered to be adversely impacted by the proposals in this report.

Impact on Crime and Disorder:

The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

Climate Change:

- e) How does what is being proposed impact on our carbon footprint / energy consumption?

The revenue budget and capital programme contain measures that will assist in reducing our carbon footprint.

- f) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council in designing its services will ensure that climate change issues are taken into account

Adults' Health and Care Department – Revenue Expenditure 2018/19

Major variations in cash limited expenditure – Savings of £10.9m (2.7%) against the adjusted cash limit.

Main Variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Director	(115)	(7.3)	Savings mainly relate to staff budgets due to a delay in recruiting to a vacant Chief Officer grade post.
Strategic Commissioning and Business Support	(2,532)	(13.3)	The year end reported savings mainly relates to reduced spend on non-care contracts, grants to voluntary organisations and staff budgets due to difficulty in recruiting to vacant posts. A significant proportion of these in year savings are part of a non recurrent work programme that has slipped into 2019/20.
Transformation	(283)	(5.3)	Savings mainly relate to additional income in relation to external courses provided by the workforce development team and staff budgets due to difficulty in recruiting to vacant posts.
Older People and Physical Disabilities	157	0.1	There were pressures on residential budgets due to higher client numbers and above budgeted weekly costs however, these pressures have been offset by savings in direct payments where client numbers are lower than budgeted for. It should be noted that the budget includes non-recurrent support of £5.65m from the Integrated Better Care Fund and the Winter Pressures Grant
Safeguarding, Quality and Governance	(151)	(4.1)	Savings mainly relate to staff budgets due to difficulty in recruiting to vacant posts.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Learning Disabilities and Mental Health	1,333	1.0	There are significant pressures on residential and other long-term care due to an increase in client number, above budgeted weekly costs and a delay in achieving savings. These pressures were partially offset by savings in direct payments due to client numbers being less than budgeted.
Internal Provision	1,487	2.8	The main area of pressure is within the Older Person's in-house homes due to the use of agency staff to cover vacant posts whilst permanent recruitment is undertaken. The County Council is required by the Care Quality Commission to have adequate staffing levels to retain its registration. This pressure has been offset by savings on other staffing budgets and reduced volumes of clients being referred to the REACT contract providers.
Contingencies	(10,831)	(151.2)	This mainly relates to the early achievement of Transformation to 2019 (Tt2019) savings.
Public Health	0	0.0	
Total	(10,935)	(2.7)	

Children’s Services Department – Revenue Expenditure 2018/19

Major variations in cash limited expenditure – No variance against the adjusted cash limit.

Main variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Schools Budget			
Growth Fund	(1,161)	(23.1)	The position includes savings for infant class size funding, falling rolls, temporary classrooms, new / re-organising schools and growing schools, due to fewer schools being eligible for funding than budgeted.
Independent and Non-maintained Special Schools	6,144	36.1	The pressure is due to a 21% increase in the number of pupils placed in out of county provision (from 389 pupils in March 2018, to 410 pupils in March 2019), as well as an increase in the average cost.
SEN Support Services	(3,000)	(100.0)	This relates to the 2018/19 £3m additional revenue funding for the High Needs Block announced by the Department for Education (DfE) in December 2018. This funding was retained to offset arising pressures in the high needs block.
Various Other (net)	(233)	(0.1)	Various smaller variations to budget across the Department.

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
High Needs Top-Up Funding	7,494	16.4	<p>The continuation in the growth of the number of high needs pupils in both mainstream schools, special schools and post 16 providers has exceeded budgetary expectations. This includes a significant increase in numbers of pupils with Education Health and Care Plans (EHCPs) and the numbers of high needs students in further education placements. Further pressures on the budget are also from additional placements in Other Local Authority schools and the continuation of the pressure on the service for discretionary payments from the previous financial year. Additional unfunded new burdens in relation to post 19 pupils are also causing a cost pressure.</p> <p>These pressures have been partly offset by a saving in Education Centre top-ups, following the implementation of the strategy to reintegrate more pupils back into mainstream education.</p>
Carry Forward of Dedicated Schools Grant (DSG) Deficit	(9,244)	(1.1)	<p>The total 2018/19 overs pend of more than £9.2m has been offset by a charge to the DSG reserve, as allowed by the DfE. This year, the charge will increase the deficit on the DSG Reserve to a total of more than £13.7m. which it has been agreed by Schools Forum will be funded from future years DSG funding. The local authority is required to complete the DfE's Deficit Recovery Plan (for deficits of more than 1%). This plan requires local authorities to demonstrate how they will bring the DSG into balance within a three year timeframe and must be signed off by Schools Forum and the authority's Chief Financial Officer and submitted by 30 June 2019.</p>
Sub-Total Schools Budget	0	0.0	

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Non-Schools Budget			
Children Looked After (CLA placements and associated legal costs)	1,485	1.9	<p>Unprecedented activity and cost increases across CLA placements, care leavers and Unaccompanied Asylum Seekers (UASC) have seen an annual increase in expenditure of 14% on the previous year. This has been closely monitored throughout the year, and as a result additional corporate funding of £14.5m has been allocated to offset what would otherwise have been a significant pressure.</p> <p>The underlying pressure has mainly arisen on Non-County Placements (NCPs) and Independent Fostering Placements (IFPs), which required almost 75% of the additional corporate funding due to an 18% increase in spend, as a result of increased activity and above inflation average unit cost rises.</p>
Swanwick Lodge	817	88.2	<p>Lower income at Swanwick Lodge Secure Unit mainly resulting from 50% planned bed closures during major improvement works. In addition, the net cost of using specialist agency exceeded savings from staff shortage.</p>
Safeguarding & Young People's Services	4,421	18.2	<p>The pressure mainly results from the use of social work agency staff to cover for the short supply of qualified social workers and improve the experience mix in teams with trainees under the new graduate entry programme.</p> <p>Corporate support has been agreed to increase the numbers of social workers, leading to a reduced caseload for teams and thereby increasing retention of social workers and reducing the need for agency staff. This investment commenced in 2017/18.</p>

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Adoption Service	343	9.1	Mainly due to historical adoption allowances and the use of agency staff. Interagency fees, where Hampshire is paying for more placements and reduced income from other local authorities is also causing a pressure. However, this pressure has been partially offset by government grant.
Special Guardianship (SGO) support	232	5.5	The pressure is mainly historic. Transfers from In House Fostering exceeded targets, resulting in an expected 16% increase in the number of SGOs, from 442 in March 2018 to 513 in March 2019. Budget has been realigned as part of the transfer strategy.
Early Achievement of T2019 Savings	(4,626)	(100.0)	Planned early achievement of savings in relation to the Transformation to 2019 (Tt2019) Programme, used to offset the Department's other pressures.
Various Other (net)	(917)	(1.2)	Various smaller variations to budget across the Department.
Contribution from Cost of Change	(1,755)	(100.0)	
Sub-Total Non-Schools Budget	0	0.0	
Total	0	0.0	

Economy, Transport & Environment Department – Revenue Expenditure 2018/19

Major variations in cash limited expenditure – Savings of £7.9m (7.0%) against the adjusted cash limit.

Main Variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Highways, Traffic & Transport	(2,495)	(4.4)	<p>In Highways the mild winter weather resulted in savings against the winter maintenance budget of £2.0m, which Cabinet agreed in February 2019 would be reinvested in highways maintenance in 2019/20, providing additional one-off resources to supplement existing planned maintenance programmes. The budget for other revenue maintenance work continues to be under pressure and despite additional one-off resources available in 2018/19 the outturn reflects a pressure of £1.0m.</p> <p>Other pressures across the service including a one-off investment to improve the efficient operation of the winter service were more than offset by higher than forecast staff recharges to capital schemes reflecting the significant scale of the current capital programme for the Department (net saving £0.7m).</p> <p>In Passenger Transport a combination of fewer Concessionary Fares journeys, savings from successful re-procurement of existing Community Transport services and other savings in Local Bus resulted in a net saving of £0.8m against these budgets.</p>
Economic Development and Research & Intelligence	(123)	(9.1)	<p>The outturn reflects in-year savings as a result of staff vacancies and delays in planned expenditure, which will now take place in 2019/20.</p>

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Waste, Planning & Environment	(710)	(1.5)	The outturn includes £434,000 savings against the Waste budget, achieved by diverting waste materials for resale or up-cycling at the Household Waste Recycling Centres and renegotiating the wood disposal price, as well as savings from some managed staff vacancies. The balance predominantly relates to additional income generation from the Specialist Environmental Services teams.
Early Delivery of Tt2019 savings and General Departmental	(4,586)	(61.7)	The identification of opportunities for the early delivery of Tt2019 activity has resulted in savings of £6.7m being achieved in 2018/19. Any early delivery of savings enables the Department to fund costs associated with transformation and the delivery of remaining savings targets, and the in-year saving was used to fund expenditure of £2.4m on projects delivered during 2018/19. In addition, further targeted staff and non-pay savings of £262,000 were achieved.
Total	(7,914)	(7.0)	

Policy and Resources Department – Revenue Expenditure 2018/19

Major variations in cash limited expenditure – Savings of £8.3m (6.7%) against the adjusted cash limit.

Main Variations

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Culture, Community and Business Services	(1,312)	(3.7)	<p>Savings in Community and Regulatory Services (including Library Service, Registration and Trading Standards) totalling almost £0.7m resulting from vacancy management and income, together with net savings of £0.3 across Culture and Heritage, Property and Facilities and Transformation and Business services, resulted in 'business as usual' savings of more than £0.9m across the Department.</p> <p>The Department also secured £3.7m of early Tt2019 savings which, together with the 'business as usual' savings enabled one-off investment of more than £3.7m during the year, leaving a net saving of circa £0.9m</p> <p>In addition, a saving of £0.4m against the final year of the old PrintSmart contract was realised, which will be transferred to a separate reserve.</p>

Service Area	Variance (Under) / Over Budget		Reason for Variation
	£'000	%	
Corporate Services	(5,335)	(8.0)	Corporate Services continues to implement a strategy of strong budgetary control, managing expenditure and gaining economies of scale through expanded joint working and generating income, for example for legal, internal audit and other services. This has ensured early achievement of Tt2019 savings to contribute to the cost of change reserve to be used for future investment in further transformation work.
Non Departmental Policy & Resources	(1,610)	(7.9)	The saving largely reflects lower costs or additional income in a number of budget areas. This includes lower members support costs and lower expenditure for Rural Affairs and grants to voluntary organisations as agreed projects will be progressed in subsequent years and the saving will be carried forward to match the expenditure as it is incurred.
Total	(8,257)	(6.7)	

Treasury Management Outturn Report 2018/19

1. Summary

- 1.1. The County Council adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2017. These recommendations include approving an annual report on treasury management activity after the end of each financial year.
- 1.2. This report fulfils the County Council's legal obligation to have regard to the CIPFA Code.
- 1.3. The County Council's Treasury Management Strategy (TMS) for 2018/19 was approved at a meeting of full Council in February 2018. 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 risk are therefore central to the County Council's TMS.
- 1.4. Treasury management in the context of this report is defined as:
"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5. This annual report sets out the performance of the treasury management function during 2018/19, to include the effects of the decisions taken and the transactions executed in the past year.
- 1.6. Overall responsibility for treasury management remains with the County Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the County Council's treasury management objectives.
- 1.7. All treasury activity has complied with the County Council's TMS and Investment Strategy for 2018/19, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the County Council's treasury advisers, Arlingclose. The County Council has also complied with all of the prudential indicators set in its TMS.
- 1.8. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The County Council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by full Council on 14 February 2019.

2. External Context

- 2.1. The following sections outline the key economic themes currently in the UK against which investment and borrowing decisions were made in 2018/19.

Economic commentary

- 2.2. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year on year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The three month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
- 2.3. After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual Gross Domestic Product (GDP) growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.
- 2.4. While the domestic focus has been on Brexit's potential impact on the UK economy, which has weighed on sterling and UK markets, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial Markets

- 2.5. Markets for riskier asset classes fell in December 2018, most notably for equities. The FTSE 100 (a good indicator of global corporate sentiment) returned - 8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
- 2.6. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.8% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Credit background

- 2.7. Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points (bps) in December 2018, the spread on non-ringfenced bank NatWest Markets PLC fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank PLC, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into

ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.

- 2.8. The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank PLC) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
- 2.9. In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.
- 2.10. There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

3. Local Context

- 3.1. At 31 March 2019 the County Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £781.9m, while usable reserves and working capital (which are the underlying resources available for investment) amounted to 589.5m. These factors are summarised in Table 1 below:

Table 1: Balance Sheet Summary

	Balance 31/03/2018 £m	Movement £m	Balance 31/03/2019 £m
CFR	(764.0)	(16.9)	(780.9)
Less: Other debt liabilities*	164.2	(7.2)	157.0
Borrowing CFR	(599.8)	(24.1)	(623.9)
Less: Resources for investment	570.7	18.8	589.5
Net borrowing	(29.1)	(5.3)	(34.4)

* PFI liabilities that form part of the County Council's debt.

- 3.2. The CFR increased by £24.1m during 2018/19 as a result of the County Council's Capital Programme, however this increase was largely offset by an increase in cash balances of £18.8m, resulting in an increase in net borrowing of £5.3m.
- 3.3. The County Council's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 March 2019 and change during the year is shown in Table 2 overleaf:

Table 2: Treasury Management Summary

	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/18 Rate %
Long-term borrowing	(280.0)	8.7	(271.3)	4.6
Short-term borrowing	(7.9)	(1.3)	(9.1)	4.2
Total Borrowing	(287.8)	7.4	(280.4)	4.6
Long-term investments	289.3	53.0	342.3	3.3
Short-term investments	240.5	(56.5)	184.0	1.2
Cash and cash equivalents	32.4	23.9	56.3	0.8
Total Investments	562.2	20.4	582.6	2.4
Net Investments	274.4	27.8	302.2	

Note: The figures in the table above are from the balance sheet in the County Council's Statement of Accounts, adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 3.4. The County Council's internal borrowing policy is the reason for the large variance between the positions shown in Tables 1 and 2. The movement that has taken place during 2018/19 in net borrowing shown in Table 1 has translated into a rise in investment balances as shown in Table 2.

4. Borrowing Activity

- 4.1. At 31 March 2019 the County Council held £280.4m of loans, a decrease of £7.4m on the previous year, as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change is shown in Table 3 below; which excludes borrowing taken out on behalf of others:

Table 3: Borrowing Position

	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/19 Rate %	31/03/19 WAM* Years
Public Works Loan Board	243.4	(7.8)	235.6	4.70	11.9
Banks (LOBO)	20.0		20.0	4.76	14.3
Banks (fixed term)	24.4	0.4	24.8	3.46	16.4
Total Borrowing	287.8	(7.4)	280.4	4.60	12.5

* Weighted Average Maturity

Note: the figures in the table above are from the balance sheet in the County Council's Statement of Accounts but adjusted to exclude borrowing taken out on behalf of others, and accrued interest.

- 4.2. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the County Council's long-term plans change being a secondary objective.
- 4.3. Short-term interest rates have remained much lower than long-term rates and the County Council has therefore considered it to be more cost effective in the near term to use internal resources than to use additional borrowing.
- 4.4. With the assistance of Arlingclose, the benefits of this internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years, when long-term borrowing costs may be higher.
- 4.5. As a result, new borrowing was kept to a minimum during 2018/19 (£0.4m) and was taken out to fund energy efficiency initiatives. These Salix loans will incur no interest whilst also enabling the County Council to make cost savings in future against energy revenue budgets. £7.8m of existing Public Works Loan Board (PWLB) loans were allowed to mature without replacement. This strategy enabled the County Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 4.6. The County Council continues to hold £20m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as 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. None of the LOBO loan options were exercised by the lender in the year.

5. Treasury Investment Activity

- 5.1. The County Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. During 2018/19 the Council's investment balances have ranged between £562m and £672m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4 overleaf:

Table 4: Investment Position (Treasury Investments)

Investments	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/19 Rate %	31/03/19 WAM* Years
Short term Investments					
- Banks and Building Societies:					
- Unsecured	11.7	18.7	30.4	0.93	0.28
- Secured	55.0	(40.0)	15.0	1.34	0.31
- Money Market Funds	25.7	29.6	55.3	0.79	0.00
- Local Authorities	160.5	(36.0)	124.5	1.12	0.41
- Registered Provider	20.0	(15.0)	5.0	3.40	0.08
- Cash Plus Funds		10.0	10.0	1.50	N/A
	272.9	(32.7)	240.2	1.10	0.27
Long term Investments					
- Banks and Building Societies:					
- Secured	78.3	(5.0)	73.3	1.31	2.16
- Local Authorities	61.0	17.0	78.0	1.36	2.23
	139.3	12.0	151.3	1.33	2.20
Long term Investments – high yielding strategy					
- Local Authorities					
- Fixed deposits	20.0		20.0	3.96	14.97
- Fixed bonds	10.0		10.0	4.20	14.77
- Pooled Funds					
- Pooled property**	55.0	12.0	67.0	4.35	N/A
- Pooled equity**	40.0	12.0	52.0	5.78	N/A
- Pooled multi-asset**	20.0	22.0	42.0	5.38	N/A
- Registered Provider	5.0	(5.0)	0.0		
	150.0	41.0	191.0	4.92	14.91
Total Investments	562.2	20.3	582.5	2.41	2.00

* Weighted Average Maturity

** The rates provided for pooled fund investments are reflective of the average of the most recent dividend return as at 31 March 2019.

Note: the figures in the table above are from the balance sheet in the County Council's Statement of Accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

5.2. Both the CIPFA Code and the government guidance require 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.

- 5.3. Security of capital has remained the County Council's main investment objective. This has been maintained by following the County Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19.
- 5.4. Counterparty credit quality has been assessed and monitored with reference to credit ratings, for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
- 5.5. The County Council also makes use of secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 5.6. To reduce risk, approximately 79% of the County Council's surplus cash is invested so that it is not subject to bail-in risk, as it is invested in local authorities, registered providers, secured bank bonds, and pooled property, equity and multi-asset funds. The remaining balance is largely held in overnight money market funds and cash plus funds, which are subject to reduced bail in risk. By comparison, only 55% of the cash held by other similar Local Authorities is not subject to bail-in risk.
- 5.7. The County Council maintained a sufficient level of liquidity through the use of call accounts and money market funds. With the uncertainty around Brexit, the Council has also ensured there were enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity over the year end and that its account with the Debt Management Account Deposit Facility (DMADF) remained available for use in an emergency.
- 5.8. The UK Bank Rate increased marginally by 0.25% in August 2018 to 0.75% and with short-term money market rates also remaining relatively low, there has been an ongoing impact on the Council's ability to generate income on cash investments. The rate of return achieved on the County Council's internally managed funds was 1.35% in the year to 31 March 2019, broadly the same as for the previous year
- 5.9. The progression of credit risk and return metrics for the County Council's investments managed in-house (excluding external pooled funds) are shown in the extracts from Arlingclose's investment benchmarking in Table 5 overleaf:

Table 5: Investment Benchmarking (excluding pooled funds)

	Credit Rating	Bail-in Exposure	WAM** (days)	Rate of Return
31/03/2018	AA	8%	735	1.36%
31/03/2019	AA	21%	758	1.35%
Similar Local Authorities	AA-	55%	692	1.02%
All Local Authorities	AA-	55%	29	0.85%

* The lower the score the better the credit rating (AAA = 1, AA+ = 2 etc.)

** Weighted average maturity

- 5.10. As part of the 2017/18 Investment Strategy the total amount targeted towards high yielding investments was increased to £200m and further increased to £235m as part of the Treasury Management Strategy Statement agreed in February 2019. Of the £235m available £191m has been invested as at 31 March 2019 (an increase of £41m since the same date last year).
- 5.11. The £171m portfolio of externally managed funds generated an average total return of 5.92% in the year to 31 March 2019, comprising 4.78% income return used to support services in year, and 1.14% of capital growth
- 5.12. The high yielding strategy overall generated an average total return of 4.92% (£8.0m), giving an average return for the investment portfolio in aggregate of 2.09% at 31 March 2019. By comparison, the average rate of return for all other investments was 1.03% (£4.9m).
- 5.13. £161m of the externally managed portfolio is invested in strategic multi-asset, equity and property funds which are more volatile in the short-term, but which generate regular revenue income alongside providing diversification and the potential for enhanced returns over the longer term.
- 5.14. Although money can usually be redeemed from these pooled funds at short notice, the County Council's intention is to hold them for at least the medium-term. Investments are made in the knowledge that capital values will move both up and down in the short term, but with the confidence that over a three to five year period total returns should exceed cash interest rates. The performance and ongoing suitability of these pooled funds in meeting the County Council's investment objectives is monitored regularly and discussed with Arlingclose.

Financial Implications

- 5.15. The outturn for debt interest paid in 2018/19 was £13.6m against a budgeted £13.8m on an average debt portfolio of £284.2m.
- 5.16. The outturn for investment income received in 2018/19 was £12.9m on an average investment portfolio of £618m, giving a yield of 2.09%. By comparison, investment income received in 2017/18 was £11.2m on an average portfolio of £602m with a yield of 1.86%.

6. Non-Treasury Investments

- 6.1. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Ministry for Housing, Communities and Local Government's (MCHLG) Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 6.2. This could include loans made to Hampshire based businesses or the direct purchase of land or property and such loans and investments will be subject to the County Council's normal approval process for revenue and capital expenditure and need not comply with the TMS. The County Council's existing non-treasury investments are listed in Table 6 below:

Table 6: Non-Treasury Investments

	31/03/19 Asset Value £m	31/03/19 Rate %
Loans to Hampshire based business	4.5	4.00
Total	4.5	4.00

- 6.3. These investments generated £135,000 of investment income for the County Council.

7. Compliance Report

- 7.1. The County Council confirms compliance of all treasury management activities undertaken during 2018/19 with the CIPFA Code of Practice and the County Council's approved TMS. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 7 below:

Table 7: Debt Limits

	2018/19 Maximum £m	31/03/19 Actual £m	2018/19 Operational Boundary £m	2018/19 Authorised Limit £m	Complied
Borrowing	288	281	650	700	✓
Other long term liabilities	164	157	170	210	✓
Total Debt	452	438	820	910	✓

8. Treasury Management Indicators

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

Interest Rate Exposures

- 8.2. The following indicator shows the sensitivity of the County Council's current investments and borrowing to a change in interest rates:

Table 8 – Interest Rate Exposures

	31/03/19 Actual £m	Impact of + / - 1% Interest Rate Change
Upper limit on variable interest rate investment exposure	311	+ / -£3.1m
Upper limit on variable interest rate borrowing exposure	23	+ / -£0.2m

- 8.3. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing

- 8.4. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement:

Table 9 – Maturity Structure of Borrowing

	31/03/19 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	3.3%	50%	0%	✓
12 months and within 24 months	4.8%	50%	0%	✓
24 months and within 5 years	8.8%	50%	0%	✓
5 years and within 10 years	18.9%	75%	0%	✓
10 years and within 20 years	53.5%	75%	0%	✓
20 years and within 30 years	10.7%	75%	0%	✓
30 years and above	0%	100%	0%	✓

- 8.5. The County Council holds £20m of LOBO loans where the lender has the option to propose an increase in the interest rate as 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. If not repaid before maturity, these loans have an average maturity date of 14 years (minimum 8 years; maximum 26 years)

Principal Sums Invested for Periods Longer than 364 days

- 8.6. 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 limits on the total principal sum invested to final maturities beyond the period end were:

Table 10 – Principal Sums Invested for Periods Longer than 364 days

	2018/19 £m	2019/20 £m	2020/21 £m
Actual principal invested beyond year end	342	264	236
Limit on principal invested beyond year end	375	410	350
Complied	✓	✓	✓

Capital Spending and Financing 2018/19

1 Introduction

1.1 This Appendix reports that:

- Capital schemes costing £253.2m were started during 2018/19 from the approved capital programme for the year of £375.5m.
- This left £122.3m for named projects not started by 31 March 2019 which will be carried forward to 2019/20, subject to Cabinet's approval.
- Capital payments of £194.5m were incurred in 2018/19 and this can be financed within available resources.
- It is proposed that, under the Prudential Code for Capital Finance, new prudential borrowing of £35.3m is used in 2018/19 to fund previously approved schemes.
- Repayments of prudential borrowing from capital receipts and other sources total £2.4m in 2018/19.
- £16.1m of resources will be drawn down from the capital reserve in 2018/19 for use in funding payments incurred in 2018/19.
- Capital receipts of £10.6m were achieved from the sale of assets in 2018/19.

2 Capital Programme for 2018/19

2.1 Table 1 below shows that 67.4% of the Capital Programme for 2018/19 was started in the year.

Table 1 - Capital Schemes Committed in 2018/19

	£'000	%
Approved value of the Capital Programme for 2018/19	375,471	100.0
Schemes committed in 2018/19	253,220	67.4
Balance of Cash Limit at 31 March 2019	122,251	32.6
Schemes for which approval to carry forward to 2019/20 is now requested	78,671	21.0
Schemes previously approved for carry forward	43,580	11.6
Total Cash Limit to be Carried Forward to 2019/20	122,251	32.6

2.2 An analysis by service of the figures in Table 1 is included in Annex 1.

3. Carry Forward of Schemes not Committed by 31 March 2019

- 3.1 The approval of Cabinet is required for proposals to carry forward schemes not started at 31 March 2019. The total value of such schemes is £78.7m. This excludes £43.6m of Children's Services schemes for which approval to carry forward to 2019/20 has previously been given during 2018/19. These amounts are largely committed against named projects.
- 3.2 As Table 2 below shows, the value of the 2018/19 programme committed in the year, at £253.2m, is higher than the level achieved in 2017/18 of £221.5m. Good progress is being made given the significant size of the overall Capital Programme.

Table 2 – Percentage of Capital Programme Committed

	2017/18	2018/19
	£m	£m
Value of Projects		
- Committed	221.5	253.2
- Carried forward	134.4	122.3
Total Programme	355.9	375.5
Percentage Committed	62.2%	67.4%

- 3.3 Individually, most of the schemes and provisions to be carried forward are relatively small amounts. The larger schemes include:
- Adults with Disability – Accommodation Strategy (£7.4m) – A capital grants programme has been approved and is progressing.
 - Extra care housing transformation (£3.1m) – The remaining projects within this programme are being considered.
 - Children's Services contingency provision carried forward to cover future projects and pressures on the capital programme (£7.2m).
 - Structural maintenance of roads and bridges – Future projects planned which are linked to the outcome of funding bids (£11.6m).
 - Infrastructure and utility works (£16.9m) – Project designs are progressing.
 - Investment in Hampshire projects – Projects are planned (£2.7m).

4. Capital Expenditure and Financing 2018/19

- 4.1 Total expenditure actually incurred in 2018/19, arising from the Capital Programme for 2018/19 and earlier years, was £194.5m. This is £18.2m or 8.6% lower than the revised estimate for 2018/19. The timing of capital expenditure flows between financial years is often difficult to predict. The

delays in committing a fair proportion of the Capital Programme for 2018/19, as shown in Table 2, will have reduced the level of payments in the year.

- 4.2 An analysis of the expenditure of £194.5m by service and type is included in Annex 2.
- 4.3 The proposed method of financing this expenditure is summarised in Table 3:

Table 3 – Capital Financing 2018/19

	Adjusted Revised Estimate £'000	Actuals £'000	Variation £'000
Prudential borrowing			
- for capital schemes	49,255	35,255	(14,000)
- repayments of specific schemes	(3,165)	(2,394)	771
Government capital grants	86,579	88,907	2,328
Contributions from developers and outside agencies	20,682	32,361	11,679
Capital receipts	3,129	10,552	7,423
Revenue reserves	0	4,137	4,137
Revenue contributions	11,537	9,700	(1,837)
Total Capital Resources	168,017	178,518	10,501
Transfers from / (to) capital reserve			
- planned use of capital reserve to fund payments	44,764	16,030	(28,734)
Total funding for payments in 2018/19	212,781	194,548	(18,233)

- 4.4 In addition to this spend, during 2018/19, the Enterprise M3 Local Enterprise Partnership (EM3 LEP) invested £33.1m in Capital projects within the M3 corridor. This spend is included in the annual accounts, as the Council is the Accountable Body for the LEP.

5. Borrowing

- 5.1 Since 1 April 2004, local authorities have been permitted to borrow for capital purposes without specific approval from the Government, provided their actions meet the requirements of the Prudential Code for Capital Finance introduced by the Local Government Act 2003. This is known as 'prudential borrowing'. It does not attract any support from the Government towards the

repayment and interest costs, which fall wholly on the County Council's own resources.

- 5.2 Cabinet agreed criteria for the use of prudential borrowing in November 2003, with revisions in February 2006. Since then, its use has been agreed for a number of capital schemes, primarily on an invest-to-save basis. It is proposed that a total of £35.3m is borrowed in 2018/19 for these schemes, in accordance with the approved criteria.
- 5.3 Prudential borrowing of £2.4m has been repaid in 2018/19 from the use of capital receipts, developer and other contributions.
- 5.4 The Prudential Code includes a number of indicators intended to illustrate whether local authorities are acting prudently. The County Council's latest position on these prudential indicators following the 2018/19 outturn is summarised in Appendix 2. It shows that the County Council continues to be in full compliance with the requirements of the Code.

6. Capital receipts

- 6.1 Capital receipts from the sale of land and property in 2018/19 were £10.6m in total. This has been used to fund capital expenditure in the year.
- 6.2 Services' proposed shares of capital receipts in 2018/19 are summarised in Annex 3. The County Council's policy allows services to retain 25% of capital receipts from the sale of their assets, with up to 100% for approved rationalisation schemes.
- 6.3 In line with this policy, services are entitled to £6.4m of the £10.6m received in 2018/19. Cabinet has previously approved the addition of the majority of this amount to services' capital programmes, leaving a total of £0.7m for which approval is now required for allocation to services, as set out in Annex 3.

Analysis of Capital Programme 2018/19 and Requests by Services to Carry Forward Capital Schemes to 2019/20

	(1)	(2)	(3)	(4)	
	Approved Value of Programme	Schemes Committed in 2018/19	Schemes for Which Approval to Carry Forward is Requested	Schemes Already Approved for Carry Forward	Total Cash Limit Carried Forward to 2019/20 (Columns 3+4)
	£'000	£'000	£'000	£'000	£'000
Adults' Services	43,241	31,603	11,638		11,638
Children's Services	92,289	33,441	15,268	43,580	58,848
Economy, Transport and Environment	200,924	179,329	21,595		21,595
Policy and Resources	39,017	8,847	30,170		30,170
Total	375,471	253,220	78,671	43,580	122,251
	100.0%	67.4%	21.0%	11.6%	32.6%

The amounts to be carried forward are largely committed against named projects

Summary of Capital Expenditure in 2018/19**Analysis by Service**

	£'000	%
Adults' Services	23,967	12.3
Children's Services	54,545	28.0
Economy, Transport and Environment	88,255	45.4
Policy and Resources	27,781	14.3
	194,548	100.0

Analysis by Type of Expenditure

	£'000	%
Land	7,335	3.8
Construction work	139,134	71.5
Fees and salaries	25,777	13.2
Furniture, equipment and vehicles	7,035	3.6
Grants	15,267	7.9
	194,548	100.0

Analysis of Capital Receipts 2018/19

	Capital Receipts	Costs of Sales	Shares from in/out and Other Schemes		25% Share of Qualifying Receipts Now Due to Services
	£'000	£'000	Previously Added to Programme £'000	Now Available to be Added to Programme £'000	£'000
Adults' Services	220	0	220	0	0
Children's Services	5,920	5	4,530		0
Economy, Transport and Environment	226	0	0	0	57
Policy and Resources	4,186	7	927	681	0
	10,552	12	5,677	681	57
Total Now to be Added to Services' Programmes				738	

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	17 June 2019
Title:	Transformation to 2019: Report No. 7
Report From:	Chief Executive

Contact name: John Coughlan

Tel: 01962 846400

Email: john.coughlan@hants.gov.uk

1. Recommendations

1.1 It is recommended that Cabinet:

- a) Notes the latest Tt2019 programme risk assessment, including the early securing of £101m of savings - section 5.
- b) Notes that a HASC Member Working Group has been formed to oversee further work in relation to the Orchard Close Learning Disabilities Respite Care Centre pending an Executive Member for Adult Social Care and Health decision on the future of the service before the end of this calendar year - section 5.
- c) Note the Connect2Hampshire new agency staff joint venture arrangement that the Council entered into in April - section 5.
- d) Notes the continued progress and strong contributions being made by the three enabling projects to the programme; Digital, Productivity and Procurement – section 6.
- e) Notes that programme progress will continue to be monitored closely with quarterly updates to be provided to Cabinet during 2019/20 – section 5 and 8.
- f) Notes the update on the planning work and forward timescales for the successor £80m Tt2021 programme, including the recent launch of the stage one public consultation exercise – section 7.
- g) Agrees to continue to work closely with sub-regional strategic forums and Hampshire MPs to make the case for changes to funding formulas and/or new charging powers aimed specifically at improving grant funding levels or raising income that will be used to protect important services into the future e.g. the Schools high needs block, Home to School Transport, the ability to charge for Household Waste Recycling Centres.

2. Executive Summary

- 2.1 This is the seventh dedicated Transformation to 2019 (Tt2019) report to Cabinet setting out the latest programme position. In November 2017 Full Council approved a set of savings proposals put forward to enable a predicted budget gap of £140m by April 2019 to be closed against a then overall cash limited budget provision (excluding schools) approaching £767m.
- 2.2 Full Council approval of the savings proposals and the budget envelope for 2019 followed a summer 2017 public consultation exercise that provided an opportunity for residents and stakeholders to express their views on how best the County Council should go about the challenge of balancing a forecast £140m future budget gap. Further to the public consultation process and informed by it, Departments took their specific savings proposals to Select Committee meetings and Executive Member Decision Days in September 2017. In the October, Cabinet approved a Medium-Term Financial Strategy and Transformation to 2019 Savings Proposals report, which included the outcome of the public consultation exercise.
- 2.3 The October 2017 Cabinet report referenced clearly the challenges associated with the Tt2019 programme and made clear that delivery would extend beyond two years but that this would be supported financially by cost of change reserves held by Departments with the exception of Children's Services who would require central support. The report confirmed that due to the scale of the overall challenge and the increased risk to the timely delivery of the savings, CMT would be carrying out a peer review over the early autumn of 2017 of the higher risk elements of the programme and would advise accordingly on any changes to the financial support requirements for Tt2019.
- 2.4 The peer review exercise was duly completed and as reported in December 2017, it was estimated that further one-off cash flow support would also be required to enable the safe delivery of the Adults element of the programme. This brought the overall Tt2019 cash flow requirement to £40m to support the savings programmes in Adults and Children's which has been able to be accommodated from the Council's strong reserves position that has resulted from year on year strong and effective financial management. The Adults and Children's programmes, subject to the careful management of some key risks, are still forecast to take four years to deliver. The continued strong financial performance in Adults, including delivery in full of its legacy Tt2017 savings ahead of schedule, provide increasing confidence that the £40m set aside to cash flow support the planned later delivery of the Adults and Children's programmes will be sufficient and will not be exceeded.
- 2.5 That said, the demand and delivery challenges in the two social care Departments, especially in Children's mean that it would be unwise to forecast a lower overall call on the estimated cash-flow requirement for the programme at this point in time. Members will be aware of the current focus, nationally and locally, on Children's social care pressures in a similar way to that experienced within Adults previously. Those pressures are described in more detail in Section 5 of this report but particularly include the continuing

rise in the number of children in care and the additional rise in placement costs as the market responds accordingly. This is a national issue. To put this in context, the base budget for Children Looked After (CLA) in 2018/19 was £85m but after taking account of all the forecast increases in numbers and prices, it will be around £112m by 2021/22.

- 2.6 Accordingly, upper tier authorities are having to re-calibrate their budgets, with the resultant negative impact upon other services of the County Council to meet the increasing demand. This is in advance of any potential recurrent national funding coming forward to ease some of the pressure (as it eventually did with Adult social care). Delivery in the other Departments is largely being contained to two years or, where it will stretch beyond, most notably in ETE, the individual Departments will manage the later savings achievement through their own cost of change reserves.
- 2.7 In December 2017, Cabinet were updated on work to explore all viable options to refine the October proposals with particular regard to service continuity in areas such as school crossing patrols, community transport, bus subsidies and household waste and recycling centres. These savings options accounted for some £5.3m of the overall programme proposals. The culmination of this work and the development of £2.1m of alternative savings proposals combined with Government allowing local authorities to increase Council Tax by a further 1% (valued at £5.7m of which £3.2m is being used to allow the universal service savings to be withdrawn in full) were reported to Cabinet in early February and paved the way for Full Council to approve changes to the Tt2019 programme at their meeting later in the same month.
- 2.8 The programme focus for the past 18 months has been orientated to implementation and delivery. Where appropriate, this has included service specific public consultations where proposals and options for service change have been debated with service users and key stakeholders. All six stage-two public consultations have now been completed with the last of these in respect of Learning Disabilities Respite Services concluding just prior to Christmas on 21st December. Further to consideration by HASC in early February, the Executive Member for Adult Social Care and Health deferred the decision to close the Orchard Close service at her 27 February Decision Day (see paragraph 5.6). Further work is now being progressed (overseen by a HASC Member Working Group) and will be completed by the end of the calendar year. Programme savings progress remains positive with some £101m of the £140m target secured by the end of April 2019. This includes the full achievement of the £23m of investment and borrowing savings (and a small element of additional Council Tax income) alongside £78m of delivery across the different Department programmes.
- 2.9 Resources for the programme remain in place and are focused on a number of the more significant programmes of work. This includes deployment of the in-house Transformation team to support Adults and Children's projects as well as specialist I.T input to drive forward the business critical Digital 2 work, which, as previously reported, is a key enabler for Tt2019. Strong progress is also being made with other important enabling projects including 'Enabling Productivity' and 'Strategic Procurement'. These important contributors to Tt2019 are covered later in this paper.

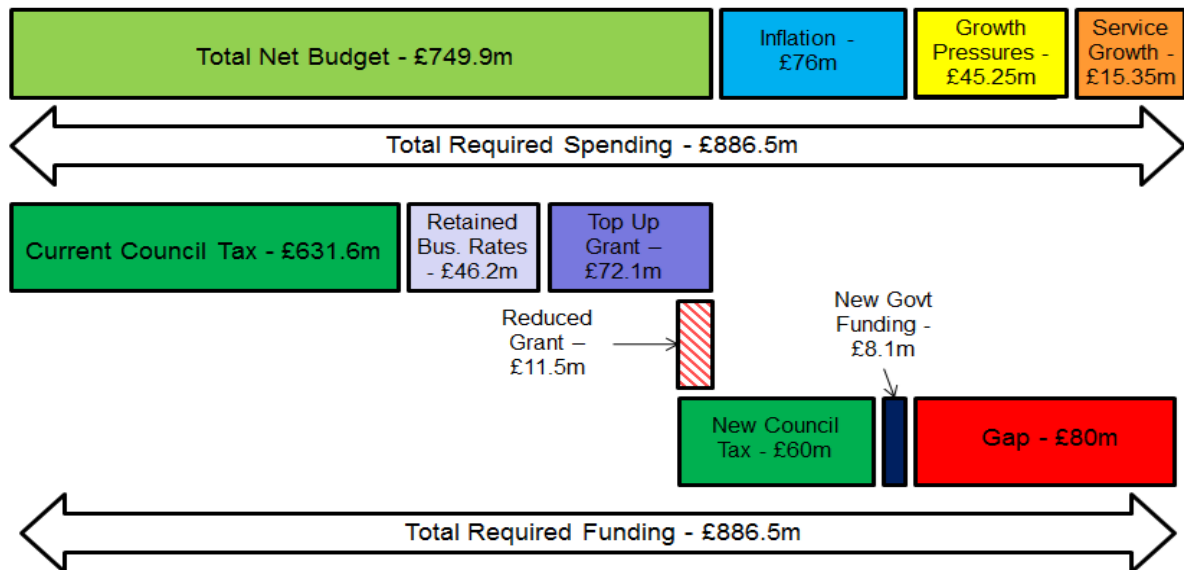
2.10 In line with previous major cost reduction exercises, Tt2019 progress is being closely monitored and is subject to monthly review by CMT. This ensures that issues, concerns and risks are dynamically responded to and dealt with and also means that benefits realisation and the timely delivery of savings is consistently in focus, which for this programme, given its later cash flow support demands, is ever more important. Further, it is certain that there will be continued and additional demographic driven service demand pressures, particularly in the social care Departments into the next decade. This puts an added premium on Tt2019 being delivered in full, and in the timeliest manner to put the Council in the best position possible at the commencement of the successor Tt2021 programme that Full Council approved as part of the MTFs last September. Planning for Tt2021 is now at an advanced stage. A high level, stage one public consultation was launched earlier this month and is set to run for six weeks. An update on the Tt2021 process and the key next steps for the next period is included in section 7 of this report.

3. Financial Context

- 3.1 Cabinet has previously noted that each successive programme of 'transformation' in itself is harder than the previous one as the scope for early and easier removal of spending lessens each time. To this end, Tt2019 is testing the Council like no other programme has up to this point.
- 3.2 Throughout the period since 2010 the Council's financial performance has been very strong. This is evidenced in each and every annual performance report and independently by the external auditor through the annual best value judgement on the Council's financial resilience. Council tax in Hampshire is amongst the lowest in the Country whilst performance across a number of key service areas is strong as evidenced in the performance report that was presented to Cabinet at the end of last calendar year.
- 3.3 In February this year, Full Council approved the budget for 2019/20 and as part of this were updated on the continuing strong financial position the County Council is in despite operating in a near decade of austerity and relentless service demand challenges. The budget for 2019/20 includes the full removal of the £140m Tt2019 savings meaning that some £480m has now been removed from budgets since 2010 across the consecutive cost reduction programmes. Whilst technically all savings have been removed from the budget for 2019/20, where further Executive Member decisions are still required, including post possible further service specific consultations, funding has been set aside within Departmental cost of change reserves or corporate contingencies to continue to fund the service pending the results of any further consultations and final Executive Member decision(s).
- 3.4 The achievement of early savings, the careful use of one-off monies and the additional recurring provisions to support social care demand and complexity have allowed for targeted re-investment back into services over the same period e.g. more social workers, operation resilience, Digital platforms etc. This has helped Departments to manage their resources, provide further for one off investment to support the on-going transformation (cost reduction)

challenge and at the same time maintain and even improve service outcomes and performance. The chart in paragraph 3.6 highlights that growth pressures and service growth account for over £60m of the additions to the budget over the two-year period. Up to and including 2021/22 there has been total growth of £250m in the social care services alone.

- 3.5 The allocation of recurring provisions for growth alongside resources provided to Departments for the cost of pay and price inflation has been a key feature of the County Council’s financial planning for many years. On top of this the County Council has also received less grant funding from the Government, to the point that Revenue Support Grant is reduced to nothing by 2019/20. The MTFs approved by Full Council at their September 2018 meeting, highlighted a further two year budget gap by 2021 of some £80m. Whilst grant reductions represent only a small proportion of this overall gap in resources, the County Council must still find ways of meeting cost pressures in the form of inflation (on gross spend of c£1bn – averaging 3.6% p.a.), growth and new initiatives, which hitherto were also supported by increases in government grant.
- 3.6 Whilst some money is therefore added into Departmental budgets before the gap is met, this still requires a total reduction in net spend of £80m that must be delivered either by reducing activity, reducing the cost of the activity that is provided or generating additional income. This can be represented diagrammatically as follows for the two-year period 2020/21 to 2021/22:



Notes:

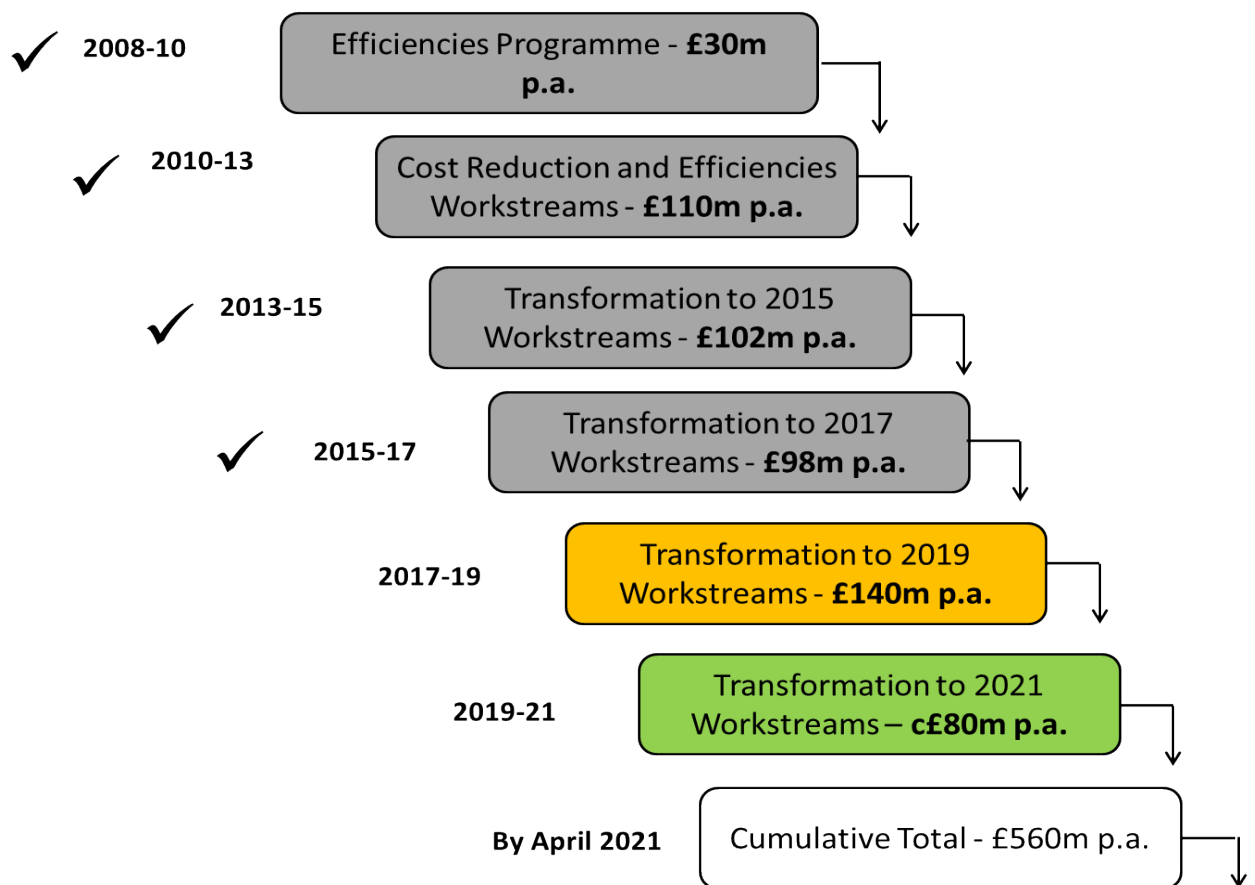
Blocks are not to scale. Inflation estimate covers a 2 year period. Growth pressures relate mainly to Adult and Children’s Services demographics. Service growth includes new targeted investment e.g. into I.T.

- 3.7 Whilst performance has been sustained to date (as reaffirmed in today’s end of year Finance report), the cumulative impact of numerous savings programmes together with sustained pressure on all Departments, but in particular social care spending, show a different picture beginning to emerge. As outlined to Cabinet in February, Children’s Services are unlikely to remain within their cash limited expenditure position and thus additional

recurring provision has been allowed for in the Medium-Term Financial Strategy that Cabinet considered in June 2018 and Full Council approved in September 2018. Children’s Services have exhausted their cost of change reserves and Adults are set to do likewise in the next two years.

3.8 Notwithstanding that the latest MTFs update signalled that a successor programme to Tt2019 will need to be planned for over the next year or so, the Council needs to stay focused on fully closing the existing budget gap of £140m by April 2019 from a cash limited overall budget (excluding schools) of some £767m, even after allowing for planned Council Tax rises. The inclusion of the Tt2021 Programme of £80m within successive savings programmes since 2008, takes the total requirement to £560m as outlined in Figure 1 below:

Figure 1. Cost Reduction Exercises including the Tt2021 Programme Requirement



Note: The cumulative figure is made up of inflation, demand and reduced grant

3.9 Alongside the necessary delivery of Tt2019 and the successor Tt2021 programme, officers and Members of the Council continue to work with sub-regional strategic forums, local MP’s and the government direct to influence changes in funding arrangements, secure greater flexibility and freedoms regarding the use of resources and to press for new charging powers all of which can help to improve the overall financial position and better protect

service areas. In the recent past input to Special Educational Needs and Disability work has led to positive changes in funding support levels and activity continues in other areas e.g. School's high needs block, Home to School Transport and possible charging for Home to School transport and Concessionary Fares.

4 Tt2019 – Targets and Timeframe

- 4.1 Cabinet approved the overall programme target of £140m and the breakdown of the programme, including Department targets when considering the medium-term financial strategy report of the Director of Corporate Resources in June 2016.
- 4.2 It was agreed that £120m of the overall programme would be met by Departments, equating to a further cash limit reduction of some 19% against an overall Department budget provision approaching £767m. The cumulative Tt2019 challenge for the Departments being one third again, the size of what was asked of them for Tt2017. Per the approval of Full Council in February 2018 to remove savings proposals in respect of universal services, the £120m Departmental reduction was subsequently reduced to £117m.
- 4.3 The remaining £23m has been secured from increased investment and Council tax income and reduced borrowing costs. In the main this has resulted in a revision to the accounting practice in respect of the minimum revenue provisions (MRP) for depreciation, but this also covers management of debt and reserves and also includes part of the extra 1% increase for Council Tax in 2018/19. Positively, these savings have been delivered in full providing a very solid foundation for the programme overall. The programme breakdown and individual Department targets updated to take account of the February 2018 changes approved by Full Council are shown in Appendix 1.
- 4.4 At their June 2016 meeting, Cabinet also approved the headline programme timetable including an earlier budget setting process that commenced in early Autumn 2017. This has allowed the maximum possible time to plan, work on and implement the range of service changes required to enable the programme to be delivered. As outlined in paragraph 2.4, it is predicted that the entire programme will take up to four years for it to be delivered safely and with minimum disruption and impact to service users and communities.

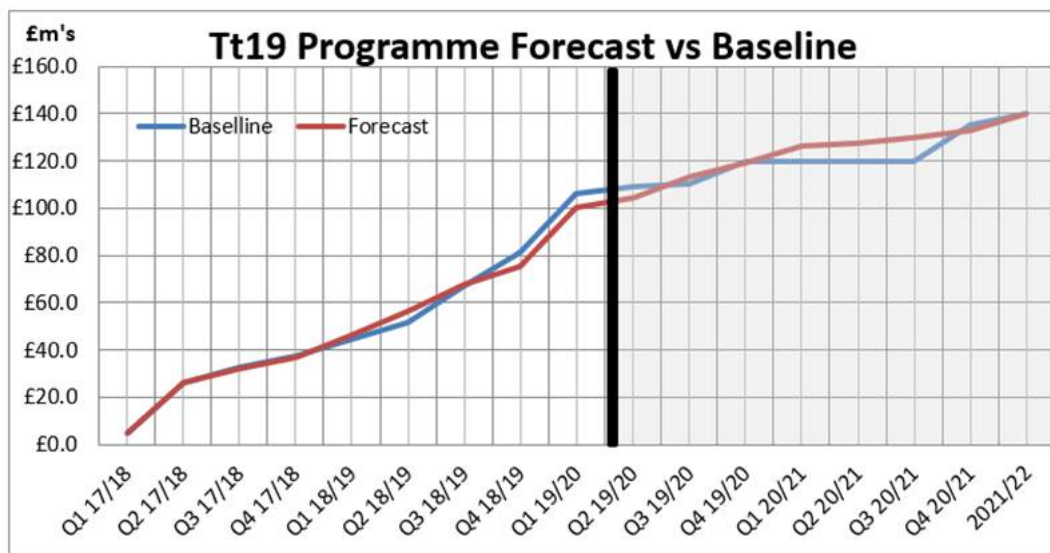
5. Tt2019 Programme Overview and Progress to Date

- 5.1 Departments continue to work hard to ensure that their various projects and overall programmes are continually reviewed and appropriately resourced in order to provide the right conditions for the continued transformation of services and realisation of savings. This work has included a full risk assessment for each project that builds on what has been done previously but has been added to in order to reflect the greater scale and complexity of the Tt2019 programme.
- 5.2 Further, CMT completed in early November 2017 (paragraph 2.4) a peer review of the higher risk projects and scrutinised the savings delivery profiles for each Department so that the corporate cash flow requirements for the programme overall could be updated and planned for. The latest programme

(risk apportionment) position for the end of January is summarised in the table below, and briefly described in the following paragraphs.

Blue/Green	£101m
Amber	£ 14m
Red	£ 25m
Total	£140m

- 5.3 Pleasingly, the Blue and Green classifications already account for a healthy £101m, or just over 72% of the overall programme requirement. The £101m includes the full £23m of the investment and borrowing component being secured with the remaining £78m covering the delivery of projects in each of the different Departments with savings ranging from £40.5m in Adults (includes the previously announced £18.9m additional 'Better Care Fund') to £5.4m in CCBS. The secured savings figure continues to track closely to the forecast savings profile developed by each of the Departments at the outset of the programme as demonstrated in the graph (see next page).



- 5.4 As expected for what remains a very challenging overall programme, a significant proportion £39m or 28% of the savings to be achieved still sits in the Amber and Red classifications. Given the complexity of any number of the savings areas, the reported position is not an unexpected one. Just over £35m of the cumulative Red and Amber totals relate to Adults and Children's. This equates to 41% of their combined programmes.
- 5.5 The risks for each of the aforementioned Departments are well rehearsed but numerous. The two social care Departments continue to experience growth in demand. Transforming these key front-line services is difficult and requires extra time for the changes to be safely implemented without significant disruption to service users and their families. For Adults the demand challenges are in different forms including higher numbers of younger adults with complex care needs, an increasing amount of people experiencing mental health problems and an ageing population that is set to result in an increase of 10,600 in the 85 year plus population from 43,900 in 2017 to 54,500 in 2024. An added dimension of complexity, impacting on social isolation levels and service delivery, is the sheer scale and rurality of a

County such as Hampshire, which is one of the largest in the Country with an urban/rural split in the order 20:80. Whilst generally speaking Older Persons service demand is being well managed pressures on recurring budgets are being experienced in terms of higher unit costs for care packages and in terms of residential and nursing care placements. Additional focus is being applied to both of these service areas in an attempt to keep costs within budgeted resources.

- 5.6 In the area of Learning Disabilities, the public consultation in respect of Respite Care services concluded on 21st December and following analysis and evaluation of the consultation responses and scrutiny of the proposed service changes by the Health and Social Care select committee, the Executive Member for Adult Social Care and Health deferred a decision to close the Orchard Close service at her 27 February Decision Day pending further work to be completed by the end of this calendar year. This work is now in train and is being overseen by a HASC Member Working Group. In the meantime, the Department is supporting the delayed £0.6m savings achievement through one-off cost of change resources and will also, alongside the further work on the closure proposal, develop possible alternative savings options should it be ultimately decided not to close the Orchard Close service.
- 5.7 Alongside the demand and service challenges, the Department is working jointly with Health in response to the CQC led whole system review that focussed on hospital discharge performance. The review outputs were presented and debated at a summit meeting held in June 2018 and since then progress has generally been positive with performance much improved over recent months. Delivery and achievements against the CQC action plan are due to be presented to the Health and Wellbeing Board in July. Other integration work with the NHS is also in train and making good progress including in the areas of Integrated Intermediate Care, Mental Health and Learning Disabilities.
- 5.8 For Children's Services, corporate financial support has already been factored in, both in-year and continuing into 2019/20, to accommodate existing cost pressures in Home to School Transport and Children Looked After. The February Cabinet budget report provided more detail in terms of the current financial pressures impacting on the Department. Focused further work has been undertaken to better understand the current rate of increase in Children Looked After and the higher unit costs being experienced, which is a national issue affecting all upper tier authorities.
- 5.9 Current forecasts are based on the growth in numbers and costs experienced from 2016/17 to 2017/18 but the trend for 2018/19 was above this. This is partly due to the fact that many of the new placements are at the more expensive end of provision, because of the current state of the external market where demand is far out-stripping supply. Price increases in some areas compared to a year or two ago are in the order of 15% or more.
- 5.10 The key factors driving the increased number of placements were reported previously to Cabinet in detail as part of the MTFS. They centre around:

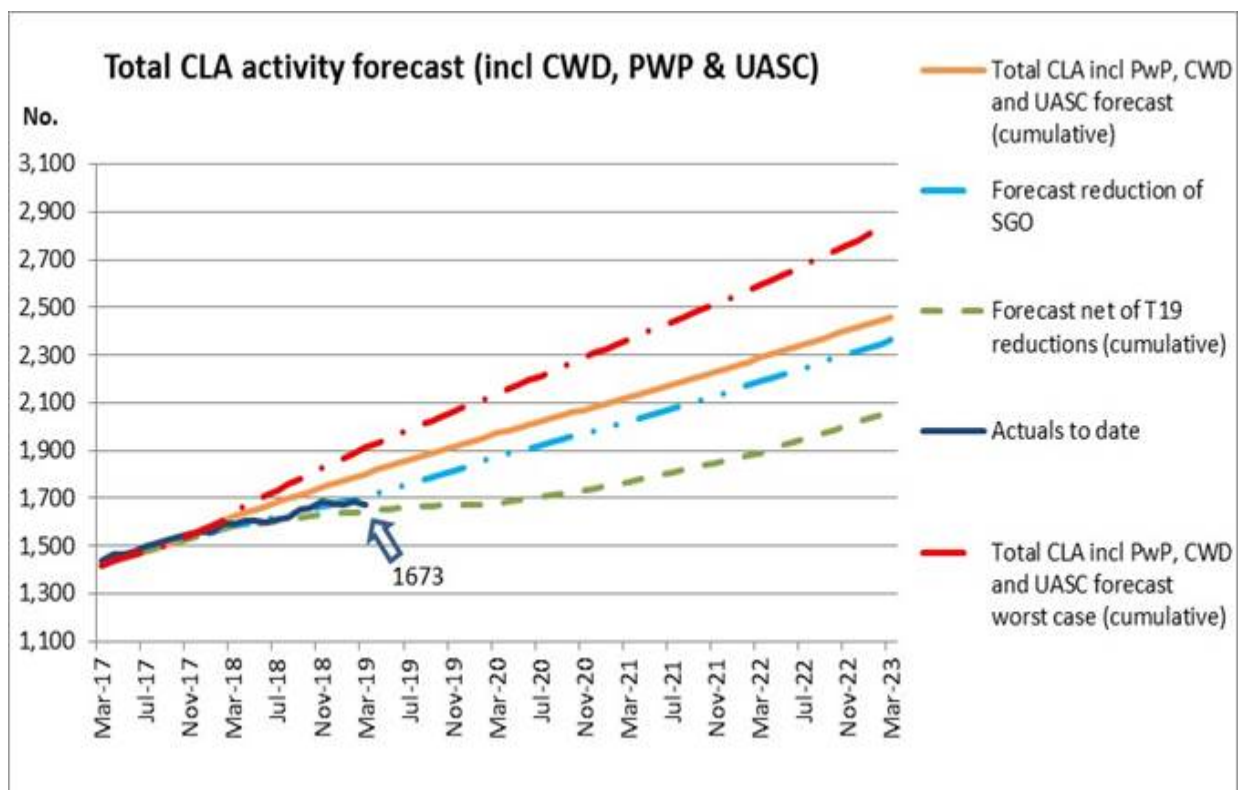
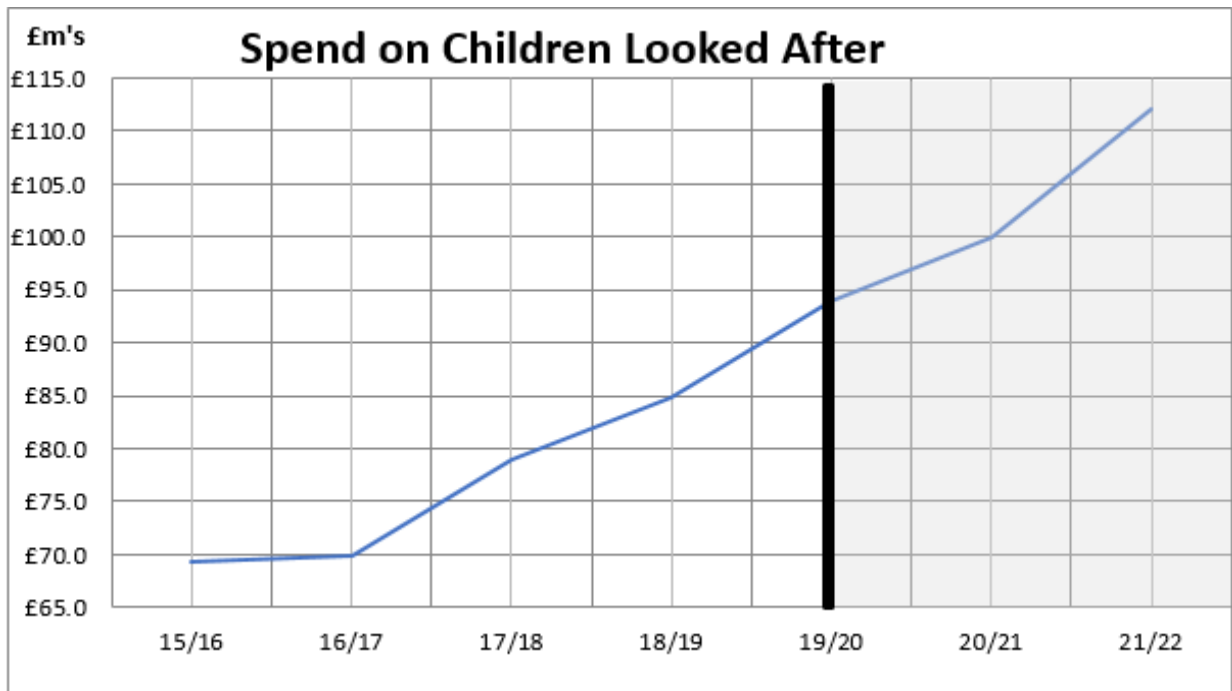
- A much better awareness and identification of child abuse and neglect from a range of partners.
- The better application of consistent thresholds to receive help as a result of government statutory guidance ('Working Together to Safeguard Children').
- A growing professional awareness of risk from partners driven by national child care scandals.
- The better identification of forms of abuse such as child sexual exploitation, child criminal exploitation and online abuse.
- The creation of a number of new policy initiatives such as 'staying put' which allow teenagers to stay in their foster care placements.
- Children remanded in custody being treated by law as children in care.
- A range of new legal processes such as the 'public law outline' which drive local authorities to put far more case decisions before the family courts.
- A drive by the courts for all application cases to conclude within 26 weeks.
- Policy drivers such as the national redistribution of Unaccompanied Asylum-Seeking Children (UASC) arriving from France.

5.11 The increasing number and complexity of children needing to be placed in care is having an impact on the market for placements. Once capacity within in-house placements is full there is no choice but to look to independent fostering agencies and non-county placements, which are higher cost in any event and the increased national demand is forcing up prices even further.

5.12 Projecting the increase in numbers and costs forward based on the growth between 2016/17 and 2017/18, it is predicted that a further ongoing base budget increase of £13.5m on top of the £9.7m that had already been allowed for in the forward forecasts will be required and this will be followed by further annual increases of £11.6m in 2020/21 and £13.3m in 2021/22. The base budget for CLA in 2018/19 was £85m but after taking account of all the forecast increases in numbers and prices, it will be around £112m by 2021/22 (see the graph on the next page).

5.13 This additional corporate support was included in the MTFS update that was agreed by Cabinet in June 2018 and approved by Full Council in September 2018, but still represents the highest risk area in the budget at the current time. It is also inescapable that this necessary and planned strategy limits the scope for additional support to other areas of County Council services, such as highway maintenance, which are also statutory responsibilities but where the risks to the vulnerable are less immediate and severe.

Children Looked After Spend 2015/16 to 2021/22



5.14 For Home to School Transport, an eight-week public consultation exercise finished in March 2018 around proposed service changes. The consultation results were subsequently analysed and reported to the Executive Member in May 2018. The Executive Member agreed to a number of policy changes that are being introduced over an 18 month period and will deliver some £1.5m of savings per annum for the Department when completed.

- 5.15 Containing and then reducing demand and thus cost in these two key areas is especially difficult. The work programmes being undertaken in this regard include attracting and maintaining higher number of Social Workers (an overall resource increase of 120 is on target to be achieved over the next 2 years). This ambition will be assisted by the new Agency arrangements that the County Council successfully entered into this April. In addition, the service has recently made two key changes to reduce demand; multi-disciplinary working (MDW) and the 'Hampshire Approach', the latter being a family centred, resilience focused approach to social work that together with MDW will keep more children safely at home.
- 5.16 Pleasingly, early signs from the changes and new approaches described above are positive with a growing sense that Children Looked After Numbers have (for the time being at least) stabilised and that the programmes of work are having a real impact.
- 5.17 Notwithstanding, nationally there is growing recognition that Children's Services are facing financial difficulties that now go beyond the very challenging environment in which Adult Services have been and are operating in. Further, safely removing £30m from the service (the Department Tt2019 target), even over an extended four-year programme period, remains the biggest challenge for the overall Tt2019 cost reduction exercise.
- 5.18 Alongside demand challenges, the Department will also need to manage or work with partners through a range of other key risks including Continuing Health Care funding with the NHS, the increasing budget challenges being faced by Schools', and the transition to a new I.T Care Management system for which the procurement process has now begun. For Children with Disabilities, changes to Short Breaks service provision resulting from last summer's public consultation were approved by the Executive Member in July 2018.
- 5.19 It should also be noted that Hampshire Children's Services continues to work effectively and successfully with other local authorities in support of their services and their improvement requirements, in line with the Department's long established status as a high performing service. That includes: the partnership with Isle of Wight now moving to an open-ended arrangement and the role as improvement partner with Torbay, now moving to its final stages as the formal partnership with Plymouth City Council has been brokered and established; the role as improvement partner with Buckinghamshire County Council now fully established under Secretary of State Direction; and a range of smaller scale regional support initiatives under the DfE Partners in Practice programme. All of these arrangements generate helpful income to the Department but also offer invaluable learning to senior managers and extend the capacity and the reputation of the local authority.
- 5.20 For the other Departments, ETE, CCBS and Corporate Services, the Tt2019 programme has largely been completed. For ETE £3m remains to be delivered in respect of waste related savings for which options are being reviewed with collection authority partners aimed at improving recycling

performance across the Hampshire waste partnership. Capital provision was approved by Full Council in February 2019 for future infrastructure investment to enable the recycling improvements to be realised and a business case is now being developed for consideration by the Executive Member later in the financial year. For CCBS the remaining focus centres around reducing (and at the same time modernising) the corporate office estate as part of the overall efforts to improve the Council's efficiency and reduce its business operating costs. For Corporate Services, changes and modernisation of the Council's HantsDirect call centre are set to be worked through and implemented in the coming year.

- 5.21 Positively, the on-boarding of the three London Boroughs (Westminster City Council, London Borough of Hammersmith and Fulham, and Royal Borough of Kensington and Chelsea) to the high performing shared service arrangements that the Council has successfully implemented and built upon over the past 5 years, progressed to time and budget with the implementation being completed, as planned, at the beginning of December 2018. The new service incorporates the delivery of core HR, Payroll and Finance systems. Operational performance over the first six months of the new arrangement has gone exceptionally well with the three London Boroughs content and pleased with the quality of the service they are benefitting from. As reported previously, this expansion, which is line with a deliberate strategy to grow the shared services platform in a carefully managed way, brings further resilience to our shared Corporate Services arrangements with partners and welcome recurring income to the Council.
- 5.22 In April, the Council entered in an agency staff joint venture with Kent County Council. The new arrangement, known as 'Connect2Hampshire' is responsible for the recruitment of temporary agency staff across roles within the County Council, from specialist I.T staff to general administrative roles. It has a particular focus on recruiting into social care, where significant demand for additional staff to plug gaps on a temporary basis is most evident. Connect2Hampshire has established itself well over the first two months of operation. It is delivering against the needs of the different business interests of the Council and has aided permanent recruitment in key service areas. The agency initiative will not only provide more control over recruitment activity, but it will also lower costs of employment for Departments.
- 5.23 As we move into 2019/20, Tt2019 performance will continue to be closely monitored with further monthly reports to CMT and a next update being provided to Cabinet in the early autumn. As we move ahead we know that the remaining savings areas will be the most difficult to secure and given the challenges described earlier for the two social care Departments there is clearly no room for complacency especially as implementation and delivery of Tt2021 will begin to run alongside the Tt2019 programme over the coming few months.

6. Tt2019 Enabling Projects

- 6.1 Key to the success of previous cost reduction programmes, and Tt2019 is no different, is the contribution that is made from cross cutting enabling projects. The Council's achievements in terms of introducing and exploiting digital technology are well trailed and the previous Tt2017 programme significantly benefited from the multi-layered, multi-faceted Digital programme that ran alongside and has resulted in the Council, its staff and residents working from and accessing modern business platforms.
- 6.2 Three cross-cutting enabling projects are, and will, continue to make a telling contribution to the success of Tt2019 with the benefits extending to Tt2021 and beyond and together with the digital programme underpin recurring savings in the order of £62m. These include a successor (and bigger) Digital programme of work known as Digital 2, an 'Enabling' Productivity' project which is focused on creating the optimum conditions for all staff, managers and the front line, to improve individual productivity levels and lastly a Council wide Strategic Procurement programme of work that is enabling Departments to maintain and/or improve service outcomes whilst reducing the overall external spend which currently exceeds £600m.
- 6.3 As the Tt2019 programme has developed, Cabinet and Council Members have been regularly updated on the progress and achievements of the individual work programmes. At the end of June 2018, Members took part in a very successful Digital 2 seminar type event and a report was presented to Cabinet at their September 2018 meeting outlining the achievements and return on investment of the Digital 2 and the Enabling Productivity programmes. Each of the three main cross-cutting work areas are significantly contributing and bringing pace to the Council's modernisation agenda towards high class, efficient back office functions and high quality, customer-orientated front-line services.
- 6.4 In the second half of 2018/19, further strong progress has been made within the Digital 2 programme especially in terms of Robotics Processing Automation (RPA). In addition, projects have either been completed or are progressing to plan. Further, the Web Programme is supporting numerous Tt2019 IT Projects; including HR, Libraries, Children's Partners in Practice and Adults Social Care Manual. In the past few months the Council's document management system has successfully been fully migrated to SharePoint which represents another key milestone for the overall Transformation Programme and was made possible by some significant work across all five Council Departments in the past two years. All of the Digital 2 areas of work are resulting in business processes that are more efficient, more modern and more effective.
- 6.5 In the Enabling Productivity programme, the deployment of some 6,000 mobile devices has been completed with staff from different parts of the business now benefitting from the latest technology that is enabling them to work more productively (smarter not harder) and increase levels of customer contact and interaction. Feedback from the roll-out of the new devices remains consistently upbeat and positive and usage of the new equipment is being closely monitored so that optimal benefits for staff and for service users are secured.

6.6 In both our Digital 2 and EPP work, a more commercial approach to procurement has been an important enabler in the progress that has been made. This more robust procurement approach is extending to all parts of the Council business and to our partnership work with Hampshire Constabulary and Hampshire Fire and Rescue Service. Positively other Hampshire based partners are now looking to work closer with the Council in this area including the Clinical Commissioning Groups and at least one District Council. Beyond Hampshire, the service is working with a neighbouring upper tier authority on a major highways procurement exercise. Increasingly, the work is resulting in stronger tender processes and improved service outcomes combining both quality and cost. The outputs and additional service capacity resulting from the Adults Care at Home contracts that were awarded last year are testament to this.

7 Planning for Tt2021 – Progress and Next Steps

7.1 Further to Full Council approval of the latest MTFS in September, planning work for the £80m successor programme to Tt2019 is now well underway. Each Chief Officer has been leading on this work designed to lead to a draft set of savings proposals that will enable Department targets for Tt2021 to be met.

7.2 Unsurprisingly, Tt2021 is building seamlessly on from Tt2019, with projects and programmes of work set to go further and harder in a number of areas as the search for an additional £80m of savings (combining cost reduction and income generation) develops. The Tt2021 work has been taken forward without any impacts for Tt2019 delivery with CMT setting appropriate time aside for the Tt2021 planning process whilst maintaining a continued strong grip on Tt2019.

7.3 Latest Tt2021 work includes the finalisation and 5th June launch of the high-level stage one public consultation 'Serving Hampshire – Balancing the Budget' exercise that will run for six weeks until 17th July. The stage one consultation is purposely high level in nature seeking the public and key stakeholders views on the Council's strategic approach to balancing the budget and exposing some of the potential changes and impacts for a number of key service areas covering each of the front line service Departments.

7.4 The consultation includes a questionnaire that seeks views on the financial strategy and asks specific questions in terms of increasing charges, selling of services, influencing Government, use of reserves, reducing or changing services, increasing Council Tax and the make-up of Local Government in Hampshire. Responses to the consultation will be used to inform the Departmental savings proposals that are set to be presented to Select Committees and Executive Members in September. Cabinet will be presented with the full set of savings proposals and the outputs from the public consultation exercise in October. Service specific public consultations (stage two consultations) will follow where appropriate after Full Council approval of a final set of savings proposals in November this year. The outlined timetable follows the tried and tested approach that has been

adopted for Tt2017 and Tt2019. It is designed to provide the maximum amount of time for both planning and then implementation and delivery.

8 Conclusion

- 8.1 Following impressively strong and consistent financial performance over many years and further to last year's finance settlement for Local Government, the County Council is now deep into the process of closing a budget gap of some £140m by 2019/20 with some £101m secured to this point. This is after safely removing £340m of savings over the past seven years and within that, delivering in full on the latest Tt2017 programme.
- 8.2 Following a public consultation exercise that sought views from the public and key stakeholders on a range of different options for closing the budget gap, Full Council approved the Tt2019 savings proposals in November 2017 further to Select Committees and Executive Members consideration in September and a consolidated report to Cabinet in October.
- 8.3 In December 2017 Cabinet were updated on the work of officers to explore all viable options to revise or refine the universal service proposals where possible which culminated in the development of £2.1m of alternative savings proposals. Taken together with Government allowing local authorities to increase Council Tax by a further 1% (valued at £5.7m of which £3.2m is being used to withdraw savings) in February 2018 Cabinet agreed to recommend to Full Council the removal of £5.3m of universal savings, recommending also that Full Council agree to raise Council Tax in 2018/19 by the extra 1%. Full Council approved the Cabinet recommendations at their February 2018 meeting.
- 8.4 Further to the formal budget setting stages, Departments have been working hard to ensure robust plans are in place for their Tt2019 projects and that the right capacity and capability is aligned to the different transformation activity so that the savings can be delivered in a timely manner. This work includes a detailed risk assessment exercise and a review of the savings profile by project to ensure that the corporate cash flow requirements to support later delivery are clear and can be planned for. As reported, the cash-flow support requirement for the programme has been estimated at £40m.
- 8.5 The continued strong financial performance in Adults, including delivery of its legacy Tt2017 savings ahead of schedule provides confidence that the overall £40m cash flow provision will be sufficient to support the later delivery of the programme and will not be exceeded. That said, the continued demand challenges across the two social care Departments mean it would be unwise to forecast a lower overall call on the estimated cash-flow requirement at this point in time. The MTFs includes cash flow funding of £24m in 2019/20 and £16m in 2020/21 and the expectation is that the bulk of the programme will be completed by the beginning of 2021/22. Using reserves in this way creates capacity and de-risks delivery, ensuring that savings are landed safely in the most appropriate timescales. In this regard, further funding of £32m for the later delivery of the Tt2021 Programme has

already been factored into the requirements for the Grant Equalisation Reserve going forward.

- 8.6 Tt2019 progress is being closely monitored and is subject to monthly review by CMT. This ensures that issues, concerns and risks are dynamically responded to and dealt with and also means that benefits realisation and the timely delivery of savings is consistently in focus. Given the cash-flow demands of the Tt2019 programme and the imperative of it being delivered in full and thus no leaving no legacy as we face the reality of needing to deliver on a successor £80m programme (see paragraph 8.8), the importance of continuing to closely monitor the Tt2019 programme performance can not be over stated.
- 8.7 Progress with Tt2019 continues to track closely to the forecast plan with £101m of savings secured to the end of April. Of this figure, £23m relates to the full achievement of investment and borrowing savings, together with an element of increased council tax income. The remaining £78m flows from delivery in the different Departments. Pleasingly, the three Tt2019 enabling programmes; Digital 2, Enabling Productivity and Strategic Procurement are all progressing well and the contributions from these will continue to evolve and be more influential as the programme develops. CMT are monitoring the programme on a monthly basis and a further progress reports will be presented to Cabinet at least quarterly during 2019/20.
- 8.8 Following Full Council approval of the MTFs in September, planning work for the £80m Tt2021 programme is now well underway. Without impacting upon Tt2019 delivery, CMT have set time aside for Chief Officers to develop a draft set of savings proposals. A full stage one public consultation exercise was launched earlier this month and will run until 17th July. The consultation sets out the context and strategic options for balancing the forecast future budget gap and seeks views from the public and key stakeholders on a range of topics. The outputs from the consultation exercise will be used by Departments to inform their individual savings proposals that will be presented to Select Committees and Executive Members in September. Cabinet will receive a full set of savings proposals in October along with the results of the public consultation exercise and will then make recommendations to Full Council to approve the savings and agree a reduced budget envelope to take effect from April 2021 at their November meeting.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	No
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	No
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	No
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Report No. 1	27 October 2014
Medium Term Financial Strategy Update and Transformation to 2019 Proposals	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19	11 December 2017
Transformation to 2019 – Report No 2	11 December 2017
Revenue Budget and Precepts 2018/19	5 February 2018
Transformation to 2019 – Report No 3	16 April 2019
Medium Term Financial Strategy	18 June 2018
Transformation to 2019 – Report No 4	17 September 2018
Budget Setting and Provisional Cash Limits 2019/20	10 December 2018
Transformation to 2019 - Report No 5	10 December 2018
Revenue Budget and Precept 2019/20	1 February 2019
Transformation to 2019 – Report No 6	11 March 2019
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2. Equalities Impact Assessment:

It is to be expected that each theme/workstream will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties, each theme/workstream will be asked to consider potential differential impacts on people and communities. Detailed Equality Impact Assessments will be carried out on the implementation plans as appropriate.

2. Impact on Crime and Disorder:

2.1.

3. Climate Change:

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

- a) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts

Appendix 1

T19 – Latest Programme Financial Targets Updated to Reflect Changes Approved (February 2018) By Cabinet and Full Council

Programme Financial Targets – (figures representative of a c19% budget reduction for each Department)

Department	£m's
Adults	55.9
Children's	30.1
ETE	15.8
CCBS	6.3
Corporate Services	7.9
P&R Other	0.8
Programme Sub Total	116.8
Investment and Borrowing	23.2
T19 Overall Programme Total	140.0

HAMPSHIRE COUNTY COUNCIL

Report

Decision Maker:	Cabinet
Date:	17 June 2019
Title:	<i>Serving Hampshire</i> – 2018/19 Performance Report
Report From:	Chief Executive and Head of Law and Governance

Contact name: Philippa Mellish, Head of Insight and Engagement

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Email: philippa.mellish@hants.gov.uk

1. Recommendations

1.1. It is recommended that Cabinet notes:

- a) the County Council's performance for 2018/19;
- b) feedback from the employee survey on health and wellbeing, and next steps;
- c) progress to advance inclusion and diversity; and
- d) the findings of the 2018/19 Local Government and Social Care Ombudsman report.

2. Report purpose

2.1. The purpose of this report is to:

- provide strategic oversight of the County Council's performance during the 2018/19 financial year against the [Serving Hampshire Strategic Plan for 2017-21](#); and
- update on work to diversify sources of performance feedback, including through recent staff surveys relating to inclusion and health and wellbeing;
- outline work and achievements to advance inclusion and diversity, taking into account feedback from the inclusion staff survey, and the result of Inclusive Employers' National Inclusion Standard (2018); and
- set out the results of the 2018/19 Local Government and Social Care Ombudsman report.

3. Performance reporting arrangements

- 3.1. The County Council's Performance Management Framework (PMF) provides the governance structure for performance management and reporting to Cabinet. The PMF specifies that Cabinet receives bi-annual reports on the County Council's performance against the strategic priorities set out in the *Serving Hampshire* Strategic Plan. The four strategic aims set out in the Plan are:
- Hampshire maintains strong and sustainable economic growth and prosperity
 - People in Hampshire live safe, healthy and independent lives
 - People in Hampshire enjoy a rich and diverse environment
 - People in Hampshire enjoy being part of strong, inclusive communities
- 3.2. Alongside these aims, the *Strategic Plan* contains eight 'ways of working' which support the ambition to 'put our residents at the heart of everything we do'. These are to:
- Engage, involve and inform residents
 - Develop easy and efficient online services
 - Work with our partners
 - Use taxpayers' money wisely
 - Enable people to do more for themselves
 - Respond flexibly to people's needs
 - Value people's differences, and
 - Keep improving
- 3.3. Performance information on children's and adults' safeguarding, major change programmes, including *Transformation to 2019 and 2021*, and the County Council's financial strategy are reported separately to Cabinet.
- 3.4. To report progress against *Serving Hampshire*, departments are asked to rate performance against a core set of performance metrics on a quarterly basis. For each measure, a simple risk-based 'red, amber, green' rating is applied, informed by the most recent data and management information.
- 3.5. Departments also provide an overview of key achievements and risks/issues against agreed priorities, as well as the results of any recent external assessments and resident feedback.
- 3.6. **Appendix One** sets out the sources of external validation which apply to the County Council's performance during the first half of 2018/19.

4. Overall Performance

Performance outcomes

- 4.1. **Overall performance** measured against *Serving Hampshire* remained **good** during 2018/19, evidencing strong performance in the delivery of core services. This has been achieved whilst continuing to manage increased demand and cost pressures, while also delivering significant savings. The County Council

continues to use its resources wisely, invest prudently through careful use of reserves in order to innovate and work more efficiently. This ongoing careful balance of maintaining quality service provision, along with sound financial stewardship, enables the County Council to provide consistent value for money for Hampshire residents.

- 4.2. **Performance against targets and improvement trend:** overall **76%** of measures where data was available were reported as low performance risk, **21%** as medium risk and **2%** as high risk (see 4.6 below). **67%** of measures where data was available showed improvement or that the level of performance remained consistent. In addition, **50%** of measures where data was available had met, or exceeded, the target set by the relevant department.
- 4.3. In cases where targets were not met, departmental improvement plans were in place. Similarly, where measures were reported as medium or high risk, mitigating actions were being undertaken by relevant services (see 4.6 below).
- 4.4. **Performance highlights** for 2018/19 include:
 - The County Council was ranked the joint top authority nationally for Highways service delivery according to the National Highways and Transport Network (NHT) Highways Satisfaction survey (2018), and the highest performing authority in the South East. The County Council is also in the upper top quartile nationally for highway conditions.
 - £3 million match funding was allocated by the County Council in 2018/19 to finance additional resources to tackle potholes on Hampshire roads. This includes purchasing two new dragon patcher machines, which can repair defects five times faster than traditional methods.
 - Hampshire's young students outperform the national average at Key Stage 2. 68% of Hampshire's primary school children taking Key Stage 2 SATs in 2018 met the required standards for reading, writing and mathematics, compared with 64% nationally. This performance is an improvement on last year, representing a 2% increase compared to Hampshire's results for 2017 - and reflects the high-quality support and improvement services that the County Council continues to provide to schools.
 - Schools in Hampshire delivered better GCSE results than the national average, with 67% of GCSE pupils attaining grade C in both English and Mathematics, compared with an average of 64% for England.
 - Academic performance for the children of service personnel is an area of focus for the County Council and is a real strength. 79% of service pupils in Hampshire attained the good level of development at the end of early years compared to 72% of all pupils nationally. 70% of service pupils in Hampshire attained reading, writing and mathematics at age related expectations by the end of their primary education compared with 65% of

all pupils nationally and 66% of service children attained good GCSEs in English and mathematics at the end of secondary compared to 64% of all pupils nationally.

- Hampshire's Youth Offending Service (YOS) was judged overall as *Good*, with *Outstanding* features by Ofsted. The report notes that Hampshire's YOS '*provided an excellent range of interventions to reduce the likelihood of offending*'.
- Hampshire continued to be high performing in the delivery of care for older people. As at the end of March 2019, 23 in-house care providers were rated *Good* (including the four Community Response Teams that deliver reablement to clients at home), with a further provider rated *Outstanding* by the Care Quality Commission.
- Four of the County Council's residential and nursing homes were awarded Platinum accreditation with the Gold Standards Framework – recognised as the industry standard for care at the end of life. Emsworth House, Fleming House, Malmesbury Lawn, and Westholme nursing homes received the accreditation, following a nine-month process of rigorous assessment.
- Delayed Transfers of Care in Hampshire continued to reduce, reflecting significant partnership effort and focus. The number of days of delay reported in February 2019 was 1,170 - a reduction of 46% compared with the 2,163 days experienced in February 2018. Improvements were supported by increased reablement capacity, making more beds available during winter, and improved performance monitoring through a new integrated Health and Social care dashboard.
- The Care Quality Commission reported the findings of its review of Hampshire's Health and Social Care Systems, undertaken in March 2018. Areas of strength included:
 - consistent and shared vision and strategy across partners;
 - strong understanding of the needs of Hampshire's population;
 - inter-agency working, enabling service users and their carers to influence service development; and
 - advanced use of digital tools.
- The County Council worked with the Defence Medical Welfare Service to deliver and launch an online training package designed to help organisations establish formal mentoring schemes and support Armed Forces leavers transition to civilian employment. In addition, an App was developed and launched signposting members of the Armed Forces community and practitioners to sources of support. The County Council contributed to the App's development through its involvement in the Forces Connect South East project.

- CO2 emissions have continued to fall year-on-year, down to 78,685 tonnes in 2017/18 (the most recent data). This is a decline from 83,992 tonnes in 2016/17 and exceeds the 2025 target of 79,080 tonnes. This demonstrates that the County Council reducing its carbon footprint – delivering environmental benefits whilst reducing energy costs.
 - The county's five country parks¹ each received the Green Flag award in July 2018, which recognises high environmental standards and excellent visitor facilities. In 2018/19, there were 4.3 million visits recorded to Hampshire's countryside sites, an increase of 500,000 compared with the previous year.
 - The London Borough of Hammersmith and Fulham, London Borough of Kensington and Chelsea and Westminster City Council joined the County Council's Shared Services partnership in December 2018, following the successful go-live of new arrangements as scheduled. This expansion demonstrates the strength and high performance of the County Council's corporate support functions.
 - The percentage of working hours lost to sickness absence in 2018/19 reduced to 3.23%, down from 3.74% in 2017/18 - the lowest level of sickness reported at year-end in the last seven years.
 - HC3S, the County Council's catering service secured nine new catering contracts in 2018/19 in Hampshire, Dorset and Wiltshire, including the first 6th form college to be catered for by the service. Income allows skills to be retained within Hampshire and contributes to the County Council's budget.
 - The broadband programme reached over 115,000 premises, with 65,000 paying customers on the network - representing a take-up of 57% in December 2018, up from 48% at the start of the year. In 2018/19 12,869 properties in Hampshire were given access to superfast broadband, exceeding the year's target of 11,779. The programme is reaching communities that have been left out of national broadband plans.
- 4.5. A more extensive list of key performance achievements is included in **Appendix Two**.
- 4.6. **Performance risks** for 2018/19 included one measure reported as high risk: the **emergency hospital admissions for intentional self-harm**. Self-harm is the single biggest indicator of suicide risk.
- 4.7. Despite the rate of admissions in Hampshire reducing from 223.1 per 100,000 population in 2016/17 to 218.7 per 100,000 population in 2017/18 (the most recent data available), the rate was significantly higher than the England average (185.5 per 100,000 population in 2017/18). There are a number of factors influencing this indicator, including NHS policies and procedures which

¹ Lepe, River Hamble, Queen Elizabeth, Royal Victoria and Staunton country parks

can influence a person's care and the rate of admissions. These are outside of the County Council's direct control. Mitigating steps were being taken including a review of the self-harm pathway for adults and young people, to improve assessment and the identification of people at risk of self-harm, and a pilot to develop an effective model of support and care. Additional funding has been secured for the Hampshire and Isle of Wight Sustainability and Transformation Partnership area from the NHS England Review to support this work.

5. Diversifying sources of performance feedback

- 5.1. As agreed by Cabinet in June 2017, the County Council has sought to place increasing reliance on the outcomes of external assessment and feedback in judging the organisation's performance and areas for improvement. Complementing this approach, over the last 12 months effort has been made to extend this to County Council staff through a series of employee surveys which, through positive engagement, have the potential to enhance organisational performance.
- 5.2. The first survey was undertaken in May 2018 on the topic of inclusion and diversity. This was followed in January 2019 by a further survey exploring employee health and wellbeing. Key headlines from each exercise are summarised below.

Inclusion and diversity staff survey

- 5.3. 5,017 employees participated in the inclusion and diversity survey – 39% of all employees (excluding schools). The survey was available as an online questionnaire and paper Response Form. Results indicated that the County Council has a supportive and inclusive culture and is a place where the majority of people from different backgrounds can work together effectively and feel they are treated fairly.
- 5.4. Areas highlighted for further improvement included: ensuring that policies are applied consistently and transparently, raising the profile of the County Council's employee networks and continuing to make sure that any experiences of harassment, bullying, discrimination and abuse are handled consistently as and when they arise. Survey results were communicated to staff and used to inform the County Council's overarching improvement plan for inclusion and diversity (see equality update below).

Health and Wellbeing staff survey

- 5.5. 5,340 responses were received to the second staff survey on health and wellbeing - representing 42% of all employees (excluding schools). Similarly, the survey was available online and via a paper Response Form. Feedback suggested the County Council's culture was supportive with positive relations amongst employees and between staff and their Line Managers. Generally, respondents felt that Managers took an interest and engaged in regular conversations about work and wider wellbeing matters.
- 5.6. Areas identified for improvement included introducing measures to support employees to 'switch off' from work when they are not working, and to have a

more manageable workload. Suggestions included reducing workloads or meetings and providing greater opportunities for flexible working. The need to increase staff awareness of how to access health and wellbeing support offered by the County Council was also highlighted.

- 5.7. Survey findings were communicated to staff, and action plans are being developed at a corporate and departmental level to address issues raised.
- 5.8. Following the success of these initial surveys, survey feedback is being built into the County Council's ongoing programme of employee engagement.

6. Equality update

- 6.1. The Equality Act 2010 places a duty on local authorities to prepare and publish one or more measurable and specific equality objective(s). As reported to Cabinet in June last year, when the County Council's Strategic Plan was refreshed in 2017/18, the equality objectives were also revisited. The objectives were kept under review as work was undertaken to update the council-wide inclusion and diversity work programme in response to staff survey feedback and the results of external assessment. This work was completed, and the equality objectives were updated and finalised as follows:

The County Council is committed to ensuring that all people in Hampshire enjoy being part of strong, inclusive communities, and that it continues to be a diverse and inclusive employer.

In particular, the County Council will support the aims of the Equality Duty by seeking to:

- ensure that services are inclusive and diverse, proactively increasing understanding between and within communities;
- attract and retain a diverse workforce, with equal opportunities for career progression; and
- ensure zero tolerance of harassment, discrimination, bullying and abuse, dealing effectively with incidents when they occur.

- 6.2. Specific activities aligned to these objectives during 2018-19 include:

- participating in Inclusive Employers' National Inclusion Standard pilot (2018). As part of the pilot, work to promote inclusion and diversity was independently assessed against six core pillars. The County Council was awarded *Bronze* - achieving second place when ranked against the other nine participating organisations - and was praised for demonstrating a 'comprehensive foundation to its inclusion work'.
- strengthening existing **employee networks** by investing in leadership capacity and re-established a new BME network. Actions were taken to raise the visibility of networks and encourage participation including, for example, through a Networks Event for staff on 8th May;

- putting in place a detailed programme of activity to become a **Disability Confident Level 2** employer, as awarded by the Department of Work and Pensions, by 31st March 2020;
- creating **new internal webpages** making information on inclusion and diversity more consistent and easier to access, whilst reducing duplication;
- presenting evidence to the Hampshire 2050 Commission of Inquiry on **deprivation**.

7. Local Government and Social Care Ombudsman determinations 2018/19

- 7.1. There is a duty on the monitoring office to report to the Authority / Executive on matters including maladministration or injustice under Section 5 and Section 5A of the Local Government and Housing Act 1989 (LGHA).
- 7.2. Where complainants have exhausted the County Council's complaints processes and remain dissatisfied, reference can be made to the Local Government and Social Care Ombudsman (LGO). Complaints to the Ombudsman can be made regarding the exercise of the County Council's administrative functions (maladministration), and/or its service provision (injustice in consequence of maladministration). Upon receipt of a complaint the Ombudsman makes a determination whether or not to investigate. Cases are only investigated where the Ombudsman has jurisdiction to do so, and where the Ombudsman considers it appropriate to investigate under the LGO Assessment Code.
- 7.3. In 2018/19 (April 2018 – March 2019), 24 determinations were received from the LGO. In 20 cases the LGO determined that there had been maladministration/injustice. In four cases the LGO determined that there had not been maladministration/injustice. More details of individual decisions are provided at Appendix 3. It should however be noted that this represents only a very limited number of references to the LGO. The overwhelming majority of complaints made to the LGO regarding the County Council are not investigated, and the County Council therefore only receives notification of those references to the LGO which the LGO determines he will investigate.
- 7.4. An annual report is published by the LGO in July each year with assessment decisions, including those complaints received by the LGO, but not investigated by him. In 2017/18, being the latest year for which statistics from the LGO are available, 126 references were made to the LGO, of which the LGO determined that 21 (17%) required investigation. In 2017/18 the number of references to the LGO rose to 126 from 92 in 2016/17, an increase of 37%. In contrast, the number of complaints upheld by the LGO in 2017/18 reduced by 55% compared with the previous year, from 20 to 11.

7.5. Comparison with LGO published statistics with other large County Councils in the region demonstrates that the LGO receives fewer complaints regarding Hampshire County Council than other Councils, (around 21%), and on average finds fault in half as many cases.

8. Conclusion

8.1. This report and its supporting appendices demonstrate that the County Council continued to perform well in the delivery of core public services during 2018/19.

8.2. Good progress has been made to gather employee feedback through various mechanisms, including two staff surveys, with strategies and plans in place to act on the results. Building on staff feedback, the County Council has continued to take positive action to advance inclusion and diversity.

8.3. The County Council continues to perform well in handling of complaints, with less complaints made to the Local Government and Social Care Ombudsman, and fewer faults found in those cases that are referred.

CORPORATE OR 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

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Serving Hampshire - Strategic Plan for 2017-2021	19 June 2017
Direct links to specific legislation or Government Directives	
<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	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

1.2. **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 in which participation by such persons is disproportionately low.

2. Impact on Crime and Disorder:

2.1. The *Serving Hampshire* Plan supports reduced crime and disorder through priority 2 – *People in Hampshire live safe, healthy and independent lives*.

3. Climate Change:

3.1. Priority 3 within the *Serving Hampshire* Plan states that *People in Hampshire enjoy a rich and diverse environment*. This will be achieved by conserving and using natural resources efficiently, protecting and improving Hampshire's environment and quality of life, and maintaining the unique character of the county.

Appendix One: Sources of internal and external validation

The following table sets out the results of external and internal assessments and validations which apply to the County Council during 2018/19.

Assessment title	Area	External/internal	Latest judgement
Children's Services			
Inspection of services for children in need of help and protection, children looked after and care leavers	Full children's social care inspection	External – Ofsted	Overall Good 2014 May 2019 Ofsted inspection – outcome pending
Inspection of children's homes	Residential care homes inspection	External – Ofsted	All children's homes operated by Hampshire County Council were inspected by Ofsted during 2018/19. Eight of the homes were judged to be Outstanding or Good. One home and Hampshire County Council's Secure Children's Home require improvement to be Good and actions are being taken to achieve this.
Inspection of Local Authorities Children's Services (ILACS) Focused Inspection	Focus - effectiveness of arrangements for supporting children in need of protection	External – Ofsted	No overall judgement given. Letter of findings published November 2018
School Inspections	Inspections of schools	External – Ofsted	Ongoing - as at the end of 2018, 91% of schools were judged to be Good or Outstanding by Ofsted
Social care self-assessment	Self-evaluation is an integral element of inspection of the local authority children's services (ILACS) framework.	Internal and external – shared with Ofsted prior to annual conversation with the Director of Children's Services.	The 2018 self-assessment has been completed and the Executive Summary has been shared with Ofsted
Inspection of Hampshire youth offending services	YOT inspection	Her Majesty's Inspectorate of Probation	Overall Good 2018 https://www.justiceinspectorates.gov.uk/hmipr/obation/media/pressreleases/2018/09/hampshireyos
Restorative Justice Council's Restorative Services Quality Mark	Youth Offending Team	External – Restorative Justice Council	Restorative Services Quality Mark awarded (April 2016) and still applies
Adults' Health and Care			

Assessment title	Area	External/internal	Latest judgement
Adult Social Care Services Inspection	Inspection of in house provided residential and nursing homes	External – Care Quality Commission	23 in-house care providers are rated as Good (including the four Community Response Teams that deliver reablement to clients at home), and one is rated as Outstanding
Gold Standards Framework	Residential and nursing homes	External - National Gold Standards Framework (GSF) Centre in End of Life Care	Four of the County Council's residential and nursing homes were awarded Platinum accreditation with the Gold Standards Framework: <ul style="list-style-type: none"> • Emsworth House, • Fleming House, • Malmesbury Lawn, and • Westholme.
Economy, Transport and Environment			
Accreditation to ISO9001:2015 – Quality Management	Economy, Transport & Environment (ETE) Department – whole department	External – British Standards Institute (BSI)	Assessed every May and November. Last visit (May 2018) resulted in accreditation being successfully maintained
Culture, Communities and Business Services			
UKAS Accreditation	Hampshire Scientific and Asbestos Management services following an annual assessment	External – UKAS (UK Accreditation Service)	UKAS provide accreditation that Hampshire's scientific testing and inspection activities are conducted to the standard set out in ISO 17020 and 17025. UKAS audit Hampshire Scientific Service annually for compliance and the last assessment was in July 2018. Accreditation was maintained
Adventure Activities Licensing Services (AALS) Inspection	Hampshire Outdoor Centres	External – Adventure Activities Licensing Authority	Calshot Activities Centre: Validation expires July 2019. Hampshire and Cass Foundation Mountain Centre: Validation expires June 2020
Learning Outside the Classroom (LOtC)	Hampshire Outdoor Centres.	External - Council for Learning Outside the Classroom (CLOtC)	Calshot Activities Centre: Validation expires June 2019 Runway's End Outdoor Centre: Validation expires February 2021 Tile Barn Outdoor Centre: Validation expires May 2020

Assessment title	Area	External/internal	Latest judgement
Adventuremark	Hampshire Outdoor Centres.	External - Adventure Activity Industry Advisory Committee (AAIAC)	Calshot Activities Centre: Validation expires June 2019 Runway's End Outdoor Centre: Validation expires February 2021 Tile Barn Outdoor Centre: Validation expires May 2020
National Indoor Climbing Award Scheme (NICAS)	Hampshire Outdoor Centres.	External - ABC Training Trust	Calshot Activities Centre: Validation expires at the end of May 2019, and will be maintained beyond this date
Royal Yachting Association (RYA) Recognised Training Centre	Hampshire Outdoor Centres.	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – expires January 2020
Royal Yachting Association (RYA) Sailability accreditation	Hampshire Outdoor Centres.	External - Royal Yachting Association (RYA)	Calshot Activities Centre – Recognised Training Centre – expires December 2019 to provide accessible shore based facilities for sensory, physical or other disabilities
British Canoeing Quality Mark (BC)	Hampshire Outdoor Centres.	External - British Canoeing	Calshot Activities Centre – Quality mark – expires December 2019
Green Flag Awards	Outdoor accreditation for a variety of areas	External - Keep Britain Tidy	The award was maintained for all five country parks in 2018. Awards are received on a staggered basis
Ease of Use Survey	Volunteer survey of the Rights of Way network.	External	Audits a minimum of 5% of the network each year (2.5% twice a year, in May and November), based on a set methodology.
Sites of Special Scientific Interest (SSSIs)	Countryside sites in Hampshire, as part of UK wide assessment.	External – Natural England	Natural England assesses the condition of SSSIs using Common Standards Monitoring (CSM) ¹ , developed by the Joint Nature Conservation Committee (JNCC) for the whole of the UK.
Rural Payment Agency (RPA) Inspections	Countryside sites with Pillar 1 and Pillar 2 common agricultural agreements in place.	External - Rural Payment Agency (RPA)	The Rural Payments Agency (RPA) inspects a percentage of agreements each year on behalf of Natural England. The inspections check agreement holders are meeting the schemes' terms and conditions.

Assessment title	Area	External/internal	Latest judgement
Animal and Plant Health Agency (APHA) checks	Inspect animal health and welfare.	External - Animal and Plant Health Agency	Spot check countryside sites for animal health and welfare and plant disease.
General Register Office (GRO) – Stock and Security Audit	Registration – provides assurance to the GRO Compliance and Performance Unit	External - General Register Office	Latest report to GRO was November 2016 and a <i>High</i> rating was received. Next assessment due November 2019 (3-year cycle for those with a high rating)
Hyperactive Children's Support Group's Highest Award for Excellence in School Catering	HC3S annual assessment to retain accreditation for removal of specific additives in primary school meals	External - Hyperactive Children's Support Group	Accreditation has been maintained, with the last update in December 2018.
Food Hygiene Rating Scheme	HC3S.	External – Allergy UK	EII Restaurant and Coffee Shop was accredited by Allergy UK for their Allergy Aware Scheme in July 2018 (https://www.allergyuk.org/get-help/eating-out) Secondary Schools and Country Parks have been accredited for allergy awareness by Food Service Allergy Management Ltd during 2018.
Annual kitchen audits	HC3S internal audit covering various aspects of catering operation i.e. health and safety, training, finance	Internal	Healthy Kitchen Assessments (HKA's) are undertaken throughout the year and records are held of all those completed per academic year, Sept to Aug. For the 2017/18 academic year there were 372 HKA's completed
Food For Life Served Here	HC3S	External - Soil Association	Bronze accreditation achieved in April 2019 having been assessed against their criteria as providing freshly made, locally sourced food
Eat Out Eat Well	HC3S	Trading Standards, Environmental Health and others by Public Health	Awarded to Titchfield Haven Nature Reserve and EII Restaurant and Coffee Shop in 2018/19

Assessment title	Area	External/internal	Latest judgement
European Notified body Status for measuring instruments and Non-automatic Weighing machines	Trading Standards	External - National Weights & Measures Laboratory (NWML) on behalf of the Secretary of State for BEIS	Status maintained. Latest external surveillance audit undertaken on 24 September 2018 (reported to Regulatory Delivery at the Department for Business, Energy & Industrial Strategy)
Institute of Road Transport Engineers (IRTE) Workshop Accreditation	Hampshire Transport Management	External - Freight Transport Association	HTM have an external accreditation and audit by the FTA every 3 years for the workshop to be IRTE Workshop accredited. All 5 workshops were audited and passed in February 2018. The duration is 3 years and is due again in February 2021.
Compliance with the Port Marine Safety Code	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Certification of compliance with the Port Marine Safety Code. Compliance at 3 yearly intervals. Expires March 2021.
Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998)	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Endorsement of Oil Spill Contingency Plan. Compliance with Merchant Shipping (Oil Pollution Preparedness Response and Co-operation Convention Regulations 1998). 5 yearly intervals. Expires August 2023
Compliance with the Merchant Shipping and Fishing Vessels' (Port Waste Reception Facilities) Regulations 2003	River Hamble Harbour Authority	External - Maritime and Coastguard Agency	Endorsement of Port Waste Management Plan. Compliance with the Merchant Shipping and Fishing Vessels' (Port Waste Reception Facilities) regulations 2003. 3 yearly intervals. Expires September 2020
Corporate Services			
2018 National Inclusion Standard (pilot)	Corporate	External – Inclusive Employers	Bronze standard awarded in May 2018

Assessment title	Area	External/internal	Latest judgement
Accreditation to ISO20000 Service Management and ISO27001 Information Security for IT services	IT services.	External - British Standards Institute (BSI)	ISO20000 maintained from February 2017 to February 2020. ISO27001 maintained from August 2016 to August 2019
Public Sector Internal Audit Standards	Audit services	External - Institute of Internal Auditors	Awarded for 2015-2020
Shared Services infrastructure and business processes have been independently accredited to ISAE3402	Shared Services	External – audit undertaken by Ernst and Young	ISAE3402 has been successfully achieved for 19/20 based on the design of the control environment. This enables all partner organisations to get independent assurance comfort to an external accredited standard on the overall control environment. In 20/21, this assurance work will extend to both the design and operation of controls.

Appendix Two: 2018/19 key performance achievements

Serving Hampshire priority	Achievement
Outcome one: Hampshire maintains strong and sustainable economic growth and prosperity	The County Council allocated £1.3 million to help improve quality of life and employability among specific target groups. More than 9,000 adults will be given opportunities for free learning to develop their literacy, maths, and digital skills, or improve their health and wellbeing. These subsidised courses will be offered at venues across Hampshire.
	The broadband programme reached over 115,000 premises, with 65,000 paying customers on the network - representing a take-up of 57% in December 2018, up from 48% at the start of the year. In 2018/19 12,869 properties in Hampshire were given access to superfast broadband, exceeding the year's target of 11,779. The programme is reaching communities that have been left out of national broadband plans.
	£1.6 million funding was awarded to improve Romsey's Market Place. The total allocation is made up of the County Council's Market Town and Public Realm Improvement funding, developer contributions, and funding from Test Valley Borough Council.
	Agreement was reached between Rushmoor Borough Council, EM3 LEP, Hampshire County Council and the Aerospace company Gulfstream for a maintenance and repair facility to be built at TAG Farnborough Airport. The project represents an overall investment of around £50 million and will bring up to 500 jobs to Hampshire. The facility is expected to open by June 2020.
	There were 33.5 million bus passenger journeys in Hampshire in 2017/18 (the most recent data available), an all-time high and an increase of over 3 million since 2009/10. This increase is compared with a 1.9% decrease in 2017/18 nationally and is the result of partnership working between the County Council and local bus operators.

Serving Hampshire priority	Achievement
	<p>The County Council was ranked the joint top Authority nationally for Highways service delivery according to the National Highways and Transport Network (NHT) Highways Satisfaction survey (2018), and the highest performing authority in the South East. The County Council is also in the upper top quartile nationally for highway conditions.</p> <p>£3 million match funding was provided by the County Council in 2018/19 to finance additional resources to tackle potholes on Hampshire roads. This includes purchasing two new dragon patcher machines, which can repair defects five times faster than traditional methods.</p>
<p>Outcome two: people in Hampshire live safe, healthy and independent lives</p>	<p>The strategic partnership between the County Council and Isle of Wight Council's Children's Social Care services was assessed as providing 'stable and consistent leadership, increased resilience and a firm focus on continual improvement. Services were rated as <i>Good</i> by Ofsted - an improvement on the 2014 judgement of <i>Requires Improvement</i>, which led to the County Council being asked to support Children's Services' on the island.</p> <p>All children's homes operated by the County Council were inspected by Ofsted during 2018/19. Eight of the homes were judged to be <i>Outstanding</i> or <i>Good</i>. One home and Hampshire County Council's Secure Children's Home were considered to <i>Require Improvement</i> to be <i>Good</i> and actions are being taken to achieve this.</p> <p>£9 million funding was allocated to fund 480 new school places through a new primary school in Eastleigh, and expansion of two existing county schools (Four Marks Church of England Primary School, East Hampshire, and Colden Common Primary School, Eastleigh).</p> <p>Hampshire's young students outperform the national average at Key Stage 2. 68% of Hampshire's primary school children taking Key Stage 2 SATs in 2018 met the required standards for reading, writing and mathematics, compared with 64% nationally. This performance is an improvement on last year, representing a 2% increase compared to Hampshire's results for 2017 - and reflects the high-quality support and improvement services that the County Council continues to provide to schools.</p>

Serving Hampshire priority	Achievement
	<p>Schools in Hampshire are delivering better GCSE results than the national average, with 67% of GCSE pupils attaining grade C in both English and Mathematics, compared with an average of 64% for England.</p>
	<p>The average (provisional) grade per A-level entry has improved from C+ (2017) to B- (2018) – compared to the 2017 national average of grade C. Students following advanced Tech-level qualifications also improved their average grade to Distinction - an improvement on the 2017 national average of Distinction minus.</p>
	<p>The Care Quality Commission reported the findings of its review of Hampshire’s Health and Social Care Systems, undertaken in March 2018. Areas of strength included:</p> <ul style="list-style-type: none"> • consistent and shared vision and strategy across partners; • strong understanding of the needs of Hampshire’s population; • inter-agency working, enabling service users and their carers to influence service development; and • advanced use of digital tools. •
	<p>Delayed Transfers of Care in Hampshire continued to reduce, reflecting significant partnership effort and focus. The number of days of delay reported in February 2019 was 1,170 - a reduction of 46% compared with the 2,163 days experienced in February 2018. Improvements were supported by increased reablement capacity, making more beds available during winter, and improved performance monitoring through a new integrated Health and Social care dashboard.</p>
	<p>Hampshire continued to be high performing in the delivery of care for older people. As at the end of March 2019, 23 in-house care providers were rated <i>Good</i> (including the four Community Response Teams that deliver reablement to clients at home), with a further provider rated <i>Outstanding</i> by the Care Quality Commission.</p>

Serving Hampshire priority	Achievement
	<p>Four of the County Council’s residential and nursing homes were awarded Platinum accreditation with the Gold Standards Framework – recognised as the industry standard for care at the end of life. Emsworth House, Fleming House, Malmesbury Lawn, and Westholme nursing homes received the accreditation, following a nine-month process of rigorous assessment.</p> <p>The County Council allocated £750,000 to update facilities at 17 of its sites, including residential and nursing homes for older people and day services’ buildings for adults with learning disabilities. Improvements form part of a wider programme of investment in long-term accommodation to support Hampshire’s most vulnerable residents.</p> <p>£67 million was allocated by the County Council for investment in care technology over the next ten years to support the growing number of elderly people and younger adults with disabilities in Hampshire. This will include launching a ‘private pay’ service enabling residents to purchase a wide range of care technology available to the County Council’s social care clients. Third parties, including other local authorities and NHS partners, will also be able to buy Technology Enabled Care services from Hampshire.</p>
<p>Outcome three: People in Hampshire enjoy a rich and diverse environment</p>	<p>The county’s five country parks² each received the Green Flag award in July 2018, which recognises high environmental standards and excellent visitor facilities. In 2018/19, there were 4.3 million visits recorded to Hampshire’s countryside sites, an increase of 500,000 compared with the previous year.</p> <p>CO2 emissions continued to fall year-on-year, down to 78,685 tonnes in 2017/18 (the most recent data). This is a decline from 83,992 tonnes in 2016/17 and exceeds the 2025 target of 79,080 tonnes. This demonstrates that the County Council reducing its carbon footprint – delivering environmental benefits whilst reducing energy costs.</p> <p>A three-year programme to improve Lepe Country Park was completed. The scheme included building a new restaurant, improving existing facilities and working with volunteers to develop a sensory garden. The programme aims to make the park more financially self-sufficient in the long-term.</p>

² Lepe, River Hamble, Queen Elizabeth, Royal Victoria and Staunton country parks

Serving Hampshire priority	Achievement
	<p>Totton and Romsey libraries, and Gosport Discovery Centre were refurbished and modernised to become more versatile. Improvements included a multi-functional community room at Totton Library, self-service kiosks at Romsey Library and bookable meeting rooms for community groups at Gosport Discovery Centre.</p>
<p>Outcome four: people in Hampshire enjoy being part of strong, inclusive communities</p>	<p>Hampshire's Youth Offending Service (YOS) was judged overall as <i>Good</i>, with <i>Outstanding</i> features by Ofsted. The report notes that Hampshire's YOS '<i>provided an excellent range of interventions to reduce the likelihood of offending</i>'.</p>
	<p>The County Council worked with the Defence Medical Welfare Service to deliver and launch an online training package designed to help organisations establish formal mentoring schemes and support Armed Forces leavers transition to civilian employment. In addition, an App was developed and launched signposting members of the Armed Forces community and practitioners to sources of support. The County Council contributed to the App's development through its involvement in the Forces Connect South East project.</p>
	<p>A new joint initiative with Hampshire Fire and Rescue Service and Southern Health National Foundation was launched called <i>Friends or Falls Champions</i> as part of the Royal Society for the Prevention of Accidents <i>Stand Up Stay Up</i> campaign. The scheme encourages uptake of volunteer Champions to support older people avoid falls.</p>
	<p>The County Council and the NHS in Hampshire started the first Hampshire Carers' Charter, as part of a new five-year strategy for supporting adults in Hampshire who voluntarily help or look after a friend or family member. The Charter, developed with carers and voluntary organisations, sets out a series of commitments for how organisations will work with carers to support them in their caring role.</p>
	<p>The County Council agreed to contribute up to £10.5 million to commission a new service from April 2019 to support victims of domestic abuse and tackle the behaviour of perpetrators in Hampshire. The County Council, the Office of the Police and Crime Commissioner and Southampton City Council are working together to fund the service as part of a new contract with a value of up to a maximum of £13.5 million over seven years.</p>

Serving Hampshire priority	Achievement
<p>The way we work:</p> <ul style="list-style-type: none"> • Develop accessible and efficient online services • Work closely with our partners • Use taxpayers' money wisely 	<p>Customer satisfaction with the shared services Integrated Business Centre continued to improve, with 77% of customers who completed the satisfaction survey between January and March 2019 scoring their experience as <i>Satisfied</i>, an improvement of 7% compared with last year. The three words most commonly used by customers to describe the service that they received were <i>Good</i>, <i>Excellent</i>, and <i>Helpful</i>.</p> <p>The percentage of working hours lost to sickness absence in 2018/19 has reduced to 3.23%, down from 3.74% in 2017/18 - the lowest level of sickness reported at year-end in the last seven years.</p> <p>The London Borough of Hammersmith and Fulham, London Borough of Kensington and Chelsea and Westminster City Council joined the County Council's Shared Services partnership in December 2018, following the successful go-live of new arrangements as scheduled. This expansion demonstrates the strength and high performance of the County Council's corporate support functions.</p> <p>Six new organisations joined the Southern Internal Audit Partnership (SIAP) from April 2019. Following a robust evaluation and selection process, these new organisations selected the SIAP as their preferred supplier of audit services, bringing the total number of partners and clients in the Partnership to 30. These new organisations include four Surrey local authorities, as well as the police forces and offices of the Police and Crime Commissioners for both Surrey and Sussex.</p> <p>HC3S, the County Council's catering service secured nine new catering contracts in 2018/19 in Hampshire, Dorset and Wiltshire, including the first 6th form college to be catered for by the service. Income allows skills to be retained within Hampshire and contributes to the County Council's budget.</p>

The County Council and Commercial Services Kent Ltd (a trading company owned by Kent County Council) agreed to embark on a joint venture for the recruitment of temporary agency staff. The joint agency will enable the County Council to meet growing demand for services, particularly social care, and to better manage and control the sourcing and retention of skilled, high quality agency staff.

Appendix Three: Local Government and Social Care Ombudsman determinations 2018/19

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	The County Council has failed to: assess the complainant's son's needs properly; produce a care and support plan which meets his needs; address safeguarding issues; or ensure its care provider meets his needs.	Upheld	Reassess the complainant's son's needs.	No, but LGO discontinued their involvement in case as circumstances changed.
Children's Services	The County Council took too long to arrange a transfer conference when the complainant's daughter, who at the time was subject to a child protection plan, moved to another council area to live with her father.	Upheld	N/A	N/A
Children's Services	The County Council upheld some of the complainant's complaints about the service he received from the children's services department but would not consider his outstanding grievances further.	Upheld	N/A - local remedy completed to resolve complaint.	N/A
Children's Services	The County Council failed to provide alternative education or deliver special educational needs provision for their son, while he was out of school, took too long to issue an Education, Health and Care Plan, and refused to allow them to educate the complainant's son at home.	Upheld	Apology	Yes
Adults' Health and Care	The County Council failed to consider the Best Interests of the complainant's mother when placing her in a care home that was not close to the complainant's home.	Upheld	N/A	N/A
Adults' Health and Care	The County Council failed to respect the complainant's family member's wishes regarding sharing information with particular family members. The County Council threatened a referral to the Court of Protection if the complainant failed to agree the plan for care. The County Council allowed the complainant to be bullied by family members.	Not upheld	N/A	N/A

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	A carer funded by the County Council refused to help the complainant get dressed in advance of attending a funeral. The complainant also ran out of medication. There were delays in the complaint being dealt with by the care agency, which the complainant believed were due to discrimination.	Upheld	Financial - £150 Apologise in writing	Yes
Children's Services	The County Council failed to initiate a stage two investigation as per the statutory guidance. The County Council's failures in the substantive complaint have had an adverse impact on his child's education.	Upheld	Commence stage 2 investigation.	Yes
Children's Services	The County Council delayed in completing the process of assessing and issuing a Health, Education and Care Plan for the complainant's son.	Upheld	Apologise. £2850 financial remedy	Ongoing
Children's Services	The County Council refused to continue providing free home to school transport for his child. The County Council considered there was a nearer suitable school that the child could attend. The complainant advised that his child need to attend a particular school for faith and SEN reasons.	Not upheld	N/A	N/A
Adults' Health and Care	A care agency commissioned to provide services on behalf of the County Council provided care which was unsafe and of a poor standard. The carers damaged the property.	Upheld	Financial - £500 Apologise in writing. Review lessons learnt.	Yes
Children's Services	The County Council completed an investigation into an allegation that the complainant hit his child. The social worker spoke to his child without informing the complainant. The assessment was inaccurate.	Upheld	Respond to second complaint.	Yes
Children's Services	The County Council cancelled two intended child protection conference meetings late. The complainants were not informed and lost earnings as a result.	Upheld	£500 financial remedy	Yes

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	The County Council failed to clarify how it calculated the complainant mother's care home fees and how the fees were affected by Funded Nursing Care payments. The complainant thought the County Council may have overcharged her.	Upheld	N/A	N/A
Children's Services	The County Council failed to make amendments to an Education, Health and Care plan ordered by the Tribunal.	Upheld	Apologise.	Yes
Children's Services	The County Council failed to follow the statutory complaints process and child protection protocols. This has had a negative impact on the complainant and his family.	Upheld	Apologise.	Yes
Adults' Health and Care	The care home where her husband stayed gave the notes of a former resident to ambulance staff, when her husband went into hospital. This could have resulted in the hospital providing wrong treatment or medication to her husband.	Upheld	Apologise.	Yes
Children's Services	The County Council failed to deal with the complainant's Home to School transport appeal properly. The County Council did not follow its policy and did not give a detailed written explanation of the considerations made by the appeals panel.	Upheld	Apologise. Rearrange appeal. Review policy.	Yes
Corporate Services	The County Council's refused the complainant's appeal for a school place for their daughter. The complainant does not believe the appeal was conducted appropriately.	Not upheld	N/A	N/A
Children's Services	The County Council failed to provide clear reasons for the decision to refuse a school place requested on medical grounds. The County Council failed to provide the possibility of proper review at appeal.	Upheld	Reconsider application. Provide additional guidance to Clerks and Panel Members.	Yes

Department	Complaint	Decision	Remedy	Remedy Completed
Adults' Health and Care	The care home where the complainant's father lived provided substandard care. When the complainant wanted to complaint, the care home failed to signpost her to the County Council's complaints process. When she contacted the County Council, the complaint was not put through the complaints process.	Upheld	N/A	N/A
Children's Services	The County Council unreasonably refused to meet a duty to investigate and compile a report for a court under the Adoption and Children Act 2002.	Not upheld		N/A
Corporate Services	The County Council did not consider the complainant's physical circumstances when it reviewed the blue badge application. The complainant's blue badge was not renewed.	Upheld	£150 financial remedy	Yes
Children's Services	There was a two year delay by the County Council in completing an annual review for a young person for whom it maintains an EHC Plan.	Upheld	Review of EHCP. Apologise. Audit EHCPs. £450 financial remedy.	Ongoing

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	17 June 2019
Title:	Responsibilities for Executive Functions
Report From:	Chief Executive

Contact name: Barbara Beardwell

Tel: 01962 845157

Email: Barbara.beardwell@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to report changes to the allocation of Executive Functions.

Recommendation

2. That the revised allocation of responsibility for Executive Functions at Appendix One of this Report is noted by Cabinet and reported to the County Council at the County Council meeting on 18 July 2019.
3. That the composition of the Cabinet Advisory Sub-Committee for Economic Development includes: the Leader and Executive Member for Policy and Resources; the Deputy Leader and Executive Member for Economy, Transport and Environment; and the Executive Member for Commercial Strategy, Human Resources and Performance.

Executive Summary

4. Part 1, Chapter 17, Paragraph 1.3 of the County Council's Constitution requires that changes to the Constitution consequential upon the allocation of responsibility for Executive Functions decided by the Leader, be reported to the Cabinet and then to the County Council. The Leader has revised the appointment of elected Members to Cabinet. This Report identifies their portfolios and the functions, powers and responsibilities around which they can make decisions.

Contextual information

5. By virtue of Section 9E of the Local Government Act 2000 (as amended) ('the 2000 Act'), and by virtue of operation of a Leader and Cabinet form of Executive Arrangements, Members of Cabinet are appointed by the Leader. Allocation of Executive Functions between individual Members of Cabinet is also the responsibility of the Leader.
6. Responsibility for Executive Functions as allocated by the Leader is set out in Part 2, Chapter 3 of the Constitution. Attached at Appendix One to this Report is a revised Part 2, Chapter 3 of the Constitution consequential upon the revised allocation of Executive Functions as determined by the Leader.
7. Consequential upon the revised Executive portfolios referred to in this report, it is considered appropriate for the composition of the Cabinet Advisory Sub-Committee for Economic Development to include: the Executive portfolios of the Leader and Executive Member for Policy and Resources; the Deputy Leader and Executive Member for Economy, Transport and Environment; and the Executive Member for Commercial Strategy, Human Resources and Performance.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision for the good governance of the County Council.

Direct links to specific legislation or Government Directives

<u>Title</u>	<u>Date</u>
Local Government Act	2000

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 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:

It is considered that this Report will have no adverse impact or cause no disadvantage to groups with protected characteristics.

Part 2: Chapter 3

Executive Functions

1. Responsibility for Executive Functions

- 1.1 The following table sets out the allocation of responsibilities within the Executive. The portfolios are expressed in broad terms and may be varied, as provided for in the Executive Procedure Rules set out in Part 3 Chapter 2 of this Constitution.
- 1.2 The principles of responsibility are as follows:
- 1.2.1 unless a function, power or responsibility is specifically reserved to the County Council or a Committee of the County Council, the Executive is authorised to exercise the function or power.
- 1.2.2 the Executive collectively will be responsible for those decisions falling appropriately to it.
- 1.2.3 all decisions will be recorded.
- 1.2.4 if a decision is made by an individual Member of the Executive, this will be stated openly and clearly.
- 1.2.5 the Executive or individual Members of the Executive will normally be making Key Decisions, as defined at Part 3, Chapter 2, Paragraph 3 of this Constitution, or decisions which are significant (even though they may not be Key Decisions).

Responsible Person	Functions
Leader and Executive Member for Policy and Resources	<p>Leader of the County Council and Chairing and managing the Executive and its work.</p> <p>Overall strategy (including Serving Hampshire - Strategic Plan), policy and co-ordination 'across the board', and the direction and utilisation of resources.</p> <p>Primary departmental links – Corporate Services, and Culture, Communities and Business Services departments.</p> <p>Service area responsibilities – services within the above departmental remit areas; except where any area has been specifically allocated within the remit</p>

	<p>of another Executive Member.</p> <p>Functional areas – policy; strategic overview; overall performance; budget strategy; and personnel policies, including strategy for pay and remuneration, asset management, and IT services.</p> <p>Monitoring and developing the sustainability of the natural environment and heritage of rural Hampshire.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p>
Deputy Leader and Executive Member for Economy, Transport and Environment	<p>Overall strategy and policy for all environmental matters (including planning and transportation, and mineral and waste), but excluding regulatory matters within the remit of the Regulatory Committee.</p> <p>Primary departmental link – Economy, Transport and Environment Department.</p> <p>Service area responsibilities – within the remit of the above department.</p> <p>Functional areas - Transport strategy; spatial planning; minerals and waste planning; waste management, re-cycling; highways and bridges; highway maintenance; winter maintenance; structural maintenance; passenger transport; traffic and road safety; highways lighting; integration of public and private transport; environmental and information services; flood and coastal erosion risk management; and all ancillary activities.</p> <p>Monitoring and developing the County Council's economy; co-ordinating and developing the County Council's involvement in European projects sponsored or led by the Economy, Transport and Environment Department.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p> <p>NB: This Executive Member is also the County Council's Executive appointment to Project Integra Strategic Board Joint Committee and Solent</p>

	Transport.
Executive Member for Commercial Strategy, Human Resources and Performance	<p>To assist the Executive Member for Policy and Resources.</p> <p>Overall strategy for human resources and performance matters.</p> <p>Primary department links – Corporate Services and Culture, Communities and Business Services Departments.</p> <p>Service area responsibilities – human resources services within the remit of Corporate Services, including strategic workforce development and corporate performance, and otherwise where relevant to the role.</p> <p>Functional areas – Commercial strategy, including: Procurement policies and outcomes; Corporate Services and Culture, Communities and Business Services business units and trading arrangements; business and trading arrangements in other departments where relevant; development of income generation policies across the board, energy related matters.</p> <p>Personnel policy formulation and skills development in relation to the County Council's directly employed workforce (excluding schools), and review of corporate performance through the Annual Performance Report.</p> <p>Advisory areas – to advise the Executive Member for Policy and Resources on revenue and capital related matters, property matters, and major land policy and disposal matters and programmes; to develop with the Director of Corporate Resources relevant financial plans for approval by the Executive Member for Policy and Resources.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Buildings, Land and Procurement Panel. (BLAPP), and Chairman of the Employment in Hampshire County Council (EHCC) Committee.</p>

<p>Executive Lead Member for Children's Services and Young People</p>	<p>Designated Lead Member for Children's Services pursuant to Section 19 of the Children Act 2004.</p> <p>Overall strategy and policy for all Children's matters, i.e. Education, Children and Families pursuant to the requirements of the Children Act 2004. Approval of the Children and Young People's Plan.</p> <p>Primary departmental link – Children's Services Department.</p> <p>Service area responsibilities – all services within the remit of the above department.</p> <p>Functional areas – statutory Social Services functions of the County Council relating to children, and all education functions exercisable by the County Council as Local Education Authority.</p> <p>Responsibility for building relationships with businesses in Hampshire, the Corporate Apprenticeship Programme.</p> <p>Primary Department links – Corporate Services and Culture, Communities and Business Services Departments.</p> <p>Service area responsibilities – services within Corporate Services and Culture, Communities and Business Services Departments relevant to the role and relevant external and International links.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p>
<p>Executive Member for Education and Skills</p>	<p>To support the Executive Lead Member for Children's Services and Young People because of the breadth of the portfolio, by providing additional capacity at Executive level to drive improvements in school standards and educational attainment and liaising with schools, academies, colleges and other representatives of the education sector.</p> <p>Primary departmental links – Children's Services Department.</p> <p>Service area responsibilities – education and schools; co-ordination of post 16 skills policies and initiatives.</p>

	<p>Functional areas – working with the Executive Lead Member for Children’s Services and Young People to develop policy and strategy in relation to school improvements and educational standards; where agreed with the Executive Lead Member for Children’s Services and Young People determining infrastructure and school organisation matters, in accordance with policies and strategies agreed by the Executive Lead Member for Children’s Services and Young People, the Children and Young People’s Plan, and where relevant the Children’s Services Capital Programme.</p> <p>Determining appeals in respect of exceptions to school transport policies, other than appeals relating to the safety of walking routes.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with the minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Education Advisory Panel.</p>
Executive Member for Recreation and Heritage	<p>Overall strategy and policy for libraries, museums, archives, arts, outdoor activities and leisure.</p> <p>Primary departmental link – Culture, Communities and Business Services Department</p> <p>Service area responsibilities – Recreation and Heritage Services within the Culture, Communities and Business Services Department</p> <p>Functional areas – libraries, museums, archives and records, country parks, countryside sites and nature reserves, sport and culture community support, recreation and all ancillary activities.</p> <p>Appointments to relevant outside bodies, not on a proportional basis in consultation with the minority parties.</p>
Executive Member for Adult Social Care and Health	<p>Overall strategy and policy for all Adult Social Care matters.</p> <p>Primary departmental links – Adults, Health and Care Department.</p> <p>Service area responsibilities – all services within the</p>

	<p>remit of the above department including all duties relating to adult social care including safeguarding, including under (inter alia), the Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983. Primary responsibility for liaison with the National Health Service.</p> <p>Functional areas – services for adults, including older people, learning disability, physical disability, mental health and all ancillary services.</p> <p>Appointments to relevant outside bodies – not on a proportional basis in consultation with the minority parties.</p> <p>N.B. This Executive Member is also Chairman of the Health and Wellbeing Board.</p>
Executive Member for Public Health	<p>Overall strategy and policy for Public Health matters.</p> <p>Primary Department links – Adults’, Health and Care, and Children’s Services Departments.</p> <p>Service area responsibilities - all services within the remit of the County Council’s public health responsibilities pursuant to the National Health Service Act 2006.</p> <p>All duties relating to the County Council’s responsibilities to improve public health.</p> <p>Functional areas – Development of the County Council’s strategy and policy in relation to public health. Functions related to the Supporting Troubled Families Programme.</p> <p>Appointments to relevant outside bodies – not on a proportional basis in consultation with the minority parties.</p>
Executive Member for Communities, Partnerships and External Affairs including Brexit	<p>Primary departmental links – Culture, Communities and Business Services and Corporate Services Departments.</p> <p>Service area responsibilities – services within Corporate Services and Culture, Communities and Business Services Departments relevant to the role.</p> <p>Functional Areas - Co-ordinating County Council representation on District Local Strategic Partnerships (LSP’s) and Community Safety Partnerships (CSP’s);</p>

	<p>Functions related to Community Safety, and Equalities. Emergency Planning functions pursuant to the Civil Contingencies Act 2004.</p> <p>Corporate oversight of the County Council's Grant Management System.</p> <p>Responsibility for the County Council's relationships with the Interfaith Network Community, the Voluntary and Community Sector, and other partners.</p> <p>Corporate oversight of external and International policy and activities; championing the County Council's relationship with external and international/national bodies.</p> <p>Responsibility for the County Council's relationship with the Armed Forces Community.</p> <p>Appointments to relevant outside bodies not on a proportional basis in consultation with minority parties.</p>
Executive Member for Countryside and Rural Affairs	<p>Overall strategy for promoting the Hampshire rural estate and partnerships with the focus on rural initiatives, to the benefit of Hampshire.</p> <p>Primary departmental links – Culture, Communities and Business Services and all departments of the County Council relevant to the responsibilities.</p> <p>Service Area Responsibilities – the Policy Framework for the County Farm Estate, Rural Affairs, Rights of Way and responsibility for the Parish and Town Council Investment Fund and the Rural Affairs Development Fund.</p> <p>Functional Areas – development of rural initiatives into the formulation of major policy.</p> <p>Developing links with other agencies and other local authorities regarding the development of rural activity. Overall responsibility for the County Council's relationships with Parish, Town and District and Borough Councils.</p> <p>Promoting Hampshire rural interests, countryside estate and partnerships with the focus on rural initiatives, to the benefit of Hampshire.</p>

	Appointments to relevant outside bodies not on a proportionate basis in consultation with the minority parties
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