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Hampshire
County Council

NOTICE OF MEETING

Meeting Cabinet

Date and Time Tuesday, 7th December, 2021 at 10.30 am

Place Ashburton Hall, Ell Court, Winchester

Enquiries to members.services@hants.gov.uk

Carolyn Williamson FCPFA
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 5 - 26)

To confirm the minutes of the previous meeting

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. LEARNING TO LIVE WITH COVID-19 AND WORKING TOWARDS ECONOMIC RECOVERY (Pages 27 - 152)

To consider a report of the Chief Executive regarding the recovery from the COVID-19 pandemic.

7. FINANCIAL UPDATE AND BUDGET SETTING AND PROVISIONAL CASH LIMITS 2022/23 (Pages 153 - 176)

To consider a report of the Chief Finance Officer and Director of Corporate Operations regarding 2022-23 budget setting and providing an update on the in-year financial position.

8. ANNUAL SAFEGUARDING REPORT - CHILDREN'S SERVICES 2020-21 (Pages 177 - 198)

To consider the annual safeguarding report of the Director of Children's Services.

9. ANNUAL SAFEGUARDING REPORT – ADULTS' HEALTH AND CARE 2020-21 (Pages 199 - 210)

To consider the annual safeguarding report of the Director of Adults' Health and Care.

10. HAMPSHIRE COMMUNITY SAFETY STRATEGY GROUP (Pages 211 - 222)

To consider a report of the Director of Adults' Health and Care regarding the Hampshire Community Safety Strategy Group.

11. ANNUAL PREVENT REPORT (Pages 223 - 230)

To consider the annual PREVENT report of the Director of Adults' Health and Care

12. REVIEW OF THE PUBLIC HEALTH PARTNERSHIP FUNCTION BETWEEN ISLE OF WIGHT COUNCIL AND HAMPSHIRE COUNTY COUNCIL. (Pages 231 - 240)

To consider a report of the Director of Public Health regarding the Public Health partnership with Isle of Wight Council.

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.

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Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Tuesday, 12th October, 2021

Chairman:
* Councillor Keith Mans

Councillor Rob Humby
* Councillor Roz Chadd
* Councillor Liz Fairhurst
* Councillor Steve Forster

* Councillor Edward Heron
* Councillor Russell Oppenheimer
* Councillor Stephen Reid
* Councillor Jan Warwick

Also present with the agreement of the Chairman: Councillors Carpenter, Glen, Hayre, House, Latham, Philpott, Porter, Tod and Withers.

15. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Humby

16. 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.

With regards to the County Deal elements of the "Recovery from and learning to live with Covid-19" item, Councillor Heron declared a personal interest as Leader of a District Council.

17. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting were reviewed and agreed.

18. DEPUTATIONS

No deputation requests had been received for the meeting, however it was noted that a number of non-executive Members would speak on items on the agenda with the agreement of the Chairman.

19. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements on this occasion.

20. RECOVERY FROM AND LEARNING TO LIVE WITH COVID-19

Cabinet considered a report of the Chief Executive regarding the County Council's continuing responses to the COVID-19 pandemic.

It was noted that since publication of the report a meeting with Council Leaders in Hampshire regarding the proposed County Deal had highlighted areas requiring further discussion. For that reason, discussion by Cabinet would be deferred to a future meeting.

The report was introduced with reference to the economic impact and recovery, rates of infection, staffing and the return to office working, support for Afghan refugees, the return of children to school in September and safeguarding and a number of other service specific impacts.

At the invitation of the Chairman, Councillor House addressed Cabinet, highlighting that there were a number of unknowns relating to the County Deal and therefore caution should be exercised. He welcomed further consideration being given to proposals, and confirmed his support for an outcome based on genuine partnership and devolution of power.

Cabinet discussed the latest statistics for Hampshire relating to Covid-19 infections, noting the success of the vaccination programme and higher rates of infection in younger, unvaccinated age groups. It was confirmed that data on the booster vaccine was still emerging and Cabinet heard that the flu vaccine was being rolled out earlier than normal.

The increase in child protection plans was considered and it was explained that this was likely a short term increase, however the number of referrals to children's social care was now constantly raised by around 20% reflecting heightened professional concern. This increase in referrals was part of the national picture and the cost pressure of responding to it had been raised with government.

The recommendations set out in the report were considered and noting that the County Deal proposals were subject to discussion at a future meeting, the recommendations were agreed. A decision record is attached to these minutes.

21. MEDIUM TERM FINANCIAL STRATEGY UPDATE AND SAVINGS PROGRAMME TO 2023 SAVINGS PROPOSALS

Cabinet considered a report of the Chief Finance Officer and Director of Corporate Operations regarding the overall financial strategy for dealing with the budget gap to 2023/24 in light of the various options available to the County Council and the high level outcomes from the public consultation exercise on balancing the budget.

With the agreement of the Chairman, Councillors Porter and House addressed Cabinet. Councillor Porter expressed her concern about specific reductions to the Children's Services budget, in particular in the areas of fostering, home to school transport, school funding and the youth offending team.

Councillor House welcomed no further changes to HWRC or school crossing patrol budgets, but noted that previously agreed budget reductions had not yet been achieved and expressed concern about Council Chamber refurbishment costs, a reduction in spending on vulnerable adults and an increasing dependence on volunteers to deliver services. He called on Cabinet to meet with Hampshire MPs to lobby for fair funding to support local services.

With reference to the report, key details of the MTFS and SP23 proposals were highlighted to Cabinet, including investment recommendations and proposed recommendations to the County Council.

Cabinet welcomed the report and heard that the Leader held regular meetings with Hampshire MPs to make the case for the importance of fair funding, furthermore service specific issues were brought to government attention via professional networks. It was noted that the Council Chamber was a listed building and provided accommodation for the coroner which would otherwise require alternative facilities, therefore the proposed maintenance was both necessary and cost effective. It was recognised that reductions in the youth offending budget were in combination with initiatives to reduce youth crime and therefore the demand on the service. The benefits of Extra-Care both in terms of cost reduction and the customer experience were set out and noted. Cabinet also discussed the current limitations on home to school transport, which are bound by national legislation, and the potential benefits of being able to control this locally to achieve better alignment with need and the use of more sustainable transport methods.

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

22. CLIMATE CHANGE ANNUAL REPORT 2020-2021

Cabinet considered the report of the Director of Economy, Transport and Environment setting out the Climate Change Annual Report 2020-21.

With the agreement of the Chairman, Councillors Porter and Tod addressed Cabinet. Councillor Porter noted the emphasis on engaging with young people in the findings of the Hampshire 2050 Commission and highlighting the role that young people will play in progressing climate change initiatives, expressed concern that the climate change programme was not engaging enough.

Councillor Tod highlighted the links to climate change in the County Council's Strategic Plan (2021-2025). With reference to inconsistent wording between the Plan and covering Cabinet report (from the July Cabinet meeting), he noted that "sustainable" had been removed from Outcome 1 and felt that a clearer ambition for recycling was needed. Councillor Tod also proposed areas where the climate change programme could develop further, relating to local energy generation, solar PV, tree planting and carbon reduction.

One year into the Climate Change programme, key areas of progress were highlighted to Cabinet, as was the focus for the second year. Actions to embed the programme within the organisation were drawn to Members' attention, as was extensive partnership and engagement work. It was noted that the Covid-19 pandemic had limited progress in some areas.

Cabinet welcomed the report and the success and ambition of the climate change strategy. In particular initiatives such as "walktober", the promotion of staycations, the use of bio-fuels and electric machinery, the greening campaign and the recycling of asphalt were recognised.

In response to Councillor Tod's comments, it was clarified that the wording of the Strategic Plan as adopted by the County Council took precedence over any covering reports. An additional recommendation was proposed by Councillor Warwick and seconded by Councillor Oppenheimer that:

Cabinet recognise the importance of waste minimisation through promotion of the circular economy as a key element of the climate change strategy and accordingly recommends that County Council amend Outcome One of the "Serving Hampshire's Residents – Strategic Plan 2021 – 2025" to reflect this, as detailed in the extract from the Strategic Plan attached to the Decision Record.

The recommendations in the report, along with the additional recommendation were considered and agreed. A decision record is attached to these minutes.

23. NEW FOREST NATIONAL PARK AUTHORITY MANAGEMENT PLAN

Cabinet considered the report of the Director of Economy, Transport and Environment regarding the New Forest National Park Partnership Management Plan 2021-2026.

The key purpose of the Management Plan was set out and Cabinet welcomed the report, noting in particular sections on climate change and nature recovery.

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

24. PROPOSALS REGARDING BUSINESS EFFICIENCY & REVIEW OF FINANCIAL THRESHOLDS

Cabinet considered a report of the Chief Executive regarding business efficiency and a review of financial thresholds.

With the agreement of the Chairman, Councillor House addressed Cabinet expressing concern about a reduction in transparency should more decisions be taken in private. He also noted that the increase in the Key Decision threshold was not in line with inflation.

The report was presented and it was highlighted in particular that the increase in the Key Decision threshold to £2 million reflected the substantial change in significance of contractual value to departmental budgets since the previous review. It was furthermore noted that the alternative “significant impact” criteria for a Key Decision remained and was regardless of monetary value. It was explained that the revision to tendering procedures created an efficient alignment between any waiver decision and the decision maker.

Cabinet welcomed the report, noting that recommendations were based on lessons learned, that there must always be a balance between transparency and efficiency and that these changes didn't preclude Cabinet Members from making a decision on a matter that could be decided by officers where it was appropriate to do so.

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

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	12 October 2021
Title:	Recovery from and learning to live with Covid-19
Report From:	Chief Executive

Contact name: Carolyn Williamson, Chief Executive

Tel: 01962 845252 **Email:** Carolyn.williamson@hants.gov.uk

1. The decision:

That Cabinet

1.1 Note that the initial County Deal proposal was subject to further discussion with partners and therefore consideration would be deferred to a future meeting of Cabinet.

1.2 Note that through the implementation of the COVID vaccination programme the link between infection rates and hospitalisation and deaths has been largely broken. Nevertheless, as a society and in our role as the public health authority there is a need to manage rates of infections.

1.3 Note the contents of the report as a further summary of the exceptional events and recovery actions taken by the County Council concerning the COVID-19 crisis, bearing in mind that this remains a high-level analysis of what continues to be such a substantial and potentially fast changing crisis.

1.4 Note that the County Council's operational crisis management arrangements are dismantled with a full return to ordinary operational governance arrangements.

1.5 Note the fuller analyses contained in the report of continued recovery work, through the Collective Wisdom project related particularly to the return to the office.

1.6 Continue to recognise the on-going exceptional commitment and flexibility of the staff of the County Council as the crisis has progressed.

2. Reason(s) for the decision:

2.1. To provide Cabinet with an update on the Covid crisis as it is affecting the County Council, as an organisation and for the residents of the county.

3. Other options considered and rejected:

3.1. None.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker:

4.2. Conflicts of interest declared by other Executive Members consulted:

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:

12 October 2021

**Chairman of Cabinet
Councillor Keith Mans**

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	12 October 2021
Title:	Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals
Report From:	Chief Finance Officer and Director of Corporate Operations

Contact name: Rob Carr

Tel: 0370 779 2467

Email: Rob.carr@hants.gov.uk

1. The decision:

That Cabinet

- 1.1. Notes the latest position in respect of the financial resilience monitoring for the current financial year.
- 1.2. Confirms the current planning assumption that council tax and the social care precept will increase by the maximum permissible without a referendum, in line with government policy, will continue.
- 1.3. Approves the recommended approach to dealing with the anticipated £80m budget deficit, as set out in paragraphs 185 to 187.
- 1.4. Approves, subject to further consultation and executive decision making where necessary, the savings proposals in Appendix 3; after taking due regard of the consultation feedback and Equality Impact Assessments.
- 1.5. Approves further service specific consultations, where necessary, on the savings proposals set out in Appendix 3, prior to final decisions being made by Executive Members.
- 1.6. Restates and reinforces the requirement that should any savings proposal be rejected that alternative options to the same value will need to be developed by the appropriate department.
- 1.7. Notes the requirement for further essential health and safety and maintenance works within the older persons residential portfolio and the initial plan to prioritise a programme of full asset management plan surveys at a cost of £120,000 to be funded from the AHC cost of change reserve.
- 1.8. Notes the revised Commercial Strategy at Appendix 10 which includes an analysis of the Council's income generation.

1.9. Recommends to County Council that:

- a) The mid-year report on treasury management activity at Appendix 2 be approved.
- b) The savings proposals in Appendix 3 be approved, subject to further consultation and executive decision making where necessary.
- c) Recurring funding of £7m is approved from 2022/23 to provide additional resources for the overall Highways Maintenance budget, with the flexibility for the Director of Economy, Transport and Environment to allocate this between Operation Resilience and the reactive maintenance budget as required.
- d) Investment of £1.7m in 2021/22, £2.4m in 2022/23 and £3.2m per year from 2023/24 onwards in Children's Intensive Workers be approved, to be met from existing corporate growth funding allocations for Children Looked After.
- e) Capital investment of up to £22m is added to the capital programme in respect of younger adults extra care and the Woodcot Lodge discharge to assess facility to be funded by prudential borrowing with repayments accounted for within the proposed saving.
- f) Capital investment of £786,000 is added to the capital programme in respect of improvement works to the Formal Meeting Chamber, to be funded from cost of change reserves.

2. Reason(s) for the decision:

- 2.1. To consider the overall financial strategy for dealing with the budget gap to 2023/24 in light of the various options available to the County Council and to receive the high level outcomes from the public consultation exercise on balancing the budget.

3. Other options considered and rejected:

- 3.1. None.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:
4.2. Conflicts of interest declared by other Executive Members consulted:

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:

12 October 2021

**Chairman of Cabinet
Councillor Keith Mans**

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	12 October 2021
Title:	Climate Change Annual Report
Report From:	Director of Economy, Transport and Environment

Contact name: Chitra Nadarajah

Tel: 03707 797514

Email: chitra.nadarajah@hants.gov.uk

1. The decision:

- 1.1. That Cabinet approves the first annual update on progress on Climate Change over the last 12 months (July 2020-July 2021) and agrees the focus for the year ahead on the “Year of Climate Resilience”.
- 1.2. That Cabinet recognise the importance of waste minimisation through promotion of the circular economy as a key element of the climate change strategy and accordingly recommends that County Council amend Outcome One of the “Serving Hampshire’s Residents – Strategic Plan 2021 – 2025” to reflect this, as detailed in the extract from the Strategic Plan attached to this Decision Record at Annex 1.

2. Reason(s) for the decision:

- 2.1. The County Council committed to reporting on progress against the Action Plan and Strategic Framework on annual basis as set out in the attached Annual Report.
- 2.2. The Annual Report also sets out the focus for second year of delivery on the “Year of Resilience” to support the County Council’s target for resilience and National priorities on this.
- 2.3. To recognise the importance of waste minimisation through promotion of the circular economy as a key element of the climate change strategy and propose an amendment to Outcome One of the “Serving Hampshire’s Residents – Strategic Plan 2021 – 2025” reflect this.

3. Other options considered and rejected:

- 3.1. None.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:

4.2. Conflicts of interest declared by other Executive Members consulted:

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:

12 October 2021

**Chairman of Cabinet
Councillor Keith Mans**

Annex 1 – Updated extract from “Serving Hampshire’s Residents – Strategic Plan 2021 – 2025”.

Outcome one: Hampshire maintains strong resilient and **sustainable** economic growth and prosperity

Our priorities are:

- Promoting a green economic recovery across Hampshire,
- Ensuring Hampshire has the right conditions for economic innovation to flourish
- Enhancing our competitiveness as an international gateway and globally connected economy
- Maximising opportunities for employment and inclusion by equipping people with the right skills to support, and benefit from, economic growth
- Promoting Hampshire’s assets and opportunities as an excellent place to work, visit, live and do business
- **Promoting the circular economy to minimise waste and use of natural resources**

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	12 October 2021
Title:	New Forest National Park Authority Management Plan
Report From:	Director of Economy, Transport and Environment

Contact name: James Potter

Tel: 03707 790212

Email: James.potter@hants.gov.uk

1. The decision:

- 1.1. That the New Forest National Park Partnership Management Plan 2021-2026 be endorsed.

2. Reason(s) for the decision:

- 2.1. To set out the background to the New Forest National Park Authority Partnership plan and the revised Partnership plan that the Park Authority is now seeking an endorsement of.

3. Other options considered and rejected:

- 3.1. None.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:
- 4.2. Conflicts of interest declared by other Executive Members consulted:

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:

12 October 2021

**Chairman of Cabinet
Councillor Keith Mans**

Annex 1 – Updated extract from “Serving Hampshire’s Residents – Strategic Plan 2021 – 2025”.

Outcome one: Hampshire maintains strong resilient and **sustainable** economic growth and prosperity

Our priorities are:

- Promoting a green economic recovery across Hampshire,
- Ensuring Hampshire has the right conditions for economic innovation to flourish
- Enhancing our competitiveness as an international gateway and globally connected economy
- Maximising opportunities for employment and inclusion by equipping people with the right skills to support, and benefit from, economic growth
- Promoting Hampshire’s assets and opportunities as an excellent place to work, visit, live and do business
- **Promoting the circular economy to minimise waste and use of natural resources**

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	12 October 2021
Title:	Proposals Regarding Business Efficiency & Review of Financial Thresholds
Report From:	Chief Executive

Contact name: Barbara Beardwell
Belinda Stubbs

Tel: 03707 793751 **Email:** barbara.beardwell@hants.gov.uk
 01962 846235 belinda.stubbs@hants.gov.uk

1. The decision:

That Cabinet recommend to full Council:

1. An increase of the current financial threshold for a Key Decision (£1 million) to £2 million.
 2. The revised approvals required in the case of STAs, authority levels and purchasing / tendering procedures and thresholds as proposed at Paragraphs 15 - 21 of this report, and consequential revisions to Contract Standing Orders as indicated at Appendix 1.
 3. Increases in the approval limits relating to Capital Expenditure contained in Financial Regulations as proposed at Paragraph 22 of this report.
- 3.1 Agree the submission to full Council on Cabinet on 4 November 2021 for approval to make the necessary changes to the Constitution, Contract Standing Orders, and Financial Regulations, in order to give effect to the recommendations proposed at Paragraphs 5, 6 and 7 of this report.

2. Reason(s) for the decision:

- 2.1. To propose to Council an increase of the current financial threshold for a Key Decision (£1 million) to £2 million as well as a number of changes to Contract Standing Orders.

3. Other options considered and rejected:

- 3.1. None.

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker:
- 4.2. Conflicts of interest declared by other Executive Members consulted:

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:

12 October 2021

**Chairman of Cabinet
Councillor Keith Mans**

Agenda Item 6

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	7 December 2021
Title:	Learning to live with Covid-19 and working towards Economic Recovery
Report From:	Chief Executive

Contact name: Carolyn Williamson, Chief Executive

Tel: 01962 845252

Email: carolyn.williamson@hants.gov.uk

Purpose of this Report

1. This regular report to Cabinet summarises the County Council's continuing responses to the COVID-19 pandemic. The focus is now on learning to live with Covid-19 and working towards economic recovery.

Recommendations

It is recommended that Cabinet:

2. Note the position on economic recovery action taken and the opportunities that arise for the region through the prospects of a County Deal and the potentially significant contribution a Deal could make to both the strength and nature of that economic recovery as outlined in the report, as well as an opportunity to secure wider public services reform and enhanced place leadership at different spatial levels.
3. Notes the Statement of Common Ground attached at Annex 3 that was unanimously agreed by Pan-Hampshire Leaders.
4. Endorses the draft County Deal Prospectus attached at Annex 4 which is being further developed through engagement and collaboration with partners for submission to Government in due course.
5. Endorses the current direction of travel for the devolution/County Deal work as set out in this report and authorises further work with partners to explore and develop these ideas.
6. Note that through the implementation of the COVID vaccination programme the link between infection rates and hospitalisation and deaths has been

largely broken. Nevertheless, as a society and in our role as the public health authority there is a need to manage rates of infections.

7. Note the contents of this report as a further summary of the exceptional events and recovery actions taken by the County Council concerning the COVID-19 crisis, bearing in mind that this remains a high-level analysis of what continues to be such a substantial and potentially fast changing crisis.
8. Note the fuller analyses contained in this report of continued recovery work, through the Collective Wisdom project related particularly to the return to the office.
9. Continue to recognise the on-going exceptional commitment and flexibility of the staff of the County Council as the crisis has progressed.

Executive Summary

10. This report, as its predecessor reports, attempts to provide Cabinet with a general update on the Covid crisis as it is affecting the County Council, as an organisation and for the residents of the county. Clearly every function and service, and every member of staff in the organisation, continue to be deeply affected by the pandemic and continue to sustain the highest levels of professional practice against what have been often extreme, if now more common place, conditions particularly as we now learn to live with Covid-19.
11. As before, inevitably there will be dimensions of this report which will be increasingly out of date immediately after publication. Officers will ensure any such issues are highlighted in the presentation of the report at the Cabinet meeting. This will particularly apply to the latest data on the transmission of the virus, the position of hospitals in Hampshire and the progress of the vaccination programme.
12. This report provides a full analysis of the economic impact and longer-term implications of the pandemic. It outlines those issues in more detail and sets out a framework for how the County Council should go about using its scale and influence to contribute to the county's and the sub-region's economic recovery going forward.
13. The report outlines the position on economic recovery and action taken alongside the opportunities that arise for the County through the prospects of a County Deal and the potentially significant contribution a Deal could make to both the strength and nature of that economic recovery as well as an opportunity to secure wider public services reform and enhanced place leadership at different spatial levels. The report presents a draft County Deal Prospectus that incorporates the initial work to develop an evidence base and possible high level asks. Annex 3 outlines a Statement of Common Ground in respect of the County Deal that was agreed by all Leaders on 23 November.

14. The implementation of the COVID vaccination programme and the link between infection rates and hospitalisation and deaths has been largely broken, with a strong push nationally regarding the Covid Booster and winter flu vaccinations. Nevertheless, as a society and in our role as the public health authority there is a need to manage rates of infections.
15. The report refers to the work of the County Council's Health Protection Board under the leadership of the Director of Public Health and in close liaison with the Leader-led Local Outbreak Engagement Board. That includes now routine and effective communications channels set between those boards and the leadership of district and borough councils within Hampshire County. While the pandemic will undoubtedly continue, as the crisis elements to the pandemic abate, there will be future consideration about a proposal to merge the role of the LOEB with the Health and Wellbeing Board, to be determined.
16. The report involves a detailed service by service analysis of the work of the County Council in terms of the pandemic. For the sake of clarity and brevity, those issues are drawn out here more on an exceptional basis for issues or circumstances that need to be highlighted
17. Our communications and engagement activity has focused on vaccinations and promotion of regular asymptomatic testing. This has involved continuing to promote a range of key messages as part of the Government's 'keep life moving' campaign as well as amplifying the messages from the NHS 'Stay Well This Winter/Choose Well' campaign.
18. Members are aware that CMT has initiated a project called "Collective Wisdom" to help steer the organisation's operating model as we progress out of the crisis. The title of this project is in recognition of the need for wholescale engagement and problem solving going forward. The report expands on that work so far, which focussed necessarily on accommodation changes, staff have now returned to the office through 'New Ways of Working', with this aspect of the initiative considered complete as at the end of October.
19. Once again it is important that this report to Cabinet should pay regard to the continuing and unflagging commitment of the staff and managers of the County Council to sustain the highest levels of performance and service throughout this long and punishing crisis. As the crisis continues so too does the need for this commitment to be acknowledged and applauded.

Economic Impact and Recovery from Covid-19

20. The impact of the pandemic on Hampshire's (Hampshire & the Isle of Wight) economy in 2020 was enormous and most likely greater than nationally, due to its greater exposure to a range of consumer facing services, education and transport related activities. The impact on the labour market and Hampshire businesses has been significant but far more modest than the impact on economic output.

21. A wide range of business support measures that have been made available to businesses meant that the impact of the pandemic on businesses insolvencies in Hampshire has been relatively modest to date but nevertheless greater than the regional and national average. In March 2021 Hampshire had 0.3% fewer enterprises (about 265 enterprises) and 0.5% fewer local business units (about 490 local business units) than in March 2020.
22. In absolute terms the greatest impact to date in Hampshire has been on the micro and small enterprises but in relative terms the greatest impact has been on large and small enterprises. The number of medium sized enterprises (50 to 249 employees) increased on the year.
23. The economy's reaction to the third lockdown introduced in the first quarter of this year was less severe than expected as consumer spending and business activity proved more adaptable to the restrictions than anticipated. Lifting of public health restrictions unleashed a stronger than expected rebound in economic growth in the second quarter
24. Business investment increased faster than previously thought in the second quarter and survey evidence from the Bank of England suggests that growth in investment in the third quarter could be faster than in the second quarter. However, significant product shortages and rising prices point to subdued growth in business investment over the short-term (next six-months). A greater focus on the 'levelling-up' agenda points to relatively strong growth in public investment in the UK.
25. Economic recovery in Hampshire and the UK came to a sudden halt in July as the 'pingdemic' hit consumer spending and staffing in the dominant services sector. Economic output contracted slightly in July, but August saw a bounce back in economic growth. Estimated growth in Hampshire was faster than the national average in the second quarter but Hampshire's growth in July and August is estimated to have slightly lagged the national average.
26. Retail sales in the UK fell for the fifth consecutive month in September, adding to the evidence of a slowdown in spending and economic growth. Leading economic indicators have remained mixed towards the end of the third quarter with increasing evidence of shortages of materials, fuel, and labour.
27. HMRC data points to strong growth in the number of payrolled employees in Hampshire in the third quarter - up 15,840 on the previous quarter. Preliminary data for September suggests that payrolled employment stood at 1.5% (over 12,800 employees) above February 2020 levels.
28. Hampshire & Isle of Wight had 27,200 furloughed residents in September and 35,300 residents on the self-employed job support scheme in October. Furlough and SEISS job support schemes have ended, and this could affect employment levels in the final quarter but labour demand in Hampshire remains strong. Job vacancies in Hampshire in early October were 50% higher than at the same time last year and above February 2020 levels. The jump in the number of job vacancies (online job postings) already implies that the labour market might be tighter than the unemployment rate of 3.8% suggests.

Labour shortages in Hampshire appear worst in nursing & care, hospitality and among HGV drivers.

29. Limited labour supply appears to be generating faster wage growth. Annual growth in median pay among employees in Hampshire increased by about 5% in September but annual growth has been affected by temporary factors such as the impact of Covid on pay a year ago and a fall in the number and proportion of lower-paid employee jobs, therefore increasing average earnings.
30. UK inflation increased by 3.1% in September with OBR now expecting inflation to peak at 4.4% in the second quarter of next year. With temporary shortages restraining economic growth and boosting inflation the UK economy is experiencing a temporary taste of 'stagflation' but this is on a different scale than back in the 1970's.
31. The OBR in its latest Economic and Fiscal Outlook (October 2021) has upgraded the outlook for the UK economy for this year to 6.5% from 4.1% in their March forecast but it has downgraded its forecast for 2022 to 6%. Its forecast for unemployment has been revised down to peak at 5.2% in the final quarter of this year from 6.5%.
32. The favourable outcome including forecast upgrade by the OBR meant that the Chancellor was able to say that he has reduced government borrowing much quicker than expected. Public sector net borrowing is expected to reach £183 billion or 7.9% of GDP in this fiscal year, before falling to 3.3% of GDP (£83 billion) next year, and steadily falling to around 1.8% of GDP by 2024-25.
33. Positive developments in economic data in the first half of the year have led the OBR to reduce estimates of the long-term 'scarring' impact of the pandemic. The pandemic is now expected to permanently reduce the size of the economy by 2% and not 3% as previously thought.
34. According to OBR labour supply will face a slightly reduced shortfall thanks to better participation and lower structural unemployment. Capital stock losses are smaller than previously thought as business investment has outperformed expectations and estimated impact on total factor productivity is smaller than previously thought thanks to a smaller impact of the pandemic on corporate balance sheets, FDI and intangible investment.
35. Sustained recovery is needed for the smaller 'scarring' effect to materialise which will in turn imply larger economy, higher revenue and improved fiscal position. A temporary taste of 'stagflation' in the UK and most major developed economies implies that the strong growth observed in the second quarter has not been sustained and that there are several uncertainties associated with the latest economic and fiscal forecasts.
36. Over the short-term global supply shortages might persist longer than anticipated and this will act as a break on demand and output growth. Rising inflation might prove more longer lasting than originally anticipated which could prompt the MPC to tighten monetary policy beyond market expectations which would in turn constrain economic growth. The OBR has also acknowledged

that there is uncertainty about whether government spending will have the same impact on output as usual if labour shortages and supply bottlenecks persist.

37. Investment in infrastructure, skills and innovation (the most important drivers of productivity growth) is needed for sustained and inclusive recovery. Government's 'Build Back Better: our plan for growth' sets out the government's plans to support growth through significant investment in infrastructure, skills, and innovation, and to pursue growth that levels up every part of the UK, enables the transition to net zero, and supports its vision for Global Britain.
38. In the Autumn Budget and Spending Review, the Chancellor announced that day-to-day departmental spending will rise by £24.8bn next financial year (about 1% of GDP). Total managed expenditure will grow in real terms at 3.8% a year on average over this Parliament which represents a cash increase of £150bn (£90bn in real terms) by 2024-25. All departments are to receive real-time increases in their budget over the course of the parliament with significant rises allocated to health and social care.
39. The Autumn Budget and Spending Review have placed focus on investment and the transition to net zero with the principle of levelling up being 'at the heart of commitments' made in the Spending Review. Total departmental expenditure limit for DLUHC Local Government will increase by 9.4% over the period 2021-22 to 2024-25 and billions of additional funding has been allocated to skills, innovation, and the government's plans to build back greener (its Net Zero Strategy).
40. Hampshire County Council as the lead authority submitted eight bids to Government for the Community Renewal Fund (CRF). The only application that secured funding was the County Council's application for 'Community Engagement for Household and Community Energy Scheme Development in Hampshire' worth £211,861. Three bids from Portsmouth City Council were also successful. The first bidding round of the Levelling Up Fund has been completed with two successful bids from Hampshire worth £25.84 million. The successful bids were 'Transforming the Visitor Economy' in Portsmouth worth £20 million and 'East Cowes Marine Hub' on the Isle of Wight worth £5.84 million.
41. Eastleigh Borough Council is the only Hampshire County area authority to benefit so far from the Brownfield Land Release Fund (The Arch, Chandlers Ford, £260,000), while Portsmouth has 13 sites worth just over £2million, and the Isle of Wight have three sites worth collectively approximately £950,000.
42. Hampshire will also benefit from the Community Ownership Fund with two projects selected in the first bidding round - £250,000 has been allocated to East Boldre Community Stores in New Forest and £986,000 to the John Jenkins Stadium in Portsmouth. Other Hampshire-specific Spending Review announcements include £7 million to develop proposal (the final business case) to reinstate passenger services between Totton and Fawley in New Forest.

43. In short, the impact of the Covid-19 pandemic on economic output has been unprecedented but the impact on business insolvencies has been relatively modest to date. The labour market in Hampshire has performed much better with rising labour demand and strong growth in employment in the third quarter.
44. The economy experiencing a temporary taste of ‘stagflation’ in the third quarter driven by the supply chain disruptions, shortages of fuel and increasing staff shortages implies that the strong recovery observed in the second quarter has not been sustained but the government’s growth strategy, ‘Build Back Better: our plan for growth’ and its spending announcements are aimed at supporting sustained and inclusive economic recovery.
45. A handful of local authorities in Hampshire have been successful in accessing government funding through bidding rounds but the short-term economic recovery action planning continues to be undertaken by the County Council. The County Council in collaboration with major partners and partnerships, including working with other local authorities, the Local Enterprise Partnerships and local businesses, is now being used as the basis for the development of a longer-term economic strategy and place-based approach to secure a locally inclusive, green, innovative and globally competitive pan-Hampshire economy.
46. A new monthly Economic Intelligence Dashboard has been developed for Hampshire County Council to keep abreast of the economic activity and to help inform progress. Attached as Annex 1 is the second issue of the Economic Intelligence Dashboard produced in November that includes an overview of the current economic trends and business intelligence (the most up to date at the time of writing). Also attached at Annex 2 is an economic briefing on the Autumn Budget and Spending Review.

County Deal

47. A County Deal has the potential to strengthen the economic recovery across Hampshire as a whole and deliver major strategic economic initiatives and programmes. It also provides the opportunity for major public services reform as well as the scope to secure new functions, powers and resources and enhance place leadership at regional, sub-regional and local levels for the benefit of local residents.
48. The complex process of developing proposals and engaging with potential partners is currently underway, and discussions are taking place across a Pan Hampshire geography, including the Unitary Authorities in Southampton, Portsmouth and the Isle of Wight, with initial exploratory discussions also taking place with Bournemouth, Christchurch and Poole Council and with Surrey County Council.
49. Following the initial expression of interest process earlier this year, it is important to maintain momentum in developing ideas and working up proposals for a potential County Deal to ensure Hampshire residents are not disadvantaged by missing out on potential additional Government funding or more local say and control on important programmes such as skills training, health and social care integration or provision and funding for new

infrastructure. The Government has committed to publishing a White Paper on ‘Levelling Up’ later this year which is widely expected to provide further guidance on devolution and county deals. In the meantime, the County Council will take every opportunity to ensure that the Government are clear and well sighted on the ‘levelling up’ issues and opportunities for communities like those in Hampshire as well as the metropolitan cities of England, which have been the focus of Government devolution thinking to date.

50. Significant ongoing dialogue has been taking place at both an Officer and Member level over the last few months to consider what might be included within a County Deal, its geography and the potential timescales for publication, consultation and submission of a Deal to Government.
51. Clearly, with the number of different authorities involved there are differing views on how best to proceed with this important issue, but everyone is agreed that this represents a considerable opportunity to improve the lives of residents across the region. A Leaders’ meeting was held on 23 November and three key decisions were made:
 - A Statement of Common Ground was agreed unanimously.
 - A timetable for taking the work forward was agreed, which included detailed workshops in late November and early December with the expectation that the White Paper will be available in mid-December to guide future thinking. Final proposals will be considered by County Council in February and wider engagement and public consultation, if agreed, would start from this point.
 - Chief Executives were asked to look at a full range of potential governance models in the context of the ambitions and asks that we are likely to want to pursue.
52. The Statement of Common Ground is attached at Annex 3 and the draft Prospectus is attached at Annex 4 and Cabinet are requested to endorse this latter document which will be further developed through engagement and collaboration with partners for submission to Government in due course.
53. No options are being dis-regarded at this stage and constructive and positive discussions have already been (and will continue to be) progressed with neighbouring authorities with a view to further explore possible opportunities for working together on devolution ideas.

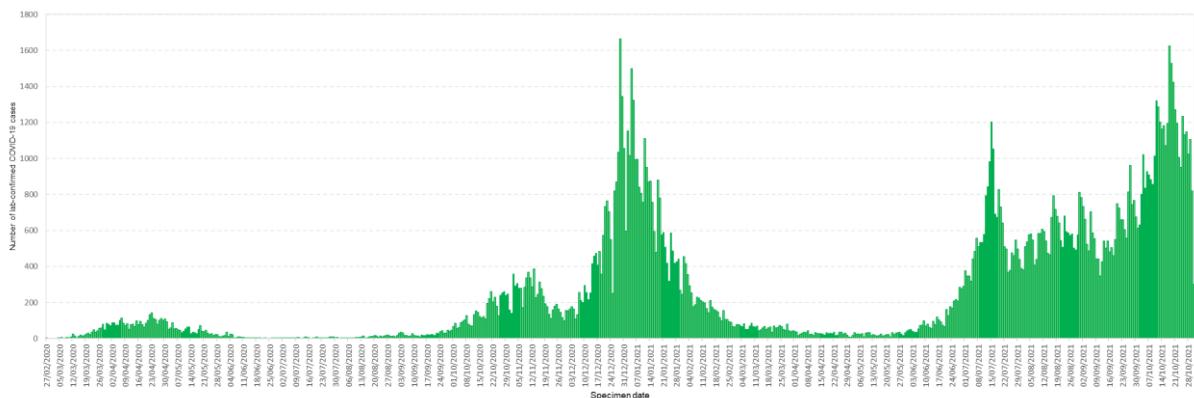
Living with COVID

54. Following the implementation of the COVID vaccination programme the link between infection rates and hospitalisation and deaths has been largely broken. Nevertheless, as a society and in our role as the public health authority there is a need to manage rates of infections which in turn will reduce hospitalisation and deaths.
55. Through the pandemic we have seen rates rising and falling in line with the timing of increasing national control measures and subsequent easing. The

current 7-day rate (05.11.21) for Hampshire is 537.9 per 100,000 compared to an England rate of 412.7 per 100,000 which is rising due to the increased mixing of population including in educational settings. It is essential that the community, with the County Council's leadership, continues to manage infection rates, outbreaks and supports the continued rollout of the vaccine programme.

56. The modelling predictions set out a rise in cases in the Autumn, this has found to be correct. The rise in hospital cases is also in line with modelling predictions at a lower rate than wave 1 and wave 2. However, each wave of cases is different and a watchful eye on the data needs to continue.

Rates of infections



Health Protection Board and Local Outbreak Engagement Board

57. The arrangements for oversight, management and community engagement are now securely in place in the County Council, with the Director of Public Health continuing to chair the Health Protection Board which now meets on at least a monthly basis. This remains important due to the situation as outlined in this report.
58. The Leader chairs the Local Outbreak Engagement Board as a political sub-committee of this Cabinet which is also joined by members of the County Council's main opposition party, representatives from district councils and an NHS non-executive director.

COVID programmes of work

59. Testing of symptomatic people remains a priority for management of the pandemic locally, although responsibility for the delivery of the majority of the testing programme remains at a national level. The Council continues to have the lead role in the organisation and oversight locally.
60. A well-developed programme of asymptomatic testing is in place to support early identification of disease in people. This also continues with a Community Collect model where people can collect tests kits from community pharmacies for home testing.

Tracking and Tracing

61. Case testing investigation and contact tracing are fundamental public health activities in the management of all infectious diseases. This involves working with an individual (patient or resident) who is either symptomatic or asymptomatic and has been diagnosed with an infectious disease. The aim is to identify and provide support to people (contacts) who may have been infected through exposure to the infectious individual. This process prevents further transmission of the disease by separating people who have (or may have) an infectious disease from people who do not.
62. For Hampshire County the contact tracing programme continues successfully and since August the programme has changed as people who are fully vaccinated don't need to isolate. The programme checks vaccination status to provide correct information and ensure contact know what course of action is required. The service contact approximately X per day

Vaccination

63. The development and rollout of the vaccination for covid-19 is the most effective public health measure to prevent illness and transmission of the virus. The programme is led by the NHS with strong input and supportive leadership from The Council. Latest data at time of writing (and to be updated verbally at Cabinet) was that around 79% of the Hampshire over-12 population has received first vaccination. With 85% having had two doses.
64. The programme continues to see a number of changes. The latest developments include vaccination for 12–16-year-olds and a booster programme alongside the annual flu programme for those over aged 50 or with an underlying health condition.
65. A programme of work continues on inequalities to ensure those groups least likely to take up the vaccine can be engaged with. There is some variation in uptake across Hampshire, unsurprising given the size and complexity of the county, due to a number of factors including demographics, with the younger populations and some communities being more hesitant to taking up the vaccination.

Adults' Health and Care

66. The Government introduced legislation on 17 July 2021 specifically requiring staff working in Care Quality Commission (CQC) registered residential care or nursing homes to have had both COVID-19 vaccines by no later than 11 November 2021 to help protect both the workforce, as well as the many vulnerable people being cared for. This is now the law and means that anyone working in any care home, and those visiting any CQC registered care home in a professional capacity (including maintenance or other contractors), must be fully vaccinated by 11 November 2021. The legislation and guidance set out criteria for exemptions to this requirement, but these are extremely limited.

Individuals will be required to provide evidence of vaccination status (or exemption) on arrival at each site, as has been for the requirement for a negative Lateral Flow Test result in recent months. For vaccination, this must be evidenced using the NHS Covid Pass available via NHS COVID Pass - NHS (www.nhs.uk). Consequently, Adults' Health and Care has been coordinating a response and working closely with the NHS to support the residential provider market alongside working directly with HCC Care. Overall, across Hampshire 442 (less than 3%) of the total staff in this sector and any temporary agency workers as well as contractors are likely to be unvaccinated on 11th November, and therefore, unable to continue working in the sector.

67. In addition, the 2021 Flu Campaign has been proceeding, with close to some 50% of residents having received vaccination. Flu vaccination is important as more people are likely to get flu this winter as fewer people will have built immunity to it during the COVID-19 pandemic, they are therefore more likely to be seriously ill and getting vaccinated will protect everyone who is vulnerable to both COVID-19 and the flu. Flu vaccine - NHS (www.nhs.uk). Additionally, COVID-19 booster jabs are being delivered across the care sector; for residents and staff. As of 2 November, 52% of care home residents and 23% of care home staff have received booster vaccinations.
68. Over the past 15 months we have distributed nearly £60m of grant out to the care sector through successive rounds of Infection Prevention and Control funding and other national grant schemes. Distribution of funding has included payments to care homes, the domiciliary care, care homes, Extra Care and supported housing facilities, mental health services, carers, day services and people receiving a personal budget. This is the equivalent of £2,381 for every person receiving care in their own home, and every care home bed across Hampshire. Furthermore, as reported in previous reports to Cabinet additional payments were made by HCC for commissioned care, totalling some £17m in the last financial year. Recently in October further care sector grants were announced and allocations identified. Hampshire care providers are currently receiving some £11.3m of further Infection Prevention & Control and Testing funding, through two payments, in November and January. Alongside this additional workforce grant monies are being received (£4.7m) to support workforce resilience, workforce absence and recruitment.
69. The most current pressing issue for services is maintaining safe staffing levels. A combination of a diminished labour market causing recruitment difficulties, the age demographic of the care workforce and the effects of people feeling exhausted by the pandemic causing them to choose to exit the service, and the challenges of a fully vaccinated workforce for various reasons, usual absence, and attractions of other economic sectors (such as hospitality) has created a challenging environment. These factors when combined with low occupancy in many care settings, which is a national issue, means that future consolidation of care home settings across our Hampshire care home economy, as we head into the autumn and winter, seems inevitable. Alongside this domiciliary care services are under extreme pressure, and we are seeing significant challenges in some parts of our geography to secure timely ongoing support for people. Activity has also increased markedly in terms of safeguarding initial referrals (up some 20%+) in comparison to previous years.

70. Beyond the care sector provider challenges, detailed above, services to maintain positive admission avoidance and discharge support around our acute hospitals have for the last three months never been busier. The NHS elective care waiting lists, more people generally coming forward to all health and social care services and the overall capacity and service fatigue issues are all major risks as we head into the autumn and winter. Indeed, we have seen hospital attendances rising exponentially. The recently announced Winter Pressures funding for the NHS announced by Government is welcome and will continue to support dedicated commissioned services. However, it is important to recognise the impacts upon residents through increased waiting times, ambulance handover delays and the general high acuity levels and stretch across all organisations in the health and care sector. These consequences of pressurised services will continue to manifest over the coming months.
71. Alongside responding to recovery and increased service pressures we have also seen additional, new calls upon services. For example, the Afghan evacuee response has prompted a huge response, from Adults' Health and Care and other colleagues / partners. Again, the activity and resource being required to safely and appropriately provide a range of welfare and associated support to these Home Office programmes, bridging hotels and long-term resettlement, cannot be underestimated.
72. However, the overall challenges faced by the sector; more people coming forward with health and social care needs and the extreme staffing challenges being faced to respond to both those already receiving support and those needing support are all creating an environment of heightened service continuity risks and sustained pressures. Staff and managers across the entire department and whole sector continue to demonstrate exemplary resilience and commitment to supporting our residents.

Schools and Children's Services

73. Schools are following the DfE published guidance to all educational settings which sets out the current arrangements. The local authority does not issue separate guidance, as the information and expectations are already clearly set out within the DfE materials
74. Webinars were set up at the end of August / early September for early years settings, schools of all phases and colleges so that the guidance could be exemplified, and educational leaders had an opportunity to explore best practice with the School Improvement Team and Public Health colleagues. The DfE guidance is amended periodically to reflect the latest public health intelligence. When changes are made the local authority communicates with schools so that their risk assessments and contingency plans are based on the most up to date guidance. Where schools are unsure about the guidance, they are encouraged to contact the School Improvement Team who ensure the correct advice is given including the involvement of Public Health colleagues where necessary.
75. The priority for this term has been for schools to revert to providing face-to-face, high-quality education within an environment which is as 'normal' as

possible, enabling flexibility in curriculum delivery and the most effective teaching and learning modes, not least interaction in person with others. Schools have reported that children have relished the opportunity to be with their friends again, learning from each other, playing, and socialising with each other and being a physical part of a community again.

76. Schools need to continue to have a risk assessment/mitigation plan in place, including a focus on good hygiene, cleaning regimes, ventilation, regular testing arrangements in secondary schools, promoting the vaccination programme and encouraging positive cases to self-isolate.
77. Beyond that, there is also an expectation that additional measures are planned for on a contingency basis in response, for example, to an outbreak. Schools have a range of measures they can introduce in the event of an outbreak occurring. These are set out in DfE guidance and include re-introducing of the wearing of face coverings in indoor or communal spaces in secondary schools, introduction of more regular testing arrangements for defined groups for specific periods in secondary schools, encouraging parents of primary aged school pupils identified as close contacts or household contacts to use LFDs in some circumstances, staggering start, and end of school days, limiting residential visits, open days, and transition days.
78. In primary schools, attendance has been around 93% so far this term which is about 3% below pre-pandemic rates. Schools have been reporting that this additional absence is largely accounted for by children either testing positive for Covid-19 or being suspected of having Covid-19. In secondary schools the number of positive cases being reported are higher, which is partially explained by the additional testing taking place. Consequently, attendance has been lower in secondary schools at around 89%. Pre-pandemic attendance in secondary schools was about 94.5% and schools report that the additional absence is largely explained by either positive Covid-19 tests or children absent as they are suspected as having Covid-19. Attendance appears be higher in Hampshire than that seen nationally with available data suggesting primary attendance is 2% higher and secondary attendance 4% higher.
79. The home to school transport service runs approximately 1,300 transport arrangements each morning and afternoon supporting over 3,000 students with special educational needs (primarily in taxis and minibuses) and 9,000 mainstream pupils (mostly in coaches and buses). Many children with SEN are clinically exceptionally vulnerable.
80. Since March 2020, the service has been significantly affected by lockdowns, Covid cases and self-isolation requiring daily reconfiguration of transport arrangements. Support was provided to the transport sector to ensure the viability of the market. During lockdowns, home to school transport arrangements were extended to vulnerable and essential worker children. Transport arrangements continue to be reorganised each time a driver and/or school escort tests positive for Covid.
81. From September 2021, home to school transport arrangements will be operating without restrictions or the additional Covid capacity that has been in place since March 2020. There have been some late applications for transport

from schools which have resulted in some delays to setting up transport arrangements0.

82. Children's Services continue to support the childcare sector, prioritising support to recruitment into childcare roles; though development and learning resources; Covid information; and also, through financial support though sustainability grants. Over £56,000 has been issued in sustainability grants to date.
83. It should also be noted that children's social care services still remain extremely busy with the average number of referrals into the service consistently reaching 1100 per week and in some cases 1200 per week, at least 20% up on the pre-Covid period. Those referrals include increasingly complex and difficult casework at least some of which has been masked during the crisis if not caused by it.
84. However, as we enter the period of Covid recovery, this increased activity is now mainly at the front door in the Multi Agency Safeguarding Hub (MASH) and in the social work assessment teams. In the first twelve months of the pandemic numbers of children coming into care had increased though this has since stabilised; numbers of children on child protection plans had risen but have since started to reduce; numbers of open cases had increased but are now broadly static. This suggests the rise in referrals appears to (rightly) reflect professional anxiety for vulnerable children and the need for social workers to assess and quantify the risk, rather than longer term demand for higher cost services such as placements for children coming into care. The long-term unsupported costs of caring for Unaccompanied Asylum Seeking Children (UASC), particularly when they turn 18 and become care leavers continues to be of concern. Please see item 8 on this Cabinet agenda for more details.

Corporate Services

85. As previously reported, the majority of Corporate Services staff provide support to the front-line Departments and the majority have been working effectively from home since the beginning of the pandemic.
86. Recovery activity has been centred on providing help, support, and guidance to Departments in areas of HR, wellbeing, and finance in response to the rapidly changing environment and government announcements.
87. More recently, significant effort across the Department has been put into considering what our accommodation and equipment requirements are to support our new ways of working. Staff returned to the offices on 13 September and the new arrangements are working very well, with staff positive about the ability to interact directly once again with colleagues on a formal and informal basis. The IT Department have also been supporting FM and Property Services colleagues in 're-stocking' the offices with IT kit and other equipment to facilitate the phased return to offices across the whole of the County Council.
88. HR have worked, with EHCC approval, alongside Departments and Trade Union representatives to implement our new 'Open Working Policy'. The policy places a continued emphasis on service delivery and performance requirements at the

same time as affording our staff more flexibility in their working arrangements. Early indications are that the policy is being well received however we continue to monitor its efficacy over the months ahead.

89. HR have also worked closely with colleagues from the Adults Health and Care and the IBC to introduce a new Mandatory Vaccination Policy in light of the new legislation which comes in to force during November.

Communications and community engagement

90. Since the last report, communications and engagement activity has focused on encouraging the public to continue choosing the right behaviours to minimise the spread of infection as we head into the winter. This has involved promoting a variety of key messages to enhance the Government's '*Keep life moving*' campaign via a wide range of communication platforms – examples are highlighted below. The COVID-19 specific communications activity continues to take place within the wider context of the County Council's amplification of the NHS '*Stay Well This Winter/Choose Well*' campaign messaging.
91. Under the theme '***Your choices still count***', the County Council's flagship autumn campaign has promoted the adoption of safe behaviours – primarily hand hygiene, face coverings and testing - via outdoor media, including shopping centres, community billboards and bus sides, as well as through radio and a wide range of digital channels. These messages have also been carried through into the promotion of COVID-safe seasonal events such as summer-end festivals, half term, Halloween, and Diwali.
92. **COVID-19 vaccination** – in addition to encouraging residents to ensure they are fully vaccinated for best protection, including a particular focus on the mandated vaccine for care home staff, both County Council and private sector, communications activity has focused on the roll-out of the booster jab for eligible cohorts – urging those who qualify to take up the offer as soon as it is made. Promoting the booster vaccination forms part of a wider, integrated communications and marketing campaign to publicise the roll-out of the free seasonal flu vaccination to those aged 50+, plus additional cohorts.
93. Targeted campaigns aimed at 25–29-year-olds, and 16–17-year-olds and their parents, have further urged local residents to prioritise immunisation to protect themselves and those around them.
94. **Regular asymptomatic testing** 'before you socialise' has remained a prominent theme throughout the autumn with promotion via social media postings, alongside news media and social media campaigns to signpost to routes for symptomatic testing. In addition, targeted messaging to school and university communities, both students and parents/carers, has urged the need for ongoing and regular testing to keep local populations safe.
95. A targeted campaign urging adherence by those aged up to 55 to self-isolation rules, signposting to the support available, was further incorporated into the overarching communications strategy.

96. **Hampshire Perspectives** online residents' forum has continued to monitor people's confidence and attitudes as COVID-19 restrictions eased, and to understand the rationale behind participation/non-participation in the regular asymptomatic testing programme. This has informed the development of communication campaigns.
97. In addition, work with the Community Researchers Network has identified broader opportunities to encourage targeted community testing amongst ethnic minority groups in Hampshire.
98. During September and October, bespoke communications support has also been provided to partners as part of the Afghan Resettlement Programme, ensuring information relating to safe behaviours, testing and vaccination has been sourced and translated for evacuees to support their stay in short-term accommodation in Hampshire before long-term resettlement.
99. Looking ahead, as infection rates rise, so the country understands that Government has a Plan B to help protect the NHS and reduce the prevalence of the virus. This could see the introduction of a wider range of restrictions. Appropriate local messaging is therefore being considered should a decision be taken nationally to invoke the plan.

Staff returning to the office

100. As previously reported our EII Court Office accommodation was safe for staff to return to from 19 July and since then we have been implementing a programme of 'phased returning to the office' across the organisation. By the end of October all departments had confirmed that their return plans were implemented on schedule.
101. Each Department has different working arrangements in place for their staff, all in accordance with our Open Working Policy, and with variations relating to differing nature of our work across the Council. Early anecdotal indications are that the low levels of nervousness that we expected from some of our staff has indeed been observed and support provided to those staff in line with our wider HR policies and wellbeing practices. In the main however most people seem to be enjoying the opportunity to connect with their colleagues and teams on an 'in person' basis. We will consider means of more formally evaluating our return to the office in the new year once arrangements have had time to embed and staff had an opportunity to settle into new routines.
102. It goes without saying that across Directors are working with their DMTs to ensure that plans are in place to adapt to any further changes to the Government guidelines, for example, should 'Plan B' be implemented which would see staff required to revert to working from home and for those required to attend the office a reintroduction of mandatory face coverings.

Conclusion

103. This Covid report to Cabinet focusses upon recovery and learning to live with Covid. Restrictions were largely lifted through the summer and the County Council's crisis management mechanisms were wound down accordingly. Following the implementation of the COVID vaccination programme the link between infection rates and hospitalisation and deaths has been largely broken, with a strong push nationally regarding the Covid Booster and winter flu vaccinations. Nevertheless, as a society and in our role as the public health authority there is a need to manage rates of infections. While the phases of the pandemic may be changing now in welcome ways, the impact, on the community and on HCC, will remain profound for years to come. The Collective Wisdom project successfully prepared the organisation for new ways of post-pandemic working and the work on economic recovery and in particular the opportunity presented through the County Deal initiative are core to the way forward for the community as well as the economy. All of these points noted, there will remain a strong emphasis on constant vigilance, subject to whatever roadmap decision is taken by Government in the very near future.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

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:

See guidance at <https://hants.sharepoint.com/sites/ID/SitePages/Equality-ImpactAssessments.aspx?web=1>

Insert in full your **Equality Statement** which will either state:

- (a) why you consider that the project/proposal will have a low or no impact on groups with protected characteristics or
- (b) will give details of the identified impacts and potential mitigating actions



Hampshire Economic Recovery Dashboard

November 2021

Hampshire County Council
Economy, Transport and Environment



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Summary of Economic Conditions

i

- Economic recovery in Hampshire (Hampshire & the Isle of Wight) and the UK came to a sudden halt in July as the 'pingdemic' hit consumer spending and staffing in the dominant services sector. Economic output contracted slightly in July but August saw a bounce back in economic growth. Estimated growth in Hampshire was faster than the national average in the second quarter but Hampshire's growth in July and August is estimated to have slightly lagged the national average.
- Retail sales fell for the fifth consecutive month in September, adding to the evidence of a slowdown in spending and economic recovery. Leading economic indicators have remained mixed in the third quarter with increasing evidence of shortages of materials, fuel, and labour. These imbalances are holding back business activity and they might put the break on the recovery in Hampshire and across the country.
- A wide range of business support measures that have been made available to businesses meant that the impact of the pandemic on businesses insolvencies in Hampshire has been relatively modest to date. In March 2021 Hampshire had 0.3% fewer enterprises and 0.5% fewer local business units than in March 2020. The impact has been relatively modest but nevertheless greater than the regional and national average.
- Business investment increased faster than previously thought in the second quarter and survey evidence from the Bank of England suggests that growth in investment in the third quarter could be faster than in the second quarter. However, significant product shortages and rising prices point to subdued growth in business investment over the short-term (next six-months). A greater focus on 'levelling-up' agenda points to relatively strong growth in public investment in the UK but fewer trips to the office suggest that transport might remain subdued.
- HMRC data points to strong growth in the number of payrolled employees in Hampshire in the third quarter - up 15,840 on the previous quarter. Preliminary data for September suggests that payrolled employment stood at 1.5% (over 12,800 employees) above February 2020 levels. Hampshire & Isle of Wight had 27,200 furloughed residents in September and 35,300 residents on the self-employed job support scheme in October. Both job support schemes have now ended and whilst that could affect employment levels in the final quarter of the year labour demand in Hampshire remains strong.
- Job vacancies in Hampshire in early October were 50% higher than at the same time last year and above February 2020 levels. The jump in the number of job vacancies (online job postings) already implies that the labour market might be tighter than the unemployment rate of 3.8% suggests. Labour shortages in Hampshire appear worst in nursing & care, hospitality and among HGV drivers.

Summary of Economic Conditions

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- Limited labour supply appears to be generating faster wage growth. Annual growth in median pay among employees in Hampshire increased by about 5% in September but annual growth has been affected by temporary factors such as the impact of Covid on pay a year ago and a fall in the number and proportion of lower-paid employee jobs, therefore increasing average earnings.
- UK inflation increased by 3.1% in September with OBR now expecting inflation to peak at 4.4% in the second quarter of next year. With temporary shortages restraining economic growth and boosting inflation the UK economy is experiencing a temporary taste of 'stagflation' but this is on a different scale than back in the 1970's.
- The OBR in its latest Economic and Fiscal Outlook (October 2022) has upgraded the outlook for the UK economy for this year to 6.5% from 4.1% in their March forecast but it has downgraded its forecast for 2022 to 6%. Its forecast for unemployment has been revised down to peak at 5.2% in the final quarter of this year from 6.5%. The OBR now believes that the pandemic would permanently reduce the size of the economy by 2% (from 3% in their March forecast). Smaller 'scarring' effect implies larger economy, higher revenue and improved fiscal position.
- The Chancellor announced that day-to-day departmental spending will rise by £24.8bn next financial year (about 1% of GDP). Total managed expenditure will grow in real terms at 3.8% a year on average over this Parliament which represents a cash increase of £150bn (£90bn in real terms) by 2024-25. All departments are to receive real-time increases in their budget over the course of the parliament with significant rises allocated to health and social care. Lots of focus in the Spending Review 21 has been placed on the 'levelling-up' agenda.
- The favourable outcome including forecast upgrade by the OBR meant that the Chancellor was able to say that he has reduced government borrowing much quicker than expected. Public sector net borrowing is expected to reach £183 billion or 7.9% of GDP in this fiscal year, before falling to 3.3% of GDP (£83 billion) next year, and steadily falling to around 1.8% of GDP by 2021.
- There are several uncertainties associated with the latest economic and fiscal forecasts. Global supply shortages might persist longer than anticipated and this will act as a break on demand and output growth. Rising inflation might prove more longer lasting than originally anticipated which could prompt the MPC to tighten monetary policy beyond market expectations which would in turn constrain economic growth. The OBR has acknowledged that there is uncertainty about whether government spending will have the same impact on output as usual if labour shortages and supply bottlenecks persist and then there is the long-run impacts of Brexit, and productivity growth.

Policy and Sector Headlines

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Government Funding

- Hampshire County Council received 19 bids for the Community Renewal Fund, totalling £9.6 million and following internal assessment process a shortlist of eight bids totalling £3.3 million was submitted to Government for assessment. The only application that was successful was the County Council's application for 'Community Engagement for Households and Community Energy Scheme Development in Hampshire' worth £211,861. Three bids from Portsmouth submitted through Portsmouth City Council worth £1.59 million were also successful – 'Decarbonisation Skills Support Scheme', 'Enabling XR Enterprise (eXRe): Creating Skills, Boosting Communities and Benefitting Visitor & Cultural Economy' and 'Portsmouth Start and Grow'.
- The first bidding round of the Levelling Up Fund has been completed with 94 successful bids to upgrade local infrastructure across Great Britain. There were two successful bids in Hampshire worth £25.84 million. The successful bids were 'Transforming the Visitor Economy' in Portsmouth worth £20 million and 'East Cowes Marine Hub' on the Isle of Wight worth £5.84 million.
- Almost £58 million from the £75 million Brownfield Land Release Fund has been allocated to 53 councils, with Eastleigh Borough Council the only Hampshire County area authority to benefit so far (The Arch, Chandlers Ford, £260,000), while Portsmouth has 13 sites worth just over £2million, and the Isle of Wight have three sites worth collectively approximately £950,000.
- The Government has committed £500m through the Household Support Fund to help households with the cost of essentials such as food, clothing and utilities - £421m will be allocated to Local Authorities in England. Hampshire will receive £7.12 million, Southampton £2.22 million, Portsmouth £1.88 million and Isle of Wight £1.13 million.
- The SR21 announced the first 21 projects to benefit from the £150 million Community Ownership Fund – the aim of the fund is to help communities protect and manage their most treasured assets. Two projects in Hampshire have been selected in this first bidding round worth £5.3 million. Some £250,000 has been allocated to East Boldre Community Stores in New Forest and £986,000 to the John Jenkins Stadium in Portsmouth. The second bidding round will be announced shortly.
- The government will continue to progress with the £500 million commitment to restore transport links previously lost in the Beeching cuts of the 1960s. This includes £7 million to develop proposal (the final business case) to reinstate passenger services between Totton and Fawley in New Forest.

Policy and Sector Headlines

iv

Government Funding

- The Budget and SR21 will create thousands of green jobs across the UK. Some £315 million has been set aside for the Industrial Energy Transformation Fund which will help firms cut their carbon emissions and reduce energy bills. This will support Southampton's industrial cluster.
- Local authorities will benefit from an estimated average real-terms increase of 3% a year in core spending power. English councils will receive £1.6 billion of new grant funding in each of the next three years, on top of the funding to implement social care reform. The Government confirmed billions of extra spending on skills, social care, transport, the Shared Rural Network and other areas.
- In August 2021, Hampshire County Council registered a formal expression of interest to the Secretary of State for the Ministry of Housing, Communities and Local Government, to be one of the early pilots for a County Deal - part of Government's vision for 'levelling up' across the UK with the aim of benefitting local communities, by bringing decisions and powers closer to people and places.
- A summary 'prospectus' document, which sets out the ambition, priorities and options for taking forward a County Deal for the Pan-Hampshire area (covering Hampshire County Council, the 11 district and borough councils within the County Council administrative area, Portsmouth and Southampton City Councils and the Isle of Wight Council) has since been developed and will form the basis of further discussions with the area's borough, district and unitary authorities during the autumn, as well as wider consultation with other stakeholders.

Policy and Sector Headlines

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Skills and Labour Shortages

- Businesses in Hampshire are increasingly reporting skills and labour shortages and rising wages in hard-to-fill occupations and this is causing increased pressures on supply chains in several sectors. Occupations most affected are nursing & care, hospitality and among HGV drivers. There were over 2,000 online jobs postings for nurses and over 1,550 online job postings for van drivers in Hampshire in September.
- The global shortage of semi-conductors implies that some firms are seeing their turnover reduced by over 30%. Some manufacturers like Daimler are planning to introduce carbon neutral strategies from their supply chains by 2030 which is prompting a radical rethink for design and manufacture.

Aerospace and Space

- In response to a pause in funding through the Aerospace Technology Institute (ATI), one of the main vehicles for R&D funding in the UK, the aerospace industry highlighted the risk of new green tech projects leaving the UK unless R&D spending is increased.
- In the SR21 the Government pledged to increase public R&D investment to £20 billion by 2024-25. InnovateUK will receive at least £2.5bn in core funding to support companies to innovate - a 36% increase across the SR21 period.
- Legal challenges to the extension of Southampton Airport runway by Bournemouth International Airport and a local protest group were rejected by High Court in October.

Green Economy

- UK Government published its Net Zero Strategy: Build Back Greener. The Budget and SR21 confirmed that since March 2021 the government will have committed a total of £30 billion of public investment for the 'green industrial revolution' in the UK.
- A range of new initiatives and funding to support the switch to a greener economy has been announced in the Budget and SR21. Among these there are plug-in grants to support the uptake in electric vehicles and infrastructure investment for public charging in residential areas.
- In its Heat and Building Strategy the Government set out policies to decarbonise energy used in buildings with almost £4bn of funding announced in the Budget and SR21. Households will also benefit from new government grants via Boiler Upgrade Scheme.

Policy and Sector Headlines

vi

Marine and Maritime

- The Southampton International Boat Show was able to reopen in September 2021 after Covid led to the event being cancelled in 2020, while in August Cowes week was able to resume the annual regatta although strong winds meant racing was abandoned with Cowes 2022 set for July 30th.
- International cruising is now permitted, although rules in different countries apply which means some companies do not have international cruises scheduled for the next few months. However, P&O, Princess Cruises, Celebrity and Saga Cruises are leaving Southampton in September and October, mostly to European locations.

Lifesciences

- The Budget and SR confirmed the £1.4bn Global Britain Investment Fund to support investment in life sciences, offshore wind and automotive manufacturing sectors. Business specific intelligence points to the increase in merger and acquisition activities in Hampshire.

Commercial Property

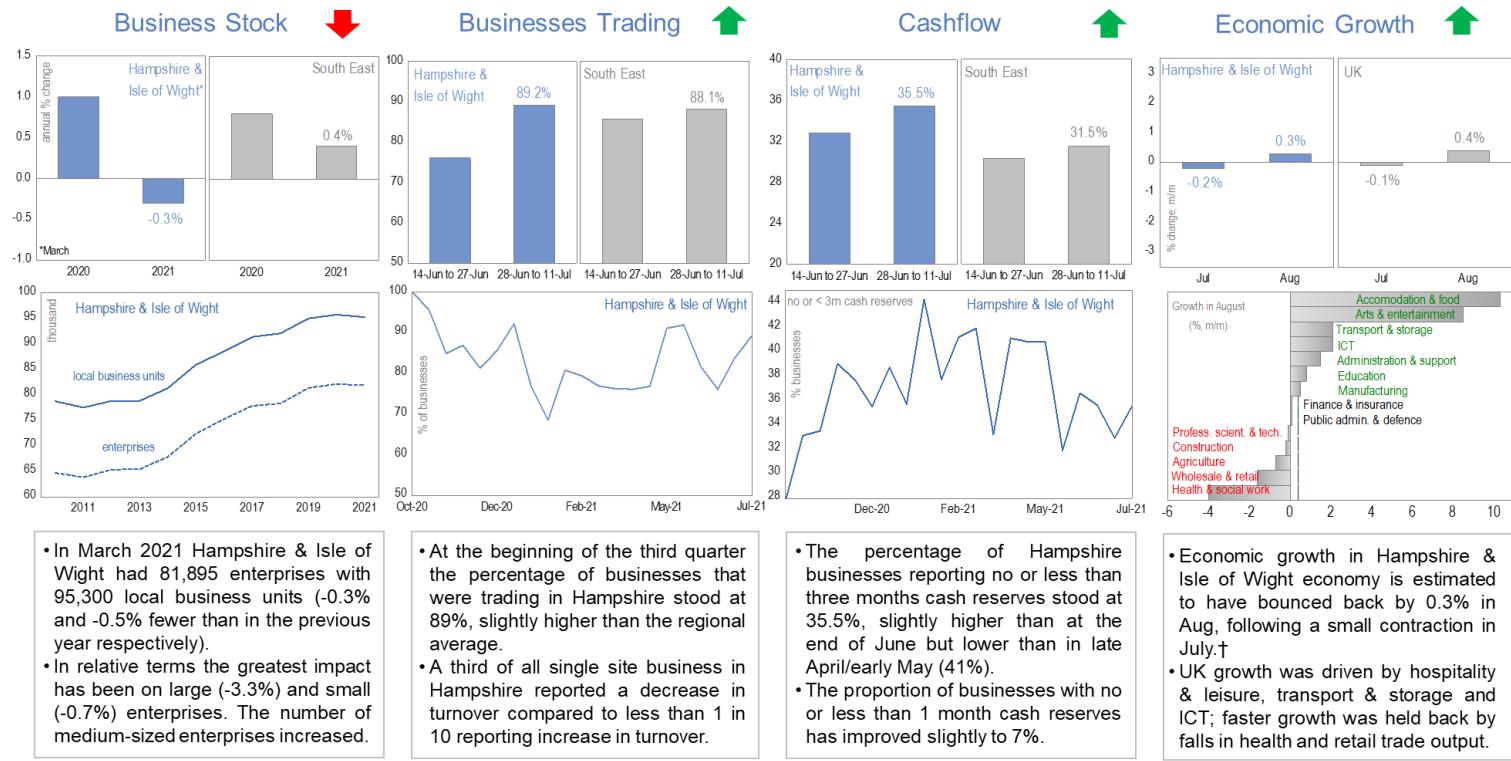
- Investor demand for commercial property in Hampshire in Q3 remains mixed, with demand centred on industrial and retail, leisure & hotels but there are reports of shortages due to planning processes and construction sector shortages.
- Total floorspace of all new lettings or sales to occupiers (take-up) in Hampshire & Isle of Wight decreased in Q3 but this reflected weaker economic data in Q3 and the usual seasonal dip. Retail, leisure & hotels increased by 134% on the quarter.

Tourism and Hospitality

- Staycations and day trips continued to drive demand for rural and coastal destinations over the summer and into Autumn. Most of Hampshire's visitor attractions have had a strong summer/early autumn. Forward bookings for 2022 are looking strong.
- Labour shortages and staff self-isolating continue to affect the hospitality sector as a whole. Hampshire's rural providers are particularly affected as they are more remote from pools of labour, particularly students. Southampton Port opened its new £55m Horizon Cruise Terminal in July 2021. The renown Winchester Cathedral Christmas Market is due to go ahead in 2021.

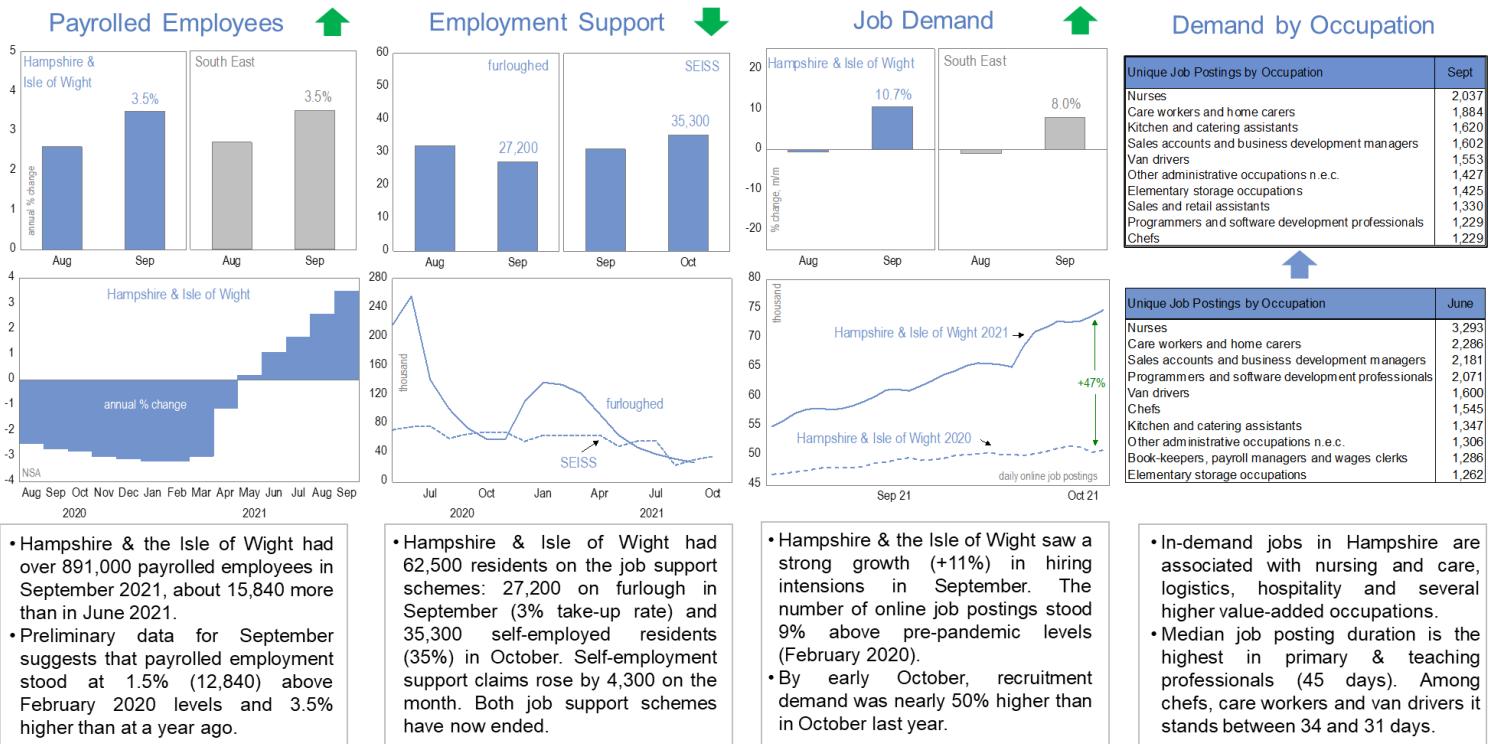
Business Activity and Growth in Hampshire

1



Employment and Jobs in Hampshire

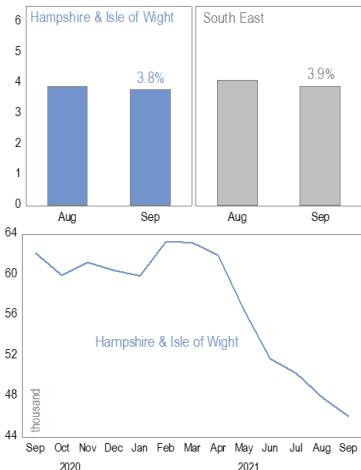
2



Unemployment in Hampshire

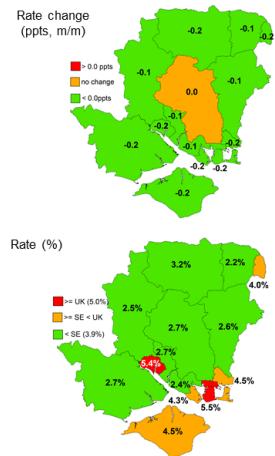
(3)

Claimant Unemployment



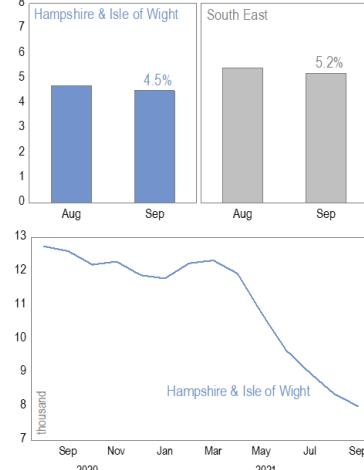
- Claimant count unemployment in Hampshire & Isle of Wight not adjusted for seasonal factors fell by 1,840 to 46,100 in September, but it remains 1.8 times higher than pre-pandemic levels. The decrease was relatively concentrated in the under 25's and over 50s age groups.
 - The working age rate fell to 3.8%.

Local Claimants



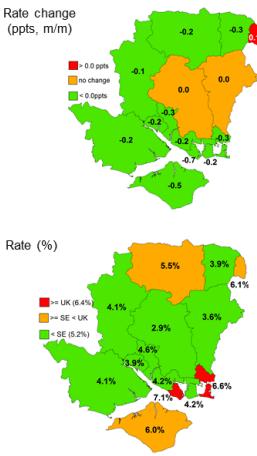
- All Hampshire & Isle of Wight local authorities saw a decrease in the monthly working age claimant count rates, except for Winchester with no change in September.
 - With the end of furlough, there are expectations of a small increase in benefit claimants in the November publication (October counts).

Youth Unemployment



- The number of young (18-24 year old's) unemployed people on the claimant count measure in Hampshire & Isle of Wight decreased by 375 to 8,010 in September. Hampshire had 4,595 fewer claimants than last Sept.
 - The rate decreased from 4.7% in August to 4.5% in September, faster than the fall in the overall rate.

Local Young Claimants

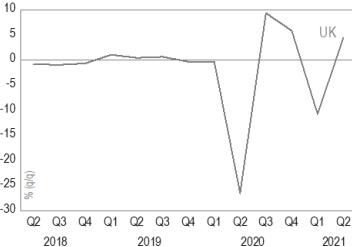
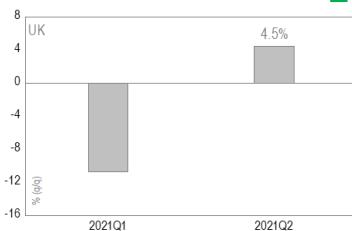


- The youth unemployment rates edged higher in Rushmoor, remained unchanged in Winchester and East Hampshire and decreased in all other local authorities in Hampshire & Isle of Wight in September.*
 - Havant and Gosport had the rates above the UK average in September.

Sentiment and Investment in Hampshire

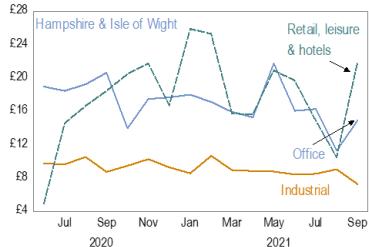
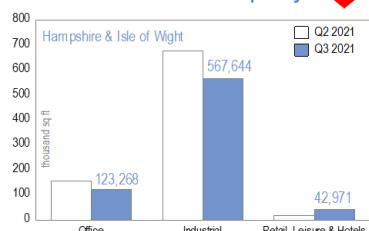
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Business Investment



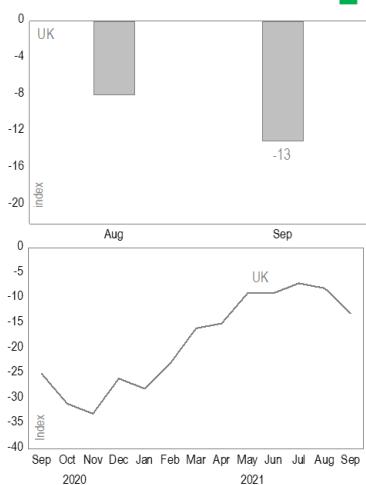
- Business investment grew by 4.5% in Q2, faster than previously thought. Investment intentions in Q3 continued to be positive, supported by new spending as well as paused projects being reinstated according to BoE but significant product shortages and rising prices point to subdued growth over the short-term.

Commercial Property



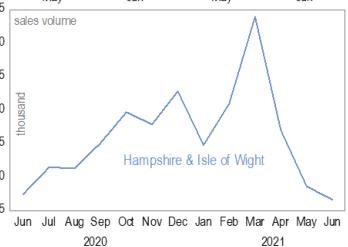
- Total floorspace of all new lettings or sales to occupiers (take-up) in Hampshire & Isle of Wight amounted to 733,903 sq ft in Q3.
 - Offices and industrial decreased by 21% and 16% on the quarter but retail, leisure & hotels increased by 134%. Office rents in September were lower than in June this year.

Consumer Confidence



- Consumer confidence fell back in September to the lowest reading since April amid growing worries over inflation, tax hikes, energy bills and the end of furlough. Consumers became more downbeat about the economic outlook and personal finances (GfK), while retail sales fell for the fifth month in a row (ONS).

House Sales



- House sales, not adjusted for seasonal factors, in Hampshire & Isle of Wight decreased in June but at a slower pace than in May.
 - Nearly 1,700 residential property transactions took place in June, almost 11% lower than in May.
 - Property sales were about 23% below February 2020's level.

Sectoral Overview

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Manufacturing

- Manufacturing output increased by 0.5% in August 2021. Manufacturers have reported record output and expansion rates in Q3 according to Make UK, and mostly down to growth in domestic orders. Supply bottlenecks and labour shortages continue to constrain production in several sectors according to the Bank of England.
- Demand for manufactured food products remains robust but hampered by labour shortages has led manufacturers and trade bodies to call for a temporary easing of migrant visas.
- Evidence of supply-chain problems constraining growth in exports, with anecdotal intelligence suggesting that EU customers moving away from UK suppliers following Brexit. In contrast there appears to be only limited evidence of UK producers moving away from EU imports.
- As manufacturing confidence returns employment and investment intentions have expanded for two quarters in a row which bodes well for jobs.

Aerospace, defence, and space

- In response to a pause in funding through the Aerospace Technology Institute (ATI), one of the main vehicles for R&D funding in the UK, the aerospace industry highlighted the risk of new green tech projects leaving the UK unless R&D spending is increased and long-term commitments made from UK government.
- In the SR21 the Government pledged to increase public R&D investment to £20 billion by 2024-25, an increase of around a quarter in real terms over the Spending Review period, part of the government's ambition to spend £22 billion on R&D by 2026-27.
- InnovateUK will receive at least £2.5bn in core funding to support companies to innovate - a 36% increase across the SR21 period.
- Legal challenges to the extension of Southampton Airport runway by Bournemouth International Airport and a local protest group were rejected by High Court in October.

Sectoral Overview

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Green Economy

- UK Government published its Net Zero Strategy: Build Back Greener which inter alia includes support for 190,000 jobs by 2025, and 440,000 jobs by 2030, and seeks £90 billion of private investment by 2030. The Budget and SR confirmed that since March 2021 the government will have committed a total of £30 billion of public investment for the 'green industrial revolution' in the UK.
- £620 million of new investment for public charging in residential areas and plug-in vehicle grants was announced in SR21 to support the uptake in electric vehicles. This additional commitment builds on the £1.9bn committed in SR20. Additional funding has been allocated to electrification of UK vehicles and their supply chains.
- UK Government sets out policies to decarbonise energy used in buildings in its Heat and Buildings Strategy, and in so doing support net-zero and levelling up (creating new highly-skilled jobs, products, markets, and supply chains). The Budget and SR21 provided £3.9 billion to decarbonise buildings by making them warmer and more environmentally friendly.
- As part of reducing green house gas emissions households can benefit from £5,000-£6,000 in government grants through a £450 million Boiler Upgrade Scheme to help install low-carbon heating systems (switching from gas to air or ground heat-pumps), with a third of all heat-pumps expected to be installed in new builds.

Marine & Maritime

- Showcasing the leisure marine industry, the Southampton International Boat Show was able to reopen in September 2021 after Covid led to the event being cancelled in 2020.
- In August, Cowes week was able to resume the annual regatta although strong winds meant racing was abandoned with Cowes 2022 set for July 30th.
- International cruising is now permitted, although rules in different countries apply which means some companies do not have international cruises scheduled for the next few months. However, P&O, Princess Cruises, Celebrity and Saga Cruises are leaving Southampton in September and October, mostly to European locations.

Sectoral Overview

Lifesciences

- The Budget and SR confirmed the £1.4bn Global Britain Investment Fund to support investment in life sciences, offshore wind and automotive manufacturing sectors.
- Biotage has acquired Southampton based DNA synthesis and purification company ATDBio for £45 million. The acquisition is expected to strengthen Biotage as a leading life science tool and impact tech service provider.
- Hampshire based Aspire Pharma provider of niche generic and branded specialty pharmaceuticals has been acquired by an affiliate of alternative investment firm H.I.G Capital, alongside founder Graham Fraser-Pye.

Construction

- Construction output has fallen for the second consecutive month with September's output down 0.2% on August. Overall, in the three months to August 2021, construction output fell by 1.3%.
- Sectoral demand for construction was weaker among those sectors disproportionately affected by the pandemic (retail, hospitality and higher education) but more robust in logistics, warehousing and IT.
- Construction of private housing remained strong but growth in new builds and repairs and maintenance were both hampered by material shortages. Construction material shortages reflect several factors including congestion at ports, a shortage of HGV drivers, and depleted inventories. As shown by the latest construction outputs data it is increasingly clear that shortages are not only pushing up costs, but also limiting output.
- Shortages of construction materials are unlikely to ease for at least another 6-12 months, restraining activity in the renovation sector and among smaller housebuilders. That is likely to cap housing starts for the next year according to Capital Economics, a London based consultancy.
- The property market remains buoyant as housing demand out-paces supply, although evidence of sales easing as property transaction tax holiday came to an end. Lack of housing sustains a strong rental market for most of the UK causing rents to rise.

Sectoral Overview

Commercial Property

- Investor demand for commercial property in the UK mixed, with investor sentiment just below pre-pandemic levels according to Bank of England, with demand centred on prime office and industrial properties and shifting away from retail and non-prime office premises. Demand from overseas investors was reported to be strong.
- Total floorspace of all new lettings or sales to occupiers (take-up) in Hampshire & Isle of Wight amounted to 733,903 sq ft in Q3 compared to 852,433 sq ft in Q2. This reflected weaker economic data in Q3 and the usual seasonal dip. Offices and industrial decreased by 21% and 16% on the quarter but September was a good month for industrial. Retail, leisure & hotels increased by 134% on the quarter with the strong growth in July and August.
- Office rents in Hampshire in September were lower than in June this year but better than in August. Retail, Leisure & Hotels saw strong growth in rents in September. Tenant demand for newer office premises is robust, especially for buildings with good ESG (environmental, social and governance), but acceleration of flexible working going forward likely to see downsizing of office space posing a downside risk to investors.
- Tenant and investor demand for industrial, logistic and science-related properties remains above pre-pandemic levels, but falling demand for high-street retail premises and shopping centres with declining values, and increasing rent arrears (*Business Specific Intelligence, page 10*).

Retail

- Following the strong bounce back in retail sales in April, with the opening up of non-essential retail, there have been consecutive falls in retail sale volumes according to ONS data. However, sales remain above pre-pandemic levels (February 2020).
- According to the Bank of England consumer demand remains strong in Q3 2021, supported by online sales and tourism – with a staycation effect boosting domestic spending in rural and coastal areas but subdued in cities in part due to lack of international tourists. Spending was also strong on non-essential goods (furniture, sports and outdoor equipment) and used cars.
- Material shortages and haulage bottlenecks are limiting the availability of some goods (furniture, new cars and electrical items), and further reports of streamlining product ranges that are further exacerbated by concerns over the availability of goods leading up to Christmas.

Sectoral Overview

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Tourism and Hospitality

- Output in accommodation service activities grew by 10.3% in August, followed by 8.5% growth in arts, entertainment & recreation in response to the first full month of coronavirus restrictions on social distancing being lifted in England.
- Staycations and day trips continued to drive demand for rural and coastal destinations over the summer and into Autumn. Perceived risks and complexities around international travel have helped drive domestic tourism. Most of Hampshire's visitor attractions have had a strong summer/early autumn. Forward bookings for 2022 are looking strong.
- Labour shortages and staff self-isolating continue to affect the hospitality sector as a whole. Hampshire's rural providers are particularly affected as they are more remote from pools of labour, particularly students. Social-distancing measures are still limiting capacity and therefore profitability. Supply issues/inflated input costs are still a concern.
- International visitors and group/school bookings are very limited. Visit Britain forecasts a full recovery in international travel by 2025, with 75% of European travellers returning by 2022 and 50% of US. Remaining long-haul markets will mainly return more slowly.
- International cruising re-started on 2 August 2021 following a 16 month break. Southampton Port opened its new £55m Horizon Cruise Terminal in July 2021, providing additional capacity to deal with an anticipated doubling of its passenger numbers to 4 million over the next 30 years. Portsmouth Port has been awarded £11.25m of Government funding towards expanding its cruise terminal to manage an additional 250,000 passengers each year.
- Hotel investment in Hampshire continues with Another Place: The Garden (Amport House), Andover (50 room), Headley Park Hotel, Bordon (20 room), South Lawn Hotel, Milford (24 bed extension) at or near planning application. Bombay Sapphire distillery opened a new cinema room and interactive cocktail bar to upgrade its visitor experience
- After last years cancellation, the renown Winchester Cathedral Christmas Market which attracted over 350,000 visitors is due to go ahead in 2021 from mid-November to December 22nd.

Business Specific Intelligence

10

Commercial Property – Significant Occupier Transactions

Sector	Property	Size (sq ft)	Tenant
Office	Omega Park, Alton	11,250	In-Space Mission Limited
Office	Solent Business Park	9,117	M12 Solutions Limited
Office	Belvedere Point, Havant	5,328	EcoGenR8 Limited
Industrial	Murrills Industrial Estate, Porchester, Fareham	20,452	Autonomous Surface Vehicles Limited
Industrial	Mountpark, Southampton	74,390	Global E-Commerce Experts
Industrial	Chandlers Ford Industrial Estate	44,882	Ecommerce Supply Chain Limited

Investment and Job Creation

- Solent Gateway submits plan to upgrade Marchwood Military Port. Transform a Hampshire military base that forms part of the proposed new Solent Freeport could cost £300m and create hundreds of jobs.
- Amazon lined up for new distribution centre in Havant on former Pfizer site in Havant creating up to 1,000 jobs.
- Lumenisity Ltd has confirmed the new multi-million-pound, 40,000 square ft purpose-built factory will open in January 2022 at the Abbey Park Industrial Estate, Romsey, and it will create a significant number of job vacancies.
- Plans have been given the green light for new hotel on the former Ordnance Survey site in Southampton which will create 70 new jobs (30 permanent jobs and 40 direct and indirect jobs).
- Panattoni, the largest industrial real estate developer in Europe, and Legal & General's Industrial Property Investment Fund (IPIF) have begun speculatively developing three targeted net zero carbon logistics facilities, totalling 213,350 sq ft, at V Park, Basingstoke
- A total of 50 new positions are being made available in local co-operative retail stores as part of the Government's scheme to kickstart youth employment at sites across Hampshire.

Mergers and Acquisitions

- Oxfordshire-based Sci-Net Business Solutions recently acquired the Microsoft Dynamics division of Blue Rock Systems, which was based in Southampton's Shamrock Quay Marina. The launch of Sci-Net's Southampton office, at Enterprise House in Ocean Village, is part of a growth plan that has seen it appoint 30 staff across the two sites.
- Hampshire-based Onecom, backed by LDC private equity, has brought Exeter-based IP Office works with networking and connectivity, voice, video, messaging, storage, security, call control, compliance and mobile telecommunication.

Closures, Administration and Job Losses

- Fears raised that 100 jobs are at risk as Portsmouth pension centre is to be closed by DWP. More than 100 jobs are at risk following the announcement of the closure of a Cosham pension centre by the Department for Work and Pensions (DWP).
- Hythe (New Forest) is to lose its branch of Lloyds after the banking group announced plans to shut 48 sites. The branch at the Marsh will close on February 7 next year, with the bank blaming declining customer visits.
- The Leader of Portsmouth City Council has publicly stated that the Lennox Point (Tipner Point) development is 'dead in the water' following a successful motion at full council calling for all work to be 'paused and rethought.'

Guidance and Sources

How to read 'traffic lights':

Refers to decline or growth relative to the previous period (business activity indicators, PMI employment, job postings and business investment).

In the case of business and consumer sentiment it refers to the direction of travel relative to the previous period.

For labour market indicators the change refers to the rate not the level. For example, a rise in the employment rate would see an upward green arrow, while a decrease in unemployment would see a downward green arrow.

Little or no change on previous period.

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

Sources:

The primary data sources are the Office for National Statistics (ONS), HMRC and the Bank of England while additional data comes from several commercial sources such as IHS Markit, Emsi, G Radius Data, CBI and BCC.

Fortnightly data for Trading Status, Turnover and Cashflow.

Monthly data for Payrolled Employment, Government Job Support Schemes, Job Demand, Demand by Occupation, Unemployment, Consumer Sentiment, House Sales, Commercial Property, UK GVA and a proxy estimate for Hampshire.†

Quarterly data for business investment.

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

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

Autumn Budget and Spending Review 2021: Economic Development Briefing

This brief note sets out a summary of the key points from the October 2021 Autumn Budget and Spending Review and the latest economic forecasts from the OBR. Where possible, the note includes a rough estimate of the potential impact of some of the policy measures on Hampshire.

Headline Macroeconomic Announcements

Economic Outlook - GDP in Q2 2021 was 3.7 per cent above the OBR forecast in March, with Q2 2021 growth fastest among the G7. Inflation is expected to rise further to 4.4% in Q2 2022 remaining high over 2022 and 2023 (reflecting the lagged effects of recent increases in wholesale energy and input prices) before returning to target by the end of 2024.

In 2021 the economy is expected to expand by 6.5% in real (inflation adjusted) terms, the fastest growth in nearly half a century, and some 2.4 percentage points faster than the OBR's forecasts in March 2021. However, beyond the fourth quarter of this year the OBR have downgraded their forecasts in 2022 but higher in 2023. In the near-term higher energy prices, supply bottlenecks, and labour shortages will dampen the recovery. In 2022 the UK economy is expected to expand by 6.0% before slowing to 2.1% in 2023. The outlook for next year is weaker than expected in March 2021 but the outlook is now stronger for 2023 than previously forecast.

Table 1: Headline forecasts for GDP (central forecast), unemployment and inflation

	2020	2021	2022	2023	2024	2025	2026
GDP growth	-9.8%	6.5%	6.0%	2.1%	1.3%	1.6%	1.7%
Unemployment rate	4.6%	4.9%	4.8%	4.3%	4.2%	4.2%	4.2%
CPI inflation	0.9%	2.3%	4.0%	2.6%	2.1%	2.0%	2.0%

Source: OBR 2021

There is still a degree of uncertainty around the economic outlook with risks from further pandemics, higher inflation, sustained labour market shortages, a rise in real interest rates, and continuing tensions over post-Brexit trade with the EU.

The OBR is more optimistic about the economic scarring effect of the pandemic (associated lower investment, lower productivity and lower labour supply) with unemployment at a lower rate than expected and better productivity (mainly R&D and new ways of working) which saw the estimate reduced from 3% to 2% suggests a larger economy, higher revenue and improved fiscal position. However, concerns over the long-term of older workers not returning to the labour market, as well as greater proportion of young people locked into higher education.

Impact on Hampshire: the official estimates of the impact of the pandemic are not available but a preliminary local estimate suggests that in terms of Gross Value Added (GVA) the economy of Hampshire and the Isle of Wight ('Hampshire') contracted faster than the UK economy but as shown by the recovery that followed the great financial crisis of 2008/9 Hampshire's recovery is likely to be faster than the national average.

Unemployment – OBR forecast for unemployment has been revised down to peak at 5.2% in the final quarter of this year from 6.5%. The unemployment rate is then expected to fall to 4.2% in 2024 and remain there for the remainder of the forecast period. The reopening of the economy has seen 3.2 million workers off furlough since March, leaving only 1.3 million on the coronavirus job retention scheme which closed at end of September. Expectations are for a small uptick in unemployment given that business and job support schemes kept unemployment largely in check.

Impact on Hampshire: since the March and gradual reopening of the economy following the third national lockdown the number of people claiming unemployment related benefits in Hampshire has fallen by about 17,100 to approximately 46,100 and the rate decreased from 5.2% in March 2021 to 3.8% by September 2021, still some way off pre-pandemic levels (although claimant eligibility criteria was relaxed which inflated the count).

Headline Fiscal Announcements

The Chancellor was gifted £141 billion over the next four years from a lower borrowing windfall by improved OBR forecasts, reflecting faster growth, smaller permanent economic damage from the pandemic and higher inflation (fiscal drag with frozen income tax thresholds). The chancellor chose to bank most of this £30 billion a year windfall, building in a cushion of over £25 billion against his self-imposed fiscal rule to ensure day-to-day spending is covered by tax revenues from 2024/25, with approximately £5 billion a year as give aways.

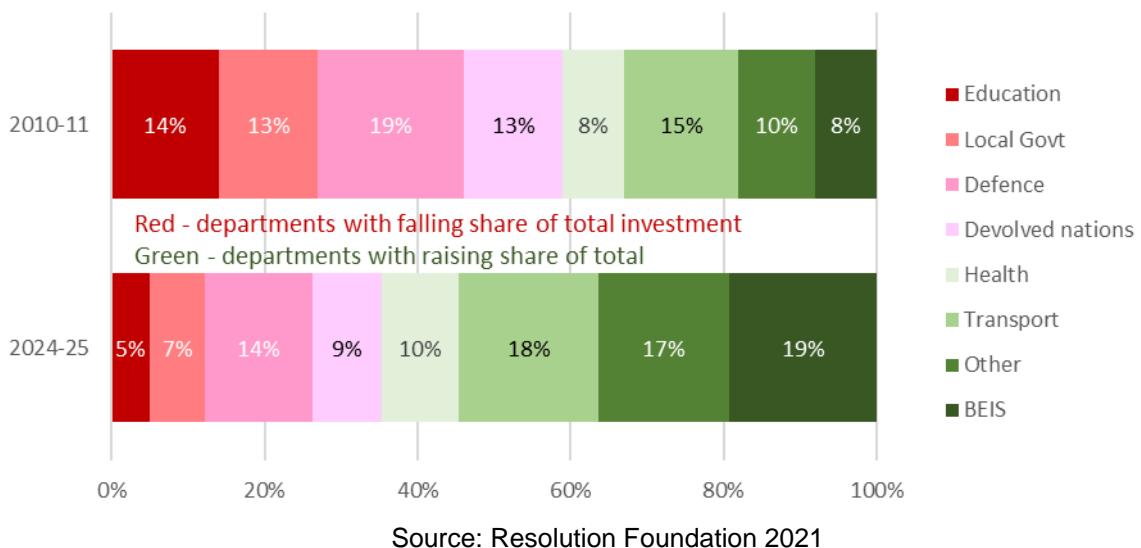
Estimated government borrowing reached a peacetime record of approximately £320 billion (15.2 per cent of GDP) in 2020-21 but it was £35 billion (1.7 per cent of GDP) lower than the OBR estimated in March. Borrowing in 2021-22 would be 7.9% of GDP falling to 3.3% in 2022, to reach £44.0 billion (1.5 % of GDP) in 2026-27.

According to the IFS, borrowing in the first half of 2021/2 was £108bn, half that of last year, leaving debt at 95.5% of GDP. However, since 40% of debt is held by the Bank of England, net government debt is less than 60% of GDP.

According to IfG the government plans to increase total day-to-day public spending by 10% in real terms between 2021/22 and 2024/25, but with some of these funds ringfenced to address health backlogs. Departmental spending in the current parliament would rise by £150 billion (£90 billion in real terms), with spending growing in real terms by 3.8% per annum.

Public services: The CSR announced real growth in public spending across most departments, although dominated by health given the new health and social care levy announced in September. An additional departmental spending of £25 billion in 2022-23, declining to £19 billion in 2023-24 and £12 billion by 2024-25.

Figure 1: Investment spending priorities have shifted markedly since 2010 Share of departments in total capital spending (capital DEL): UK, 2010-11 and 2024-25



Cumulatively this is a £56 billion increase in forecast departmental spending. The big winner is health and social care mostly because of the levy with the budget is set to be over 40 per cent higher in real terms by 2024-25 than in 2009-10. Education spending is set to rise by about 2% per year, half that of health and social care (4% per year) and above 2010 funding levels for day-to-day spending but lower as a share compared to Resolution Foundation¹ estimates for 2010-11 against 2014-2025 (Figure 1).

Total Departmental Expenditure Limit (DEL) for BEIS will increase by 7.5% over the period 2021-22 to 2024-25, DfT by 1.9%, DWP by 4.4% and DCMS by 5.8%. Some 44% of the cash increases announced in the Spending Review for the next three years will go to the Department of Health and Social Care. Many departments face day-to-day spending budgets that are smaller in real terms than they were in 2009-10.

Local Government will get grant funding of £4.8 billion (£1.6 billion per year for next three years on top of the funding to implement social care reform), and an estimated average real term increase of 3% in core funding (based on councils increasing council tax to maximum). However, while local government has seen an increase there are constraints on what local authorities will be able to raise council tax, as the option of high council tax rises to relieve local authority spending pressures did not materialize. The spending review documents revealed councils will be able to increase council tax by 2%, with a further 1% social care precept for the relevant authorities. Therefore, with grant funding effectively frozen after next year, combined with no progress on

¹ Resolution Foundation (2021) The Boris Budget: Resolution Foundation analysis of Autumn Budget and Spending Review 2021

updating the funding formulae and the growing demands of the social care system, some local authorities may have to cut services over the coming years.

According to the IFS ‘fiscally speaking this year will go down as a once in a decade event’², with £40 billion in tax increases and record spending, underpinned by OBR forecasts driving policy.

Headline Employment and Skills Announcements

In September 2021 at Conservative party conference the Prime Minister announced his vision for a high-wage, high-skilled, high-productivity economy, that will be delivered through its Plan for Growth with significant investment in innovation, infrastructure and skills.

R&D Spending: R&D £20 billion pledge and extended funding period by two years to 2024 (see also Headline Business Support Announcements). Doubling the available scholarships for AI and Data Science Master’s conversion courses with a £23 million investment for under-represented groups.

The **Coronavirus Job Retention or ‘Furlough’ Scheme (CJRS)** ceased at the end of September 2021.

Impact on Hampshire: as of September 2021, there were 27,200 Hampshire and the Isle of Wight residents on the CJRS scheme with take-up rate of 3%, of which most are expected to return to their employers or into alternate employment based on record vacancy rates.

To access the government’s fifth and final round of the **Self-Employment Income Support Scheme (SEISS)** businesses must have had a new or continuing impact from coronavirus between 1 May 2021 and 30 September 2021. This grant is worth either 80% or 30% of average monthly trading profits, paid out in a single instalment covering 3 months’ worth of profits, and capped at £7,500 for the higher percentage or £2,850 for the lower percentage. Newly self-employed individuals were able to claim the higher grant.

Impact on Hampshire: around 101,000 Hampshire residents were assessed for eligibility for the fifth SEISS grant up to 7th October 2021. Some 35% of eligible Hampshire residents made claims for the fifth grant – a total of 35,300 people. The average payment per claim was around £2,400. Total value of SEISS claims for the fifth grant in Hampshire stood at £84.3m with the total value of all SEISS claims in Hampshire at £884m.

² IFS Autumn Budget and Spending Review 2021, available at [Autumn Budget and Spending Review 2021 - Institute For Fiscal Studies - IFS](#)

Skills and education: Building on the *Plan for Jobs*, the Budget and Spending Review announced over £6 billion of funding for the Department for Work and Pensions (DWP) over the next three years to assist people earn more and gain the right skills.

The budget announced increased skills spending over the Parliament by £3.8bn. compared to 2019-20, a rise of 42%. **Schools** will receive an additional £4.7bn for the core schools' budget in England by 2024-25. The main areas covered were:

- 16-19-year olds' education in England is to get an additional £1.6bn by 2024-25.
- A portion of the settlement will focus mostly on disadvantaged pupils and will help to recover learning lost due to the pandemic.
- Pupil premium return to 2010 levels worth £1,500 more per pupil – increasing investment to create 30,000 special school places. Support for catchup funding in response to Covid pandemic will approach £5 billion.
- **Special Needs:** Around £2.6bn will be invested over the Spending Review 2021 period for new school places for children with special educational needs and disabilities (SEND) in England.
- There will be opportunities for adults across the whole of the UK to develop their numeracy skills through £560m across the budget period for the Multiply programme, funded through the UK Shared Prosperity Fund);
- A total investment of £554m by 2024-25 to increase retraining and upskilling opportunities for adults.
- Funding for **Apprenticeships** will increase to £2.7 billion by 2024-25 (the first increase since 2019-20) to support businesses invest in a skilled workforce. Funding for the Help to Grow schemes will help SMEs improve their productivity through world-class management skills training and support for digital adoption.
- Additional funding will be used to quadruple the number of places on Skills Bootcamps, expand the offer on free Level 3 qualifications and launch the new Multiply scheme to improve numeracy skills across the UK for up to 500,000 adults

Impact on Hampshire: There were around 32,000 apprenticeship starts in Hampshire in 2018/19 (the latest full year data from DfE). DfE data suggests that in 2020/21 there were over 34,000 SEND pupils in all schools in Hampshire.

Major Regional Policy Announcements

Cost of living: The Government stopped the temporary £20 uplift to standard Universal Credit (UC). However, with effect by December 2021 the Universal Credit taper rate will be cut from 63p in the pound to 55p leaving low earners with more income. However, factoring in the £20 loss in benefit then estimates³ suggest three in four claimants will be worse off.

³ Resolution Foundation -

Impact on Hampshire: this will boost, in nominal terms, the incomes of up to 143,900 Hampshire residents (up to 81,400 claimants not in employment and up to 62,500 UC claimants in employment).

The **National Living Wage** will increase from £8.91 per hour to £9.50 from April 2022. For those that currently receive the National Living Wage, this will mean a pay rise worth over £1,000.

The most vulnerable families with the cost of living this winter, the government has introduced a £500 million **Household Support Fund**.

Impact on Hampshire: Hampshire will receive £7.12 million from the Household Support Fund, Southampton £2.22 million, Portsmouth £1.88 million and Isle of Wight £1.13 million.

Net-zero/Green Agenda: Spending was already announced in the [net zero strategy](#) last week but did not add to this. Budget announced £21 billion of spending on decarbonising buildings, transport, industry, and energy, and providing support for innovation through to 2024-25 but this is unlikely to meet Government's net zero plans.

However, contradicting the net-zero agenda air passenger duty (APD) will be reduced with the cost of a domestic flight tickets likely to be cut equivalent to adding another 410,000 passenger journeys a year, while long-haul flights may become more expensive. Nine million passengers will see the cut, and regional airports such as Southampton could benefit. Furthermore, the Budget froze fuel duty at a cost of around £1.5 billion a year which was less surprising given the sharp spike in fuel costs but again flying in the face of net-zero. The short-term focus is on recovery rather than net-zero.

£620 million of new investment over the next three years to support the **transition to electric vehicles** and a significant increase in new funding to encourage more people to walk and cycle. **Decarbonising buildings** with £3.9 billion, including £1.8 billion to support tens of thousands of low-income households to transition to net zero while reducing their energy bills. Some £315 million has been set aside for the **Industrial Energy Transformation Fund** which will help firms cut their carbon emissions and reduce energy bills. This will support Southampton's industrial cluster.

Impact on Hampshire: Southampton's industrial cluster has been named as one of the six industrial clusters that will benefit from the Industrial Energy Transformation Fund. Southampton Airport likely to benefit from reduced APD. According to Census 2011 over 560,000 (60%) residents commuted by driving car/van, over 34,000 (4%) cycled, and approaching 100,000 (10%) walked. Travel by car is likely to be lower once 2021 Census published due to increased working from home through hybrid practices (close to 100,000 (11%) residents worked mainly at or from home in 2011).

Transport and Roads - Treasury said there would be £8bn for local roads maintenance and upgrades over this Parliament. This compares with previous

announcements of around £5.5bn for maintenance (based on current levels) and £3.5bn for upgrades.

Level up bus services in England with £3 billion investment over this Parliament, including a new dedicated £1.2 billion new funding for London-style bus transformation deals to improve infrastructure, fares and services.

Impact on Hampshire: additional spending on transport in Hampshire will include £7 million to develop proposal (the final business case) to reinstate rail passenger services between Totton and Fawley in New Forest.

Housing and homelessness – in the Budget and Spending Review investment in housing worth nearly £24billion announced. This includes previously announced the £1.8bn to deliver new homes on 15,000 hectares of brownfield land. £11.5bn to build affordable homes, and £640m for homelessness. A new tax on property developers to help pay for the removal of unsafe cladding that will be levied on developers with profits over £25m at a rate of 4%.

Impact on Hampshire: - almost £58 million from the £75 million *Brownfield Land Release Fund* (BLRF) has been allocated to 53 councils, with Eastleigh Borough Council the only Hampshire County area authority to benefit so far (The Arch, Chandlers Ford, £260,000), while Portsmouth has 13 sites worth just over £2million, and the Isle of Wight have three sites worth collectively approximately £950,000.

New early years funding with £540m for family hubs (although as many as 1,000 Sure Start children's centres may have been shut down in England since 2010 according to Sutton Trust⁴.

Global Britain Investment Fund: £1.4 billion to support some of the UK's leading manufacturing sectors and stimulate regional growth across the UK. This will provide grants to encourage internationally mobile companies to invest in the UK's critical and most innovative industries, including life sciences (£354 million) and automotive production and supply chains (£800 million, although focused in the North East and Midlands).

Impact on Hampshire: Hampshire has over 150 life science business employing an estimated 24,000 employee, whilst Southampton as the number one export port for vehicles is likely to benefit from exports of Electric Vehicles from the Midlands.

Freeports – the government announced eight new freeports including Solent in March 2021. Subject to agreeing their governance arrangements and successfully completing business cases Freeports can begin operations from late 2021. However, Solent has not been shortlisted in the Budget/SR21 as one of the first freeport sites that will be

⁴ Sutton Trust (2018) STOP START: Survival, decline or closure? Children's centres in England.

able to operate from November. The first sites will be in Humber, Teesside and Thames, and be able to begin initial operations from November 2021.

The government will legislate in Finance Bill 2021-22 to introduce additional elements to the VAT free zone model for Freeports.

The legislation will:

- Implement a free zone exit charge to ensure businesses do not gain an unintended tax advantage from the zero-rate in the free zone model
- Make amendments to existing VAT law to ensure free zone rules and warehousing rules are mutually exclusive
- Amend elements of the historic free zone legislation, which are incompatible with the new free zone VAT rules

The measure will take effect from 3 November 2021.

Impact on Hampshire: The Solent Freeport has the potential to attract £2billion investment and create more than 50,000 jobs.⁵ A mechanism will need to be put in place that minimises job displacements from other parts of Hampshire. The government is actively working with several partners to deliver the remaining Freeports.

Levelling -up: The Chancellor announced £1.7 billion of funding in the first grants from the levelling up fund⁶. (**see Impact on Hampshire**). Relatively few areas in Hampshire have directly benefited from the recent government bidding rounds (see individual fund impacts) but the short-term economic recovery action planning continuing to be undertaken by the County Council.

The Levelling Up Fund⁷ worth £4.8bn (initially announced in November 2020 as part of the Spending Review) will focus on capital investment in local infrastructure. The focus will be on projects that require up to £20m of funding but there is also scope for investing in larger high value transport projects by exception. The first round of the Fund (2021/22) has focused on three themes: smaller transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.⁸

Impact on Hampshire: First round bids were announced 27 October 2021. A total of 305 Levelling Up Fund bids were received on or before the 18 June 2021 but only 293 met the assessed criteria i.e., 12 were dismissed. In principle, all bids scoring at least 75/100 overall should be funded, but precedence given to the highest-quality bids. Gosport was the only local authority in Hampshire identified as top priority area

⁵ <https://solentlep.org.uk/what-we-do/news/2billion-solent-freeport-bid-submitted/>

⁶ [Levelling Up Fund: first round successful bidders - GOV.UK \(www.gov.uk\)](#)

⁷ HMT, MHCLG and DfT (2021) *Levelling Up Fund Prospectus*, available at: [Levelling Up prospectus.pdf \(publishing.service.gov.uk\)](#)

⁸ Chapter 4, page 8, [Levelling Up prospectus.pdf \(publishing.service.gov.uk\)](#)

(Category 1) but was not successful in First round. The Isle of Wight (£5.8 million for East Cowes marina) and Portsmouth (£20million to transform visitor economy) both Priority 2 areas were successful. Feedback sessions will be offered to unsuccessful places to support applications into further rounds of the Fund, with Round two due to open in Spring 2022. This suggests an opportunity to strengthen Hampshire existing or new bids for Round 2.

UK Shared Prosperity Fund (replaces the EU Social Fund): over £2.6 billion launched with funding will rise to £1.5 billion a year by 2024-25 and focused on funding programmes that help people into jobs.

Community Ownership Fund is aimed at helping communities protect and manage their most treasured assets: the first 21 projects will receive funding from the £150 million, focusing on local community assets such as, community centres, pubs, and the high street. The Fund will run until 2024/25 with at least eight bidding rounds in total. The second bidding round will be announced shortly.

Impact on Hampshire: Announced on 27 October 2021, two projects in Hampshire have been selected in this first bidding round worth £1.3 million - New Forest (East Boulder Community Stores, £250,000) and Portsmouth (The John Jenkins Stadium with £986,000). With further rounds until 2024/25 there are additional opportunities for Hampshire to submit bids, including unsuccessful bids which are encouraged to re-submit.

To support young people, spending review will invest £560 million in youth services in England, including through the **Youth Investment Fund and National Citizen Service**.

UK Community Renewal Fund – The £220 million UK Community Renewal Fund was introduced as a pilot to provide funding that helps places across the UK prepare for the introduction of the UK Shared Prosperity Fund (designed to replace EU funding) and in so doing contributing to the levelling up agenda through investing in people, places, businesses and communities improving everyday life across the UK.

Impact on Hampshire: Successful bids announced 3 November 2021. Hampshire County Council received 19 bids for the Community Renewal Fund, totalling £9.6 million and following internal assessment process a shortlist of eight bids totalling £3.3 million was submitted to Government for assessment. Hampshire County Council's own bid worth £211,861 for '*Community Engagement for Household and Community Energy Scheme Development in Hampshire*' was successful alongside two bids from Portsmouth City Council worth £1.59 million.

Levelling-up White Paper and ‘County Deal’. The White Paper presents an opportunity to reset the relationship between central and local government and put councils at the heart of delivering the Government’s ambitious programme was due to be published late 2021. Neither the Budget or CSR provided a publication date for the white paper on levelling up and English devolution which will provide further direction for the County.

Headline Business Support Announcements

The Government chose not to review business rates, while the planned increase in business rates multiplier will be cancelled, worth an estimated £4.6 billion over the next five years.

An estimated 90% of businesses in **retail, hospitality, and leisure properties** will continue to be eligible in England but with 50 per cent **business rates relief** (capped at £110,000 per business - will benefit SMEs) worth £1.7 billion.

Impact on Hampshire: There were around 15,160 enterprises in retail, tourism and visitor economy in Hampshire in 2021 (about 19% of all enterprises in Hampshire).

Tax relief on museums and galleries due to expire in March 2022 has been extended to March 2024. According to research⁹, local authority spending in England on museums and galleries declined between 2009/10 and 2019/20 by 34% in real terms.

Impact on Hampshire: Hampshire has around 55 museum and art gallery enterprises in 2021.

No announcement on Corporation tax given an increase in the main rate of corporation tax to 25% from April 2023 was announced in March 2021. **However, the banking surcharge will be reduced to 3% from April 2023.** The profits allowance, which effectively acts as a threshold for when the surcharge becomes payable is also increasing, from £25 million to £100m. The surcharge is payable by banks in addition to corporation tax. A review of the surcharge was first announced in the Spring Budget in March.

Impact on Hampshire: No change from March announcement. A vast number of businesses in Hampshire do not pay corporation tax. Some 74,500 Hampshire businesses (91%) have turnover that is less than £1m. Around 1,000 Hampshire businesses have turnover of £10m+.

Chancellor announced an extension of the **Annual Investment Allowance** to March 2023, which gives business rates relief to support plant improvements. Through a **capital allowance on business investment scheme** the Government is creating incentives to bring investment forward from future periods. The new scheme will allow businesses to claim 130% in-year relief for main rate capital expenditure on plant and machinery, and 50% relief for special rate capital expenditure for 2021/22 and 2022/23.

The temporary cut to the rate of VAT on food, accommodation and entry fees to attractions from 20% to 5%, introduced in July 2020, was extended by Finance Act

⁹ Rex, B., and Campbell, P. ((2021) Local Authority Investment in Museums after a Decade of Austerity, London Museums Association.

2021 until 30 September 2021, while an increased reduced rate of 12.5% applies between 1 October 2021 and 31 March 2022.

Impact on Hampshire: There were about 4,240 enterprises in Hampshire in this sector in 2021 with about 5,750 local business units (about 5.2% of all enterprises in Hampshire).

Draft Statement of Common Ground

1. The local authorities are keen to explore the opportunities provided by a county deal.
2. It is commonly held by the local authorities that the interests of the residents and businesses of the HIOW area would be better served by greater devolution of power and funding from central government to local government (and potentially other locally controlled agencies), working under formal arrangements that bring public services together with a shared agenda. This transfer should embody the principles of subsidiarity and local accountability.
3. The purpose of pursuing devolved powers from Government (more recently termed 'county deals') is to secure such powers and funding in order to level up and improve access to, and the quality of, services and opportunities for everyone across the area. In so doing, it will reduce inequalities and improve the well-being of our residents and communities across a range of service areas, potentially including transport, economic development, environment, housing, health welfare, education, trade, energy, employment and skills and parallel government deals such as the recent Solent Freeport agreement.
4. HIOW contains a number of different socio-economic geographies and 'journey to work' catchments that will need to be reflected within any deals sought. The recent HIOW Leaders meeting reflected this through discussion of the different socio-economic geographies (including at a north Hampshire, central Hampshire and the southern or Solent and Isle of Wight level). There was also agreement that consideration should include the strong links and partnership discussions that have been developed with Bournemouth, Christchurch and Poole (BCP) Unitary Authority since its inception.
5. Across the geography of HIOW and BCP, four separate expressions of interest for 'county deals' have been submitted to DLUHC. The expressions of interest reference a range of potential geographies for a deal, including the 'historic' county of Hampshire, the unitary councils and the Solent region (including BCP). HMG convened meetings with the council chief executives to discuss potential county deals in both BCP and HIOW areas. HMG confirmed in the HIOW meeting their willingness to consider a deal on the HIOW geography or sub-geographies, and in the BCP meeting a deal that enabled BCP to be part of a deal within the HIOW area.
6. All of the local authorities hold a genuine interest in exploring whether a worthwhile deal can be secured that brings net benefits for each area as well as the whole, acknowledging that different councils have different priorities for their communities, that some options may serve their priorities better than others, but equally that all will strive to find the maximum common ground.

7. Any successful deal(s) will be the product of genuine co-production by equal partners, with the proposals and process for developing them owned and shaped by all, with the final proposals reflecting an equitable distribution of influence and responsibility, including in any voting regime that may be required. It is recognised by Leaders that the HIOW area already has 'best practice' examples such as the successful Partnership for South Hampshire (PfSH) which has delivered effective co-produced growth and attracted funding over a 20 year period for the benefits of the partnership area.
8. It is recognised that a deal will comprise 'asks and offers' from both HMG and the local authorities. The greater the asks, the greater the expected offer. From HMG perspective, certainty, consistency, accountability, and mandate in terms of HMG (single) point of contact with the area of the deal is key. Gains in efficiency and effectiveness in the delivery of public services are also important. To secure this, HMG may be willing to offer a range of freedoms, funding, and powers.
9. Ongoing conversations with surrounding areas will continue as we explore the range of options available.



Best
Deal for
Pan-Hampshire

A prospectus for change

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The Pan-Hampshire area

Pan-Hampshire is made up of the following administrative areas:

1. Basingstoke and Deane Borough Council
2. East Hampshire District Council
3. Eastleigh Borough Council
4. Fareham Borough Council
5. Gosport Borough Council
6. Hampshire County Council
7. Hart District Council
8. Havant Borough Council
9. Isle of Wight Council
10. New Forest District Council
11. Portsmouth City Council
12. Rushmoor Borough Council
13. Southampton City Council
14. Test Valley Borough Council
15. Winchester City Council



Foreword

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In July 2021, the Prime Minister announced that “we need to re-write the rulebook, with new deals for the counties” and added “there is no good reason why our great counties cannot benefit from the same powers we have devolved to city leaders”. Following this speech, Hampshire County Council submitted a County Deal Expression of Interest to the Government in August. Obtaining a **bold and ambitious deal for Pan-Hampshire** will not only allow us to take greater control over our future, but to build on our combined strengths to boost the area as a whole and help benefit the lives and opportunities of residents.

The County Council, together with its Districts, Boroughs, neighbouring Unitaries and other public sector partners, have long worked collaboratively and effectively to create a globally successful and forward-looking economy in one of the country’s most historic and environmentally significant regions. Collectively, we recognise the challenges ahead of us, some of which have been expedited by the COVID-19 pandemic. Achieving a County Deal will allow the area to **build back better** – raise living standards, increase opportunities and bolster the resilience of our proud communities.

We know that significant numbers of residents in the Pan-Hampshire area sadly experience similar levels of poverty, deprivation and skills disadvantage to communities in areas often selected for ‘levelling up’ funding in the Midlands and the North. These experiences can no longer be masked by the affluence of our wider region. **This is why we are asking the Government for increased freedoms and responsibilities to use our local knowledge and understanding to provide the right opportunities and access to skills and jobs, health, housing, as well as infrastructure investment to make a real difference to people’s lives.**

The Pan-Hampshire area is a £67bn economy of two million people that contributes over £9bn a year to the Exchequer. It is bigger than many existing combined authority areas and delivers far more in terms of economic impact. It is only right that **we ask the Government to provide us with the financial investment our residents need.**

Hampshire is also famous for its wonderful and diverse natural environment – a large proportion of our geography is either designated as National Park or Area of Outstanding Natural Beauty, as well as many areas having some form of international, national or local designation for its nature conservation interest. This is why **we are asking the Government for strategic planning powers to ensure that a Pan-Hampshire housing approach ensures the right levels of affordable homes in the right places** ensuring green space is protected and the potential for creating the necessary infrastructure alongside environmental gain can be maximised.

To achieve our shared ambition of being carbon neutral by 2050, as well as building resilience to the impact of climate change, **we are asking for a devolution deal to support our natural environment by giving the Pan-Hampshire area local control over the environmental powers and resources to enable us to deliver climate change and environmental strategies.**

A Pan-Hampshire County Deal provides a once-in-a-generation opportunity to bring more of the power that has been remotely held in Whitehall and Westminster to the people and places of Hampshire. We recognise that this prospectus sets us on a long journey of negotiations. However we value the opportunity presented and look forward to continuing to work positively with stakeholders and the Government in order to demonstrate our commitment and ability to deliver the best possible outcomes for our residents and businesses.



Councillor Keith Mans
Leader of Hampshire County Council

Introduction

This document makes the case for an ambitious County Deal for Pan-Hampshire. It describes the Pan-Hampshire economy, its major contribution to the UK, and what it could achieve if given the powers and funding already available to some other areas of England. Pan-Hampshire has a proven track record of growth and delivery – but too often fragmented systems and a lack of being able to take our own decisions have prevented us from achieving what we know we can.

This document should be read in conjunction with the technical annex, which shows how the Pan-Hampshire economy works and the evidence that underpins our emerging proposals for new powers and funding.

Over the coming weeks, we will be consulting on the proposals in this prospectus. These will be further developed into a Full Evidence Report for submission to Government in early December.

A global economy, key to the success of Global Britain

The Pan-Hampshire area is a globally important £67bn economy, major international gateway and economic engine for global Britain. Together the existing county and districts of Hampshire, cities of Portsmouth and Southampton and the Isle of Wight are home to 2 million people and 3% of the entire UK economy - bigger than many areas that have significant devolved powers and funding. Compared to existing combined authority areas, Pan-Hampshire is the fourth largest with the third largest number of businesses¹.

We are a knowledge intensive economy, at the heart of the UK's modern maritime sector, with firms such as British Ports and DP World, as well as globally excellent research and innovation, including the National Oceanography Centre and Marine and Maritime Institute, at the forefront of the UK's global leadership on climate change and maritime environmental technology. The Marine and Maritime sector along the Solent supports over 150,000 jobs and £12bn in turnover, and the designation of the Freeport offers outstanding opportunities to create in the UK a world class maritime economy with trading opportunities supporting the UK's Global success.

We are also a major centre for the aerospace sector, including the UK's centre of aerospace research at Farnborough. Leading businesses include BAE Systems, AIRBUS, GKN Aerospace, Gulfstream and QuinetiQ. Andover is the HQ of the UK Army, with other major training and education bases at Minley, Winchester and a major garrison and associated businesses at Aldershot.

Pan-Hampshire is a major centre of AI, with IBM's research and development laboratory based at Hursley. We have world-leading engineering excellence at the Boldrewood Innovation Campus and major science and innovation strengths in photonics, cyber security and environmental technology, as well as have major sites for ExxonMobil and Zurich operations.

We are extremely well connected. Globally, through our two major ports, Southampton International Airport and excellent links to Heathrow, Gatwick and Bournemouth airports. Nationally, through fast rail and road links to London, Oxford, the Midlands, OxCam Arc and M4 corridor. Locally, through the M3, M27, rail and wider road networks. Our rural areas are better connected than most. We also have strategically important underground links with fuel lines to the major airports.

Alongside a powerful economy and excellent services, Pan-Hampshire has a wealth of natural assets, including two national parks, high quality farmland, beautiful market towns and villages, three AONBs and 290 miles of coastline.

Pan-Hampshire partners also have a well-deserved reputation for delivering growth and infrastructure projects and excellent public services. We are working together in Public Health and across health and care, and are committed to going further and faster to ensure that the needs of our residents are at the centre of our health system.

A diverse and outward looking economy, with strong connectivity to local, national and global markets

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The area that a County Deal would cover is both varied and strongly integrated. It draws its strength from its diverse mix of places.

In the south of the Pan-Hampshire area is the sixth largest built-up area in England and Wales, spanning from Southampton to Havant along the M27, in an arc including Portsmouth, Fareham, and Gosport. This area is inextricably linked with the sea, both geographically and economically – as the UK's major maritime and marine economy, with two of its biggest ports. These links connect Pan-Hampshire to Europe, north America, and beyond, at the heart of the Global Britain agenda. This has led to the development of a major industrial cluster in this area, as well as the UK's most significant naval centre.

The Isle of Wight is tied into Pan-Hampshire by means of several ferry routes to the rest of the area. The Isle, along with the New Forest in the west of Pan-Hampshire, comprises much of Hampshire's visitor economy, with major natural assets.

This southern area is tightly linked to the rest of Pan-Hampshire through major motorway connectivity (the M3) and good rail links. These links continue through the area, binding Pan-Hampshire to the Greater London economy. Winchester is at the centre of an economy focused

on professional services and the local government sector, with large office provision in business parks in the wider Winchester district. Basingstoke is a central employment hub and key development area with opportunities for housing and commercial development – such as the Manydown Garden Communities development. Around all of this are the rural areas of Hampshire, which are unusually well-connected, with A-roads coming off the central motorway artery. Other towns in the North of Pan-Hampshire – such as Andover and Farnborough - are specialist economic centres in their own right (for example Farnborough for aviation, where Farnborough is the largest private airport serving the London area) and plays a pivotal role in the local economy.

Pan-Hampshire therefore has a unique combination in the UK of both having strong economic ties into the capital and having a strong industrial cluster in its own right, based around an exporting powerhouse.

However, Pan-Hampshire does not yet have the powers and funding to enable us to deliver to our potential and ensure that all our residents and communities benefit. There are different, conflicted governance structures and a lack of the co-ordinated functions needed to manage climate change, make the transition to zero carbon and ensure that future growth does not leave people behind.

A highly functional economic area gives a strong basis for a major Deal with Government

.....

This connectivity, geography and the nature of our business sectors mean that Pan-Hampshire is a highly functional economic area, more so than many other parts of the UK. Our supply chains are mature and more self-contained than most – over 40% of inputs are sourced locally and this reaches 50% in some sectors. This is the fifth highest of any area in the UK. Our distinctive business strengths are also shared across the Pan-Hampshire area – the vast majority of the different parts of Pan-Hampshire are more closely aligned to our own industrial structure than the average for England as a whole - with clear and shared specialisations across all the local authorities. These include Pan-Hampshire's nationally important maritime, aerospace, and aviation sectors – with “crown jewels” including Farnborough airport, the ports of Portsmouth and Southampton, as well as headquarters and major bases for all three services of the Armed Forces.

This very strong evidence for the economic area is also found in the labour market. 86% of working residents work in

Pan-Hampshire, with only a few parts in the north of the area where there are any discernible commuting patterns towards London and adjacent areas. Our housing and commercial property markets are also highly integrated and contained. Nine of the top ten destinations for people moving house in Pan-Hampshire are also in Pan-Hampshire. Together our economy is a highly functional economic area and a great place to live. We also contribute £8.7bn² to the UK Exchequer in VAT and other taxes – putting us in a strong position to continue to deliver for the UK.

This analysis of our shared economic strengths and interdependencies demonstrates that Pan-Hampshire provides the prerequisite viable geography for a County Deal and one that is stronger than many existing devolution deals. This footprint provides a growth platform for the UK, as well as providing the right scale to support the long-term success of all residents who live and work in the area.

01

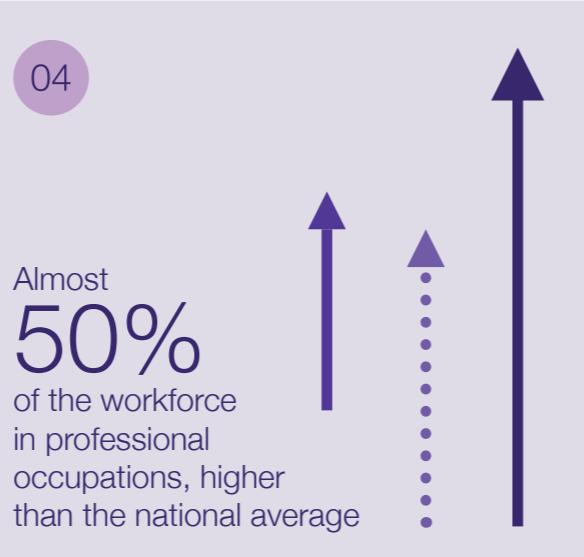


Gross Domestic Product (GDP) of
£67.2bn
(3% of the UK economy)

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02

Over
one million
jobs in Pan-Hampshire



06



Population of
two million

07



86%
of working residents work
within Pan-Hampshire

08



A distinct
sector mix

with shared specialisms across the
county including maritime, IT and
professional services

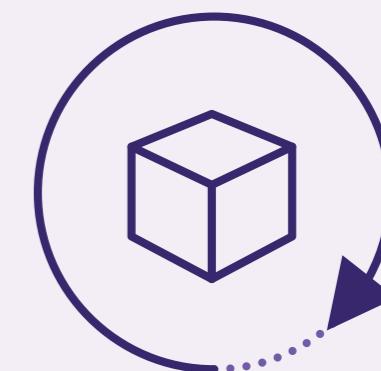
09



Strong
**transport
links**

by, road, rail and water

10



Total exports value of
£25.6bn

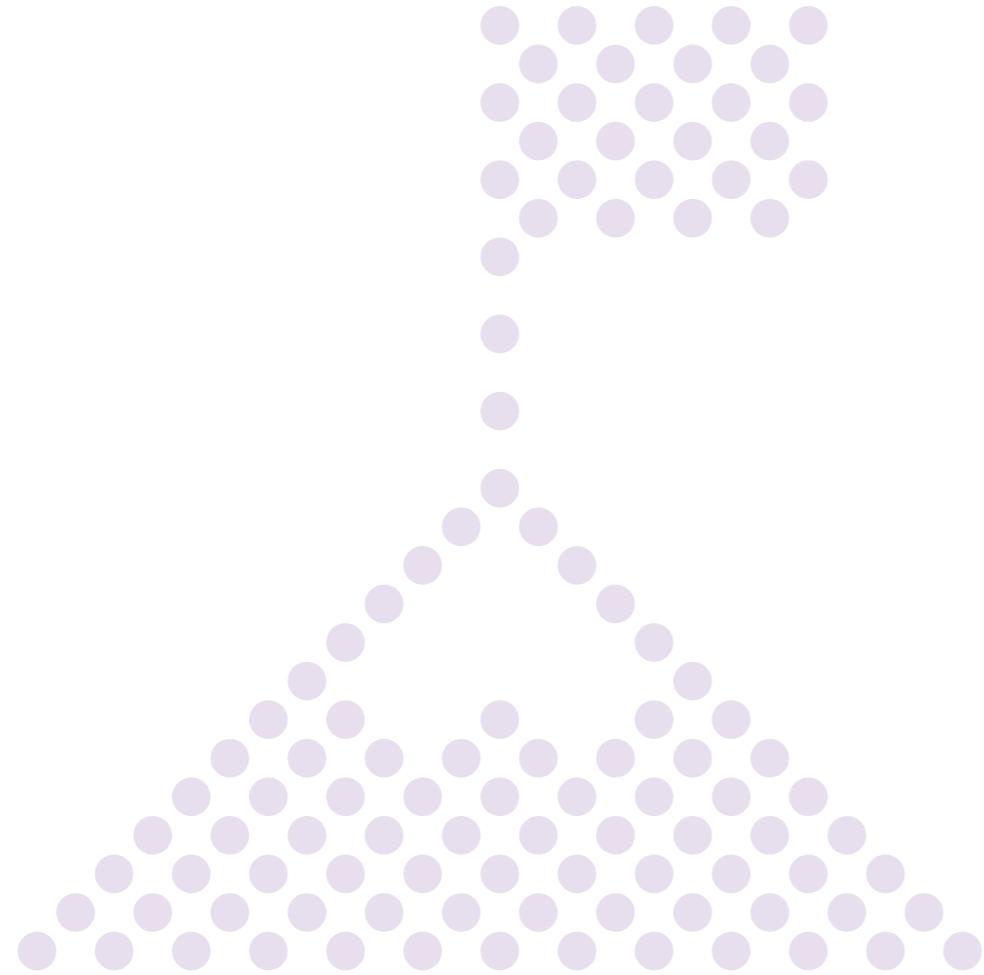
with ports supporting
UK supply chains

Challenges

Pan-Hampshire is not without significant challenges, however.

Climate change and more frequent extreme weather events are already causing more river, ground water and coastal flooding risks. A larger than average amount of our area is within Flood Zones 2 and 3. Current arrangements for flood management and environmental protection are complex and do not allow us to work effectively to bring our research, business and public sector resources together effectively to meet the challenge.

We have communities experiencing **severe deprivation and spatial inequality** – particularly in the more urban areas of Southampton, Portsmouth, Gosport and Havant, as well as on the Isle of Wight. East Hampshire, Havant, Portsmouth and Southampton all feature as priority two for the Government's Levelling Up Fund, with Gosport in priority one, reflecting the inequalities which exist within Pan-Hampshire. These are all the more marked because of the relative prosperity in the rest of the county. Skills levels are similarly varied.

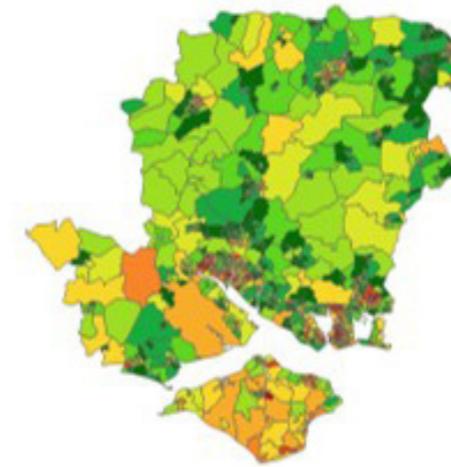


Index of Multiple Deprivation deciles in Hampshire

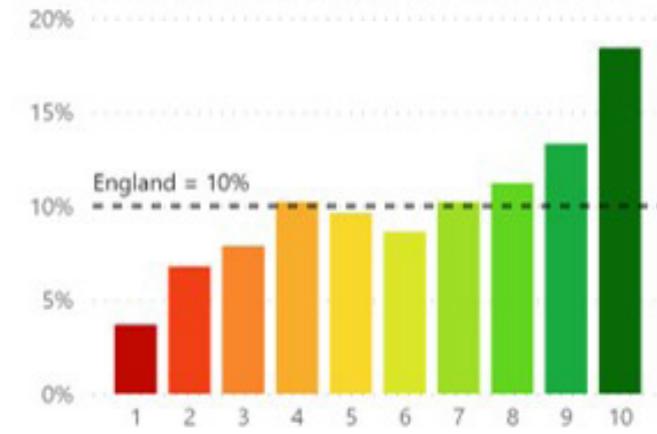
(1 = most deprived)

Deprivation decile

Decile ● 1 ● 2 ● 3 ● 4 ● 5 ● 6 ● 7 ● 8 ● 9 ● 10

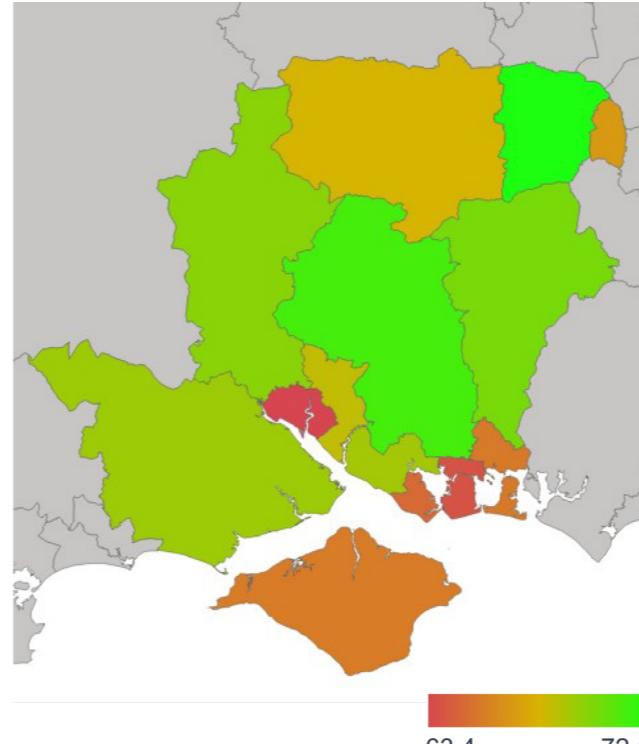


LSOAs in each national deprivation decile

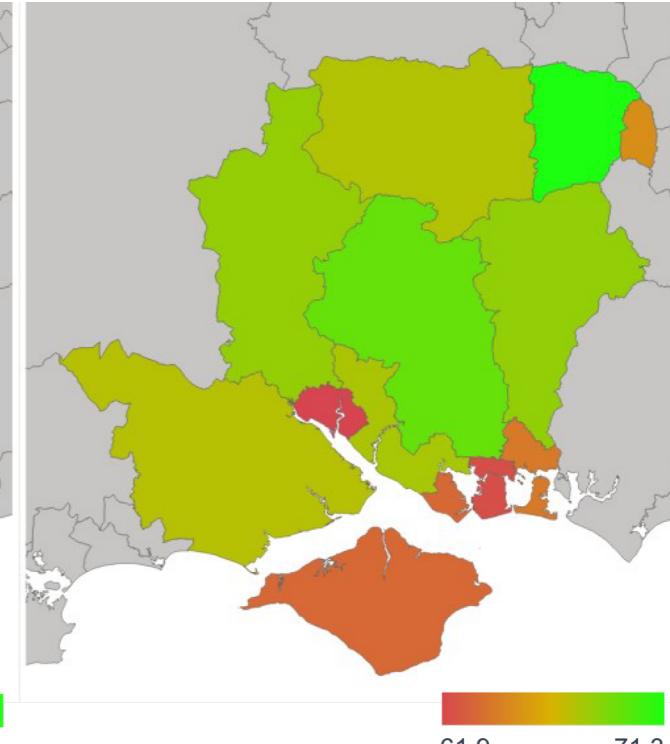


Healthy Life Expectancy in Hampshire

Female



Male



Physical accessibility and connectivity is a real issue for many communities, particularly in between the southern parts of Hampshire and the wider area. This increases car dependency, associated congestion and air quality issues. It holds back more rapid levels of agglomeration, supply chain innovation and city growth. It is also preventing communities from benefiting from opportunities, and makes it much harder to achieve a modal shift towards more sustainable forms of travel to work. One of the challenges is our inability to plan and implement improvements in a timely manner to meet the demands of a growing economy. As working patterns continue to change, physical and digital connectivity between our smaller towns

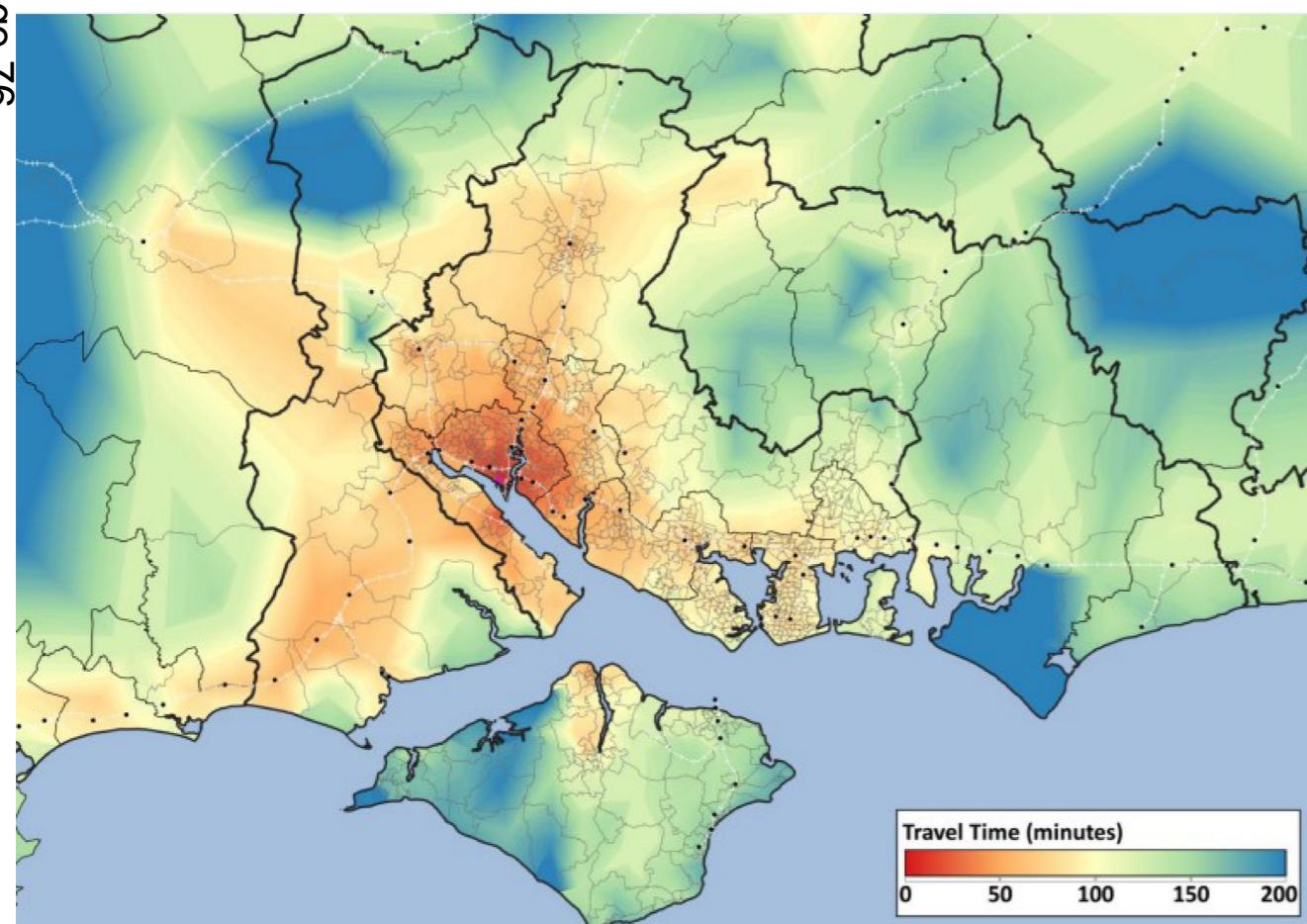
and rural areas, including the Isle of Wight, will become even more important.

Affordability gaps in the housing market have widened significantly.

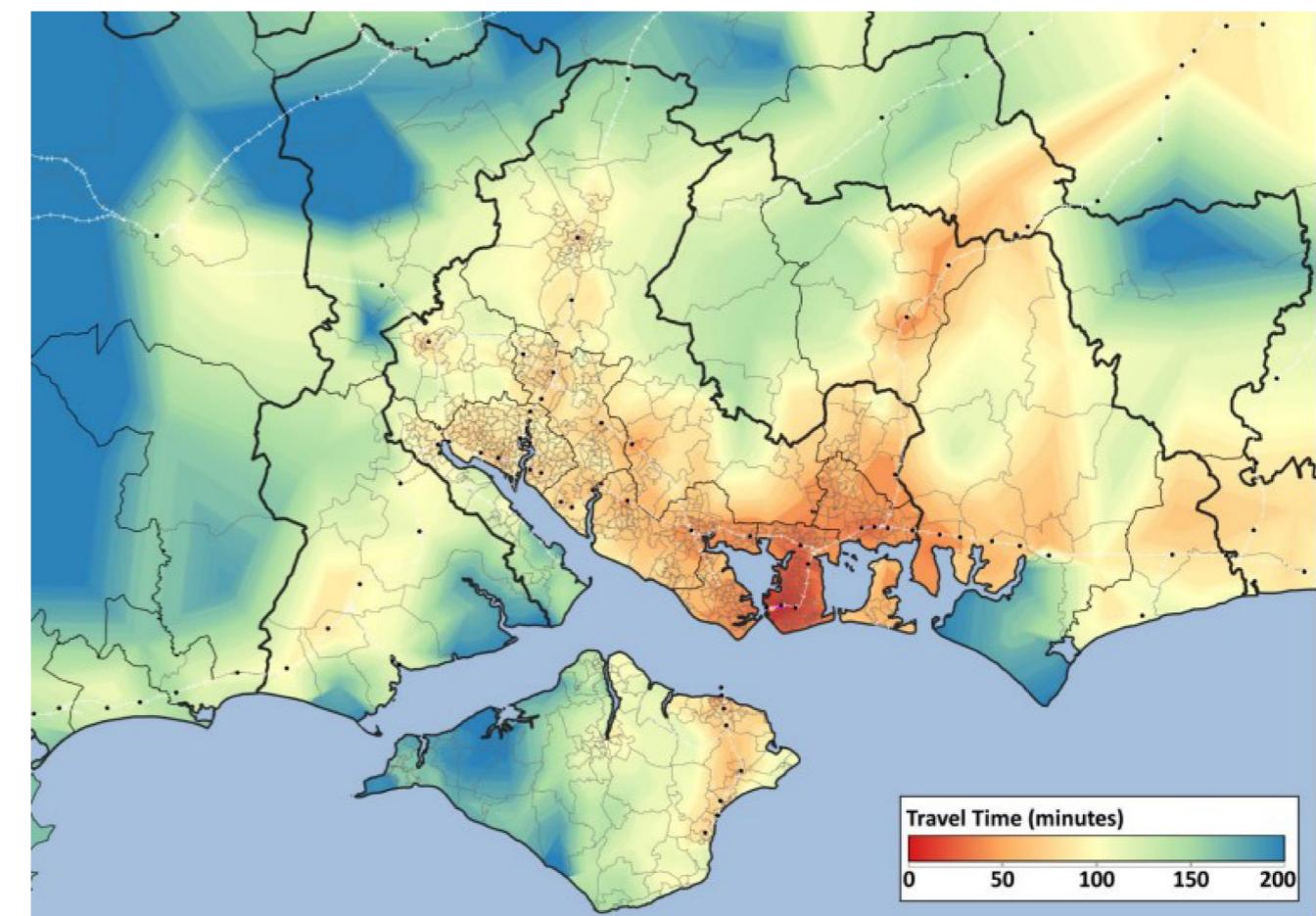
Median house prices in East Hampshire and Winchester are now over twelve times as high as median incomes. And while Pan-Hampshire is already contributing nearly 3% to the Government's target of 300,000 houses a year by the mid-2020's, there are still too many large, often public sector owned, sites still holding back delivery capability.

Our cities and towns need investment to remain competitive and successful places to live and do business. Towns

Page 76
Modelled public transport times for Southampton City Centre in 2041



Modelled public transport times for Portsmouth City Centre in 2041



such as Aldershot, Andover, Basingstoke, Farnborough and Fleet all have plans or programmes for town centre renewal and regeneration. Expansion of those town centres during the 1960s and 70s has resulted in dated layouts and buildings that now need updating to meet modern requirements. Whilst there are challenges in retaining economic uses in buildings with permitted development rights for conversion or redevelopment for residential uses, the creation of high-quality public spaces and buildings can help these centres to provide for a mix of uses to attract residents to spend time and money in those centres, rather than further afield. In addition, graduate retention is lower than it should be, with too much talent drifting to London.

We need to create vibrant places that highly skilled people and businesses want to locate to and live in, as well as creating sustainable, affordable housing close to employment opportunities.

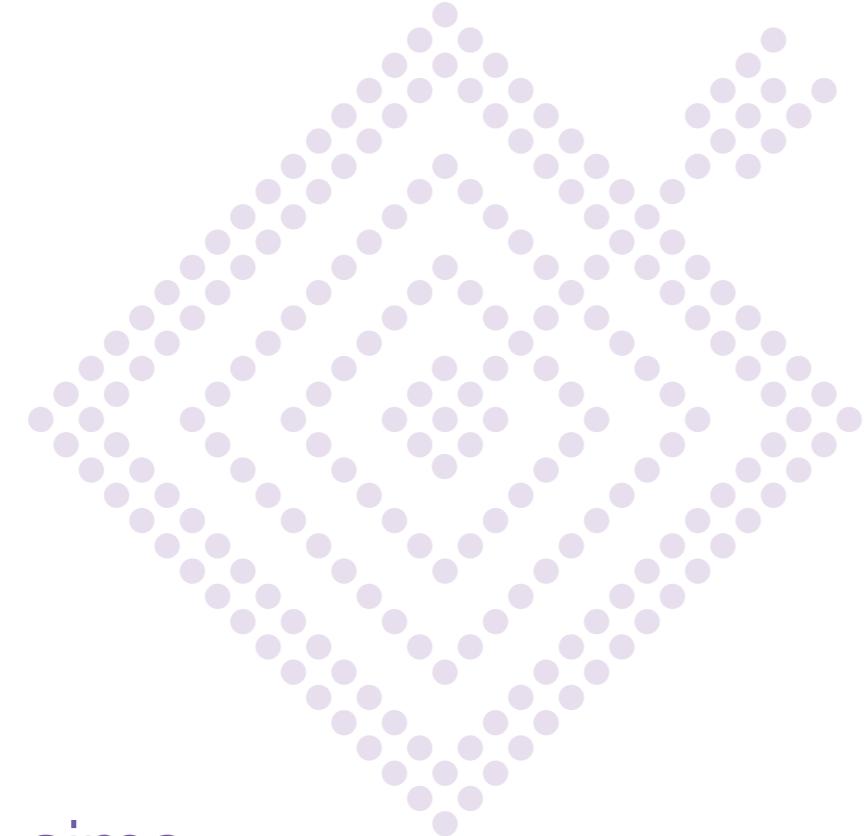
As elsewhere in the country, **health and adult social care is under significant strain**, but this is a particular challenge for Pan-Hampshire given its higher-than-average proportion of elderly residents and associated complexity of needs, rising rates of dementia and pressure on hospital discharge pathways.

Ambition and aims – What can a Deal for Pan-Hampshire deliver?

To maintain our competitiveness and attractiveness as a place to live, Pan-Hampshire partners will have to think differently about how they work together and deliver for residents. Whether in taking the opportunities of our world-leading businesses, research and innovation, or renewing our towns and cities, tackling climate change and building high quality environmentally sustainable homes, the status quo doesn't give us all the tools we need. Our residents and businesses rightly expect us to continue to take bold and long term action to secure investment and the quality of life everyone deserves.

Our commitment to making all these strengths deliver real benefits for our residents is clear in our recent Hampshire 2050 Commission and the Hampshire Story, which set out how we can combine the best of our natural and economic assets and excellence to meet both local and global challenges and improve health and wellbeing, resilience to climate and environmental change and ensure people have the skills and opportunities they need to succeed.

Pan-Hampshire has a track record of delivering for the UK. A County Deal enables Pan-Hampshire to be ambitious, delivering on three big priorities.



1 Delivering on **prosperity**

- A new, integrated approach to funding and delivery for our transport network, unlocking the potential of our unique combination of smaller cities and highly accessible rural areas with London connectivity and trade links – a huge opportunity post COVID-19 and Brexit
- Transforming city and town centres through powers to acquire and develop strategic sites
- Accelerating infrastructure delivery to unlock sustainable growth, providing digital and physical connectivity, business space and energy efficient, affordable, homes in the right locations – including the once in a generation Freeport opportunity

2 Delivering on **opportunity**

- Levelling up – tackling the spatial inequalities and challenges facing different parts of Pan-Hampshire
- Removing affordability barriers which force young people and families to relocate by providing a breadth of housing types

3 Delivering on **sustainability**

- Embedding the drive to net zero in all programmes, building on success
- Increasing biodiversity, managing the impacts of climate change and strengthening Pan-Hampshire's natural assets

To achieve what our residents deserve and to meet the challenges of climate change, we need to be able to do things differently and invest at scale but with real local impact. The status quo doesn't give anyone the powers or funding that are needed.

Whilst our combination of cities, highly accessible rural areas, stunning natural assets and global trading assets mean we are well positioned as a green, highly digital economic powerhouse, we don't have the powers needed to get these assets working effectively together.

In Health and Adult Social Care, our ambition is to work more closely together to create a neighbourhood and community focus as well as to develop a high-quality hospital network, through an inclusive partnership to drive health innovation, wider reform and support left-behind areas. To do this, and to tackle environmental change, global technology trends and to improve the lives of our residents, we have to be more than the sum of our parts.

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Under existing functional arrangements, meeting all these challenges will be hugely difficult - there is an opportunity to engage government on a County Deal which supports place leadership at all levels in Pan-Hampshire to ensure all residents and businesses can achieve their full potential.

In July 2021 the Prime Minister announced Government's intention to re-energise devolution by creating opportunities for agreeing County Deals between county councils, partners, stakeholders, and the Government. All civic leaders in the Pan-Hampshire area have been invited to bring forward their proposals for inclusion in a possible Deal. Hampshire County Council, in discussion with partners, are producing the evidential base which would be necessary to underpin the relevance and robustness of any proposals, in order to demonstrate a significant impact on the lives of all people who live and work in Pan-Hampshire.

The technical appendix to this Prospectus is the outcome of this research which has been independently assembled and which is summarised in the following sections.

A County Deal – What would constitute success?

.....

Based exclusively upon the evidence which has been assembled in the Technical Appendix, this paper sets out high level, outline proposals for inclusion in a Deal with Government that would have a real, measurable impact on the lives of residents and the growth of Pan-Hampshire as a clear and Functional Economic Geography. They are set out here for further discussion and technical development with partners and Government to ensure they have the greatest impact possible.

These proposals will provide all people in Pan-Hampshire with the best possible start in life, helping them to leave education ambitious and equipped with skills for life, able to access secure employment and safe accommodation, and live life to the

full as they get older. These proposals will strengthen Pan-Hampshire's economic competitiveness and its major contribution to UK PLC.

These are ambitious proposals and would be a step change in the evolution of County Deals to date, responding to the unique assets and challenges of an economy with rural, coastal and major urban areas, whilst ensuring it had at least the same powers and access to funding as metropolitan areas, many of which are smaller economies. This is not considered an unreasonable objective given the scale of opportunity which is presented in Pan-Hampshire for the benefit of all those who live and work in the area.

Proposals for Powers and Investment

.....

To take these opportunities and tackle the challenges, we are proposing that Pan-Hampshire considers developing a Deal with Government, based on three major ambitions set out above.

Delivering on prosperity

.....

1

Page 79
A single devolved investment fund for all existing and future growth funding, including strategic sector and innovation funds to help regenerate our city and town centres

Pan-Hampshire is a £67bn economy, constituting 3% of the UK total. Its maritime and defence sectors are core to the success of Global Britain. We have specialisms in IT, finance and legal services, globally leading manufacturing firms and major research and innovation assets, including the Southampton Marine and Maritime Institute and the Zepler Institute. But our cities and towns need continued investment in regeneration and renewal to remain competitive and continue to attract and retain business investment and highly skilled people. We cannot be complacent about our offer and the experience of living and working here.

Our proposals and asks of Government to achieve further and faster progress for our residents on each of these is set out in this section.

We also need to continue to invest in our business sectors, ensuring better jobs and more opportunities for progression.

The current fragmentation of funding puts us at a disadvantage compared to areas with devolution deals. We need to be able to bring together existing and future funding for town and city centre renewal and business productivity and innovation to achieve better outcomes for our places and better return on investment.

A County Deal should enable Pan-Hampshire to bring future funding together into one single devolved fund. This will mean strategic priorities across funding divides can be brought together into a programme to target joined-up packages towards major priorities.

This would include stronger partnership working with the bodies who fund economic development activity in Pan-Hampshire, such as the Local Enterprise Partnerships and the Department for International Trade (DIT).

This fund would have some key elements, incorporated into joined up packages, focussing on shared and major priorities. These could include:

- Supporting place-based initiatives to create the space needed for business to thrive. Already we are seeing, in response to COVID-19, an increased focus on co-working type spaces, which can bring commuter populations closer to local high streets during the week, supporting regeneration and reducing carbon emissions from travel.
- Venture funding to support promising businesses in Pan-Hampshire to scale up at pace. This could include different funding streams related to key technologies and sectors, with a focus on tying development to Hampshire's existing skills and business base.

2

A housing and infrastructure revolving investment fund, including a strategic partnership with Homes England and a public land programme including Government disposals. This would include prudential borrowing underpinned by local business rates retention, HE investment, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites

3

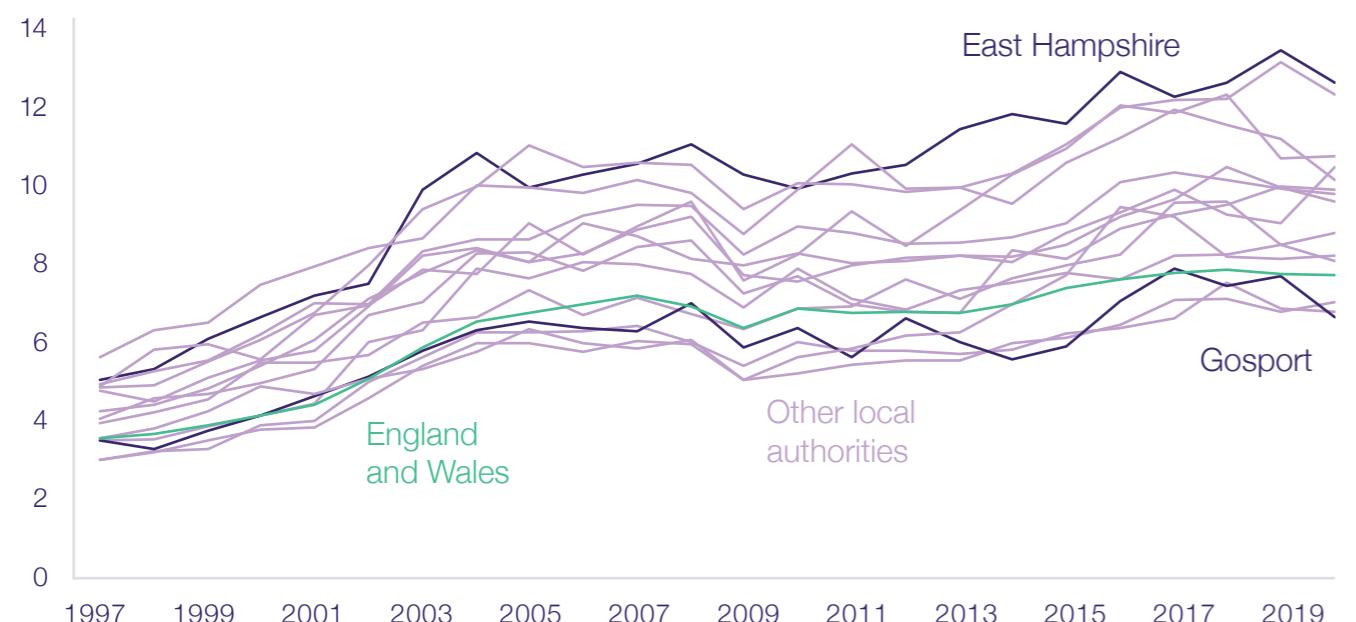
Strategic planning powers, including a Pan-Hampshire housing approach, and improved and extended regeneration focussed CPO powers to support accelerated renewal in city and town centres

There is clear evidence that housing markets across Pan-Hampshire are strongly linked. 9 out of 10 of the top destinations for people moving housing here are also in Pan-Hampshire. House prices have moved in tandem, with a clear hierarchy of prices between places. But as house prices have grown the difference in affordability has grown proportionately. In 1998, the ratio of median house prices to median earnings ranged between 3.2 in Portsmouth and 6.3 in Winchester. By 2020, it ranged between 6.6 in Gosport to 12.6 in East Hampshire.

These two asks are designed to support Pan-Hampshire in bringing forward the housing residents need, that is sustainable and supports local communities. This will allow us to achieve ambitious housing goals in a way that works best across Pan-Hampshire.

We have a track record of successfully delivering housing sites. Since 2010, there have been 58,778 successful completions in Pan-Hampshire. This is accelerating: in 2012-13 there were 3,758 net new dwellings in Pan-Hampshire, this figure has increased year-on-year, such that by 2019-20 this had more than doubled to 8,293. Pan-Hampshire has large areas of land with the potential to be developed. There is a sizeable Ministry of Defence presence, where some sites are being disposed of, with the potential to develop.

Ratio between median house prices and median annual earnings for local authorities in Pan-Hampshire



Source: ONS

However, the current nationally driven approach to housing numbers, planning and site and community infrastructure funding prevents us from working together effectively across the public and private sector. Our planning and funding proposals will address these challenges by enabling local partners to manage housing and land supply collaboratively, integrate housing growth and place making more effectively and de-risk site and community infrastructure investment. This will reduce pressure on district authorities, improve developer contribution negotiations and enable build out rates to be better aligned with the delivery of services and assets that communities need.

The funding element of this will be achieved through combining different sources of funding – e.g. business rates, first-time stamp duty on new properties, and a possible expansion of Council Tax to cover undeveloped sites – into an income stream,

which can be borrowed against to fund infrastructure needed to unlock sites. This will meet affordability challenges, and tackle housing shortages across Pan-Hampshire in a co-ordinated manner that reflects the interlinked nature of Pan-Hampshire's housing market. All of this should be done in partnership with Homes England.

New powers for Pan-Hampshire will allow us to work together to manage pressures on local Districts, make better use of previously developed land and publicly owned land, and better tackle some of the challenges that hinder development in town and city centres, such as difficulties acquiring problematic sites due to complex land-ownership and obstructive landlords.

This would also allow a review of land supply across Pan-Hampshire, with annual monitoring, to allow this to be assessed at a broader geography than district level.

4

A new approach to public transport funding and delivery, including integrated multi modal metro area systems for our cities and Basingstoke through local road and rail management, and management of local road network (including the M27, M271 and M275)

Pan-Hampshire contains two major motorways, which are managed by National Highways – the M3 and the M27. The M3 is a major national artery, but the M27 (together with the M271 and M275) is entirely contained within Pan-Hampshire and acts as a major sub-regional distributor road for commuting, with 75% of journeys being local. Congestion on this road, particularly issues around junction 10, impedes movement within and access to, the major urban area on the south coast, with one study in 2016 finding that average vehicle speeds are 32% below national averages³. There are also connectivity issues in the north of Pan-Hampshire. Basingstoke's road network is heavily congested with current and future growth making a clear case for a better public transit system linking the railway station and town centre with new suburbs and developments. Meanwhile, despite the proximity to Heathrow airport there is no direct rail connection – with routes typically requiring two changes. A bottleneck at Woking station also reduces the efficiency of the rail network, slowing journey times.

Pan-Hampshire's bus network has seen increasing, then declining bus patronage over the last decade. 67.1m passenger journeys were made by bus in the year 2019/20. Pan-Hampshire is also unusual in that the ferry is a major mode of local

transportation, with multiple connection points linking the Isle of Wight to the rest of Pan-Hampshire. The number of trips between the two has been on a long-term downwards trend, with concerns that high prices are limiting trips.

Across Pan-Hampshire, these connectivity and accessibility issues splinter the labour market, reducing access to employment and hampering competitiveness and productivity.

In addition, transport is one of the major contributors towards carbon dioxide emissions in Pan-Hampshire. A business park-led model and high levels of professional occupations have led to a car-focused commuter culture. To make a meaningful difference, Pan-Hampshire needs to have the ability to scale up its pedestrian and cycle networks, removing congestion from town centres and enabling rail to take more of a share of journeys. It should also mean exploring new options around mass-transit, such as very light rail.

To deliver what our economy needs, a County Deal should allow Pan-Hampshire to take an integrated and active approach to funding and delivery in public transport networks, to connect up different modes and ensure networks work for local people. It would achieve this by allowing Pan-Hampshire to take responsibility for planning and bringing forward key improvements to our transport network with a devolved funding and financing arrangement. This would provide accessibility to jobs and skills for residents particularly in our more deprived communities.

³ solentlep.org.uk/media/1514/tip-final-web-version.pdf



Annual journeys between the rest of Pan-Hampshire and the Isle of Wight



Source: DfT table SPAS0201

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5

Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot) in line with a spatial framework

The Solent freeport proposal is one of the biggest opportunities for port-based growth in the UK. The Freeport will help create c.52,500 jobs across the UK and generate £3.6bn in GVA, including over 26,000 jobs and £2bn GVA directly to the local economy⁴.

Already, Southampton is the sixth biggest port in the UK by tonnage of freight moved, and the third biggest for trade outside of the EU. It also handles 83% of all of international cruise passengers visiting the UK. Portsmouth has the third highest number of passengers for short sea

journeys in the UK, with connections to France, Spain, the Channel Islands, and the Isle of Wight. The ports lie just 20 nautical miles from the world's busiest shipping route from Shanghai to Rotterdam, putting it in the strongest position to support the Government's Global Britain ambitions.

However, there are many undeveloped/underdeveloped sites along the Solent where the high costs of remediation have prevented areas coming forward. These need initial investment to reduce the barrier to development. A broad spatial framework is needed to help guide investment in a range of strategic sites. This needs to complement existing activity, and may involve marketing of the opportunity, aligning R&D funds, and adding additional capacity. We also need to be able to integrate major transport priorities to improve accessibility, including the A326.

By securing funding and integrating investment, a County Deal could maximise this opportunity by connecting up the ports, creating new industrial space, and improving logistics connections into the UK to allow Pan-Hampshire to fulfil its role as England's Gateway to Global Britain. This will also support the competitiveness of our mature clusters and supply chains in maritime and aerospace.

It will also support the creation of jobs close to some of the more deprived areas of Pan-Hampshire. The tax and customs sites that comprise the Solent Freeport are all located in, or close to, these deprived areas, creating an opportunity for levelling up.

Delivering on opportunity

6

An expanded and re-energised One Public Estate programme to secure maximum benefit from assets and improve services for residents

As one of the first areas to work with Government on a One Public Estate programme, Pan-Hampshire has a developed approach and local partnership. However, there are areas where more could be done with unused public land and assets.

More flexibility in this programme from Government would enable Pan-Hampshire to look at all local publicly owned buildings and land holdings in the area as one portfolio. This would mean a more strategic and less fragmented local approach around possibilities with sites and planning for delivering services across the area.

This would support Pan-Hampshire's joined up approach to decarbonisation and maximise the benefits of public land and assets for residents.

A priority area continues to be reviewing decommissioned MoD land with the Defence Infrastructure Organisation – particularly the military estate around Portsmouth and Southampton.

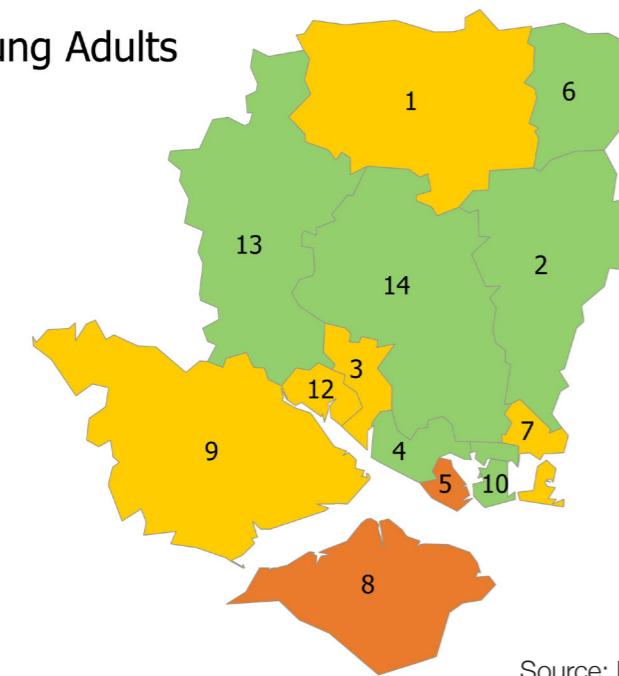
This may require a dedicated delivery vehicle to do this at scale and work proactively with landowners.

⁴ Solent Freeport Bid Outline Business Case

A new approach to skills and employment – local commissioning powers and devolved budgets, to support green recovery, and a new employment support programme aimed at bringing people into good entry level jobs

Whilst overall skill levels are high compared to other parts of the UK, we have many communities which are not benefiting from the same opportunities, and where low wages and low qualifications are entrenched. Participation in education and training at age 16 and 17 is lower than average in some pockets.

The map shows that on a range of outcomes for young people, we have wide variations across the area around training, work and health, many of whom face significant barriers. The area therefore has unmet needs in supporting young people to continue education and into training, impacting on employment.



Health and Adult Social Care integration including pooled budgets, supporting technical innovation and resolving ICS geography

Integration of services and strategic local partnership between local authorities and NHS bodies through one ICS for Pan-Hampshire will be vital in order for us to have an impact in this arena.

Pan-Hampshire has an older and ageing population, with increasing demand placed on health and adult social care services. There are challenges around healthy ageing with lower healthy life expectancy in Gosport, Havant, Portsmouth and Southampton. Early years and child health is poorer in Gosport, Havant, the Isle of Wight, Portsmouth, Rushmoor and Southampton.

The delivery of services across Pan-Hampshire requires a tailored and integrated approach to health and care, due to the diverse economic geography and spatial inequalities with two cities,

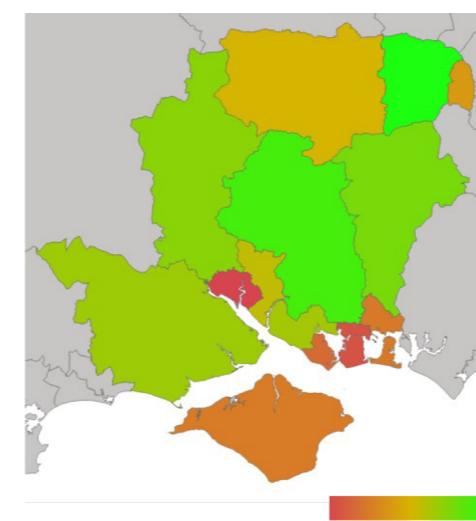
coastal and rural areas, and the significant differences in population density.

A more integrated offer on health and care would support improving outcomes and join up for residents through:

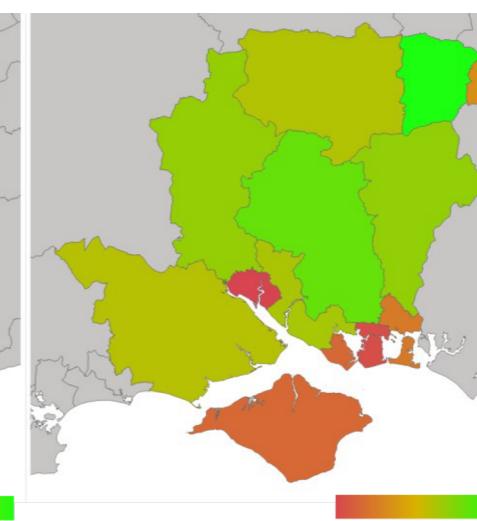
- pooling and joint oversight of £800m NHS community care and adult social care services budget
- integration of public health initiatives across primary and secondary care
- piloting reforms to strengthen the adult social care workforce
- maximising the impact of health innovation with a Health and Care Innovation Hub in the area
- building on strong services across Pan-Hampshire to join up responses to child health and welfare in the community where need is higher

Healthy Life Expectancy in Hampshire

Female



Male



Source: ONS Healthy Life Expectancy at birth in England 2009 to 2013

Delivering on sustainability

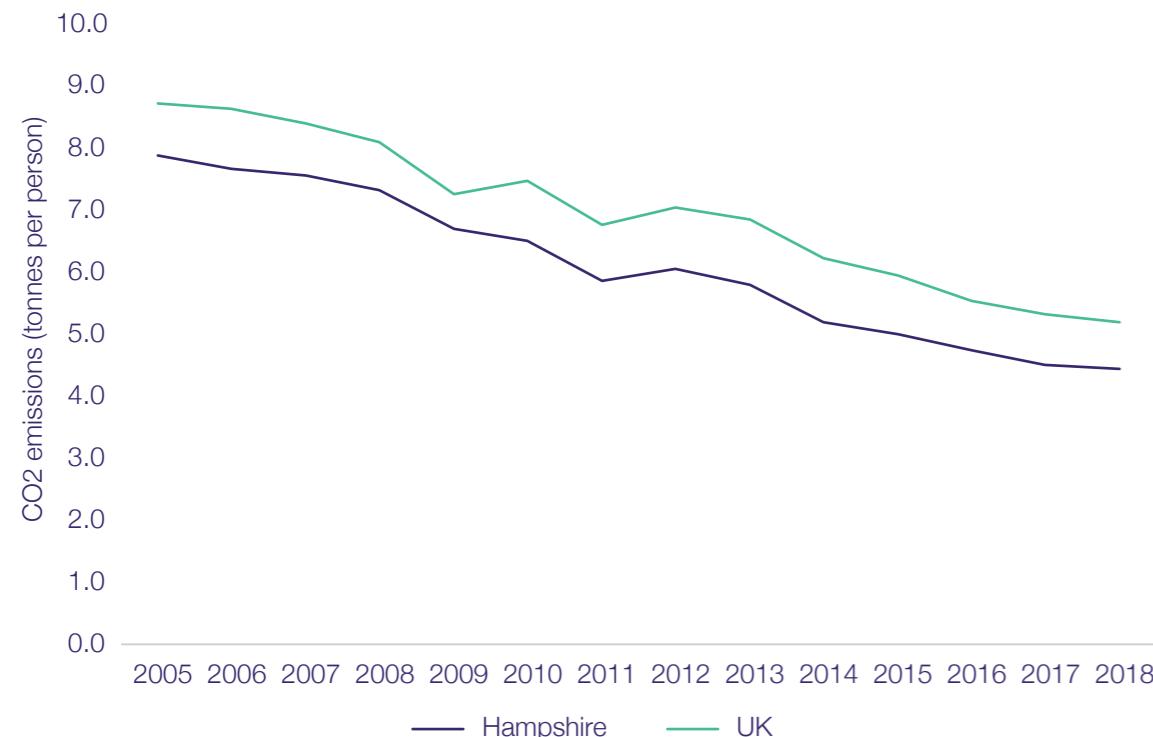
9

New environmental net gain programme to make major contribution towards net zero and environmental enhancement

Climate change is the major challenge facing the world. As we approach the COP26 conference, Pan-Hampshire is looking to make its contribution – reducing carbon and supporting and developing our outstanding natural assets. This ask is tailored towards mitigating our impacts and moving to a net zero position – the next ask (10) is about adapting to these impacts.

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Emissions per person per year, 2005-2018



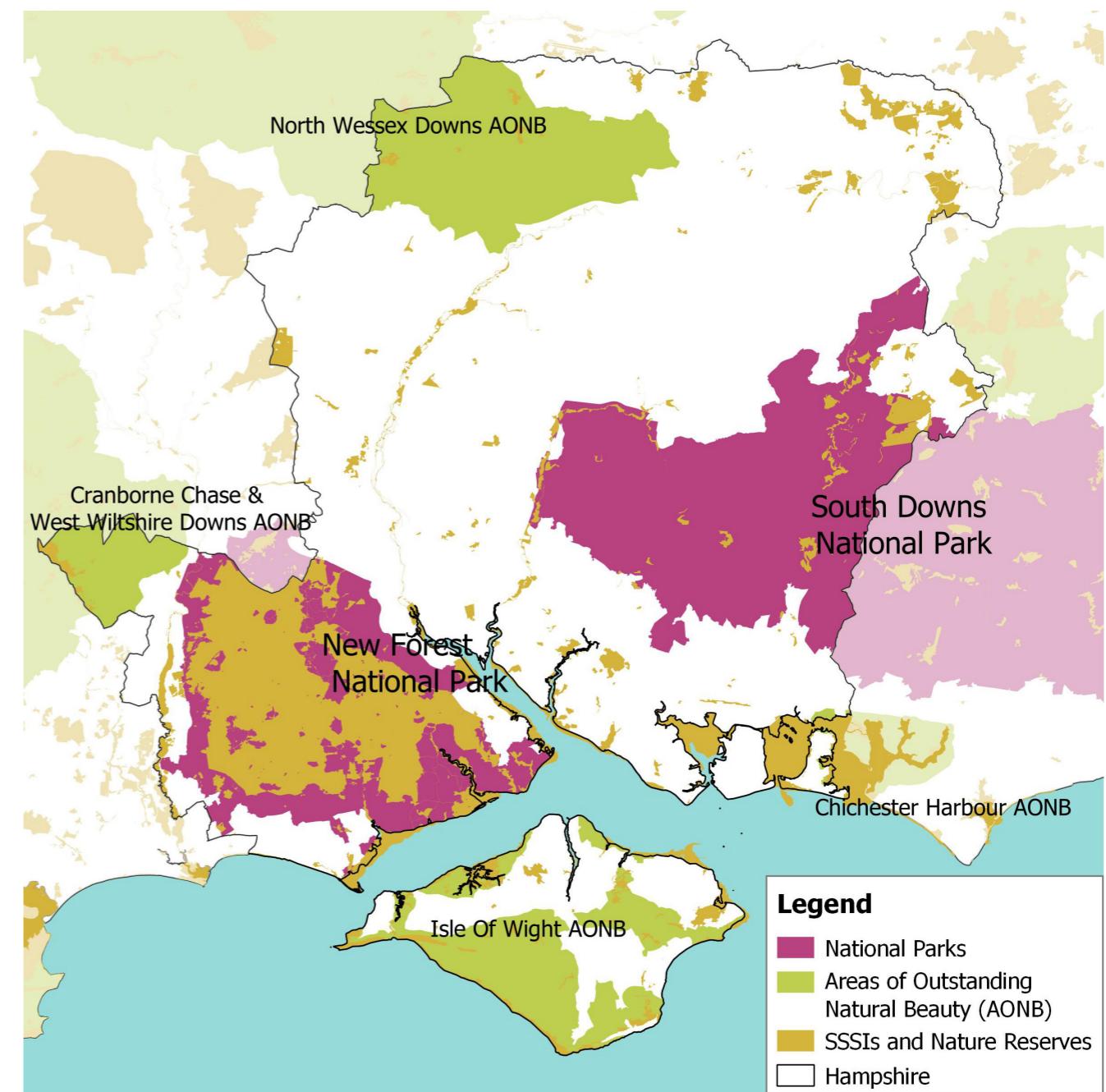
Source: BEIS

Downs National Park. This is in addition to three Areas of Outstanding Natural Beauty – the Isle of Wight, the North Wessex Downs, and Cranborne Chase and West Wiltshire Downs.

There is now an opportunity to harness Pan-Hampshire's natural assets and develop them. Pan-Hampshire already has significant woodland cover, with especially

high concentrations in the New Forest, and north-east of Pan-Hampshire, while some areas such as Portsmouth and Havant have much lower woodland cover (see map). An environmental net gain programme would allow a deliberate strategic approach to increasing tree cover and biodiversity, increasing natural capital and helping to absorb more CO₂, accelerating Pan-Hampshire's journey to net zero.

Environmental assets in Pan-Hampshire

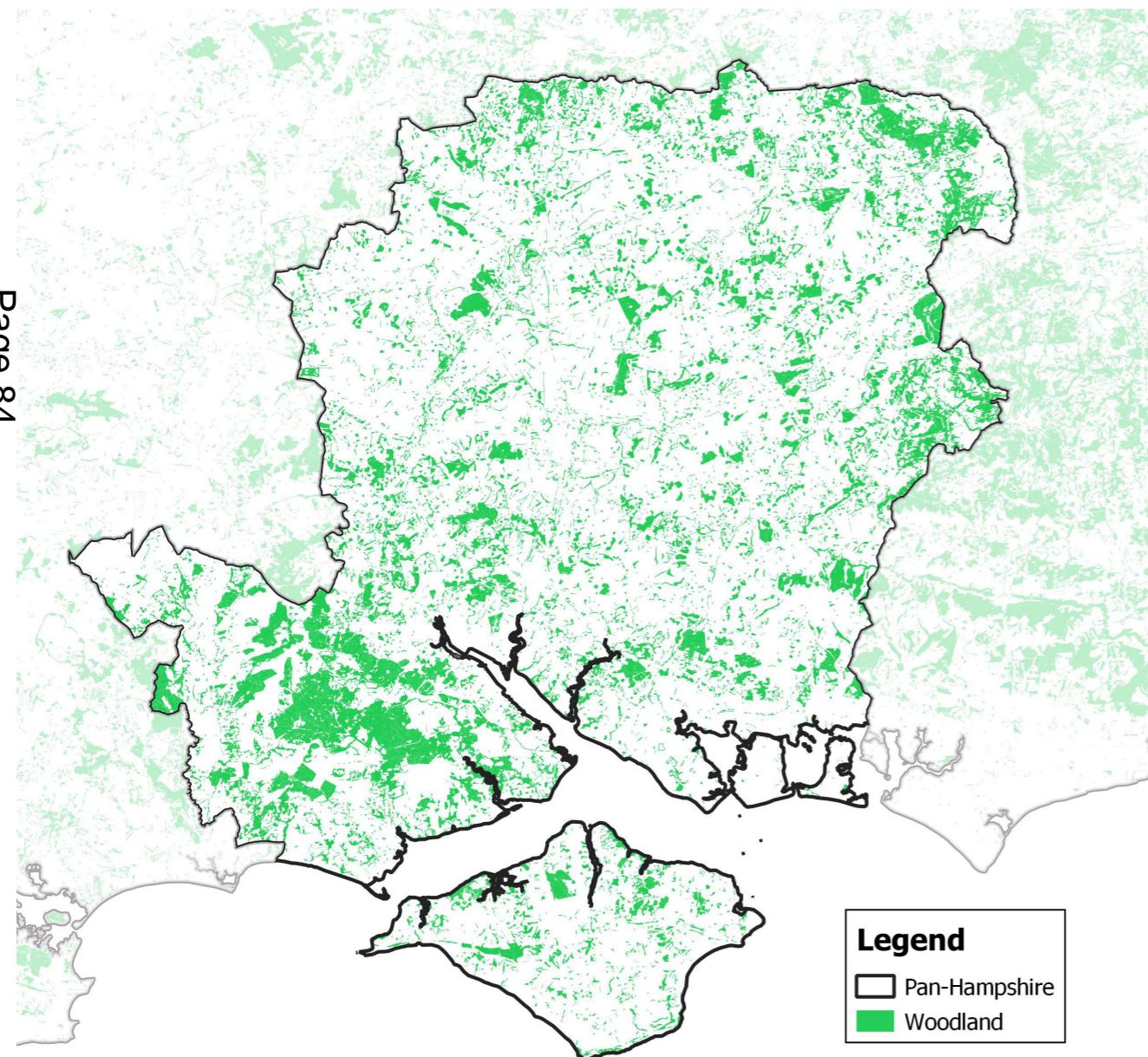


Pan-Hampshire is asking for funding from Government to support a national flagship programme on net-zero.

This will be the foundation for a Green Economic Recovery in Hampshire that will:

- Improve living standards (rather than simply targeting GVA growth)

Woodland in Pan-Hampshire



- Support the creation of good, secure jobs
- Reduce greenhouse gas emissions across Pan-Hampshire

10

A new approach to coastal and river management and environmental resilience

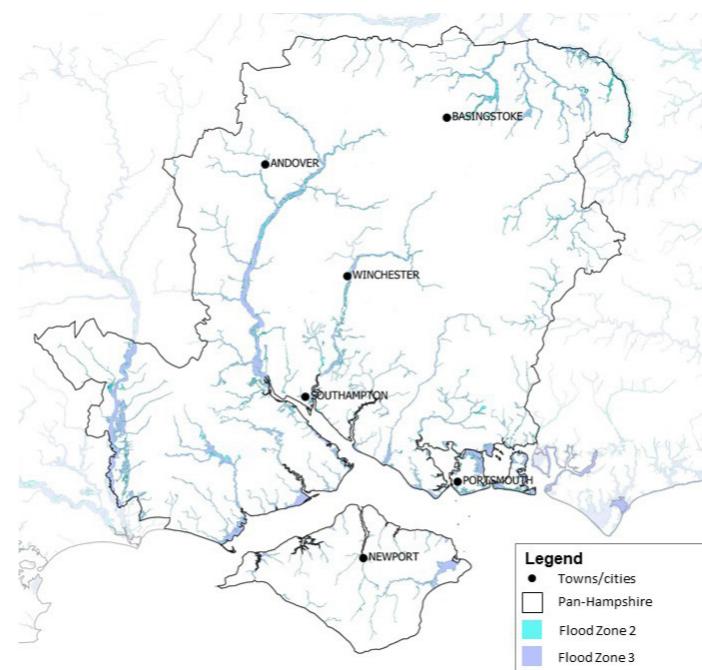
Management of water is a particularly critical issue in Pan-Hampshire. The Solent defines the southern boundary and is the basis for the major maritime economy. The River Avon runs through the west of the county and the rivers Test, Itchen and Hamble flow through the county into the Solent, as well as other smaller rivers such as the Meon. These support biodiversity and sustain Pan-Hampshire's population, but are also associated with flood risk, which makes development in some places challenging – much of the county is in Flood Zone 2 or 3. These risks will be intensified as climate change continues to take place, with higher sea levels and an increasing frequency of heavy rain events. Current Environment Agency areas are overly complex and do not reflect either our self-contained river system

or the most optimum approach to resilience and flood management and preparedness.

We are therefore proposing that Pan-Hampshire partners take on current Environment Agency powers in relation to flooding and water management and establish one Pan-Hampshire area for flood management. This will complement the ask for strategic planning powers (ask 3) ensuring that development can be planned in tandem with the development of flood risk management infrastructure and ensure that development in Pan-Hampshire is resilient to the threats posed by future climate change.

With access to powers over river flooding management, Pan-Hampshire can tie together its development strategy with its environmental strategy for managing rivers and flood risk while supporting environmental aims.

Flood Zones in Pan-Hampshire



Summary of asks

.....

Delivering on prosperity

1. Single devolved investment fund for all growth funding and strategic sector support such as innovation funds to help regenerate our city and town centres
2. Local infrastructure investment fund, including a strategic partnership with Homes England, with prudential borrowing underpinned by local business rates retention, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites
3. Strategic planning powers, land programme including public land and Government disposals, and housing investment partnership with Homes England. Improved and extended CPO powers to support accelerated regeneration in city and town centres
4. Stronger public transport co-ordination including rail and ferry, and single local management of road network including M27
5. Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot)

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Delivering on opportunity

6. Expanded One Public Estate proposals to secure maximum benefit from assets and improve services for residents
7. Skills and employment - local commissioning powers and devolved budgets, to support green recovery, and new employment support programme aimed at bringing people into entry level jobs
8. Health and Adult Social Care integration including pooling budgets and supporting technical innovation and resolve ICS geography

Delivering on sustainability

9. New environmental net gain programme to make major contribution towards net zero and environmental enhancement
10. Environment Agency powers, including flood and river management

Governance

.....

Such changes in functional responsibilities will require changes in governance arrangements – and the appetite for such change will inevitably impact on what new functions Government can be persuaded to agree as part of any County Deal.

Choices need to be made about whether change is considered necessary at all and, to the extent it is, how radical local authorities want to be.

Little or no change at all would tend to respect the existing local authority structures including the County Council and two LEPs. This is likely to result in a County Deal predominantly for Hampshire County Council.

The more radical approach would impact upon all the local authorities including the County Council which would involve the creation of stronger sub regional leadership arrangements for Pan-Hampshire as a whole, enabling all local authorities including Unitary Authorities to extend their place leadership responsibilities.

The more ambitious local authorities want to be for Pan-Hampshire the more these ambitions will underpin the legitimacy of the asks from Government for a County Deal.

Our collective aim should be for everyone to pull together and work even harder to support the growth of Pan-Hampshire as a whole; build back better and even stronger from the pandemic and deliver the maximum growth potential for the benefit of residents and businesses. This may also mean stronger collaboration with neighbouring areas, such as Surrey.

This is wholly consistent with the Hampshire 2050 vision – the outcome of an inclusive and open dialogue led by a Commission which produced a shared vision for businesses, public authorities, and communities to achieve continued prosperity for Pan-Hampshire in the face of new societal and global challenges.

This prospectus looks to build on the existing strengths of all local authorities in the area, strengthen their place leadership capabilities, considering collective new governance arrangements which are compatible with ambitious asks for a County Deal with Government.

Governance in detail

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Guidance from Government strongly suggests that in return for new functions and access to resources, governance arrangements should reflect the requirements for effective and decisive decision-making and leadership.

Joint Committees of local authorities working together to co-operate in the discharge of concurrent functions, while a step forward in supporting collaboration, are unlikely to deliver the decisive leadership capability which is required.

Joint Committees could however have an important role in operationalising any new governance arrangements by promoting co-ordination amongst groups of local authorities on an area basis or around particular areas of specialisms e.g., transport.

But new governance arrangements should not only relate to local authorities. The unique asset base of Pan-Hampshire, including a strong and diverse business base, should encourage everyone to explore how these assets and leadership qualities can be best embraced so that the widest range of skills and experience can be harnessed in an integrated way –

working hand in hand with democratically accountable local authority leaders in the pursuit of shared priorities and the delivery of agreed programmes. We can see examples elsewhere how LEPs can work effectively with democratically accountable sub-regional structures and how these structures actively promote business leadership in a range of functions such as international trade and investment, innovation and skills, marketing and promotion. An ambitious Pan-Hampshire should explore these opportunities too.

There is also an all-important question of public services reform. Effective place leadership requires increasing action at all levels to ensure that local authority functions are aligned with other public services so that the impacts on residents are positive and meaningful. This requirement will not change even if an ambitious County Deal is successfully concluded with Government. How any new structures are developed and how engagement with wider public services is taken forward will not only facilitate closer alignment about priorities to support residents but also will strengthen the case over time for further reform beyond a County Deal.

The County Council has no fixed view about which is the best Governance option. This would depend on the levels of ambition, the powers and funding agreed with Government and how Pan-Hampshire partners assessed different possibilities. For the scale of ambition and proposals set out in this paper there likely to be only 3 main governance options available:

- 1.** Maintenance of the present arrangements which will lead only to a possible County Deal for Hampshire County Council, with limited new powers and funding.
- 2.** Creation of a Pan-Hampshire Combined Authority involving the County Council, existing Unitary Authorities, Districts and Boroughs, to assume direct responsibility for new functions and to access new resources. This can be accompanied with collaborative structures around functions and areas through joint committees; direct business engagement and leadership on key economic priorities such as international trade & investment, innovation & skills; and wider engagement with public service providers.

- 3.** Collaboration with adjacent county areas, including Surrey. Even Pan-Hampshire with its discrete functional economic area and self-sustaining local supply chain has a number of synergies with other county areas to explore in order to maximise the impacts of common distinctive sectors and intra-regional investment. As the Technical Appendix shows, these should be the subject of further engagement and analysis to determine whether there is the opportunity to create a new regional Powerhouse with Pan-Hampshire at its heart, not only to counteract similar platforms in the north, the Midlands and west of the country but to ensure that the needs of Pan-Hampshire are properly articulated and that Government's desire to level up in all parts of the country can be actioned.

Options 3 can co-exist of course exist with either Option 1 or Option 2.

In identifying the option for a Pan-Hampshire combined authority, the emphasis should be on pooling staff resources wherever possible from local authorities and LEPs to maximise efficiency; and to underpin the requirement for this new structure (while a statutory body) to be a creature of existing authorities.

Evaluation criteria

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Partners will have views on governance and functions which will require analysis and discussion alongside the options above.

The County proposes the following criteria against which any options are evaluated.

Place Leadership

In every functional economic geography, there is a hierarchy of place leadership providing clarity of roles and functions, and links with residents and communities. A County Deal for Pan-Hampshire should extend the “toolkit” for practical place leadership – including resident engagement.

In these terms we need to evaluate how options respond to the requirements of the functional economic geography and strengthen place leadership at the functional economic level. At the local level, we need to evaluate how each option would provide optimal outcomes for Pan-Hampshire and the people who live and work in the area; how high-quality public services will be protected if not enhanced; and how options create the strongest platform for reform in the future.

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Economic Growth and Business Engagement

The active involvement of businesses and the alignment of investment decisions to the right geographic level within a democratically accountable framework are essential to the effectiveness of governance arrangements, as well as how Pan-Hampshire can continue to contribute to the UK's wider growth and zero carbon objectives, alongside delivering growth for local communities and businesses.

Options need to be evaluated in terms of their impact they will have on business engagement and participation in the strategic alignment of Pan-Hampshire; how options cultivate creativity in the development of new investment models to support Pan-Hampshire's growth; and how working with LEP's we can strengthen even further alignment of programmes and the active engagement of business leaders in shared growth and competitiveness structures.

High Quality Public Services

The quest for public service efficiencies, effective delivery and better outcomes for residents will remain. Successful places not only anticipate these changes but influence national policies to ensure they are relevant to their places. In some cases, through voluntary and collaborative action, places develop their own reform opportunities leading to faster and better outcomes for local people. This does not have to be at the expense of a loss of individual civic identity. Examples include new local commissioning arrangements for public services, pooled budgets with the NHS, local authority shared services where these are evidenced and practical.

Governance options need to be tested against the requirement about how high-quality public services are to be protected if not enhanced and the impact on residents; how they respond to the changing nature and priorities for public services generally; whether options foster greater collaboration, practical improvements and efficiencies; and how democratic oversight at all levels will be strengthened.

Democratic Accountability

Accountability for public funding and effective and practical decision making will, rightly, always be at the heart of any assurance framework.

Pan-Hampshire's accountability arrangements are presently fragmented.

Moving towards a single assurance framework for Pan-Hampshire will be a condition precedent to any ambitious County Deal.

There will always be questions about the “accountability deficit” that flows from one person doing two jobs as well as the pressures on political capacity.

Options need to be evaluated showing the impact on accountability for effective decision making and stewardship of public funding; and the impact of leadership models on political capacity to discharge this task effectively.

All options should be evaluated openly and objectively against these criteria.

Public Engagement

.....

The County Council wishes to promote an open debate not only on what an ambitious Deal for Pan-Hampshire could look like but one which seriously engages on potential changes in governance arrangements for Pan-Hampshire as a whole to underpin this ambition.

It is in this context that the County Council's ambitions have been published – to facilitate that debate rather than to pre-empt it.

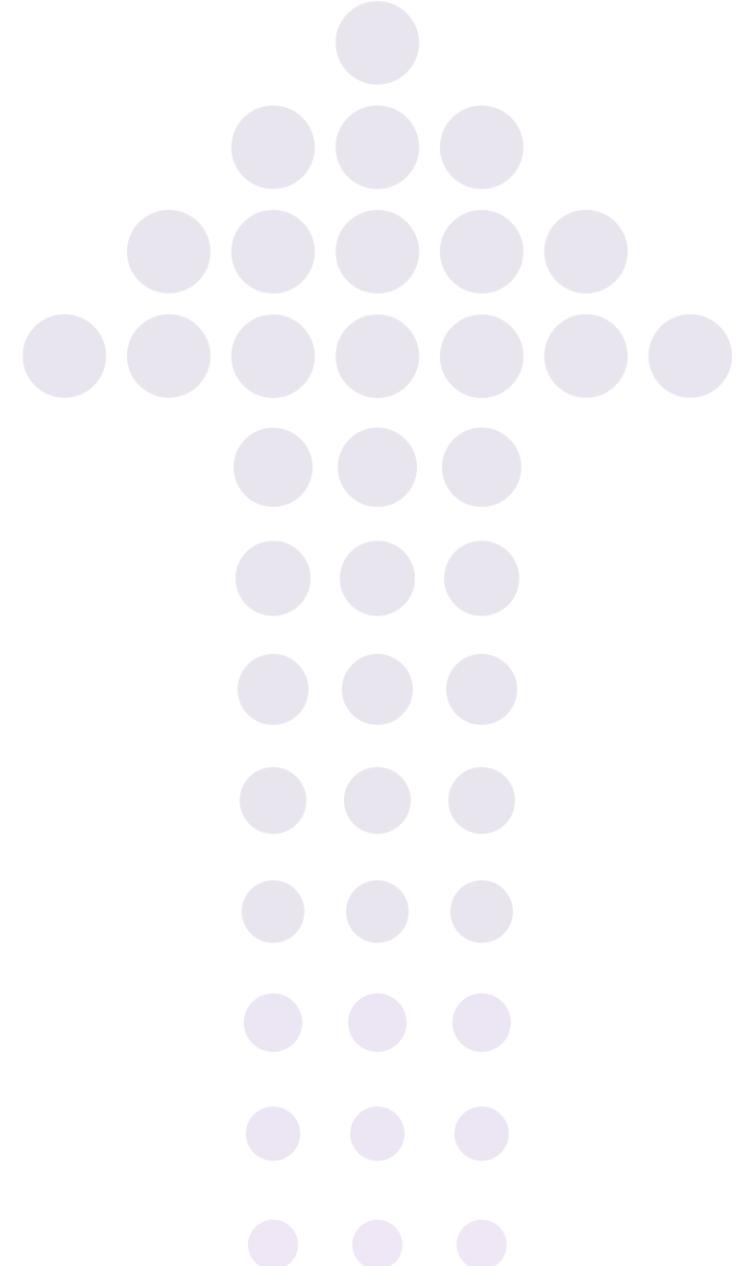
No decisions have been taken by the County Council, and no decisions will be taken in the absence of wider consultation and discussions with local authorities and other stakeholders.

Views are invited from our partners and stakeholders on this Prospectus for Change in Pan-Hampshire. In particular, we are keen to hear views on the following:

- 1.** Analysis has identified Pan-Hampshire as a Functional Economic Geography on which the optimal, ambitious County Deal should be based. Do respondents recognise this footprint as the key geography for securing an ambitious Deal? If not, what alternative footprint is proposed, and what analysis supports this view?
- 2.** Pan-Hampshire Challenges – do respondents recognise these as priority issues which should be addressed as part of a County Deal? What, if any, other priorities would they identify?
- 3.** What would a successful County Deal look like? Are the proposals identified in this prospectus ambitious enough? What, if anything, should be added?
- 4.** This Prospectus seeks to build on the existing strengths of all local authorities in the area, strengthening their place leadership capabilities – is this view supported or not?
- 5.** What options for governance should be evaluated assuming an ambitious County Deal is to be negotiated? Are there other options which should be evaluated alongside the options identified by the County Council?
- 6.** Do respondents have any comments on the proposed criteria for evaluating governance options? What, if anything, would respondents like to see included?
- 7.** Do respondents think that more effective and practical ways to secure active business leadership in the strategic direction of Pan-Hampshire should be sought? If so, would respondents support a move to business leaders assuming more responsibility for leading (for example) trade & investment, marketing & promotion and other growth functions, within a democratically accountable framework working alongside LEPs?
- 8.** Do respondents support the establishment of public service partnerships to drive an integrated Pan-Hampshire public services plan?

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A Prospectus for change in Pan-Hampshire: Technical annex



Overview

This technical annex shows, through the use of data, that **Pan-Hampshire is an integrated and nationally important economy**, forming a functional economic market area (FEMA), with major opportunities that are important for the future success of the UK. It has a large proportion of workers commuting within it, integrated housing markets, over one million jobs and a distinct sector mix.

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This economy has a **unique and strong combination of assets** as a prime international gateway to Global Britain, with a large maritime and defence sector, unique environmental assets, a world class higher education offer and significant housing and commercial development opportunities.

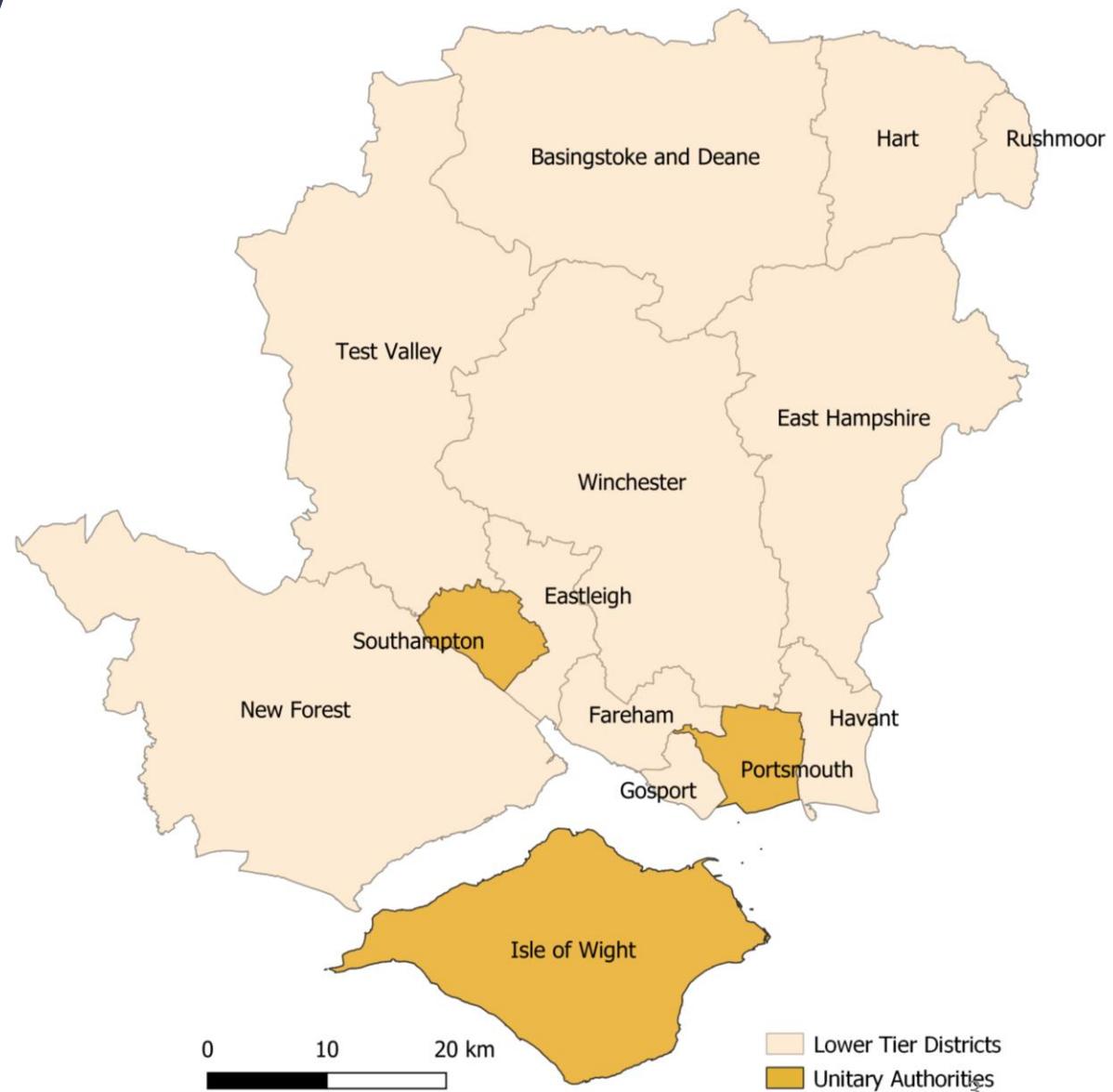
Finally, we look at outcomes for people across Pan-Hampshire – the residents for whom any County Deal needs to work. Pan-Hampshire has **high outcomes for residents but with significant spatial inequalities**. There are notable differences in outcomes between coastal/urban areas and rural areas, and the area as a whole needs to respond to the challenges of an ageing population.

A note on terminology

Throughout this analysis we refer to ‘Pan-Hampshire’. By this we mean the area covered by Hampshire County Council – and the eleven local authorities within the County Council administrative area – as well as the three unitary authorities of Southampton, Portsmouth, and the Isle of Wight.

All analysis within this pack is carried out at this level unless otherwise specified.

The local authorities that comprise Pan-Hampshire



Framework of ambition

The next three slides set out a logic chain for each of Pan Hampshire's ambitions for:

- Delivering on **Prosperity**
- Delivering on **Opportunity**
- Delivering on **Sustainability**

It sets out the evidence for the area's capacity to deliver them based on current performance, the specific asks required to achieve the ambition, and the evidence that justifies it and what each ask would help deliver.

Ambition	Evidence Pan-Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on Prosperity Page 93	<ul style="list-style-type: none"> Growing housing delivery with major opportunity sites (p37) Major commercial site opportunities (p39-42) – with the new opportunity of more dispersed workers Development of the freeport proposal has demonstrated the ability to develop credible business cases for major schemes 	Fragmentation of funding streams – both by source of funding and recipient – opportunities for cross-border working are missed	1. A single devolved investment fund for all existing and future growth funding, including strategic sector and innovation funds to help regenerate our city and town centres	A single funding pot, bringing together income streams across Pan-Hampshire – including funding for economic development activities such as creating business space on high streets and supporting high-value companies	Unlocking growth that is hitting up against constraints in Pan-Hampshire Co-ordination on major sites and Pan-Hampshire strategic priorities
		Housing markets in Pan-Hampshire are linked (p26-28) Unaffordability in some places has become extreme (such as East Hampshire and Winchester) (p38). Land available for development (e.g. MoD) is not coming forward quickly enough	2. A housing and infrastructure revolving investment fund, including a strategic partnership with Homes England and a public land programme including Government disposals	This would include prudential borrowing underpinned by local business rates retention, HE investment, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites.	Unlocking housing sites across Pan-Hampshire – including MoD sites where much of the necessary infrastructure is already installed Additional revenue stream from development, which can be borrowed against to future fund infrastructure
		Regeneration of town and city centres in Hampshire is needed to create vibrant places. Commercial property markets closely linked in Pan-Hampshire (p29) – a deal across the whole area can ensure development is not just displacement	3. Strategic planning powers across Pan-Hampshire for commercial and residential property	A spatial framework across Pan-Hampshire looking at housing numbers in the round. Improved and extended regeneration focused CPO powers to support accelerated renewal in city and town centres	Tackle some of the challenges that hinder development in town and city centres, such as difficulties acquiring problematic sites due to complex land-ownership and obstructive landlords.
		Heavy congestion on key roads – average vehicle speeds are 32% below national averages. Reduces benefits of good transport infrastructure (p40) Growth areas such as Basingstoke congested Car-dependent population with urgent need to improve public and active modes	4. Stronger public transport co-ordination including integrated multi modal metro area systems for our cities through local road and rail management	A devolved funding pot for work on transport issues. Single local management of road network including the M27 link A more active role in public transport – bus, rail, and ferry – enabling an integrated approach	Improved public transport – moving residents away from cars Sustainable growth supported by sufficient infrastructure Productivity benefits via agglomeration due to better connecting urban centres
		Pan-Hampshire already a major part of Global Britain agenda (p35-36) but held back by sites not being able to come forward	5. Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot)	Marketing of the opportunity Aligning R&D funds to sector growth Funding to support unlocking sites	Pan-Hampshire front and centre of Global Britain aspirations as the major centre for international trade

Ambition	Evidence Pan- Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on Opportunity	<ul style="list-style-type: none"> Strong health services with all but one NHS Trust that serve Hampshire rated as 'Good' by CQC. Pan-Hampshire has a world class education offer, with four universities and research assets such as the oceanography centre. (p46) Hampshire and Isle of Wight Fire and Rescue Service rated as "good" in keeping people safe and secure from fire and other risks by the HMICFRS. 	<p>There is a lack of integration between the provision of different services in Pan- Hampshire, with most local authority assets and land not being used in a co-ordinated and strategic way.</p> <p>This is evidenced by deprivation in access to key services, with many rural parts of Pan- Hampshire in the top 20% most deprived (p38).</p>	6. An expanded and re-energised One Public Estate programme to secure maximum benefit from assets and improve services for residents	More flexibility in the Pan-Hampshire's One Public Estate Programme would enable the area to look at all local public buildings and land holdings as one portfolio.	This would facilitate a more strategic local approach around possibilities with sites and planning for delivering services across the area. This would help deliver a joined-up approach to decarbonisation and maximise the benefits of public land and assets for residents.
		<p>There are many communities across Pan-Hampshire where low wages and qualifications are entrenched. This is particularly true for parts of Portsmouth, Southampton and Havant. (p56-57)</p> <p>The skill needs of businesses are also rapidly changing and there is an increased need for digital and employability skills that must be met.</p>	7. A new approach to skills and employment – local commissioning powers and devolved budgets, to support green recovery, and a new employment support programme aimed at bringing people into good entry level jobs	This would involve granting strategic local control of funding and post-16 education and skills commissioning to support green recovery as well as a new employment support programme that will be financed via UKSPF to assist with bringing people into entry level jobs.	This ask would support Pan-Hampshire in closing the spatial inequalities across skills, ensuring that all residents have an equal level of opportunity, whilst enhancing the area's ability to meet the shifting demand for skills around digital and the green economy.
		<p>Pan Hampshire has an older and ageing population relative to national average, with 90% of projected population growth to 2026 driven by over 65s (p50). This will increase demand on health and social care services.</p> <p>Pan Hampshire faces inequalities around healthy ageing, with lower healthy life expectancy in Gosport, Havant, Portsmouth and Southampton and a 10-year male life expectancy gap between the worst and best performing district (p58).</p>	8. Health and Social Care integration including pooled budgets, supporting technical innovation and resolving ICS geography	<p>A more integrated offer on health and care would support improving outcomes and join up residents through:</p> <ul style="list-style-type: none"> Pooling and joint oversight of £800m NHS community care and social care services budget More local flexibility in public health spending and pooling Piloting reforms to strengthen the social care workforce Maximising the impact of health innovation with a Health and Care Innovation Hub in the area Building on strong services across Pan- Hampshire to join up responses to child health and welfare in the community where need is higher 	A more tailored and integrated approach to health and social care would help to alleviate spatial inequalities in health across Pan-Hampshire and accelerate new innovations that can be tested across the resident population.

Ambition	Evidence Pan-Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on Sustainability	<ul style="list-style-type: none"> Pan-Hampshire has reduced carbon dioxide emissions more rapidly than the UK since 2005 and has lower emissions per person (p47) 93% of the 125 Sites of Special Scientific Interest (SSSIs) in Hampshire in 'favourable' or 'unfavourable recovering' condition (as at 2019), an increase from 84% in 2009 	<p>Climate change is the major challenge facing the world, with an urgency to act and major opportunities from zero carbon transition.</p> <p>Large areas of Pan-Hampshire in Flood Zones 2 and 3 – accentuated in the face of Climate Change as heavy rain events become more frequent</p> <p>Coastal flooding along the Solent is a real risk – exacerbated by Climate Change as sea levels rise</p>	9. and 10. New environmental net gain programme to make major contribution towards net zero and environmental enhancement, including a new approach to coastal and river management and environmental resilience	<p>Devolution of relevant Environment Agency powers and rationalisation of the current flood management / resilience areas.</p> <p>A major new business focussed net zero transition support programme, to work alongside our strategic planning proposals, to increase skills and growth opportunities in green construction, aerospace, maritime and other key sectors.</p>	<p>Green jobs and growth.</p> <p>Build on Pan-Hampshire's natural assets - two national parks, 3 AONBs, and 290 miles of coastline (p44)</p> <p>Increase nature, and accelerate the shift to net-zero, with Pan-Hampshire leading the UK</p> <p>Long-run climate change resilience in Pan-Hampshire</p> <p>Protection of property from flooding</p> <p>Management of flood risk as Pan-Hampshire develops</p>

An integrated and nationally
important economy
Functional Economic Market Area
(FEMA) analysis



Key facts at a glance



Gross Domestic Product (GDP) of **£67.2bn** (3% of the UK economy)



40% of inputs sourced from local supply chain



Over **1 million** jobs in Pan-Hampshire



Almost **50%** of the workforce in high-skill occupations, higher than the national average



Nine of the top ten destinations for residents moving house are also in Pan-Hampshire



Population of **2 million**



Strong **transport links** by road, rail and water



86% of working residents work within Pan-Hampshire



Total exports value of **£25.6bn**, with ports supporting UK supply chains



A **distinct sector mix** with shared specialisms across the county including maritime, IT and professional services

Functional Economic Market Area Summary

Pan-Hampshire is a well-connected economy, with strong internal links and many of the characteristics of a Functional Economic Market Area. With a population of 2 million, Gross Domestic Product (GDP) of £67.2bn and over 1 million jobs, Pan-Hampshire boasts a well-connected transport network, an inter-linked labour market and robust local supply chains.

The labour market within Pan-Hampshire is broadly localised with most residents working within the county rather than commuting out. **86% of working residents hold jobs within Pan-Hampshire**. Furthermore, in twelve out of the fourteen local authorities, two out of the top three authorities commuted to for work are within Pan-Hampshire itself, suggesting that primary employment flows are from one part of the Pan-Hampshire geography to another. Winchester, Pan-Hampshire's main administrative centre, attracts a significant number of commuters from the two cities (around 8,000 inward commuters) as well as the northern part of Hampshire. This movement is supported by strong road and rail links between urban areas, particularly those concentrated in the south of the area. However, it should be noted that, particularly in the north of the county, commuting patterns bend away from the county, towards London, Berkshire and Surrey.

The local authorities within Pan-Hampshire have a similar economic composition, with **the industrial structure of all bar one district being more aligned to the Pan-Hampshire average than England as a whole**. There are fourteen broad sectors where over half of the authorities within Pan-Hampshire have a specialisation, with notable shared specialisms across Pan-Hampshire including the manufacture of electrical and digital products, construction and computer programming.

Pan-Hampshire has well developed economic clusters with strong local supply chains. **Pan-Hampshire sources more of its inputs locally than the national average and ranks 5th out of 33 local economies** for doing so, with over half of inputs in many key sectors being sourced locally.

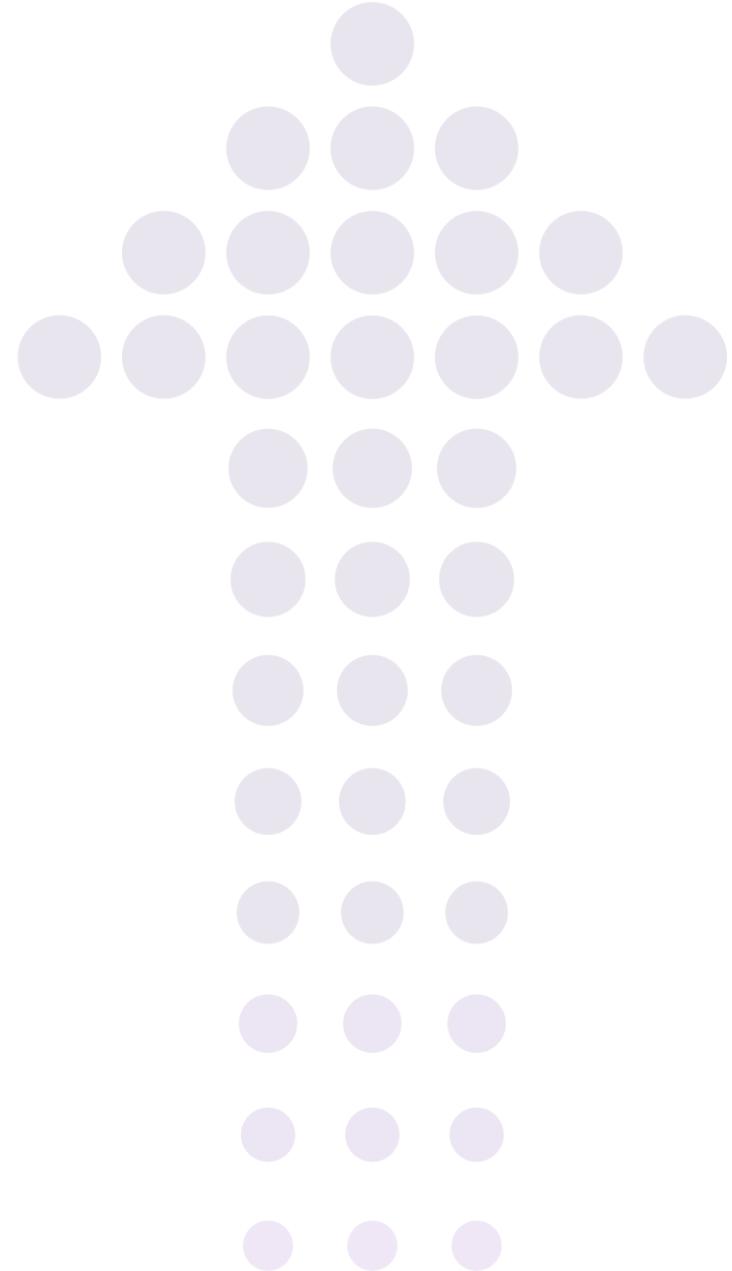
Commercial property markets show strong correlations in values over time in Pan-Hampshire, with **eleven of the fourteen local authorities moving largely in tandem**. Three of the more northerly authorities, however, have movement patterns which more closely align to London and South East averages.

Pan-Hampshire also has an inter-linked housing market. House prices have moved in tandem within the county over the past 25 years and each district has shown a similar pattern of movement, with **all local authorities showing a rate of house price growth within 10% of the Pan-Hampshire average**. Commercial property and rental rates have shown a similar pattern, with high correlation observed between the price trends in each district.

Analysis of house moves data reveals that **nine of the top ten destinations for those moving out of a house in Pan-Hampshire are also in Pan-Hampshire**.

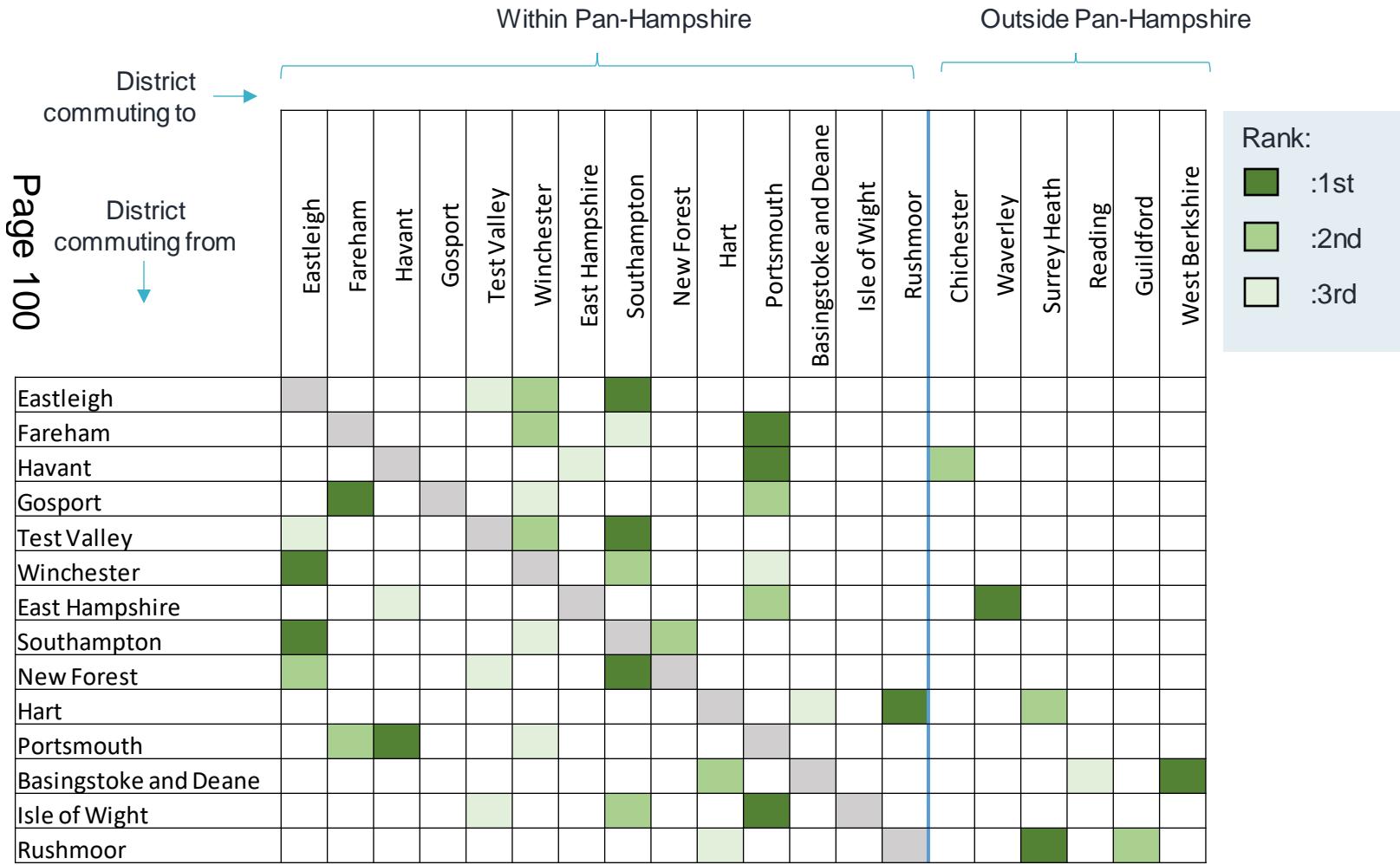
The Pan-Hampshire economy is robust, integrated and interlinked, with clear economic specialisms and good employment opportunities backed by transport infrastructure that facilitates the movement between places in the county and the economic and societal links within it.

1) Labour Markets



Most Pan-Hampshire workers commute internally (1)

Top three commuter destinations for each district



Over 85% of Pan-Hampshire's resident workers work within Pan-Hampshire. This is significantly higher in some authorities: Isle of Wight (96% within Pan-Hampshire), Gosport (94%), Southampton (94%), Eastleigh (94%) and Fareham (93%).

This figure reflects similar levels to other FEMAs in the UK, such as Greater Manchester (88%), the Liverpool City Region (82%), and West Yorkshire (91%).

Within Pan-Hampshire, **Portsmouth and Southampton most commonly feature as places to work**, though there is little evidence of commuting between the two, suggesting the urban area in the south of Pan-Hampshire is not yet as well functioning an economy as might be desired.

Winchester, recognised as Pan-Hampshire's main administrative centre draws in workers from both Portsmouth and Southampton, featuring in their top three destinations.

Local authorities that observe smaller proportions of their residents commuting within Pan-Hampshire include those found in the Solent area; Rushmoor (60%), Hart (63%) and East Hampshire (76%). These local authorities, in the north-east of Pan-Hampshire, typically have stronger links to Surrey, Berkshire and London.

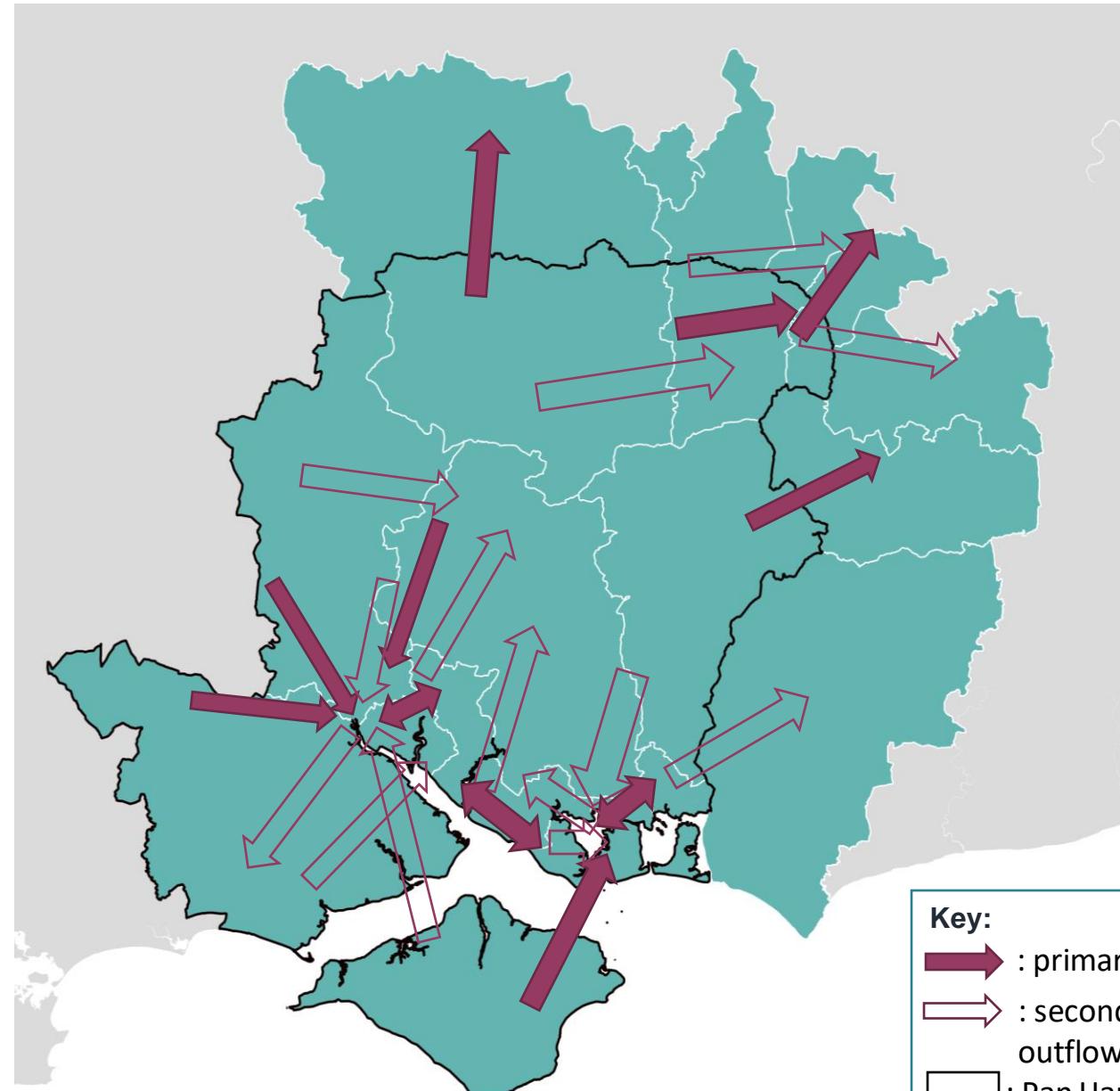
From the analysis, urban areas in Pan-Hampshire typically tend to have higher self-containment ratios but observe lower job densities (e.g., Gosport, Southampton, Fareham all below UK average). On the flip side, areas of rurality tend to have lower self-containment ratios but a higher jobs density (e.g., Rushmoor and Hart above the UK average).

Most Pan-Hampshire workers commute internally (2)

The map to the right shows the first and second most popular commuting destinations from each of Pan-Hampshire's districts, using arrows to indicate movements.

This shows how most of Pan-Hampshire's local authorities have strong commuter links to other local authorities within Pan-Hampshire. There are clusters of cross-commuting between Portsmouth and Southampton, though there appears to be no 'Core City' and commuter hinterland effect in Pan-Hampshire, with the area exhibiting more of a polycentric economic geography.

This also shows how for authorities in the north-east of Pan-Hampshire, connectivity beyond the area's borders are important – with many eastward moves in the direction of London. This shows that Pan-Hampshire doesn't stand alone, but is integrated into the wider South East of England economy.



Key:

- : primary outflow
- : secondary outflow
- : Pan Hampshire

Pan-Hampshire is well connected with strong links both within the county and beyond

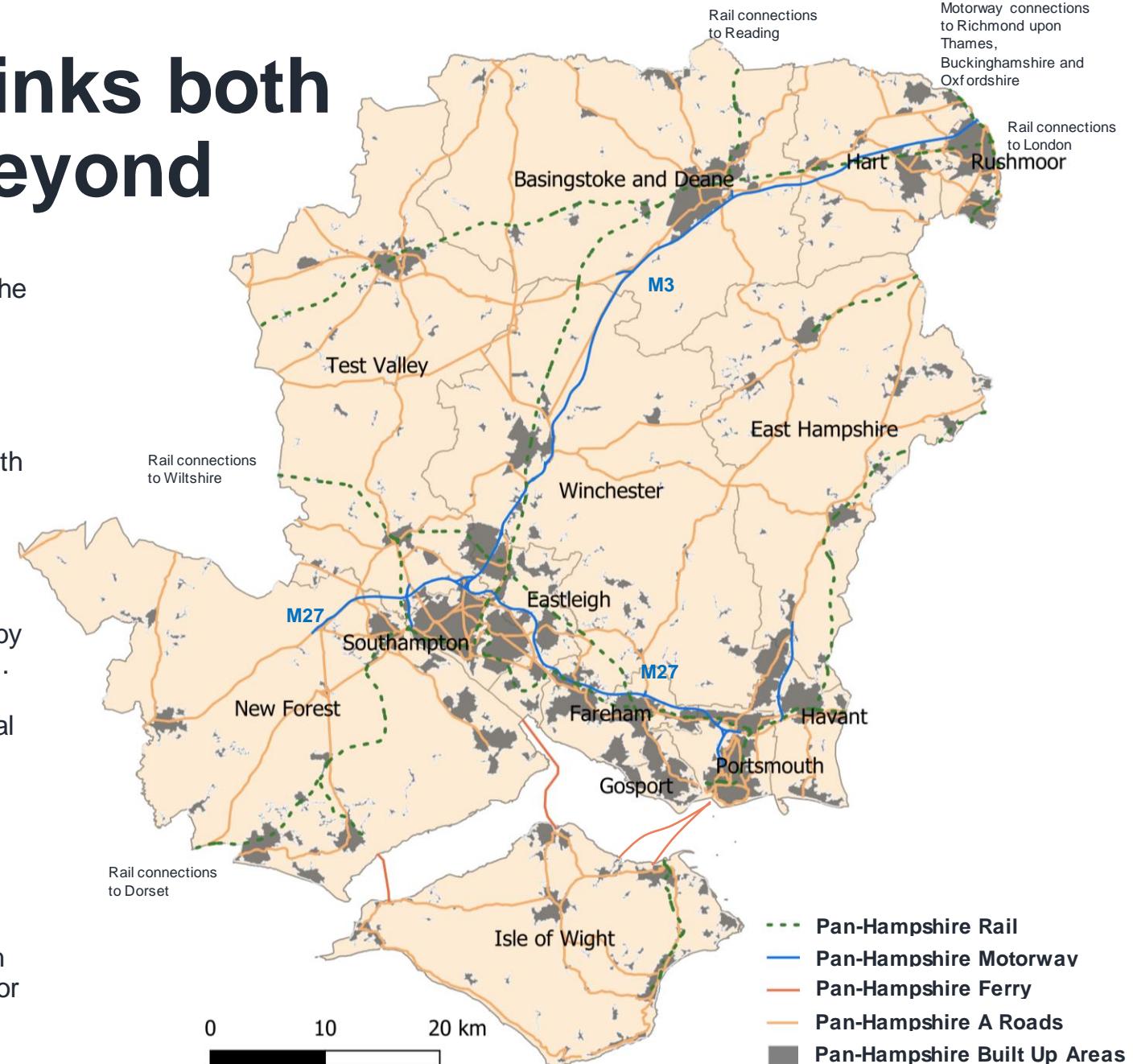
Pan-Hampshire is a well-connected county, with strong links between urban areas and out into the rural parts of the county. The county is also well connected to urban centres outside of Pan-Hampshire, such as London and Oxford, via motorway (the M3) and rail.

The main built-up areas in Pan-Hampshire are all well connected by road and rail. Southampton, Fareham, Gosport, Havant and Portsmouth all have rail links between them, with links to Basingstoke and Hart. Importantly, there are strong rail and road links between the north and south of the county, reflecting one overall geography with strong links out to London.

Motorway connections are again focused on links across the county (by the M3) and between the urban areas of the south (linked by the M27). The M3 bisects the northern half of the county, and every district (excluding the Isle of Wight) has a section of motorway, with more rural areas in the being well connected by A Roads.

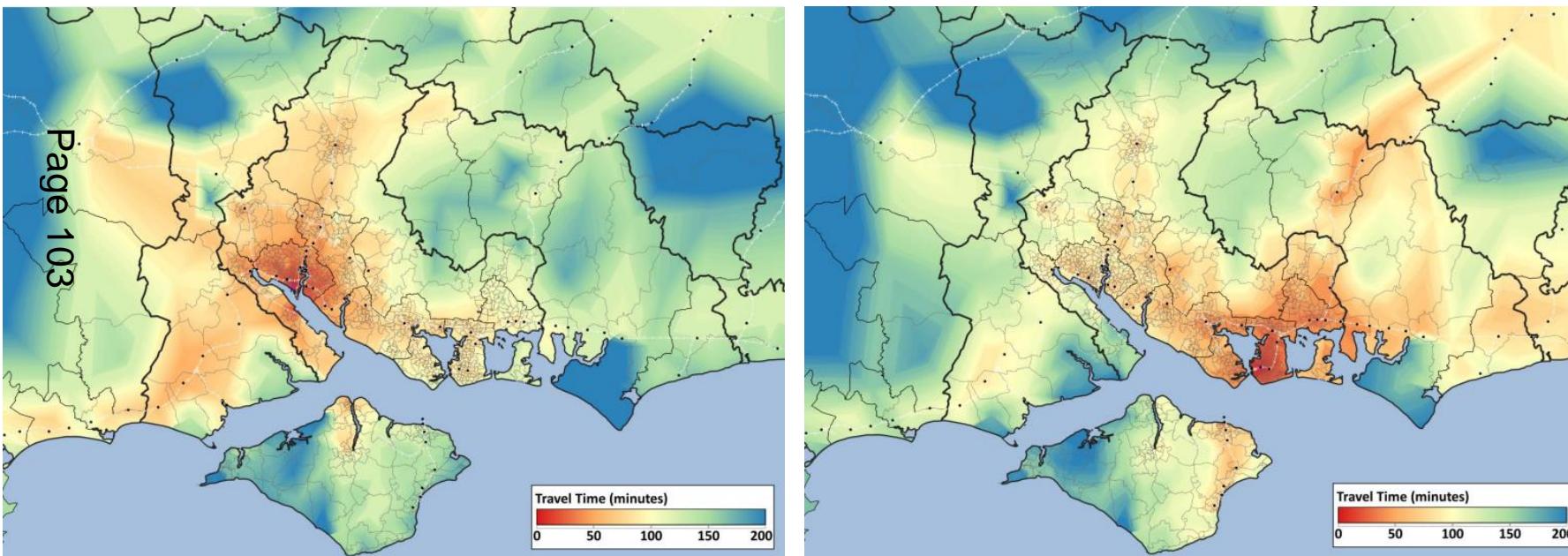
There are also multiple ferry links to the Isle of Wight, providing good connectivity to the mainland region (although unregulated fares mean these are unaffordable for some residents). Pan-Hampshire also has strong international connectivity, with ports at Southampton and Portsmouth, as well as strong air connections, being home to Southampton airport and in close-proximity to Heathrow, Bournemouth and Gatwick airports. All of which provides international connections for both trade and passengers.

Transport Links in Hampshire



But inadequate infrastructure in the southern part of Pan-Hampshire is causing problems

Modelled public transport times to Southampton City Centre (left) and Portsmouth City Centre (right) in 2041



Nonetheless, there is evidence that infrastructure could be working more effectively. Evidence showing modelled journey times to the city centres of Portsmouth and Southampton reveals that trips between the centres themselves take significantly longer than those northwards, or into the wider hinterland of these cities.

This suggests the area may not be experiencing agglomeration benefits which accrue when shared labour markets allow for more interactions and more efficient use of human capital. **Despite being the sixth biggest urban area in the UK, the southern part of Pan-Hampshire is not achieving its potential.**

With traffic across the Strategic Road Network forecasted to increase 19-55% by 2040, significant investment will be required across Pan-Hampshire to tackle rises in congestion, with key improvement sites identified along the A33 corridor through Basingstoke and Deane and the A34. Strategic transport areas such as Winchester are also operating under a highly constrained road network coupled with capacity problems around its rapidly growing station.

Pan-Hampshire has a higher proportion of high-skilled occupations

Pan-Hampshire has a higher proportion of employees in higher skill occupations than the UK as a whole, with almost half the workforce in professional occupations.

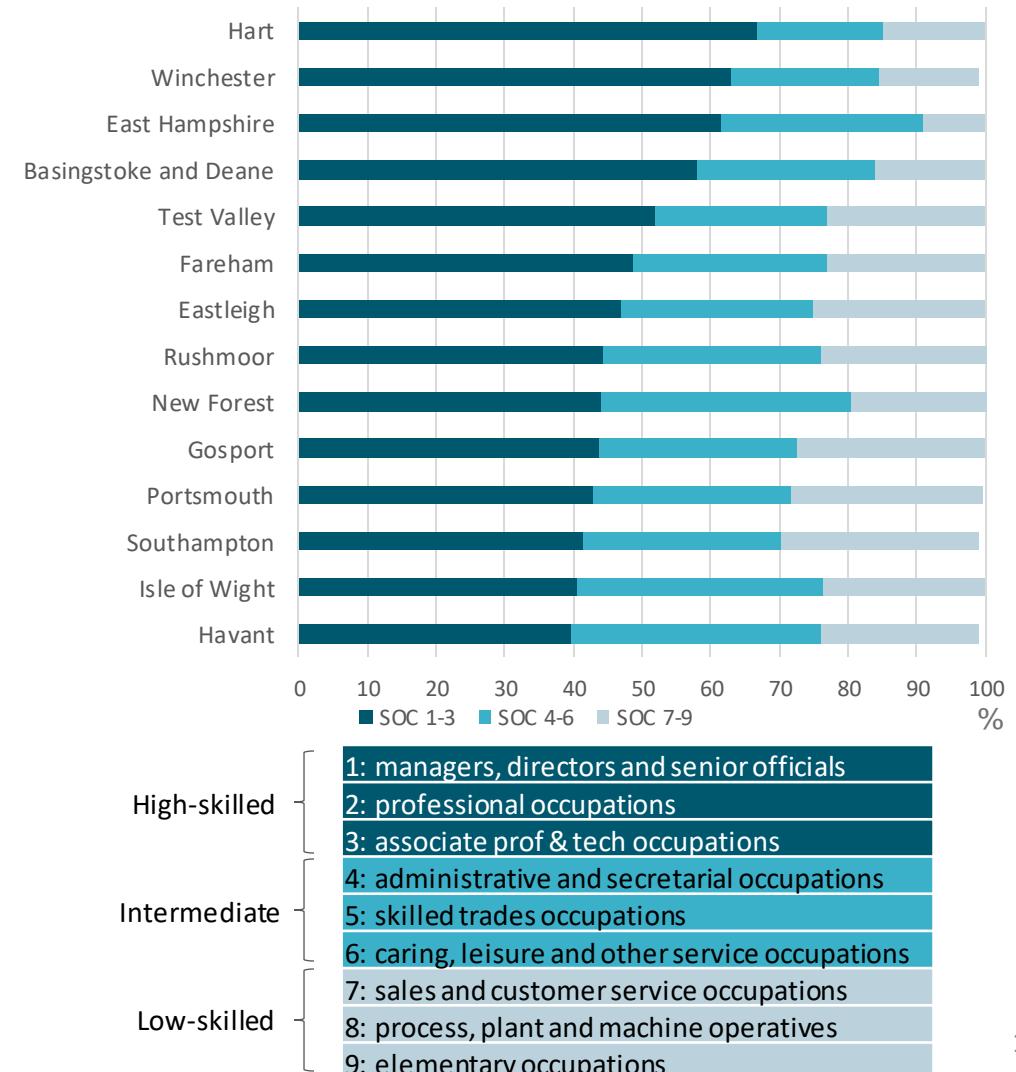
Standard Occupation Classification (SOC) code 1 is the highest skill band of occupations. **12.1% of employment in Pan-Hampshire is within this band, compared to 11.4% nationally.** Meanwhile **48.6% of employment in Pan-Hampshire is in codes 1-3, ahead of 47.4% in the UK as a whole.** Meanwhile just 21.9% of jobs fall within the lowest three skill bands (7-9) compared to 23.6% nationally.

However, the distribution varies across Pan-Hampshire. In Hart, 2 in 3 workers are in the top three occupations categories, in Havant this is less than 2 in 5.

This is reflective of higher skilled sectors, and workers who are generally being paid above UK average. However, this again varies, with some areas such as Portsmouth and Isle of Wight, having wages well below national averages.

Source: Annual Population Survey, Annual Survey of Hours and Earnings. Figures do not sum exactly to 100% due to rounding.

SOC Code Composition of Employment

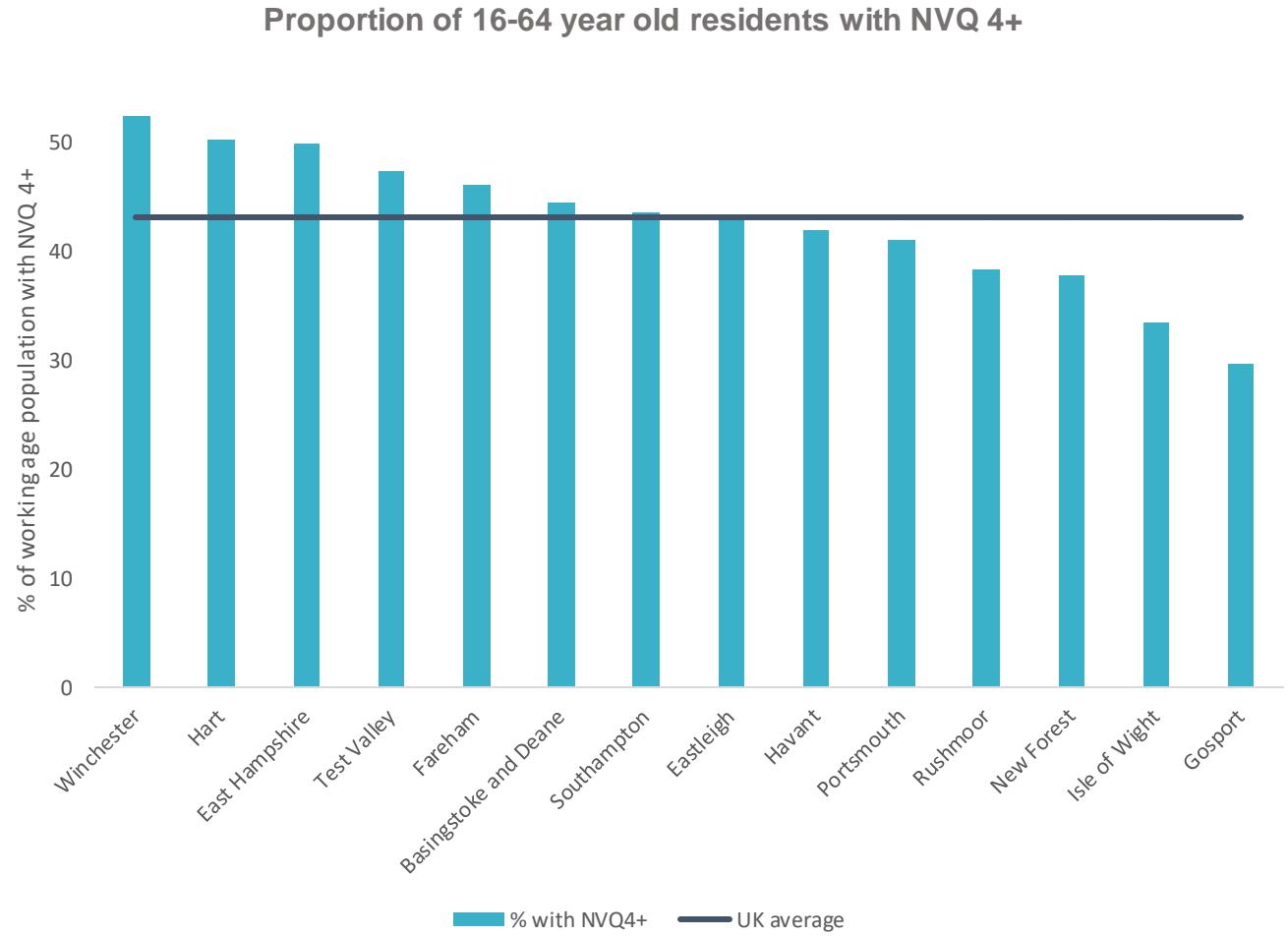


Workforce skill levels vary across Pan-Hampshire

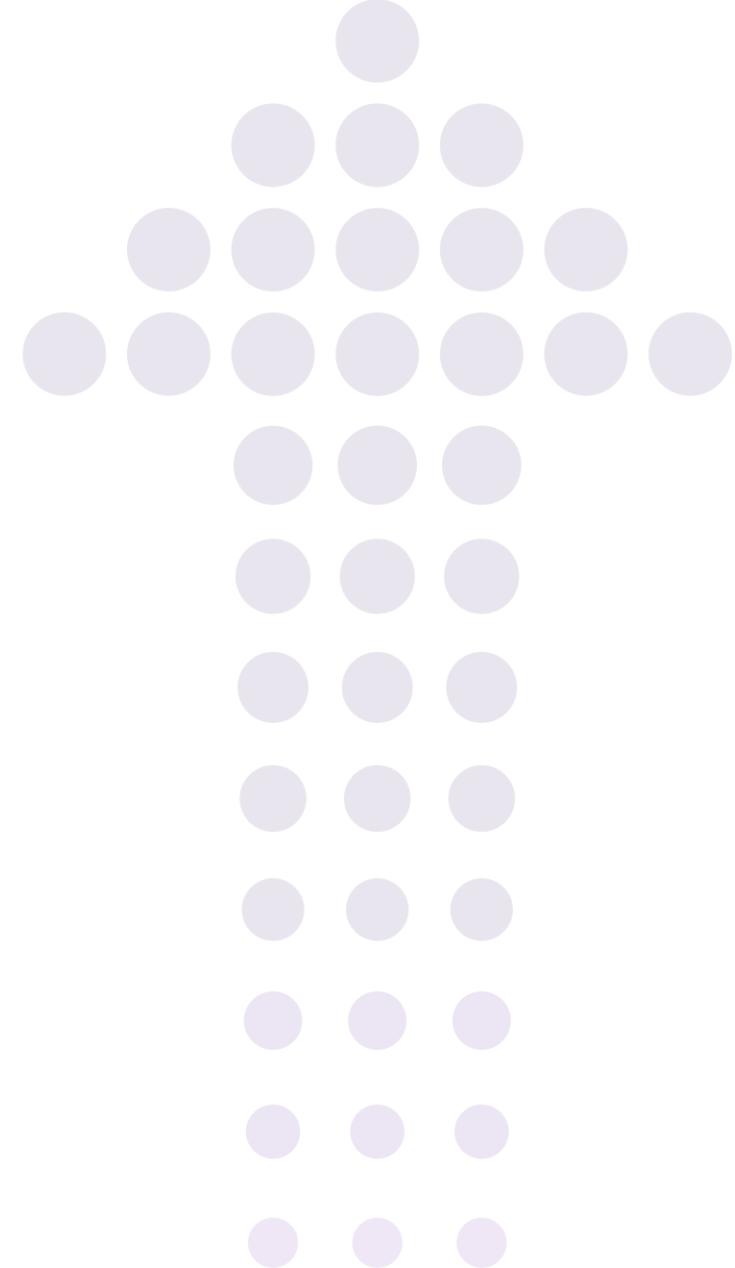
Across the whole of Pan-Hampshire **42.8% of residents aged 16-64 have NVQ 4+ qualifications**, broadly in line with the national average (43.1%).

Within Pan-Hampshire however, skill levels vary between local authorities. **Over 50% of the working age population have NVQ 4+ qualifications in two local authorities**, Winchester and Hart, whilst the workforce in eight of the fourteen authorities have NVQ 4+ qualifications in line with or above the national average.

It is notable that the top three authorities for NVQ 4+ qualifications are the same as the top three for senior occupations (Winchester, Hart and East Hampshire), suggesting that this is where the more senior, more qualified workforce is held. It is also important to note however that whilst the qualification distribution is broadly in line with the senior occupations distribution, it does not entirely align, for example – Gosport does not rank bottom for senior occupations, suggesting there is not an entirely symbiotic relationship between qualifications and seniority in Pan-Hampshire.

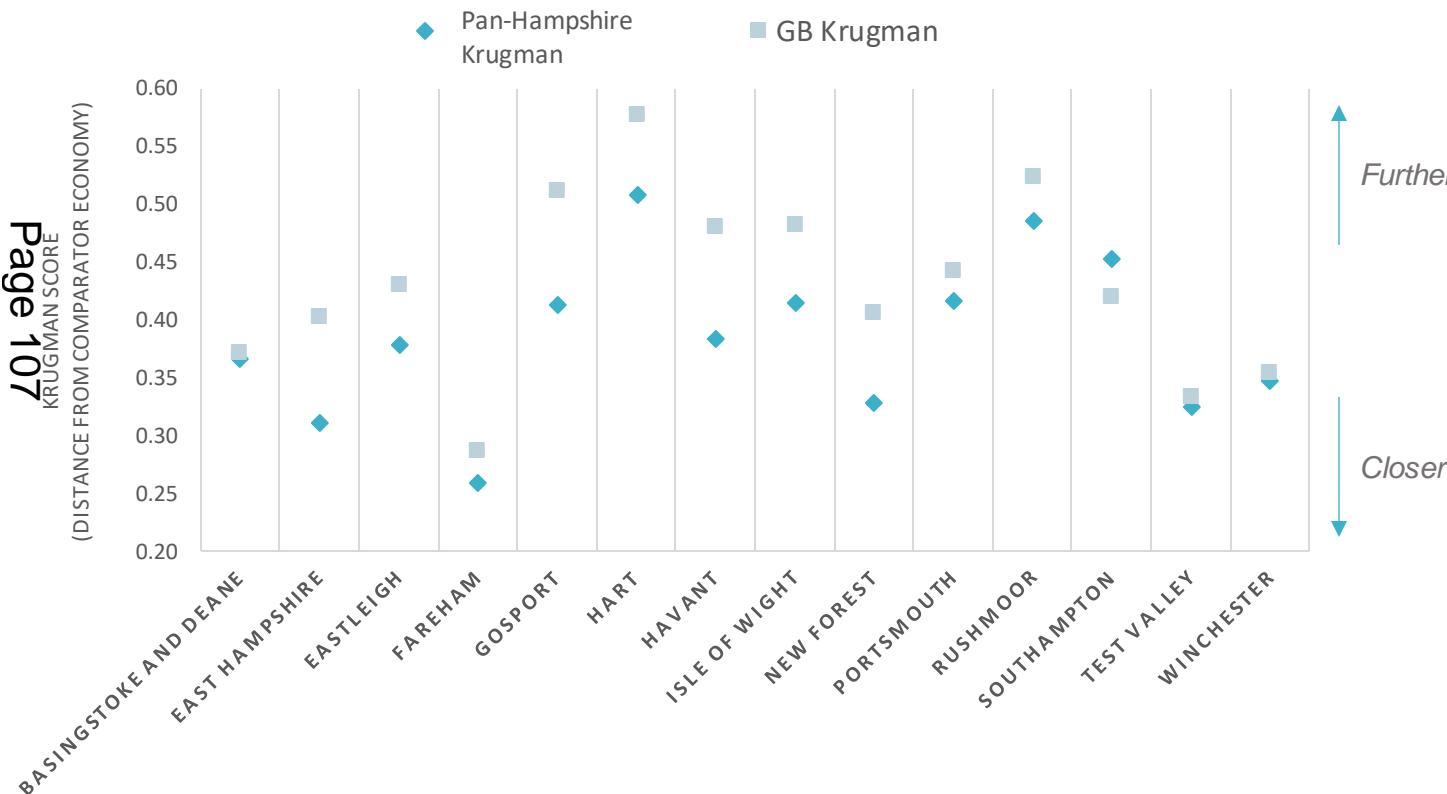


2) Industrial Specialisation



Pan-Hampshire local authorities have a similar industrial makeup

“Distance” from reference economies, as measured by the Krugman Index



The **Krugman index** is a measure of the similarity of an area's industrial make up compared to a wider region. A larger Krugman index value means that the economy is more differentiated to the reference area, a smaller value means the economy is more similar.

To understand whether areas within Pan-Hampshire have meaningfully distinct, shared specialisms, Krugman Index values have been calculated for every district compared to two ‘reference economies’ – Pan-Hampshire, and Great Britain.

For all local authorities besides Southampton, there is more of a similarity to Pan-Hampshire than to Great Britain, as represented by the Pan-Hampshire Krugman data point being below that of Great Britain. This is especially notable in Gosport, Havant, and East Hampshire

Definition : Krugman index examines the difference between employment proportions across all sectors to give an overall figure for their similarity or difference.

Pan-Hampshire has shared specialisms across manufacturing, construction and digital (1)

We can move from the broad picture provided by the Krugman Index to a more industry specific look with Location Quotients (LQs). LQs are a way of analysing which industries are more specialised in an area than in the wider economy hence these industries are important to the local economy.

Here we have looked at LQ at a 2-digit SIC level and analysed where there are commonalities across the Pan-Hampshire geography, that is, where more than half of the authorities have a specialisation (LQ>1) in the industry.

There are fourteen SIC-2 sectors where eight or more authorities in Pan-Hampshire are specialised. Computing and electronics, as well as machinery and equipment repair are specialisms in almost all local authorities of Pan-Hampshire. Other shared specialisms include computer programming, architectural services, wholesale and retail, and a range of manufacturing activities.

Definition: By analysing the difference in employment share between the areas compared to a comparator economy (England has been used here), LQ highlights which industries are important to local economy. If an industry's LQ is higher than 1, it shows that the industry is locally specialised compared to the comparator economy.

Number of Local authorities with LQ>1	Industry (SIC-2)
12	Manufacture of computer, electronic and optical products
12	Repair and installation of machinery and equipment
11	Manufacture of electrical equipment
11	Retail trade, except of motor vehicles and motorcycles
10	Specialised construction activities
10	Wholesale and retail trade and repair of motor vehicles and motorcycles
10	Computer programming, consultancy and related activities
10	Veterinary activities
10	Residential care activities
9	Architectural and engineering activities; technical testing and analysis
9	Other personal service activities
8	Manufacture of machinery and equipment n.e.c.
8	Manufacture of other transport equipment
8	Other manufacturing
8	Construction of buildings
8	Rental and leasing activities
8	Sports activities and amusement and recreation activities

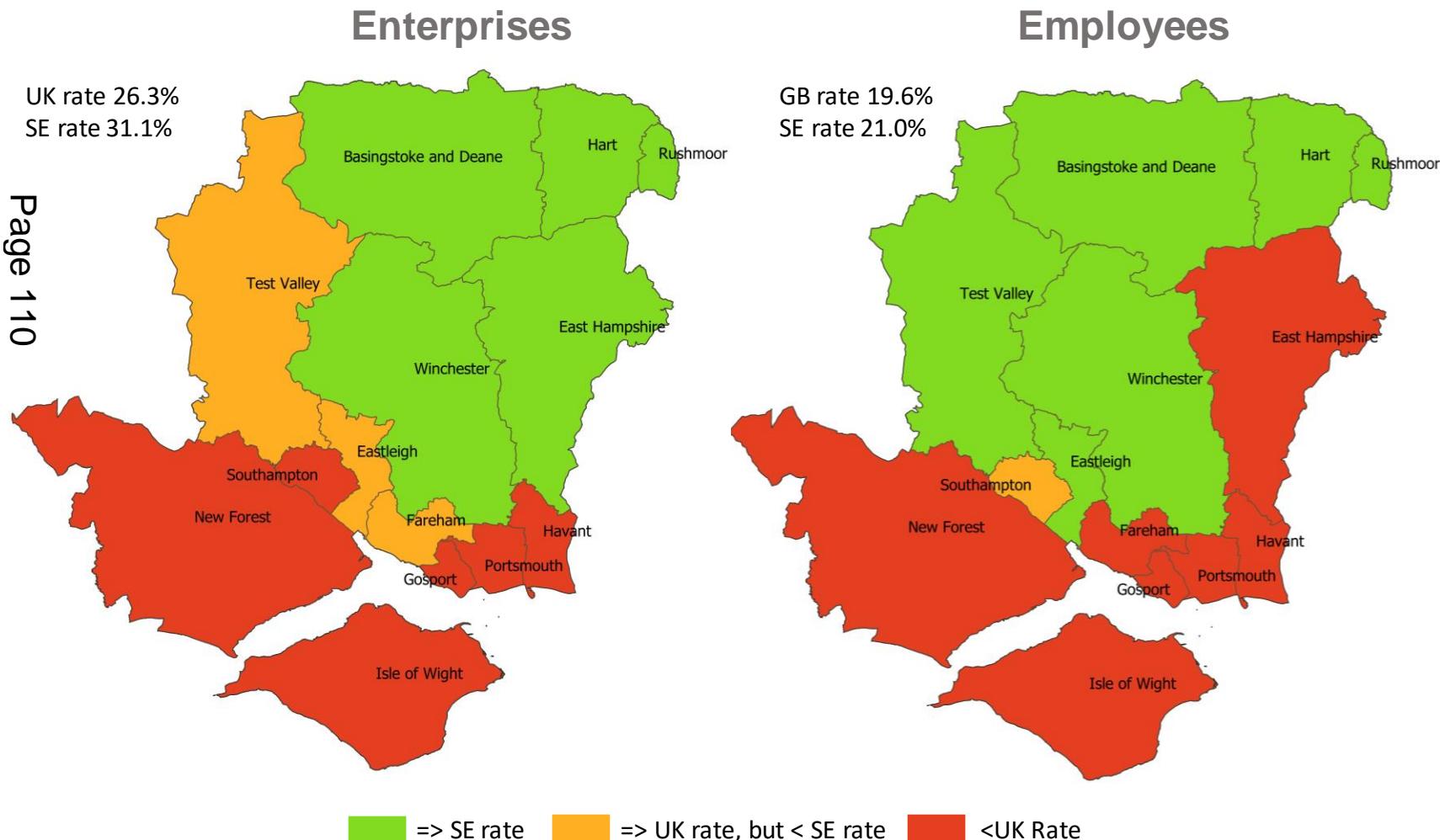
Pan-Hampshire has shared specialisms across manufacturing, construction and digital (2)

The table below shows the location quotients (LQs) across these fourteen sectors. Some, such as wholesale and retail, have small specialisms across many local authorities. Others, such as repair and installation of machinery, are held across many areas, but particular places stand out – Gosport and Portsmouth in this case.

Page 100 Industry	Manufacturing							Local services, Construction, and Real estate									
	Manufacture of computer, electronic and optical products	Manufacture of electrical equipment	Manufacture of machinery and equipment n.e.c.	Manufacture of other transport equipment	Other manufacturing	Repair and installation of machinery	Construction of buildings	Specialised construction activities	Rental and leasing activities	Architectural & engineering activities; technical testing and analysis	Wholesale and retail trade	Retail trade, excl vehicles	Veterinary activities	Residential care activities	Sports, amusement, and recreation	Other personal service activities	Computer programming & consultancy
Basingstoke and Deane	2.91	1.38	0.78	0.40	1.27	0.83	1.48	1.06	1.19	1.08	1.16	1.01	1.68	1.06	1.38	1.02	1.82
East Hampshire	1.88	3.88	1.13	0.25	1.25	1.60	1.22	1.18	0.96	0.95	1.35	1.04	3.85	1.82	0.57	1.76	1.32
Eastleigh	3.53	3.86	0.94	3.38	11.90	3.36	0.95	1.43	1.53	1.19	1.59	1.38	1.61	1.29	1.01	0.96	1.31
Fareham	4.26	1.06	2.22	4.63	0.81	1.45	1.04	1.56	1.14	1.03	1.36	1.00	0.96	1.43	0.97	1.31	1.10
Gosport	0.71	0.33	1.07	1.63	0.72	7.90	0.82	1.27	0.33	1.22	0.82	1.18	1.39	2.76	1.04	1.53	0.40
Hart	4.08	4.60	0.36	0.12	0.21	0.82	1.11	1.15	0.80	1.27	1.35	0.72	2.40	1.09	0.59	2.45	2.48
Havant	4.21	2.51	3.90	1.98	0.56	1.79	1.11	1.78	1.08	0.62	1.05	1.39	2.72	1.75	0.94	1.18	1.02
Isle of Wight	3.48	3.73	2.90	4.36	1.30	1.25	0.92	0.74	0.57	0.97	0.97	1.36	2.25	2.07	1.47	1.50	0.38
New Forest	1.08	0.12	0.65	2.08	1.01	2.00	1.68	1.35	1.84	1.21	1.22	1.07	2.79	1.97	2.15	1.23	0.62
Portsmouth	1.32	1.74	1.59	4.03	0.23	6.18	0.60	0.86	1.24	0.40	1.26	1.13	0.72	0.56	1.04	0.87	1.11
Rushmoor	3.66	1.13	1.61	1.15	0.40	2.87	0.71	1.26	2.26	1.60	1.89	0.88	0.66	0.78	0.82	0.70	4.34
Southampton	0.56	1.33	0.30	0.85	1.49	1.67	0.63	0.76	0.62	0.58	0.94	1.05	0.73	0.90	1.12	1.22	0.56
Test Valley	2.53	2.85	2.49	0.90	1.81	1.47	1.00	1.19	2.00	2.41	1.10	1.16	1.25	1.16	1.01	0.99	1.05
Winchester	1.58	0.49	0.76	0.04	3.17	1.14	1.36	0.71	0.90	1.20	0.83	1.66	2.46	0.86	0.62	0.78	1.78

Concentration of Knowledge Intensive sector varies across Pan-Hampshire

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The two maps show the concentrations of Knowledge intensive businesses and employment across Pan-Hampshire (Hampshire 2050 economy report).

Pan-Hampshire has around 25,000 knowledge intensive businesses employing 163,000 workers. Areas in the north and centre of Pan-Hampshire better serve this part of the wider economy, with relatively higher concentrations of businesses/employment in KIBS. Relatively poor performing districts such as Havant in the south, have lower shares of KIBS, with a greater dependency on manufacturing.

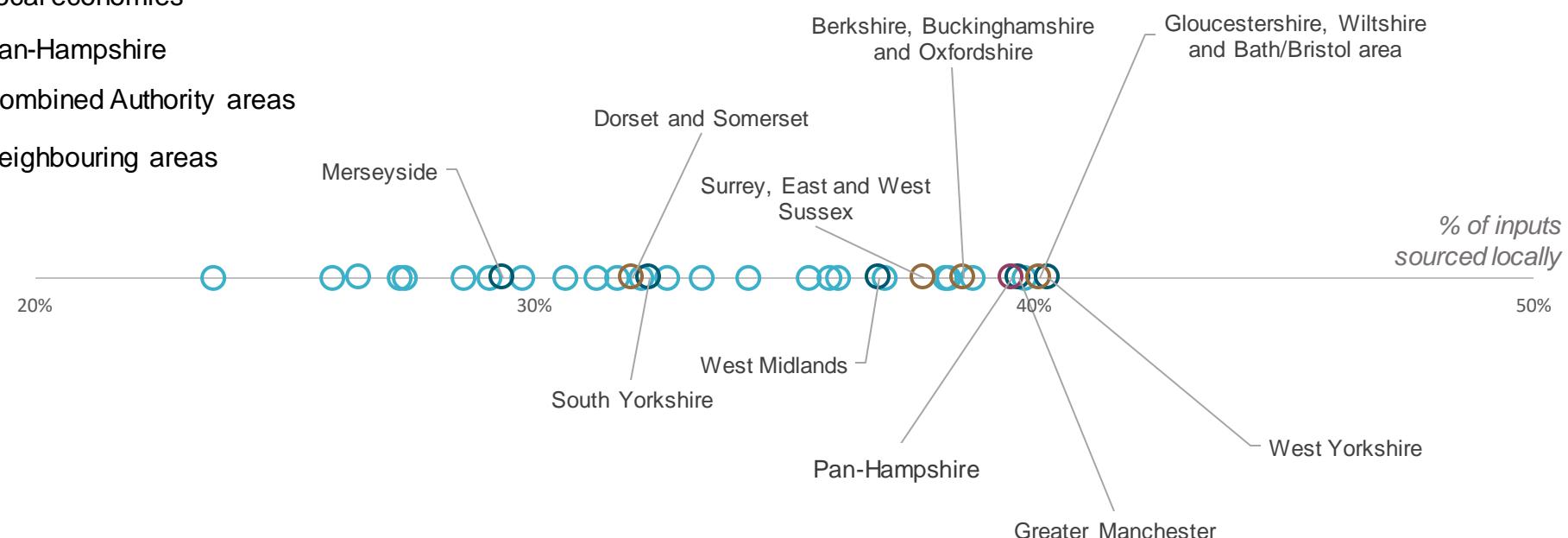
This shows how, though, there are shared sectors across Pan-Hampshire, different specialisms between areas create an interdependent set of economic linkages.

Pan-Hampshire has well developed supply chain clusters

Pan-Hampshire ranks 5th out of 33 local economies in England for sourcing goods locally, with **39.6% of inputs being sourced from within Pan-Hampshire itself.**

This implies that Pan-Hampshire is a more self-sufficient region of the UK than most other areas, including some areas which have devolution to Combined Authorities – such as South Yorkshire and Merseyside (the Liverpool City Region). Pan-Hampshire also has higher rates of goods sourced locally than most surrounding areas – Dorset and Somerset, Surrey, East and West Sussex, and Berkshire, Buckinghamshire and Oxfordshire.

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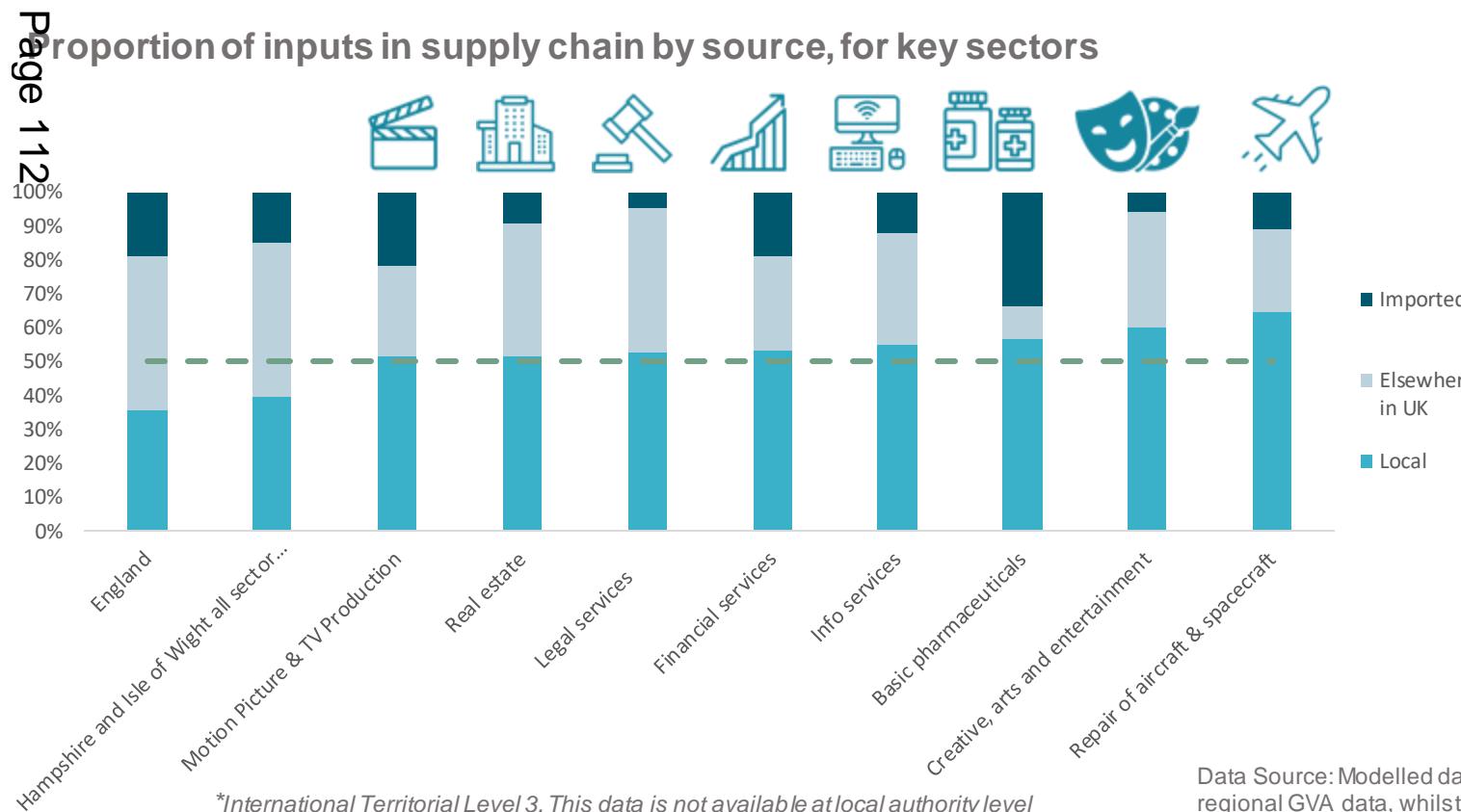


Pan-Hampshire has strong supply chain linkages in key sectors

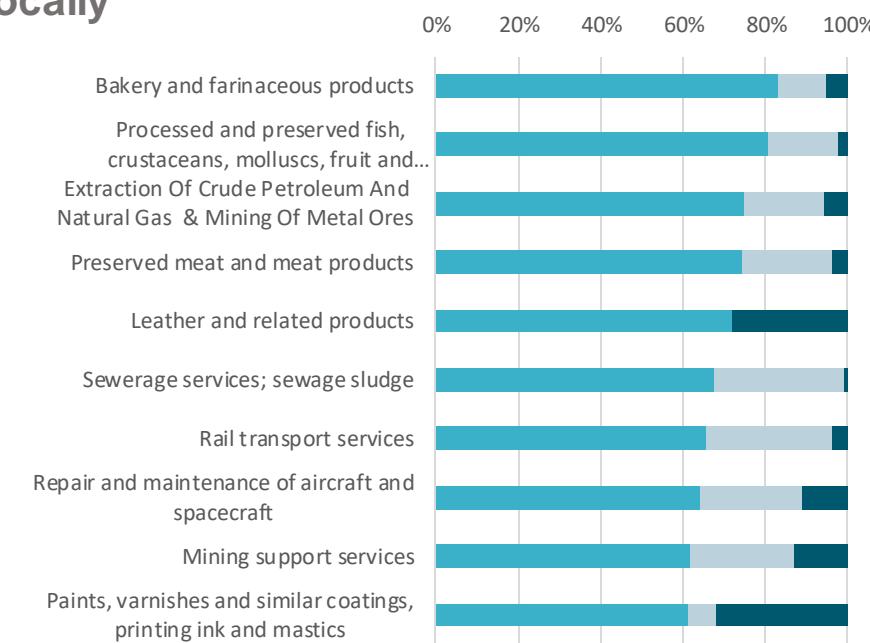
To understand the links between businesses, novel modelling of supply chains has been carried out, based upon Flegg and Tohmo's work on regional input-output tables. This analysis has been produced for ITL 2* regions in England. This examines the quantity of goods and services needed by each subsector, and the ability of local places to supply them.

Of 128 sectors assessed, 36 source 50% or more of their goods locally, showing the wide and varied nature of Pan-Hampshire's local supply chains. Local food and production has a predictably higher proportion of goods sourced locally, with the manufacturing and chemical sectors sourcing the lowest proportion locally.

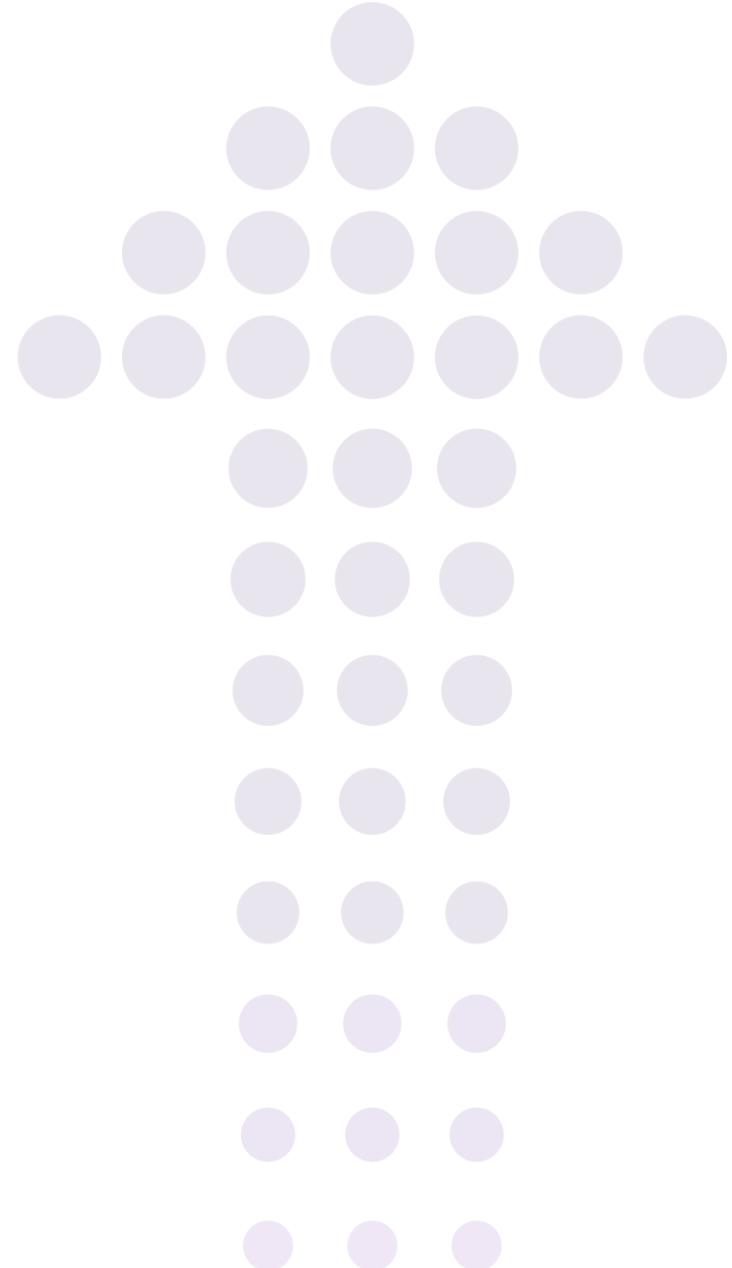
The chart on the right shows the top ten sectors for sourcing goods locally. The full list of sectors can be found in the appendix. The graph on the left shows the composition of inputs for key sectors within Pan-Hampshire, **all of which source a higher proportion of inputs locally than the national average** across all sectors.



Top 10 Sectors For Sourcing Inputs Locally



3) Property markets



Housing prices have grown together but the affordability gap has widened

As house prices in Pan-Hampshire have increased, they have done so **in tandem**. The pattern of house price increases over the past 25 years has been broadly the same across all local authorities in Pan-Hampshire. This is shown in the log scale graph to the right, which takes growth rates into account, and shows a similar trend across Pan-Hampshire and compared to the UK as a whole.

However, as multiple local authorities within Pan-Hampshire had higher house prices to begin with in 1995, the same growth rate now sees them further ahead in absolute terms of the UK as a whole, as shown in the absolute graph below.

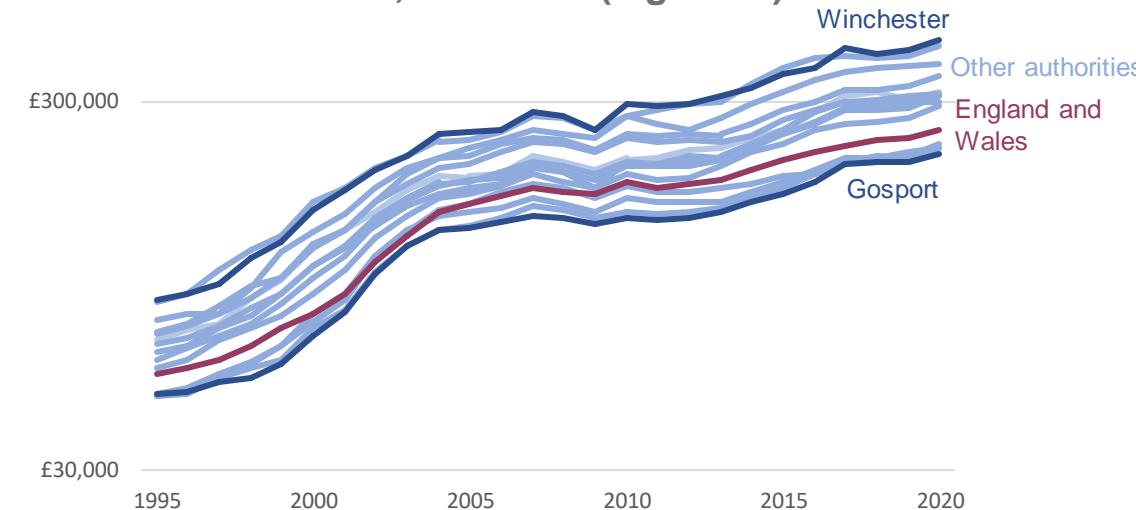
This means that **many local authorities within Pan-Hampshire have become less affordable to live in**. Winchester, where house prices in 2020 were highest, now has an affordability ratio (median house price to median income) of **12.3** (1997: 5.6), substantially higher than in the UK as a whole (7.7), making it one of the least affordable places to live outside of London.

Housing in Pan-Hampshire can be categorised into three groups (see graph):

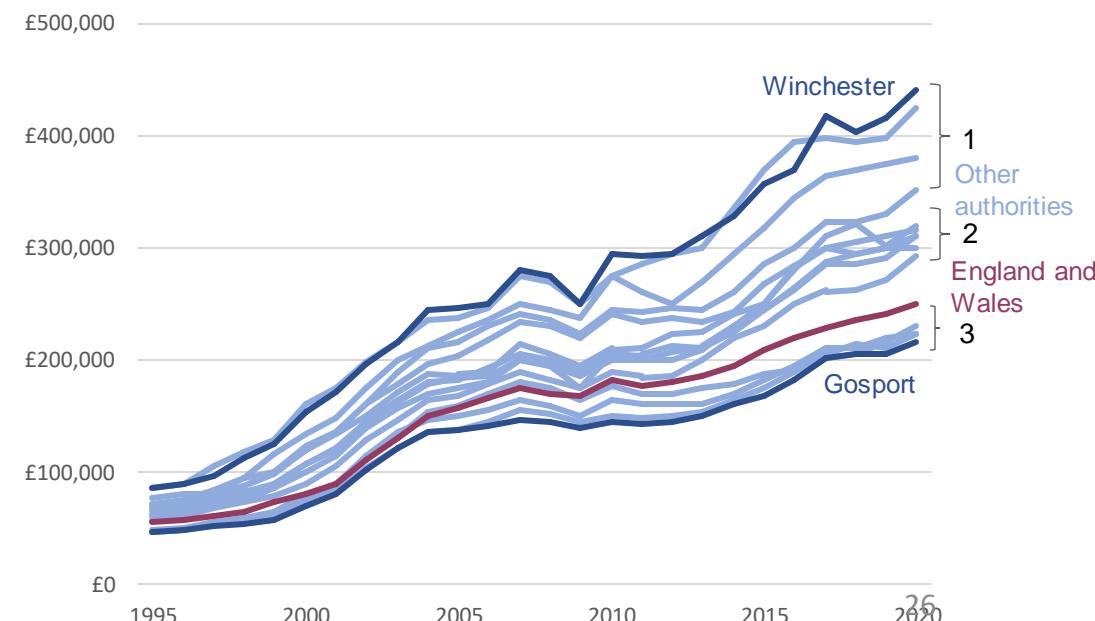
- House prices significantly (>40%) above the national average:**
Winchester, Hart, East Hampshire, New Forest
- House prices above the national average:** Basingstoke and Deane, Test Valley, Fareham, Rushmoor, Eastleigh, Havant
- House prices below the national average:** Southampton, Isle of Wight, Portsmouth, Gosport

Part of the reason for house prices in Pan-Hampshire being so high is that housing supply is significantly constrained by the rural geography of Pan-Hampshire, whereas demand has remained high, and the inter-linked housing market has seen this push house prices up across Pan-Hampshire.

Median house prices in Pan-Hampshire authorities, 1995-2020 (log scale)



Median house prices, 1995-2020 (linear scale)

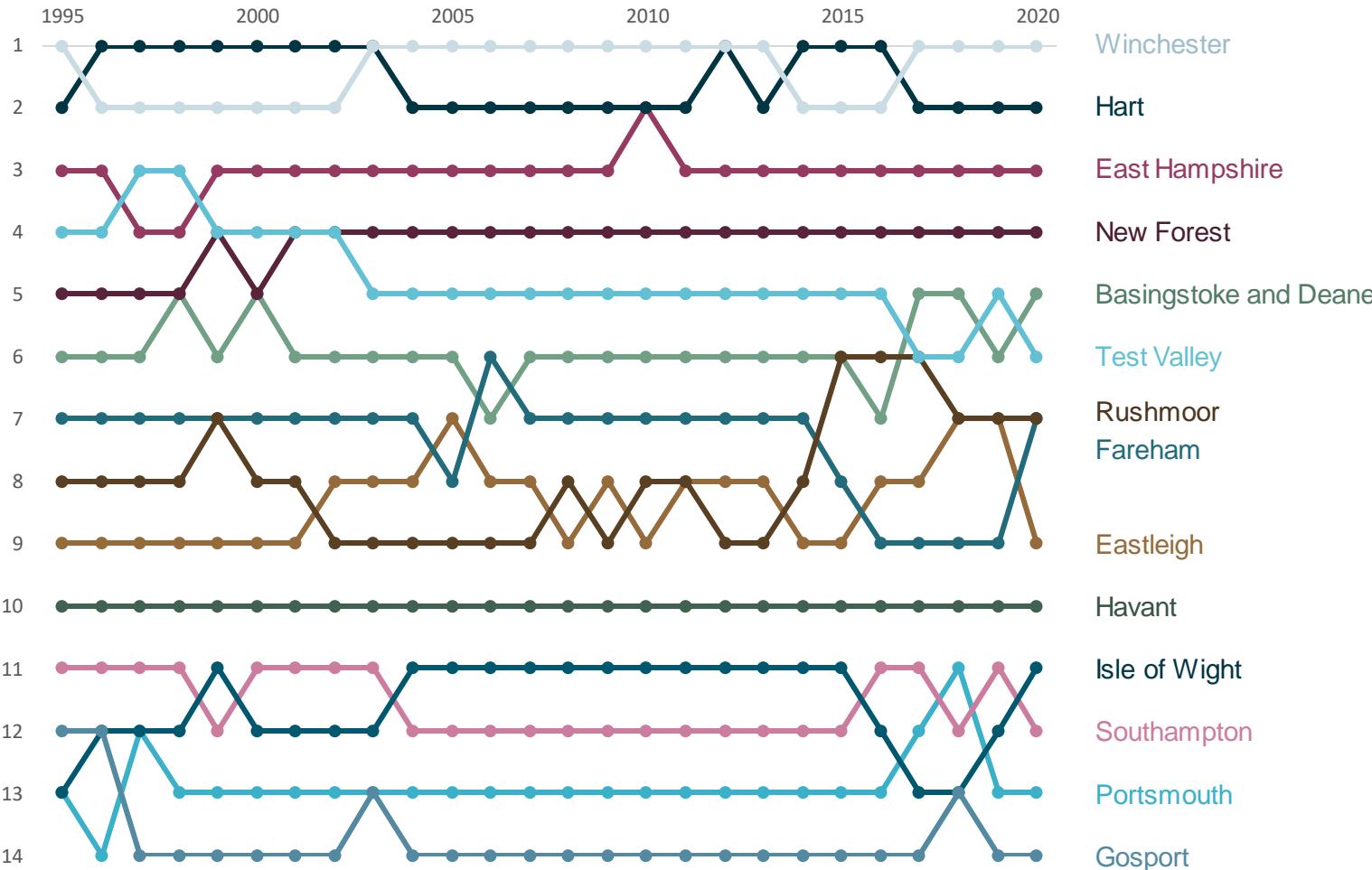


The structure of the housing market moves in tandem

Rank of median house prices for local authorities within Pan-Hampshire, 1995-2020

Another indication that housing markets are broadly integrated in Pan-Hampshire is that the ranking of local authorities has remained largely consistent over time.

When ranked out of the fourteen local authorities, **seven have remained in the same rank position within the county** from the beginning to the end of the 25-year period shown. The maximum change seen in any local authorities across 25 years is 3 rank positions – some, such as Hart, New Forest, and Winchester have moved within one place, and Havant has remained in 10th place throughout. This shows that, even as house prices have grown rapidly (and despite uneven housing provision), the structure of the market has remained consistent, with house prices moving as part of a structure.



People moving house often remain within Pan-Hampshire

When people in Pan-Hampshire move to a different Local Authority area, the most common places they move to are also in Pan-Hampshire. The graphic below shows the five most common destinations that people who leave each Local Authority in Pan-Hampshire move to, and whether they are in Pan-Hampshire or not. **Three out of the top five destinations from twelve (out of the fourteen) local authorities are all other authorities within Pan-Hampshire.** Across the whole county, nine out of ten of the top local authorities moved to are within the historic county. This again illustrates how linked Pan-Hampshire is as a county, that in almost all the individual authorities, the most common places people move to are other parts of Pan-Hampshire, suggesting it is a place people want to remain living in, and live in various different parts of. 35.4% of people who move to a local authority in Pan-Hampshire already lived elsewhere in the county.

Five most common destinations moved to from local authorities within Pan-Hampshire



Strongly correlated markets for retail space across most of Pan-Hampshire

The analysis below show the correlations between movements in rental values for retail space over time. Correlations above 0.5 are shown in green, which indicates that markets move in parallel, with the markets in both areas displaying rises and falls in unison. This in turn suggests that firms occupying these spaces view other areas as strong substitutes, with correlated areas forming a broader market structure which moves in parallel.

Very high levels of correlation are seen across most of Pan-Hampshire. Eleven of the fourteen local authorities have close to perfect correlation with each other (a value of 1). They also show similar movement patterns to Swindon. We do, however, see that in three of the north-eastern authorities – Basingstoke and Deane, Hart, and Rushmoor – correlations are much weaker with the rest of Pan-Hampshire, but strong with one another, and with other regional comparators across the South East – Kent, London, Surrey and Sussex. This suggests that while most of Pan-Hampshire has a shared commercial property market, in some of the northern areas the influence of London is more pronounced, with these places functioning as part of the wider London property market.

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	Basingstoke & Deane	East Hampshire	Eastleigh	Fareham	Gosport	Hart	Havant	Isle of Wight	New Forest	Portsmouth	Rushmoor	Southampton	Test Valley	Winchester
Basingstoke & Deane	-0.17	-0.61	-0.51	0.03	0.98	-0.22	-0.03	-0.10	-0.36	0.99	-0.66	-0.29	-0.27	
East Hampshire	-0.17	0.85	0.92	0.98	-0.05	1.00	0.98	1.00	0.97	-0.07	0.84	0.99	0.99	
Eastleigh	-0.61	0.85	0.97	0.71	-0.51	0.88	0.77	0.80	0.94	-0.53	0.98	0.90	0.91	
Fareham	-0.51	0.92	0.97	0.82	-0.41	0.95	0.86	0.89	0.98	-0.42	0.97	0.96	0.96	
Gosport	0.03	0.98	0.71	0.82	0.15	0.95	0.99	0.99	0.90	0.13	0.70	0.93	0.94	
Hart	0.98	-0.05	-0.51	-0.41	0.15	-0.11	0.08	0.03	-0.25	0.99	-0.56	-0.17	-0.16	
Havant	-0.22	1.00	0.88	0.95	0.95	-0.11	0.97	0.98	0.99	-0.13	0.87	0.99	1.00	
Isle of Wight	-0.03	0.98	0.77	0.86	0.99	0.08	0.97	0.99	0.94	0.06	0.75	0.95	0.96	
New Forest	-0.10	1.00	0.80	0.89	0.99	0.03	0.98	0.99	0.95	0.00	0.79	0.97	0.97	
Portsmouth	-0.36	0.97	0.94	0.98	0.90	-0.25	0.99	0.94	0.95	-0.27	0.93	0.99	0.99	
Rushmoor	0.99	-0.07	-0.53	-0.42	0.13	0.99	-0.13	0.06	0.00	-0.27	-0.58	-0.20	-0.17	
Southampton	-0.66	0.84	0.98	0.97	0.70	-0.56	0.87	0.75	0.79	0.93	-0.58	0.90	0.89	
Test Valley	-0.29	0.99	0.90	0.96	0.93	-0.17	0.99	0.95	0.97	0.99	-0.20	0.90	0.99	
Winchester	-0.27	0.99	0.91	0.96	0.94	-0.16	1.00	0.96	0.97	0.99	-0.17	0.89	0.99	
Kent	0.99	-0.08	-0.54	-0.43	0.12	0.99	-0.14	0.05	-0.01	-0.28	1.00	-0.59	-0.21	-0.18
London	0.99	-0.06	-0.52	-0.42	0.14	0.99	-0.12	0.07	0.01	-0.26	1.00	-0.58	-0.19	-0.16
Surrey	0.99	-0.07	-0.53	-0.42	0.13	0.99	-0.13	0.07	0.00	-0.27	1.00	-0.59	-0.20	-0.17
Swindon	-0.46	0.95	0.97	0.99	0.85	-0.35	0.97	0.89	0.91	0.99	-0.37	0.96	0.97	0.98

Conclusion

Pan-Hampshire has many of the trademarks of a functional economic market area, though this is not always in a completely straightforward way:

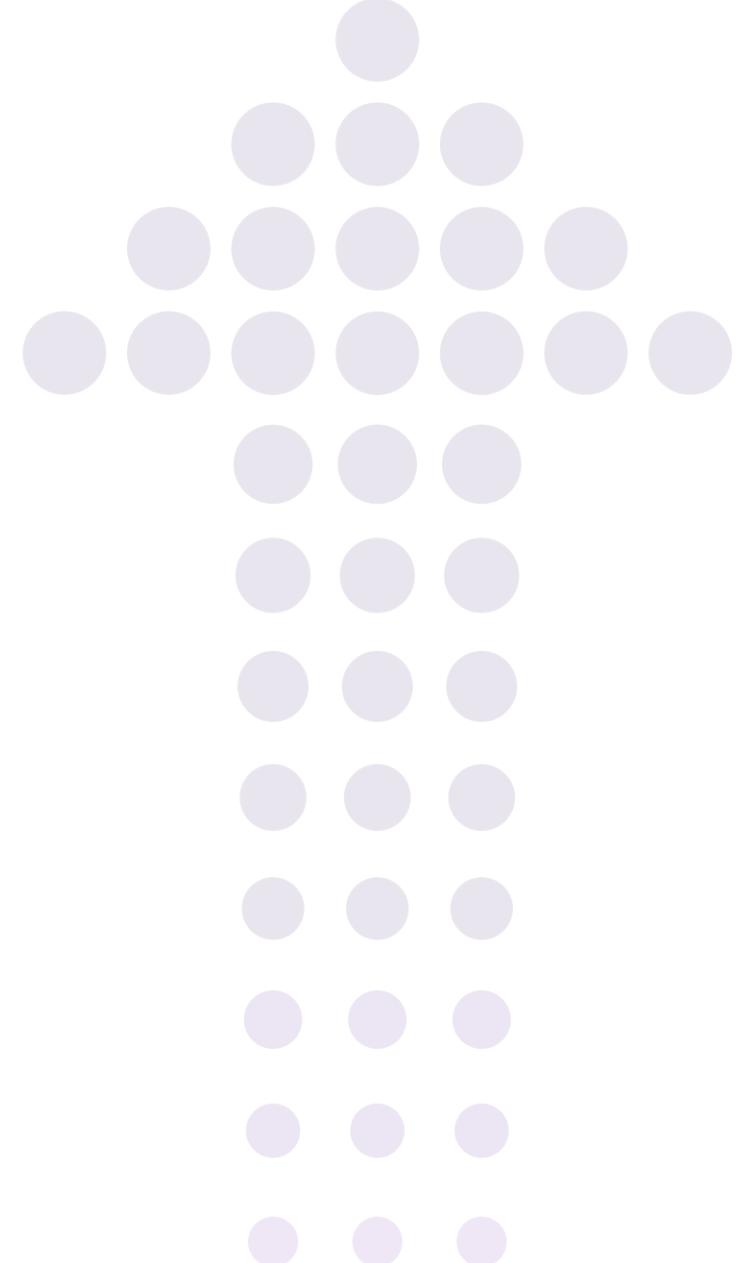
- It has a high degree of self-containment with regard to its travel to work areas as well as other FEMAs such as Greater Manchester and Liverpool City Region.
- It has good transport connectivity linking the county, though some challenges limit the potential of the major urban area on the south coast
- It has a similar occupational structure with a high proportion of highly skilled occupations
- It has a breadth of shared specialisms, with strong supply chain linkages
- Its housing markets are interconnected, though affordability gaps have widened significantly over the last 25 years
- Its retail space markets are interconnected, with the exception of the three more northerly local authorities, which are better aligned to London/SE averages

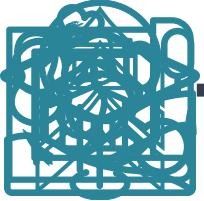
This leaves Pan-Hampshire in a strong position to make the case for new powers in a County Deal, both to build on its shared strengths – and to tackle some of the challenges and barriers which prevent Pan-Hampshire from being what it can be. The analysis does not prescribe one particular approach that needs to be taken, but allows room for a variety of different approaches.

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A unique and strong combination of assets

Strategic Assets Review





The key assets on a page

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A £67bn economy with specialisms including maritime, aviation and aerospace

Housing development opportunities with 46,000 outstanding permissions



Comprehensive transport infrastructure by road, rail and water

A prime international gateway centred on the two major ports, Europe's premier business airport (Farnborough) and Southampton International Airport

A world class higher education offer with four universities and research assets including the National Oceanography Centre

Unique environmental assets with two national parks, three AONB, and 290 miles of coastline

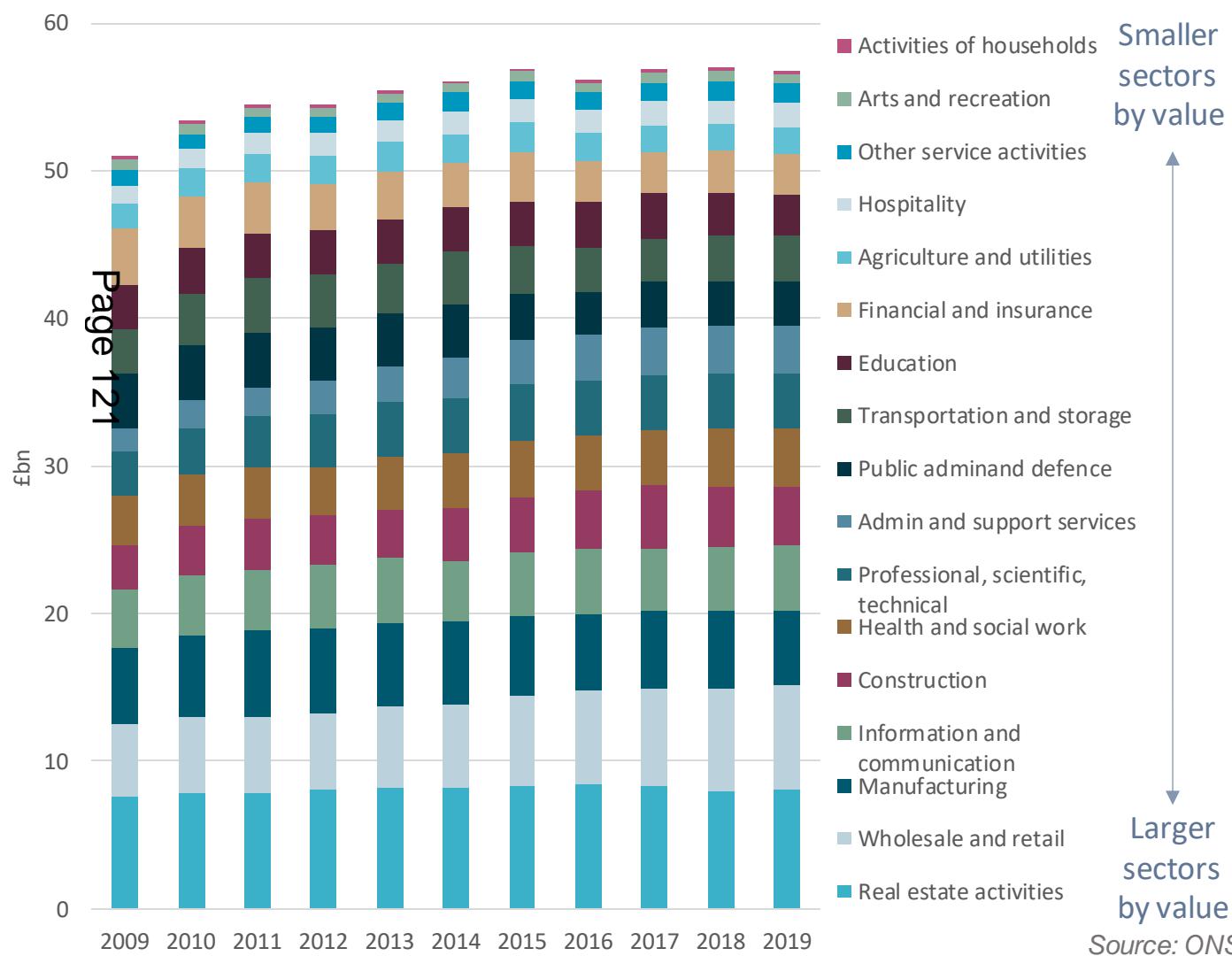
The heart of the UK's defence sector across armed, naval, and air forces

785,530 visitors in 2019 (up 21% from the previous year)

CO2 emissions are lower than average and falling faster

A £67bn economy with a broad range of specialisms

GVA by sector (£bn – 2018 prices) in Pan-Hampshire, 2009 – 2019



Pan-Hampshire's economy produces an output of £67.2bn in GDP or £56.8bn Gross Value Added (GVA – 2019 value). **This is 3% of the whole UK economy.** Pan-Hampshire recovered strongly from the financial crisis with 10% growth between 2009 and 2014. However, Pan-Hampshire has seen a slowdown since then of only 1.3% growth between 2009 and 2014. This reflects the “productivity puzzle” being seen in much of the UK.

Many of Pan-Hampshire's largest sectors are in professional services – property (£8.1bn), information and communication (£4bn), professional, scientific and technical activities (£3.7bn) and finance and insurance (£2.7bn). Administration and support services has been the fastest growing sector with 106% growth over the period. This is followed by wholesale and retail, which with 43.4% growth has become Pan-Hampshire's second largest sector (£7bn) and construction (32.5%) – which has been associated with Pan-Hampshire's strong growth in housing stock (see slide 7). Meanwhile, just under a tenth of Pan-Hampshire's output comes from manufacturing, at £5.1bn.

However, not all sectors are easily picked up by the standard categories. A study undertaken by the Centre for Economics and Business Research for Solent LEP calculates that the **Maritime sector (including Portsmouth Naval Base) along the Solent supports £12 billion in turnover, £5.8 billion in GVA, 152,000 jobs and £2.5 billion in employee compensation.** Aerospace and aviation is very significant, and defence (see slide 6) is also a sector where it is hard to capture value directly – but is one which makes a major contribution.

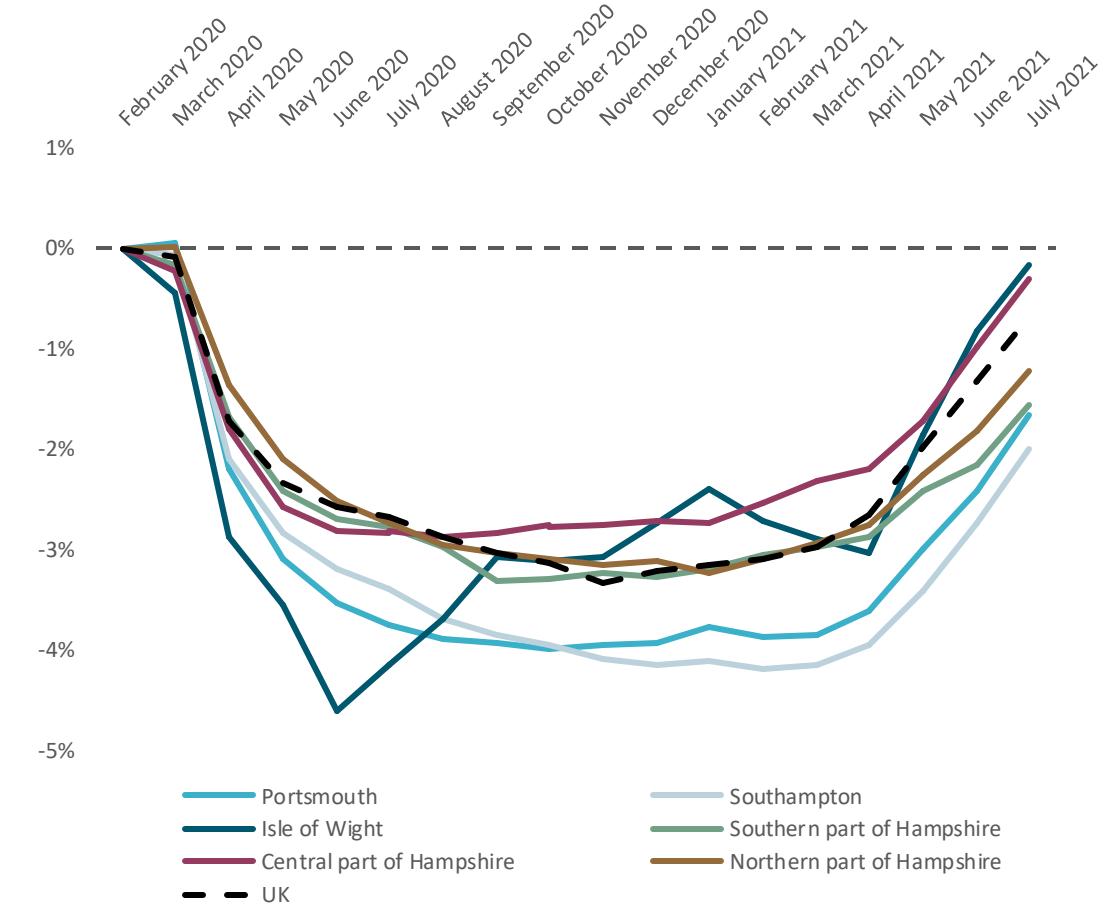
A varying economic picture across Pan-Hampshire

Latest productivity data from the ONS shows that GVA per hour worked (the best measure of productivity) varies from £29.60 per hour on the Isle of Wight to £49.60 in the northern part of Hampshire. This is a result of uneven growth over the last two decades – with Southampton seeing productivity increase quickly in the five years before the financial crisis, but then dropping back, while Portsmouth has seen productivity growth continue.

Pan-Hampshire's economic recovery from the COVID-19 pandemic has also been variable. The chart adjacent shows change in employment for ITL 3* areas, relative to a pre-COVID-19 (February 2020) baseline, with the latest available data (July 2021).

The Isle of Wight and the central part of Pan-Hampshire (East Hampshire, New Forest, Test Valley and Winchester) were almost back to pre-COVID-19 employment levels ahead of the UK recovery, with strong growth in the Isle of Wight likely prompted by a UK summer holiday boost. At the same time, the two cities of Portsmouth and Southampton have seen a slower recovery, with employee levels 1.7% and 2.0% below February 2020 respectively.

Change in total employees since February 2020, ITL3* regions



At the heart of the UK's defence capability



QINETIQ



SURFACE
TECHNOLOGY
INTERNATIONAL



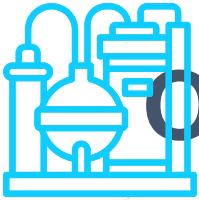
Pan-Hampshire has major capabilities across all aspects of defence. Portsmouth is the UK's oldest naval base and remains at the heart of the Royal Navy's operations, with two-thirds of the surface fleet stationed there. HMS Collingwood in Fareham, is the Royal Navy's largest training establishment.

The British Army Land Forces Headquarters, which controls all troops of the British Army worldwide, is based in Andover, with more than 2,000 military and civilian personnel stationed there. Aldershot Garrison is recognised as "the home of the British Army", having served as a garrison since the 1850s, with a current population of over 10,000.

The oldest military airfield site in the UK is in Farnborough (now part of London Farnborough Airport). RAF Odiham is a front-line support helicopter base, which is home to the UK's Chinook Force.

Pan-Hampshire is also home to one of the two Defence Science and Technology Laboratories in Fareham (Portsdown West), with the other (Porton Down) across the border in Wiltshire. Both are at the heart of developing new technologies and equipment for the defence sector.

As well as these major assets, Pan-Hampshire hosts some of the largest private sector operators in the Defence and Aerospace sectors. BAE systems, QinetiQ, Safran, Surface Technology International, and Airbus all have large sites in the county, supporting a symbiotic relationship with public bodies.



One of the UK's prime international gateways

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Together, Portsmouth and Southampton shipped 37 million tonnes of freight in 2019. Southampton is the sixth biggest port in the UK by tonnage of freight moved, and the third biggest for trade outside of the EU. It also handles 83% of all international cruise passengers visiting the UK. This makes it central to the Government's Global Britain agenda. Southampton is also the UK's number one vehicle handling port.

Portsmouth has the third highest number of passengers for short sea journeys from the UK, with connections to France, Spain, the Channel Islands and the Isle of Wight.

New development at the Solent Gateway (Marchwood Port) will further support international trade as well as strengthening the MoD estate.

Fawley is home to the UK's largest oil refinery, a piece of critical national infrastructure supplying the UK's major airports.

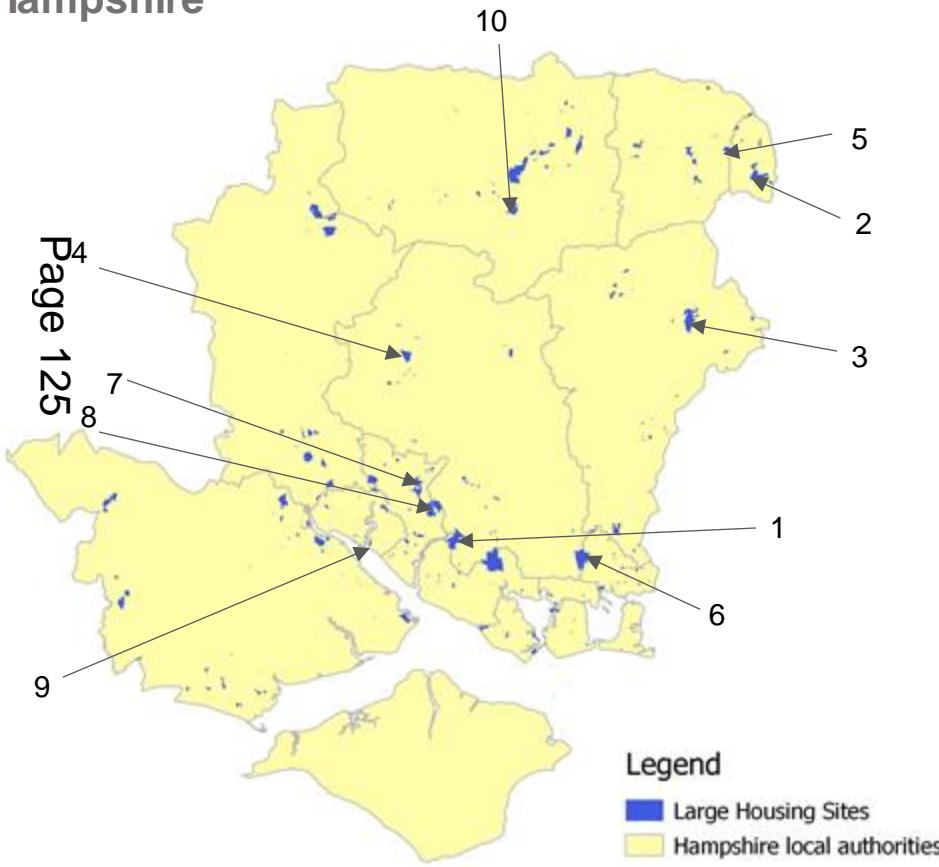
Southampton International Airport (Eastleigh) currently has routes to nine countries and handles 1.8m passengers a year. Farnborough Airport is a premier business airport, voted Number One European Fixed Base Operation (FBO).

The two main passenger terminals – Southampton airport and Portsmouth harbour – have direct rail connectivity to London in less than two hours, and direct routes across the South East, South West and the Midlands.

The Solent freeport proposal looks to bring these assets together, enabling the growth of a major new trading area at the heart of global Britain. A County Deal would enable Pan-Hampshire to capitalise on the opportunity this will provide, harnessing it for the benefit of the whole county.

Large housing sites with a track record of delivery

The ten largest housing sites in Pan-Hampshire



Pan-Hampshire has a track record of successfully delivering housing sites. Since 2010, there have been 58,778 successful completions in Pan-Hampshire. This is accelerating: in 2012-13 there were 3,758 net new dwellings in Pan-Hampshire, this figure has increased year-on-year, such that by 2019-20 it had more than doubled to 8,293.

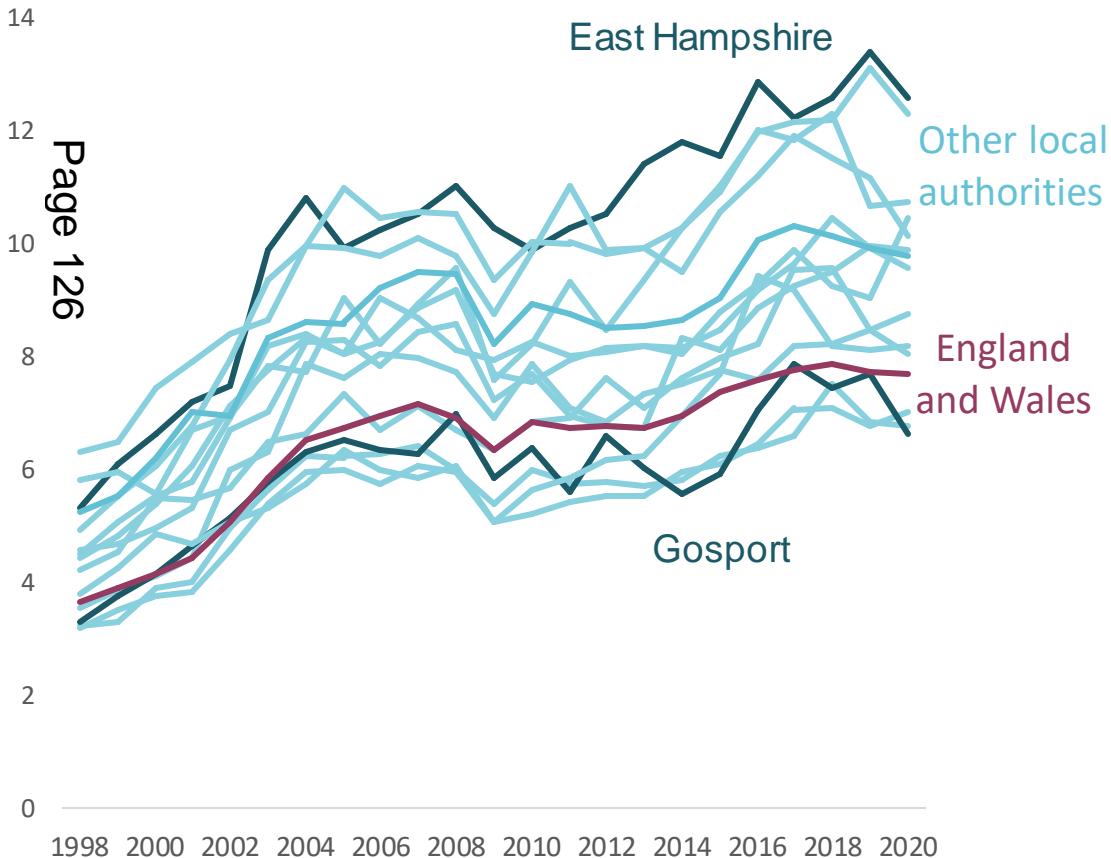
Pan-Hampshire also has big opportunities to provide more housing - as of April 2020, there are 45,710 outstanding permissions locally. The largest ten sites alone have 17,189 permissions granted – these are shown on the table below, and on the map to the left.

Pan-Hampshire can therefore make a major contribution to the Government's plans to deliver 300,000 houses a year by the mid-2020s – it is already contributing 2.7% of that figure. Additional powers of land assembly and development, delivered through a County Deal, would allow Pan-Hampshire to accelerate the delivery of these sites.

No.	Site	Net Outstanding Permissions (as of April 2020)
1	North Whiteley	3496
2	Aldershot Urban extension	3046
3	Whitehill and Bordon	2445
4	Barton Farm, Winchester	1758
5	Hartland Park, Fleet	1500
6	Grainger Development Site, Waterlooville	1709
7	Chalcroft Farm, Horton Heath	950
8	Land North and East of Boorley Park	774
9	Centenary Quay, Southampton	761
10	Hounsome Fields, Basingstoke	750

Housing affordability is a huge challenge in some parts of the county

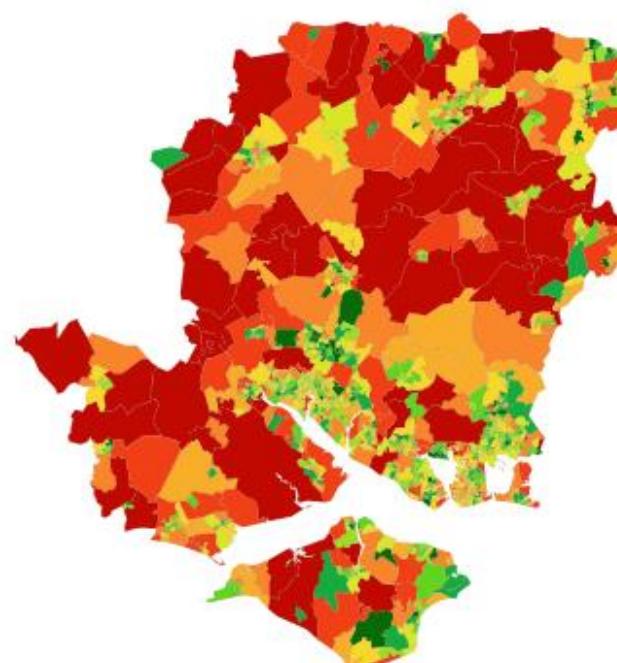
Median house price to median income ratio across Pan-Hampshire



Barriers to housing and services domain of deprivation

Deprivation decile

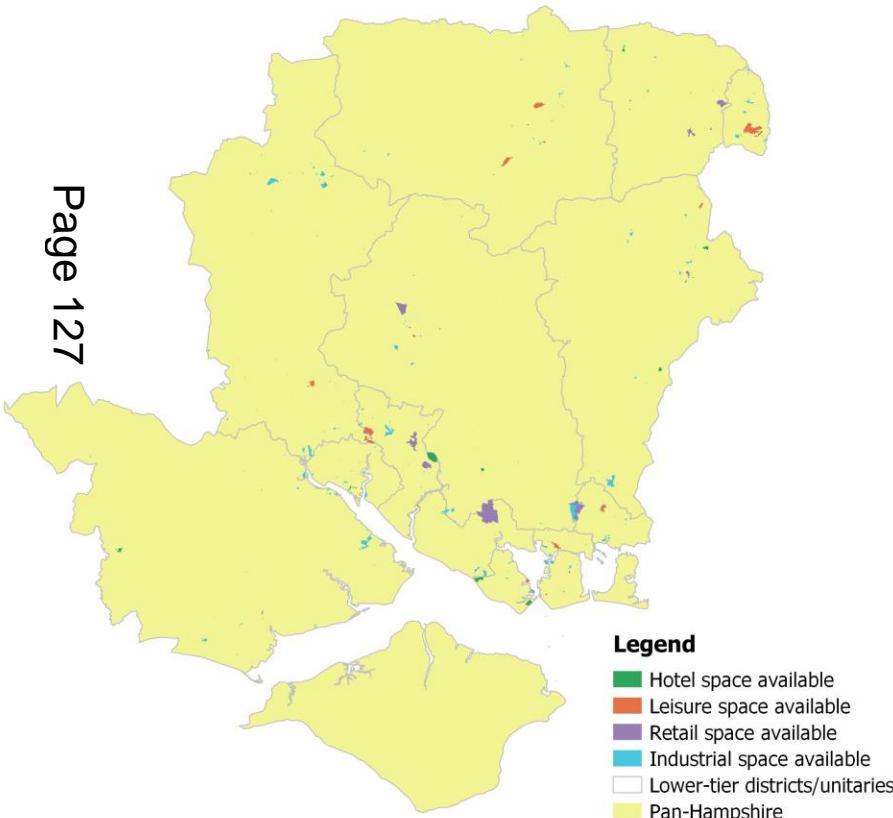
Decile ● 1 ● 2 ● 3 ● 4 ● 5 ● 6 ● 7 ● 8 ● 9 ● 10



While housing markets are strongly linked in Pan-Hampshire, the affordability of housing varies hugely. As the chart, left, shows, all areas of Pan-Hampshire have become less affordable, but in East Hampshire the ratio of median house prices to earnings was 12.6 in 2020, almost twice Gosport (6.6). The barriers to housing and services domain in the Index of Multiple deprivation picks up the deprivation challenges created by unaffordability, as well as showing the challenges accessing services. In many rural areas in Pan-Hampshire, low affordability and poor access to services combine to heighten this type of deprivation. A revolving infrastructure fund could allow Pan-Hampshire to tackle the different, related, housing challenges it faces. 38

New commercial developments with a track record of delivery

Commercial space available in Pan-Hampshire



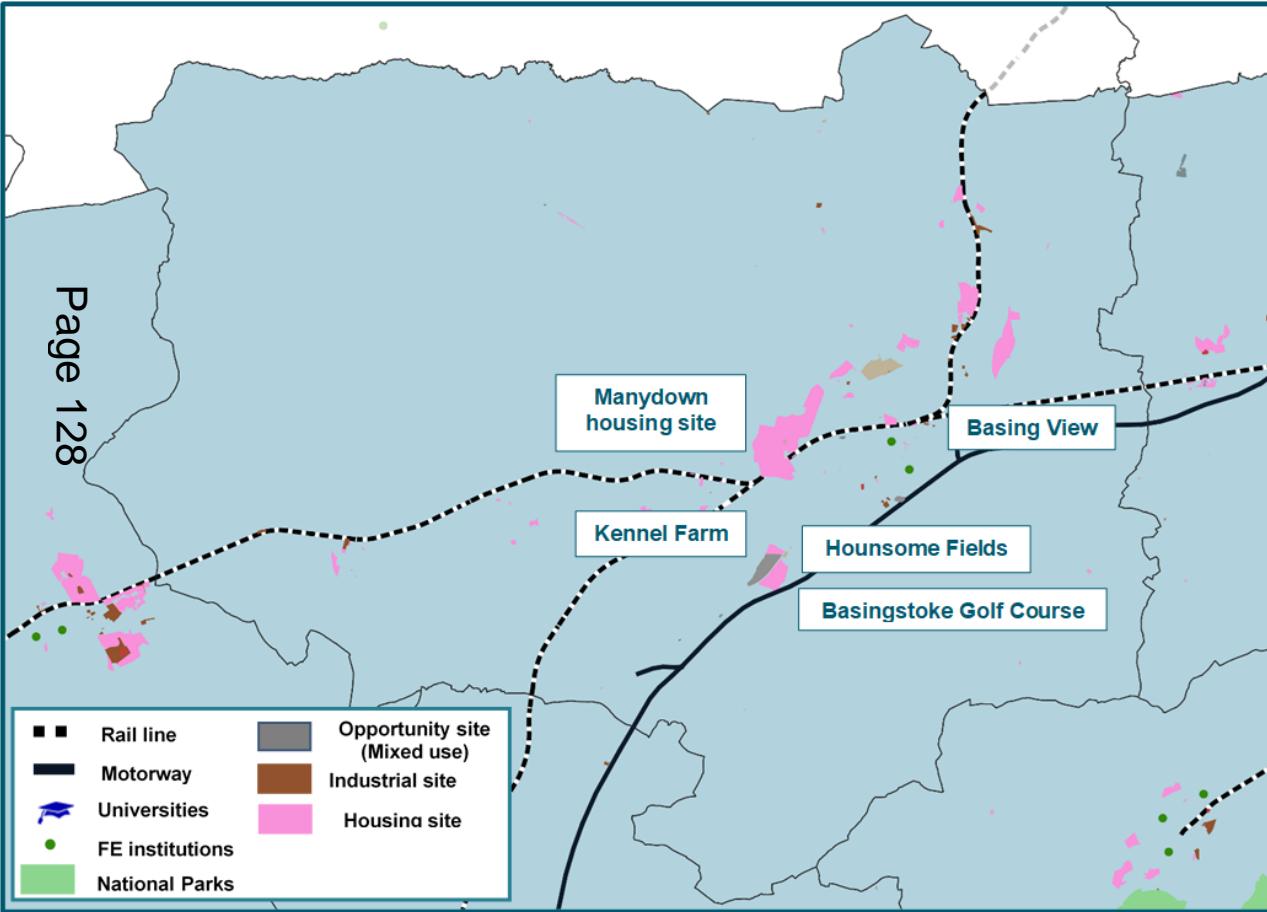
Pan-Hampshire is also a prime location for the development of new commercial space with good connectivity. This is in high demand due to the proximity to London and the two ports.

The potential has increased due to the shift towards remote working experienced during the pandemic. Co-working spaces have opened in towns across Pan-Hampshire which offer the benefits of a town centre location combined with fast access to London when needed.

Since 2010, Pan-Hampshire has delivered over 1 million m² of office and industrial space, and over 300,000 m² of retail space. Pan-Hampshire is well placed to continue this development – there is currently 1.4 million m² of industrial and office space permitted or allocated, and a further 243ha of land which is suitable and available for such development.

Additional development and planning powers, delivered through a county deal, would enable Pan-Hampshire to continue to provide the space business needs, in a way which is environmentally sustainable and supports town and city centres.

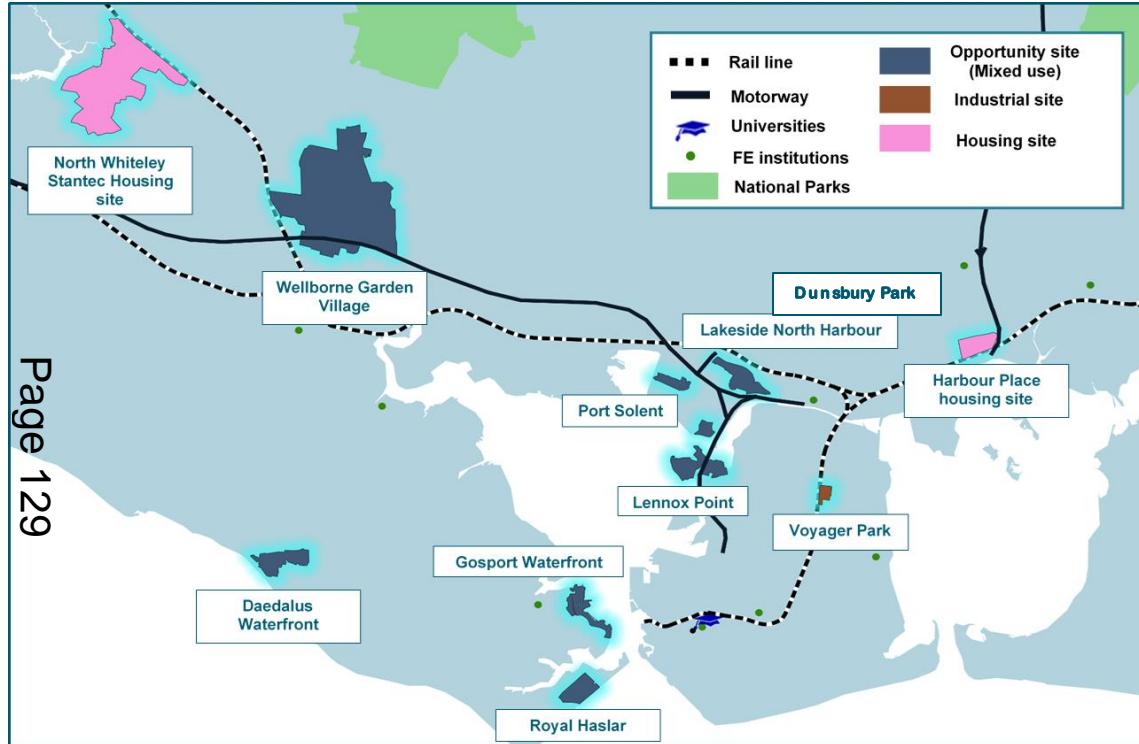
Major opportunities: Basingstoke



- **Manydown** is a new community of up to **3,520 new homes**, plus community facilities, being created on the northern part of Manydown. The community will also contain a **250-acre country park**. Outline planning permission was granted in July 2020. New homes are planned to be delivered by 2023 and there is potential for further significant development beyond the area which currently has planning permission.
- **Basingstoke Golf Course** is to be redeveloped into a mixed-use site consisting of housing and local facilities. Plans were approved in July 2020 and will **see 1,000 homes built** on the site, along with the construction of a retail centre and sports facilities, providing commercial opportunities, as well as a community building and day nursery.
- **Hounsome Fields** is a housing development that also has some mixed-use space. It is primarily a housing development site, with 750 new homes and a community facility. It forms one of three sites (along with Kennel Farm and Basingstoke Golf Course) that are set to deliver the urban extension south-west of Basingstoke and its infrastructure, including early proposals for a new hospital and significant employment land.
- **Basing View**, a 65-acre business park in the centre of Basingstoke. It is located within a five-minute walk of Basingstoke train station, linking to London in 45 minutes and Heathrow in under an hour. Basing View forms part of the wider EM3 Space Hub and is home to world-leading technologies in 5G development, including the 5G emulator

NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

Major opportunities: Portsmouth and south east Hampshire



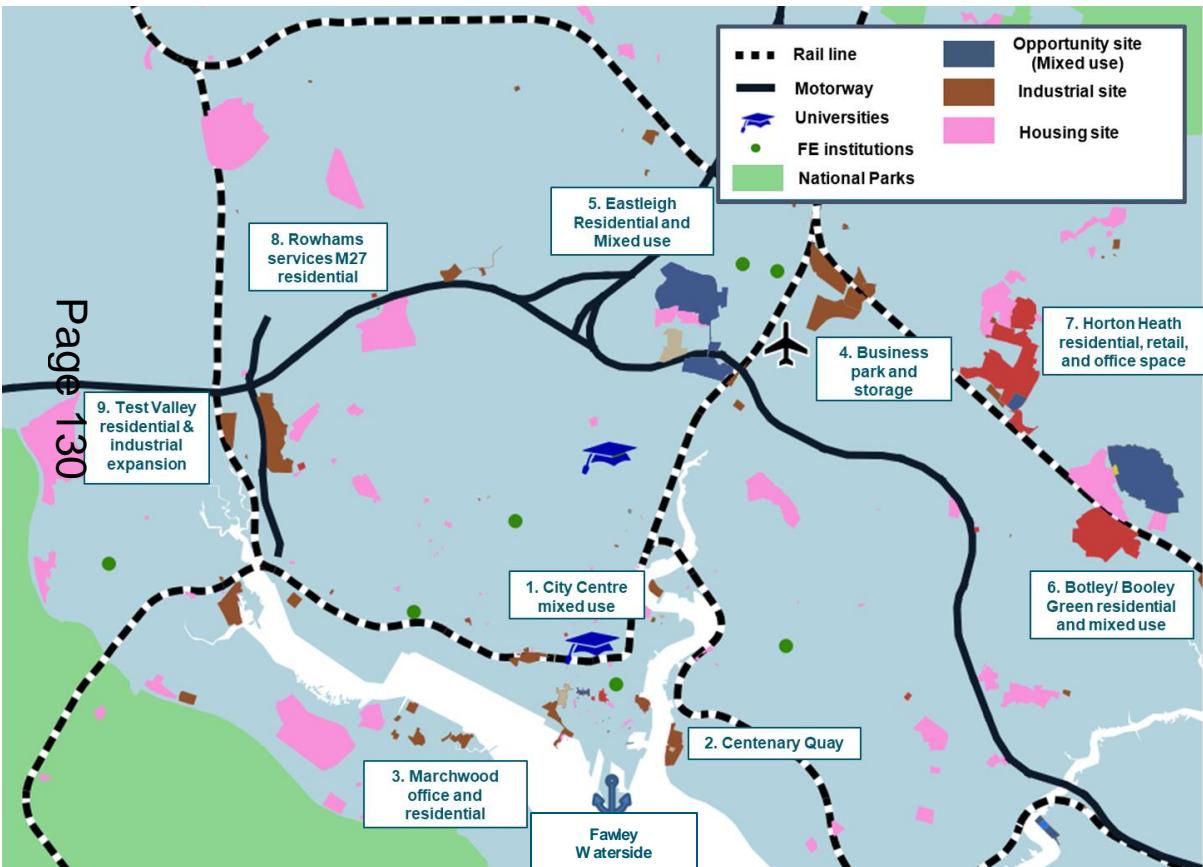
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- Dunsbury Park is a business park on the A3(M) with expansion opportunities for advanced manufacturing in multiple high growth sectors, including aerospace, marine and maritime, engineering, automotive, creative and digital, clean growth technologies and pharmaceutical and health care manufacturing businesses – identified as part of Freeport Proposals.

- The **Daedalus Waterfront** sits within the Solent Enterprise Zone in Gosport. Work is underway to create a thriving waterfront mixed-use development for retail, leisure, industrial and residential purposes. The site will provide **498 residential units, 35,812m² for office and industry and 2,321m² for mixed use development**.
- The **Royal Haslar** situated on the south coast of Hampshire and only 1.2km away from the Gosport ferry terminal, is a large-scale mixed-use waterfront project that will be delivered through a £100m investment. The site will provide **271 new residential units, 244 retirement homes and 60 bed care homes**. The site will also offer **4,600m² of commercial space for retail, industrial and leisure purposes**.
- Lennox Point** is an ambitious and innovative development for a new car free waterfront neighbourhood in Portsmouth. The site will provide around **3,500 new homes**, just under a quarter of Portsmouth's 2036 goal. New homes will be designed to enable connectivity and accessibility through living streets, communal gardens and pedestrianised spaces. A new green marine technology hub will be built on the site that will accommodate **58,000m² of employment space** to further accelerate this sectoral strength.
- Port Solent** is an expansion of the existing site to help regenerate Portsmouth's Northern Gateway. The overall vision will be to create a sustainable mixed-use development that provides housing, employment, and community facilities. The site will deliver **500 dwellings and 2,000m² space for marina related activities (industrial)**.
- Voyager Park** is a 32-acre site which represents the largest industrial development in Portsmouth for several years. Once fully developed, the park will provide **60,000m² of new industrial and warehouse space**. The first phase has already been completed, which delivered **16,000m² of industrial space**.

NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

Major opportunities: Southampton and south western Hampshire



- Major investment in Southampton's retail offer has transformed the city centre. The next phase of the emerging vision is the significant development of prime office space. There are large mixed-use developments around the high street and **West Quay** as well as substantial industrial and residential developments on the waterfront next to **Mayflower Park**.
- Centenary Quay** is a development of new one to three bed homes in Southampton, with 867 completed 761 homes still to come, as well as office provision.
- Just west of the Airport in Eastleigh, there is a large mixed-use site, which includes over **1,200 homes**, **around 500** of which have been completed to date. The site develops parkland and includes some existing residential stock. There is also an employment site, included as part of the Freeport proposal.
- In **Botley, Eastleigh** there is a large mixed-use site being developed, split into three areas, all containing residential (totaling approx. 3,000 homes). The north-eastern portion also contains allocations for retail, leisure, and hotels.
- Fawley Waterside** is a development opportunity on the site of the old Fawley power station which will create approximately 1,500 homes and support 2,000 jobs in advanced manufacturing, marine and technology industries and in support services such as hospitality, shops and leisure.

NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

Comprehensive transport infrastructure

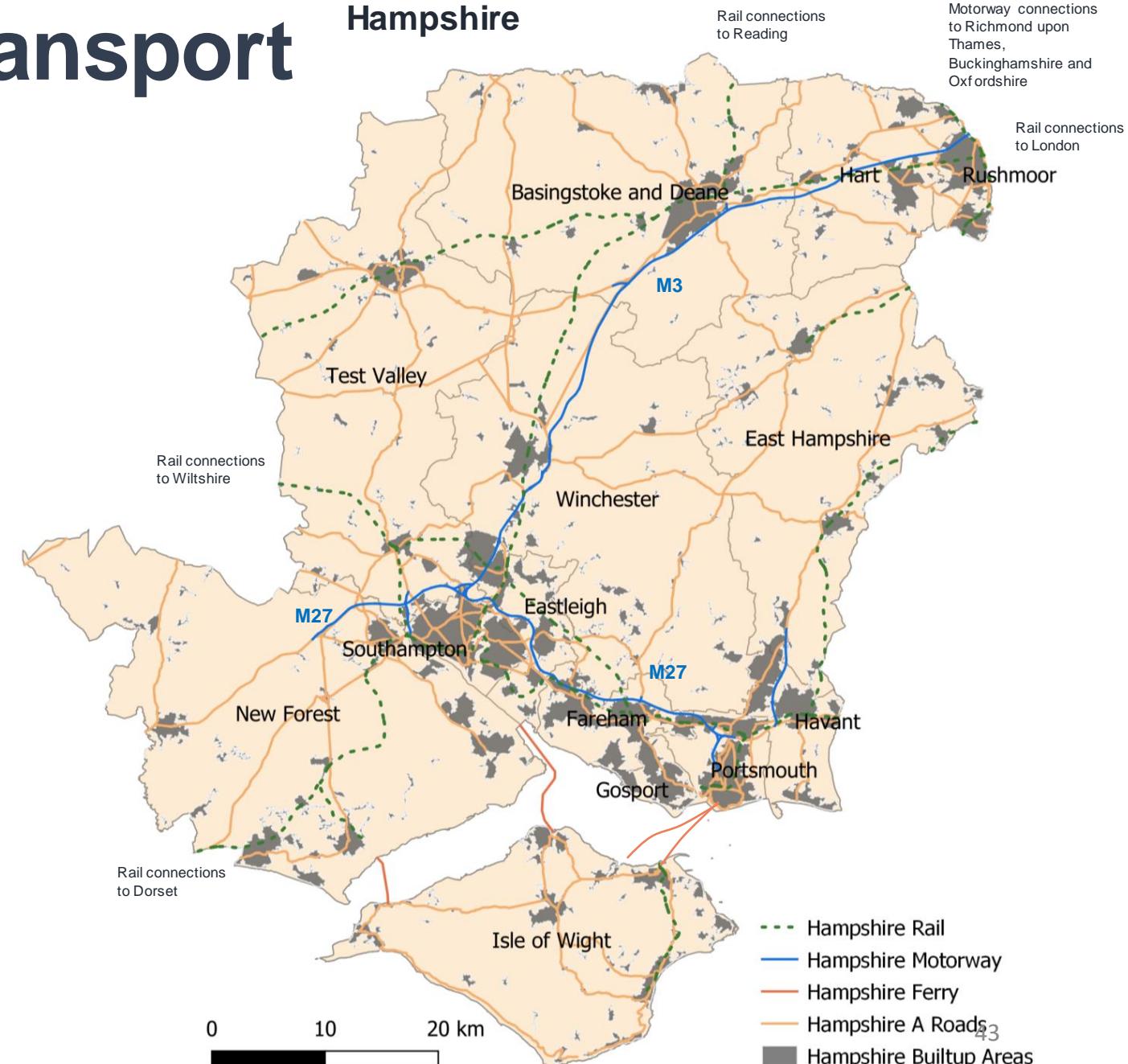
Pan-Hampshire is well connected. The M3 is the primary motorway artery from London, bisecting the area, which joins the M27 providing connectivity across the main southern urban area. The rest of Pan-Hampshire (excluding the Isle of Wight) is linked to these motorways via A roads.

Pan-Hampshire has good, direct rail connections to London, as well as the rest of the country via links to Birmingham and Bristol. There are also many points of connection for ferries to the Isle of Wight, linking across the Solent.

A County Deal would enable Pan-Hampshire to improve these links where they are causing issues – such as on the M27, where junction 10 causes friction and reduces the economic potential of the urban area spanning Southampton to Portsmouth. More generally, tackling congestion will unblock key routes and increase productivity. Pan-Hampshire could also potentially gain stronger control of its public transport networks – supporting a shift away from the car in an area where many drive to work.

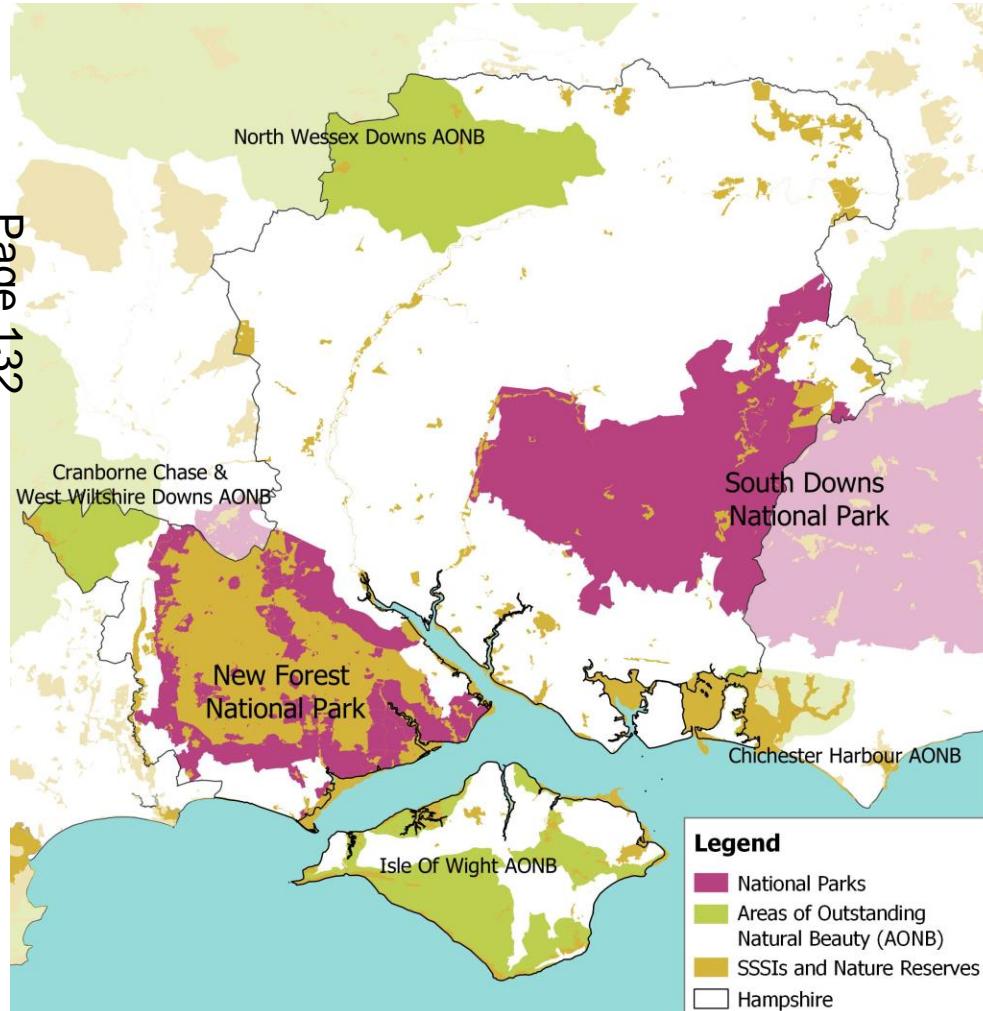
Source: Ordnance Survey

Transport Links in Pan-Hampshire



Unique environmental assets across coast and country

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Large areas of Pan-Hampshire are areas of national environmental importance. The New Forest National Park sits almost entirely within the county, and a large area of the South Downs National Park also sits within the county. This is in addition to three Areas of Outstanding Natural Beauty – the Isle of Wight, the North Wessex Downs, Cranborne Chase and West Wiltshire Downs.

The landscape is diverse, with heath, hills and coastal areas. There are eleven distinct National Character Areas in Pan-Hampshire, as defined by Natural England, including the South Coast Plain and Hampshire Downs. Pan-Hampshire also has approximately 290 miles of coastline, 148 nature reserves and 362 Sites of Special Scientific Interest (SSSIs).

Pan-Hampshire's coastal position, however, also makes it vulnerable to climate change, particularly given the very large urban area from Portsmouth to Southampton, clustered on the south coast. Much of the county is within Flood Zone 2 or 3.

A County Deal could provide Pan-Hampshire with new powers from the Environment Agency, such as over the management of River and Coastal Flooding, as well as collaborating on innovative solutions to shared environmental challenges.

Source: Ordnance Survey

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A visitor economy on an upward trend



Source: VisitBritain (2019)

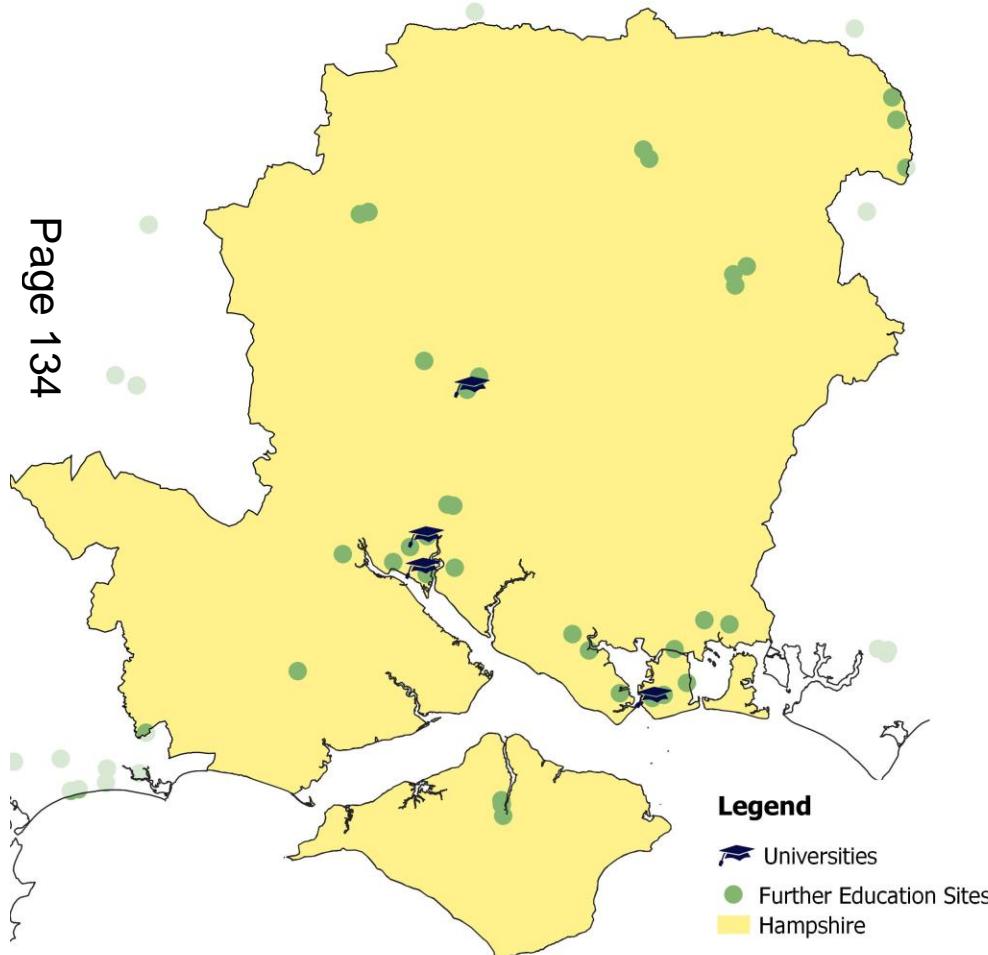
Pan-Hampshire's visitor economy is anchored by its natural assets, including national parks and coastline, as well as its cultural assets, such as Winchester Cathedral, Portsmouth Historic Dockyard and the National Motor Museum.

The charts to the left show visitor numbers and spend in Pan-Hampshire between 2002 and 2019. In 2019, there were a total of 785,530 visitors to Pan-Hampshire (which reflects a 21% increase from the previous year). The most frequently cited purpose of travel was for visiting friends and family (45%), followed by holidays (29%) and business (20%).

In spending terms, there was £451.14m spent by visitors in 2019, which reflects a proportionally higher change from 2018 compared to visitor numbers at an 81% increase, indicating that visitors are spending more when they come. Those who visit for study spend the most at 30% of the total followed by visiting friends and relations (27%) and holiday (22.6%).

A world-class education offer with strong links to industry specialisms

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Pan-Hampshire's higher education offer comprises four major universities, with specialisms linking to its sectoral base.

The University of Southampton is a founding member of the Russell Group of Universities - ranked 15th in the UK in the Sunday Times rankings and has the 8th highest research intensity for a UK university. Departments include the Southampton Marine and Maritime Institute, which has direct links to local natural assets, and is a thought leader in Global Marine Technology trends. Southampton University is also home to the National Oceanography Centre.

The University of Portsmouth has a research focus on Transportation and Maritime Systems, within a broader focus on Operational Research and Logistics. It has a strong focus on international reach, with over 4,000 international students from over 150 countries, and regional offices in 78 countries.

Solent University is also closely tied into Pan-Hampshire's maritime specialisms, with the UK's largest ship and port simulation centre and the Warsash Maritime School.

Winchester University, meanwhile, is closely linked to Pan-Hampshire's professional services sector specialisms, with the Hoare Centre for Responsible Management and the Centre for Information Rights.

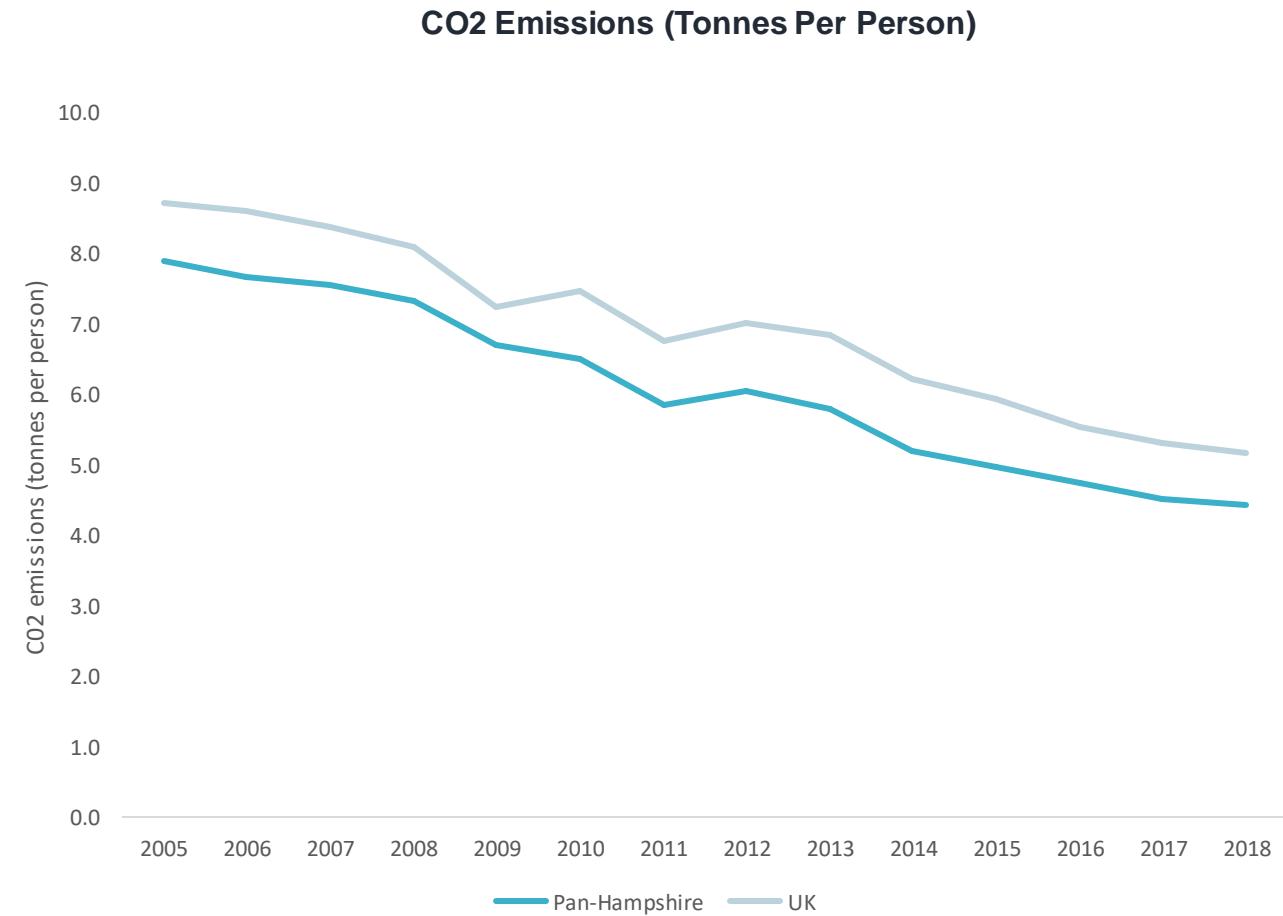
In addition, Pan-Hampshire's further education colleges house specialist training centres such as Fareham College's Centre of Excellence in Engineering, Manufacturing and Advanced Skills Training, linked to Pan-Hampshire's manufacturing specialisms, and the Farnborough College of Technology which has an apprentice programmes for the aviation sector.

Overall carbon dioxide emissions are lower than UK average in Pan-Hampshire and falling faster

Pan-Hampshire's businesses and residents are leading the way on net zero. As of 2018, CO₂ emissions in Pan-Hampshire stood at a total of 8,803 kilo tonnes, equating to 4.4 tonnes per person. This rate per person is **lower than the national average** (5.2 tonnes per person).

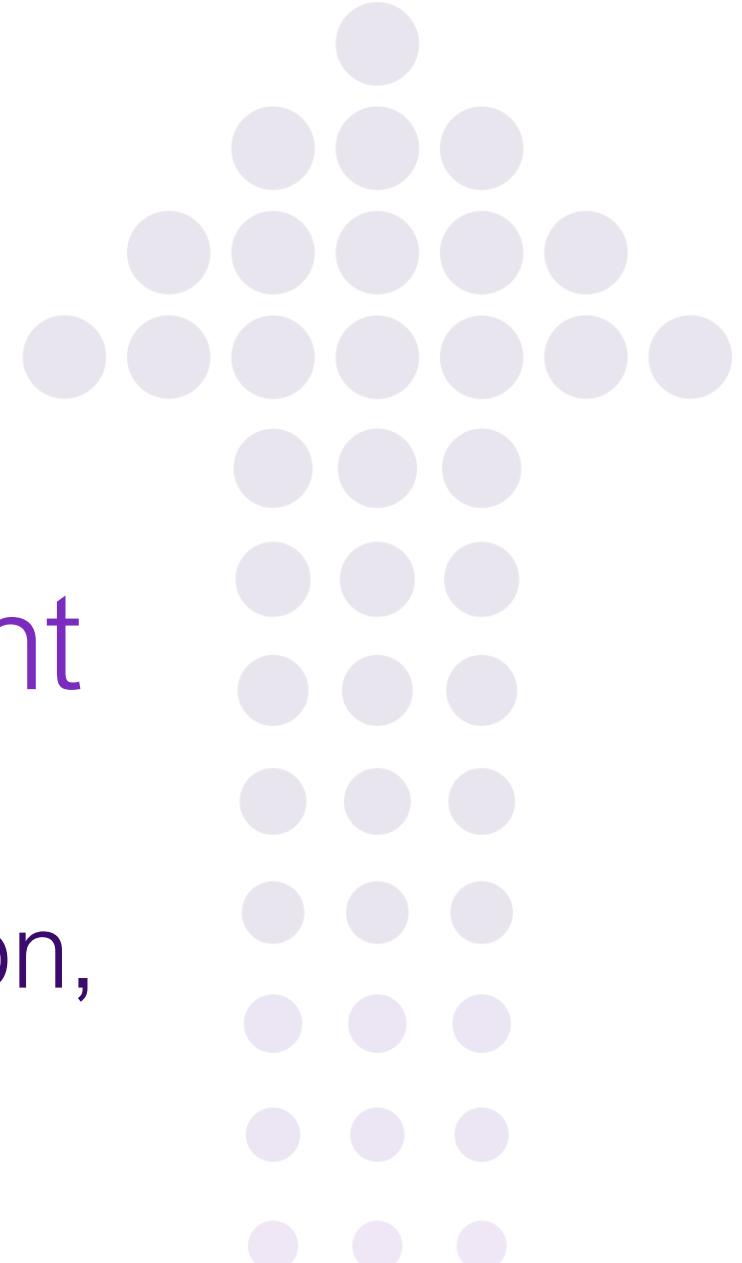
Emissions in Pan-Hampshire have also **fallen at a faster rate than the national average**. Since 2005, emissions per capita in Pan-Hampshire have fallen by 43.8%, compared to a fall of 40.5% nationally – despite already beginning from a lower base. This demonstrates Pan-Hampshire's improving green credentials.

To continue to drive down emissions, an offer around a county-led approach to Pan-Hampshire-wide initiatives could form part of a County Deal.



Overall high outcomes for residents but with significant spatial inequalities

Review of data related to population, health, education and deprivation



Variation in population density

Pan-Hampshire has a population of 2 million. Across the area as a whole, Pan-Hampshire has a population density of 479 residents per km², which is in line with the South East average (478 residents per km²) but above the UK average (274 residents per km²).

The map to the right shows population density at the local level across Pan-Hampshire overlaid with major roads, ports, airports, universities, FE colleges and sixth forms.

This is a diverse area with **large variation in population density**. There is a **higher population density in the urban core** of Portsmouth and Southampton, with the highest density of 5,000 residents per km². This is where **major infrastructure, assets and large housing sites are located**.

In contrast, **rural areas have lower population density**, with the lowest at 188 residents per km² in Winchester District. **There are challenges around delivering health and social care to dispersed and rural populations.**

Hampshire ports and airports

Hampshire ports and airports

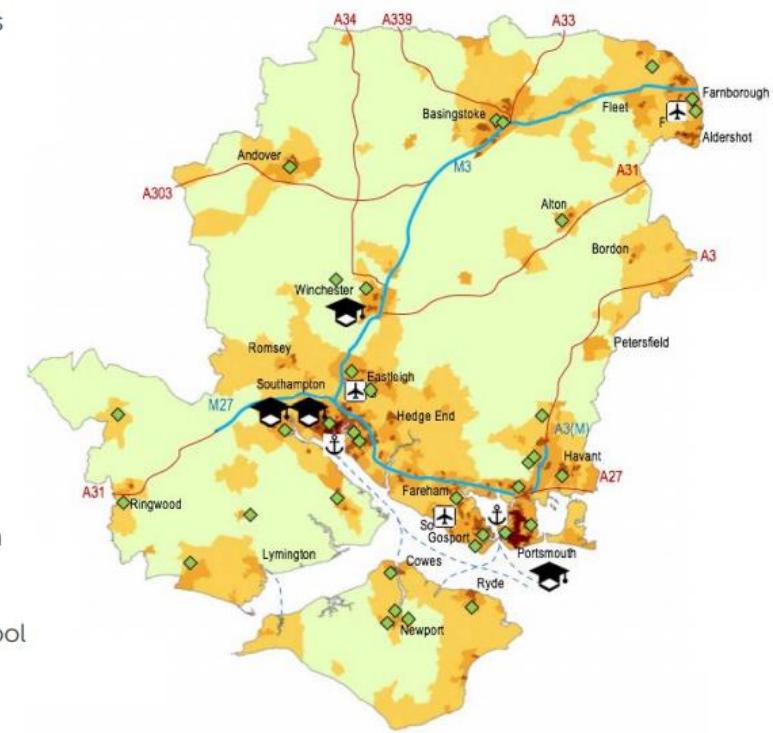
- ⚓ Major ports
- ✈ S – Southampton
- ✈ F – Farnborough
- ✈ So – Solent

Population density
(people per sq km)

- >10,000
- 5,000-10,000
- 1,000-5,000
- 100-1,000
- < 100

Higher and further education

- 🎓 University
- ▣ FE College/6th form school or college



With an older and ageing population

The 2m population in Pan-Hampshire has grown on average 0.7% per year from 2009 to 2018, which is in line with the UK average.

Pan-Hampshire has **an older and ageing population** than other parts of the UK. The chart to the right shows the population structure in Pan-Hampshire. This demonstrates that Pan-Hampshire has a lower proportion of younger people than the UK average and a higher proportion of older people.

The child and youth population in Pan-Hampshire has had relatively little growth between 2009 and 2018, and the working age population has grown slightly slower than the South East and UK averages. In contrast, the mature population (65-74 year olds) grew slightly faster than the regional and national average at 3% per annum, and growth in the elderly population was faster than the national and regional averages. The county area has proportionally fewer young adults (20-30) reflecting rural migration to urban areas for education and work.

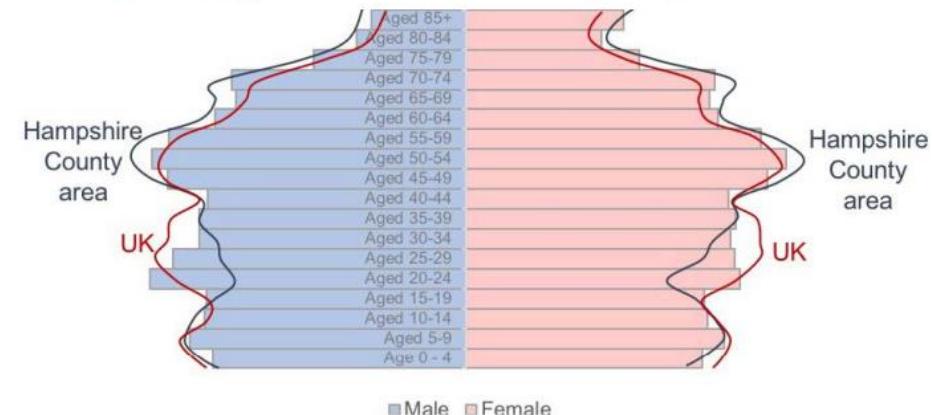
Pan-Hampshire had a dependency ratio (the ratio of young people and those aged 65 and over to the working age population) of 0.5¹ in 2009, 0.63 in 2019 and potentially rising to 0.66 in 2026. This is above the national average in each period but in line with the

regional average. Urban areas with younger populations tend to have a lower dependency ratio.

Over the period of 2019 to 2026, population growth is expected to be 0.4% per annum, in line with the national and regional averages. **But the growth in the population over 65 years will contribute to 90% of projected growth.** In the longer-term, the very elderly population (over 85s) are predicted to rise faster than other groups at 2.7% per annum, compared to a 0.3% average, accounting for almost one third of long-term population growth.

An older and ageing population has economic implications and increases the demand on health and social care.

Hampshire population structure (five-year age bands) – 2018



High performance across the lifecycle in Pan-Hampshire

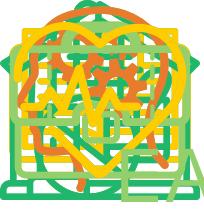
The Levelling up the Lifecycle Approach has been used to carry out a high-level diagnostic of the economic and social challenges facing people in Pan-Hampshire. This looks at outcomes for people in five different stages of life: Early Years, Childhood, Young Adults, Working Years and Older Years. It considers socio-economic indicators across the themes of education, skills, work, housing, deprivation and health.

Data has been compared for local authorities across England to rate the values into five categories from 'red' (worse) to 'dark green' (best) - RAG rating. This has involved ranking values for the indicators, and then the overall life stages, based upon a combined score of all the indicators in that life stage.

The infographic on the next slide shows the lifecycle for Pan-Hampshire as a whole. This shows that **Pan-Hampshire performs relatively well across the lifecycle**, with the second highest RAG rating for all life stages, except Young Adults. Outcomes for school readiness, housing quality and older age deprivation are particularly high. There are challenges for Young Adults, particularly around skills, which is potentially linked to lower education attainment in Childhood.

There are three lenses to view the lifecycle, each of which has been examined in turn:

1. **Geography** – spatial patterns and differences between places
2. **Life stage** – performance of places across five life stages
3. **Theme** – challenges by theme either within one place or across different places and/or in one life stage or across the lifecycle



EARLY YEARS

Education

Deprivation

Health

Education

Deprivation

Health

CHILDHOOD

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YOUNG ADULTS

Skills

Education and training participation

Work

Universal Credit

Health

Substance misuse

Skills

Work

Deprivation

Housing

Health

WORKING YEARS

Higher

Lower

Higher

Lower

OLDER YEARS

Work

Deprivation

Health



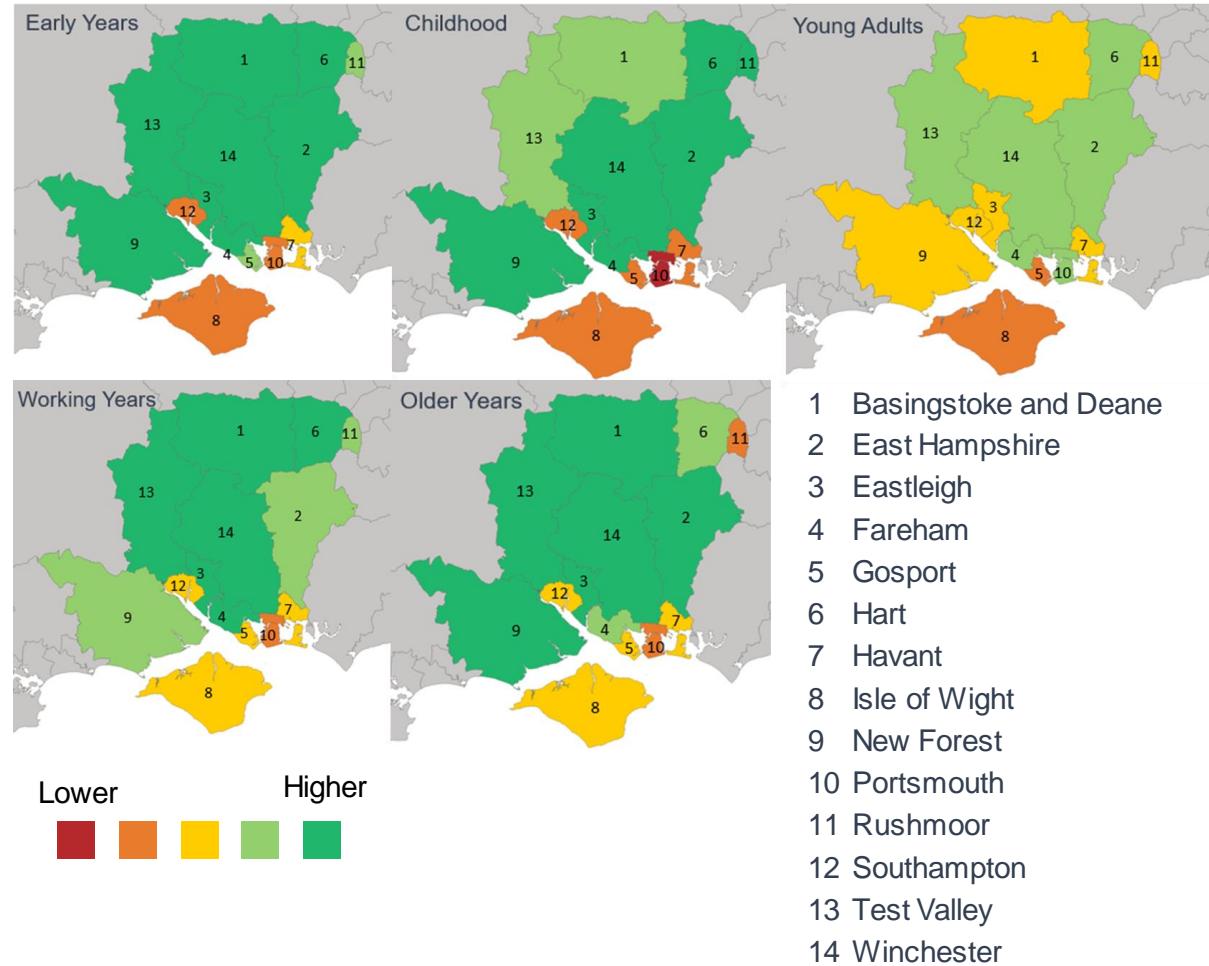
Spatial inequalities in performance between inland and urban/coastal areas

The first lens that will be assessed is **geography**. The map to the right shows the outcome of the lifecycle analysis at the place level in Pan-Hampshire for each life stage.

This shows that there are **spatial inequalities with high performance in the inland and rural areas and lower performance in the cities and coastal areas**.

Outcomes for people living in **Winchester, Test Valley, East Hampshire and Fareham are consistently ranked in the two highest RAG ratings**. For residents of the New Forest, Basingstoke and Deane and Rushmoor, outcomes are amongst the highest in the country for all life stages, except Young Adults.

In contrast, there are **more significant challenges in Southampton, Gosport, Portsmouth, Havant and the Isle of Wight**. Across different parts of the lifecycle, outputs are in the lower RAG ratings.



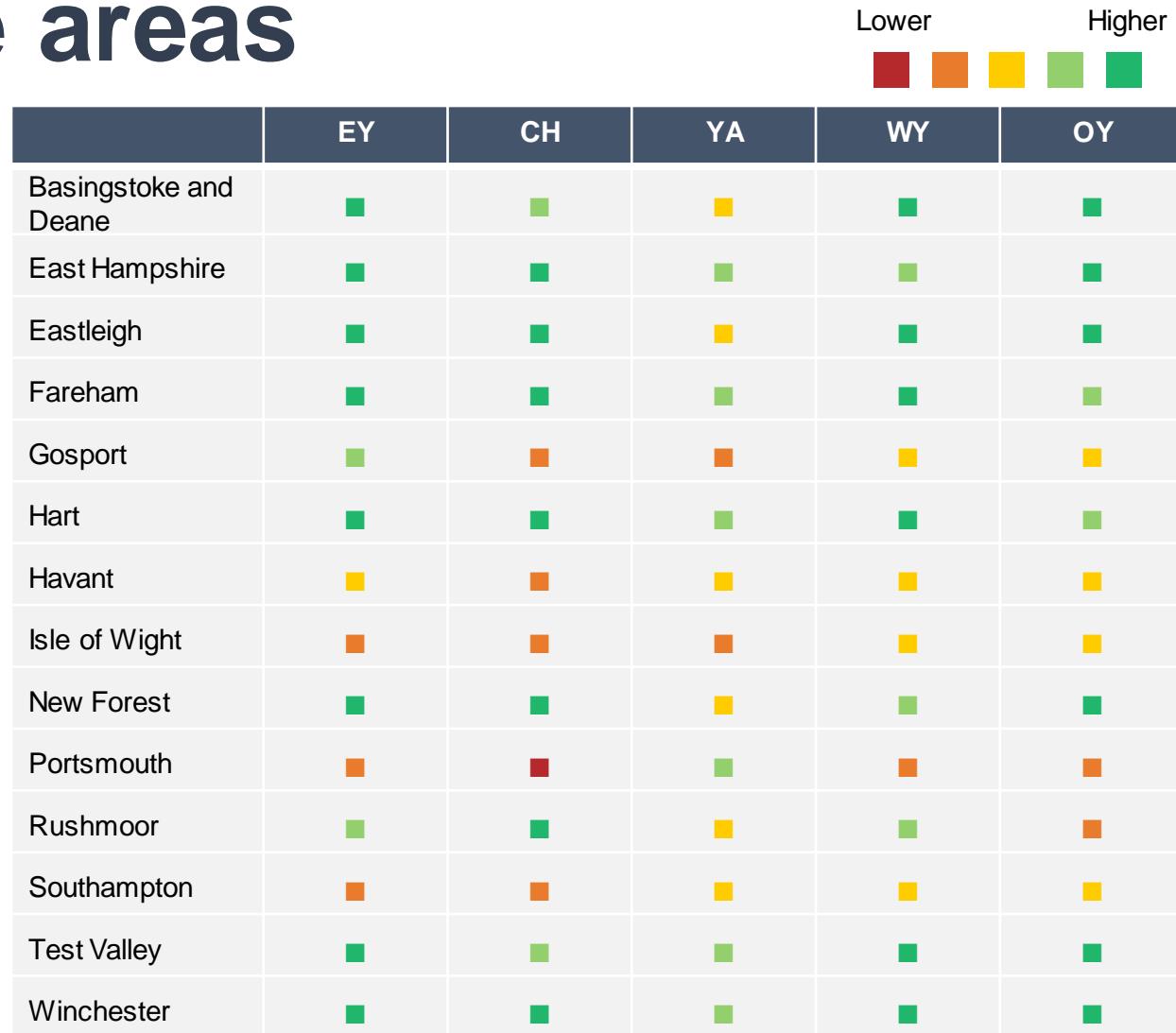
With challenges in Early Years and Childhood in some areas

The second lens is **life stage**. Based on the previous map of performance across the lifecycle and the table to the right, the life stages with the **most significant challenges and greatest spatial inequalities in Pan-Hampshire are Early Years and Childhood**.

Outcomes in **Childhood** are the lowest of all life stages with four places performing in the second lowest RAG rating (Gosport, Havant, Isle of Wight and Southampton) and **Portsmouth performing in the lowest RAG rating**. In contrast, seven places in Pan-Hampshire have amongst the highest outcomes in the country.

There are also poor outcomes for Early Years with the second lowest RAG rating in the Isle of Wight, Portsmouth and Southampton.

For Young Adults, most places have an average or relatively higher performance with lower outcomes in Gosport and the Isle of Wight. For Working Years and Older Years, outcomes are relatively high with low performance in relatively few places.



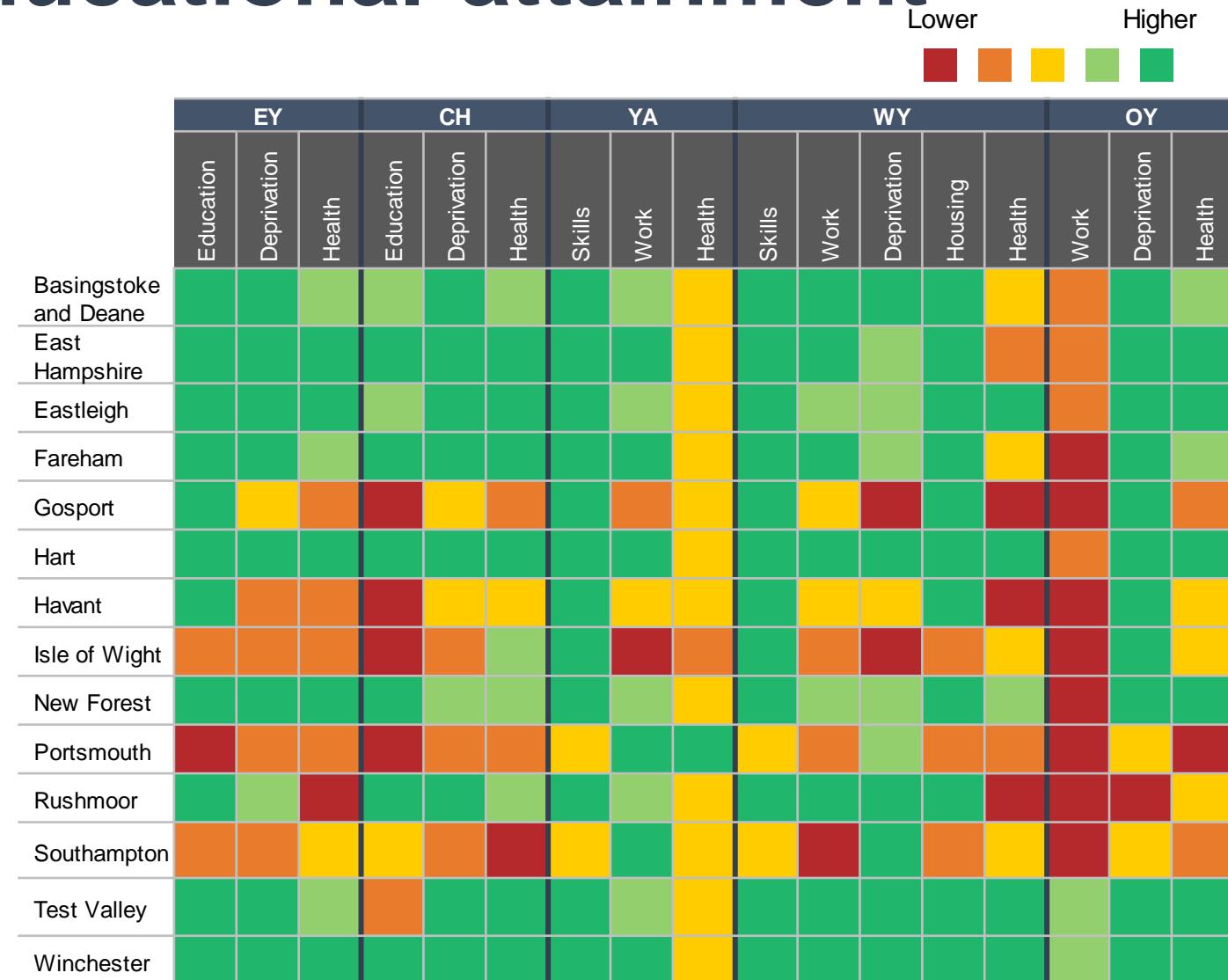
Driven by low educational attainment

The last lens explores the **drivers of high and low performance across the lifecycle**. The table to the right shows the breakdown of indicators in life stage across each place.

This shows that in the urban and coastal areas, there are challenges around school readiness and early years health. This continues into Childhood, where there is **amongst the lowest educational attainment in England** in some places.

In the cities and the Isle of Wight, there are challenges around work for Working Years, and **many jobs earn below the Real Living Wage** in Gosport and the Isle of Wight.

Most places in Pan-Hampshire **perform amongst the lowest two RAG ratings for over 50s employment**. This is likely to be for different reasons. In affluent parts of Pan-Hampshire where performance in other aspects of Older Years and across the lifecycle is higher, this is likely to be the result of **early retirement**. In more deprived areas with poorer outcomes across the lifecycle, this is likely to be due to **people leaving the workforce early**, potentially due to poor health or skills levels.

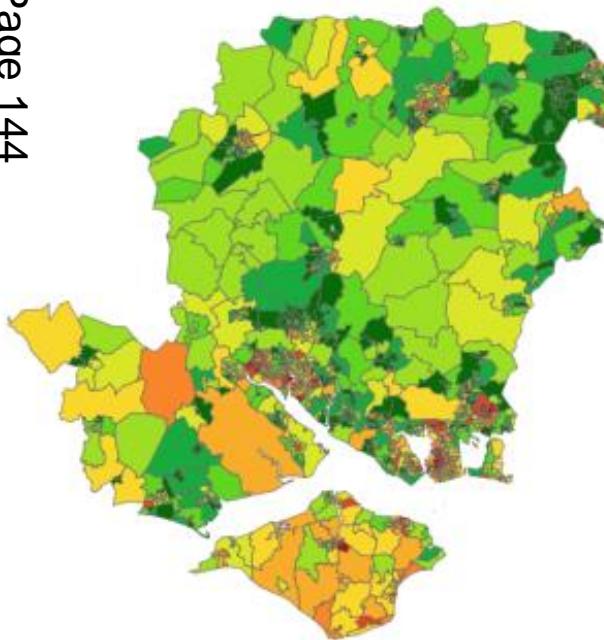


Low average levels of deprivation – but with some significant pockets

Deprivation decile

Decile ● 1 ● 2 ● 3 ● 4 ● 5 ● 6 ● 7 ● 8 ● 9 ● 10

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LSOAs in each national deprivation decile

20%

15%

England = 10%

10%

5%

1

2

3

4

5

6

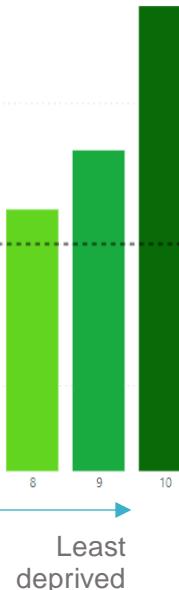
7

8

9

10

Most
deprived

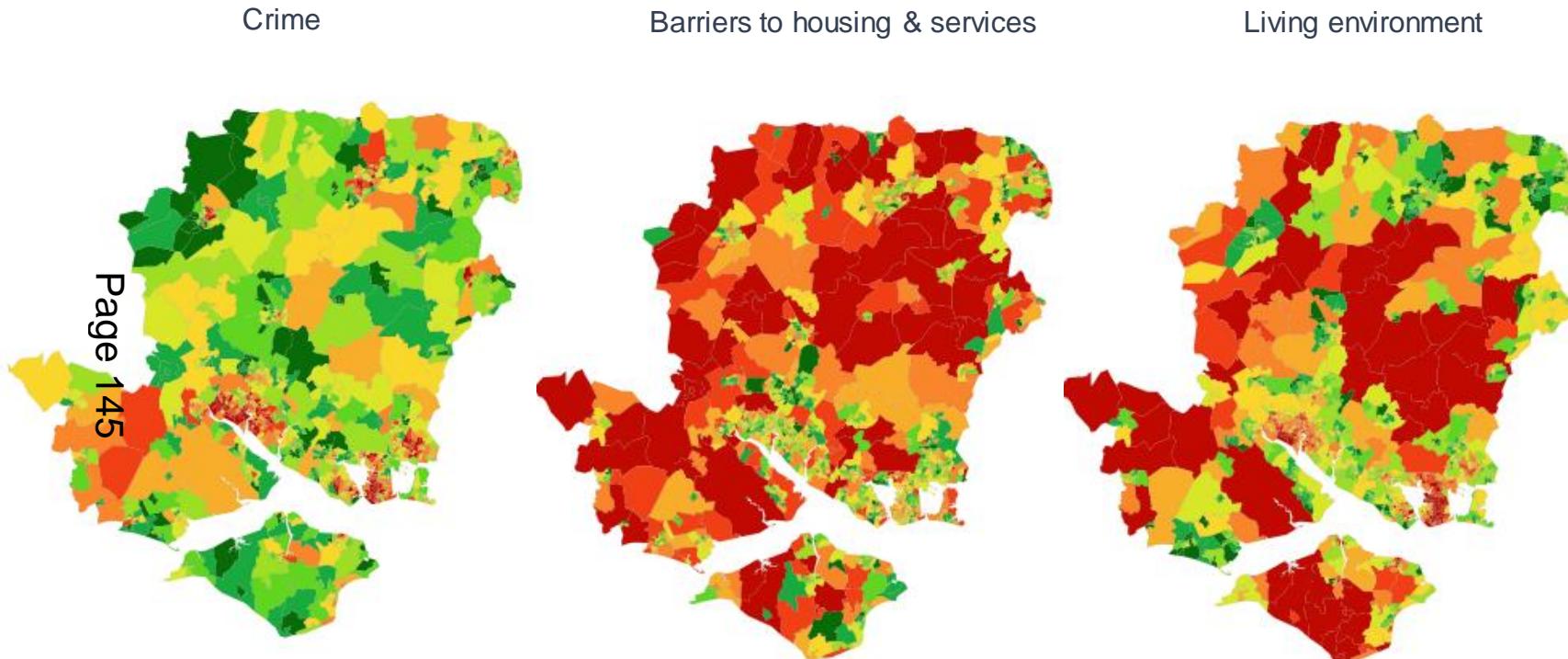


Across Pan-Hampshire, **levels of deprivation tend to sit below the national average**. The chart shows that 18% of neighbourhoods in Hampshire are in the least deprived decile in England, with the bottom three deciles all overrepresented in Hampshire. Meanwhile, only 3% are in the most deprived – and the top three deciles for deprivation are underrepresented.

However, this high-level analysis overlooks the fact that, **within Hampshire, there are significant pockets of deprivation**. These are most clearly seen in the more urban authorities with higher population density – Southampton, Portsmouth, Gosport, and Havant, as well as generally higher levels on the Isle of Wight. There is also higher deprivation in Andover, Basingstoke and Farnborough.

While this pattern holds broadly true across the various constituent components of the Index of Multiple Deprivation, some – such as crime and living environment – have notably higher levels of high deprivation neighbourhoods.

Drivers of deprivation differ between urban and rural areas



Deprivation decile

Decile ● 1 ● 2 ● 3 ● 4 ● 5 ● 6 ● 7 ● 8 ● 9 ● 10

In urban areas, the main drivers of deprivation are crime, education and skills, employment, health and income. **Crime is a significant driver of deprivation in Pan-Hampshire** with one in ten neighbourhoods performing in the 10% most deprived nationally.

Many **rural areas of Pan-Hampshire have challenges around access to housing and key services**, with many areas falling into the 20% most deprived in England. This is linked to **a lack of housing affordability** and that people living in rural areas have further to travel to access key services (post office, GP surgery, schools, shops).

Deprivation linked to living environment is also a challenge in both urban and rural areas. This includes quality of housing and air quality.

Lower healthy life expectancy in urban areas

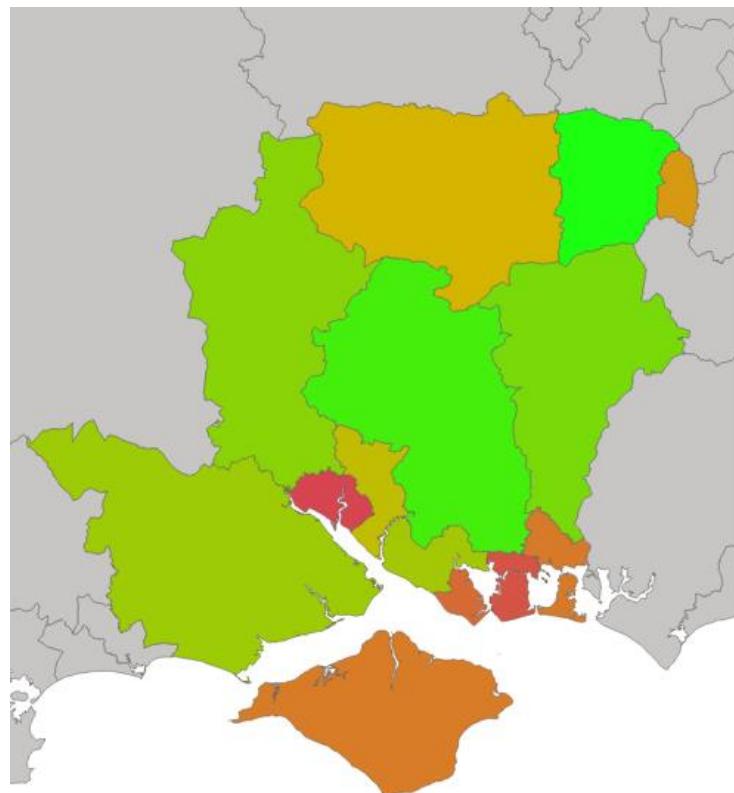
The maps to the right show healthy life expectancy for females and males.

This reflects spatial inequalities presented in both the lifecycle and deprivation analysis. Across Pan-Hampshire, there is a 10-year disparity in healthy life expectancy.

Healthy life expectancy is typically lower in Southampton and Portsmouth, coastal areas of Gosport and Havant and the Isle of Wight. These areas typically have lower health outcomes with lower levels of physical activity and higher rates of obesity.

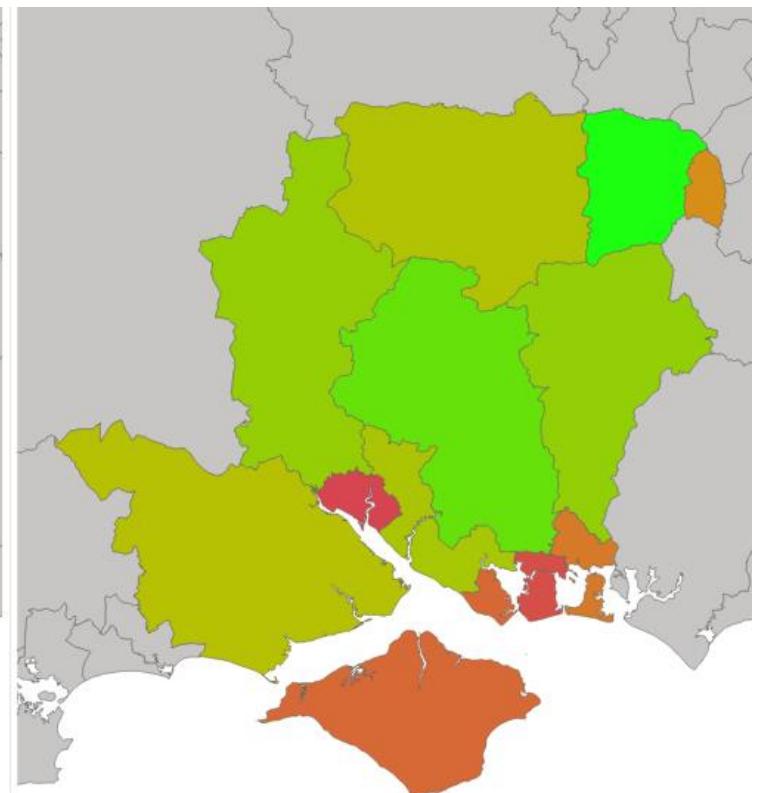
Residents in Hart have the highest healthy life expectancy for both females (72.1 years) and males (71.3 years). In Southampton, healthy life expectancy is the lowest at 63.4 years for females and 61.9 years for males.

Healthy Life Expectancy for females



63.4 72.1

Healthy Life Expectancy for males



61.9 71.3

Summary

- Differences in population density require tailored approaches to the delivery of services
- An older and ageing population creates challenges for the economy and increases demand on health and social care
- Relatively high outcomes across the lifecycle at the Pan-Hampshire level driven by high performance in rural and inland areas, but lower outcomes in the cities and coast, which is in line with where there are concentrations of deprivation
- Most significant challenges and greatest spatial inequalities in Early Years and Childhood, linked to low educational attainment
- Challenges around people leaving the workforce early, potentially due to poor health and low healthy life expectancy, or skills levels
- In rural areas, there are high levels of deprivation linked to barriers to services and housing and living environment, reflecting a lack of affordable, high quality housing



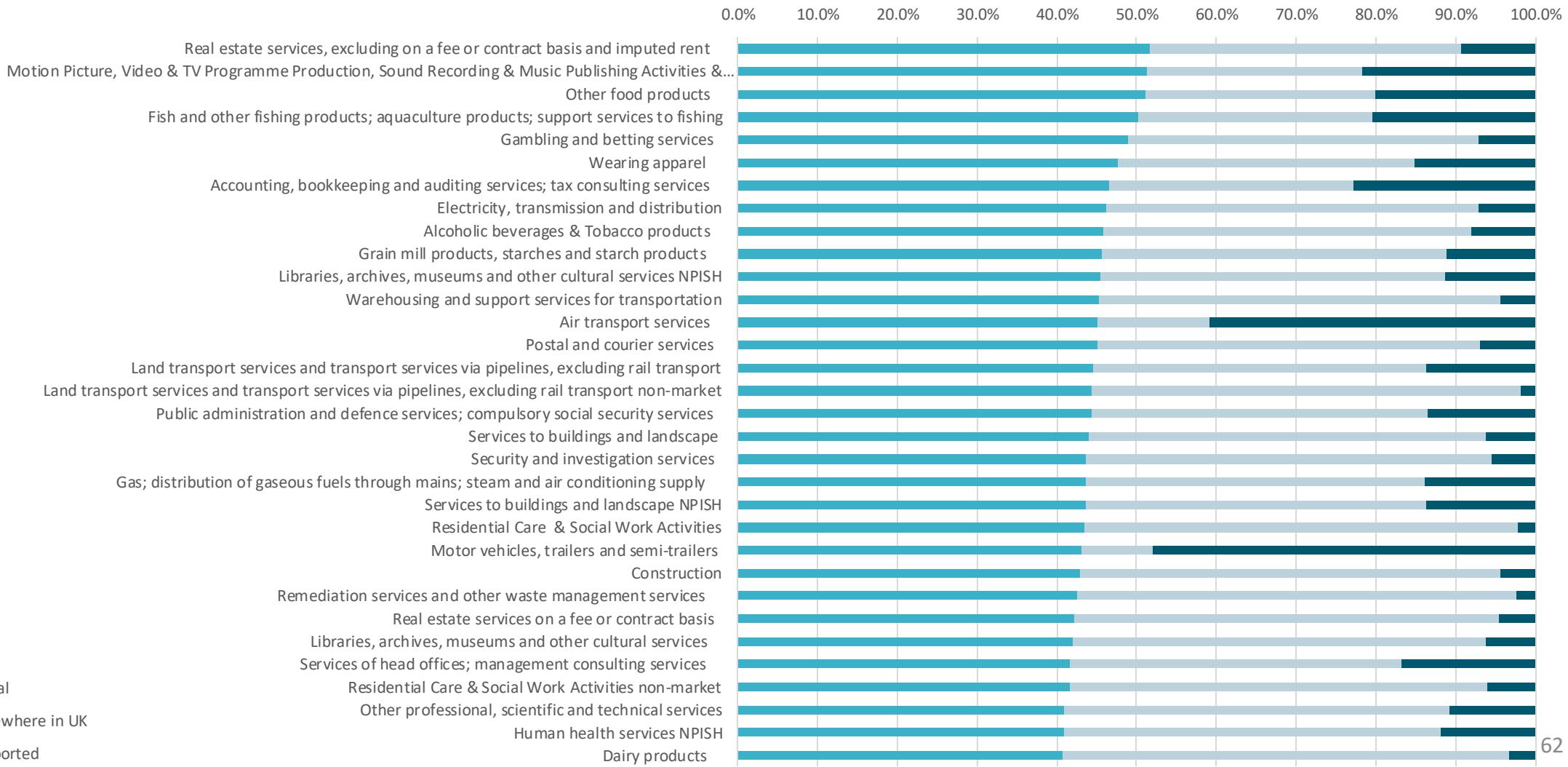
Appendix – supply chain charts



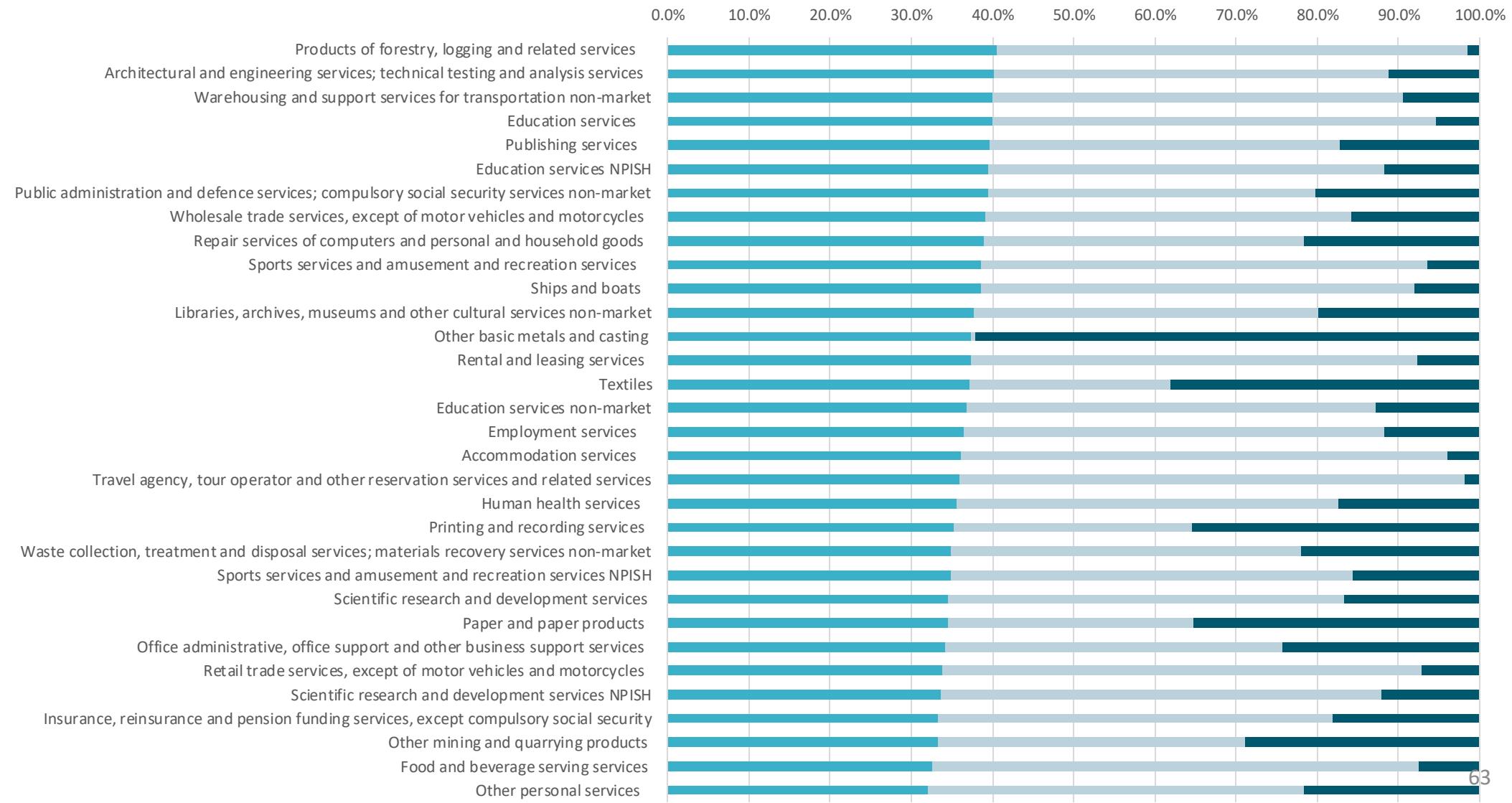
Full list of sectors by supply chain source (1)



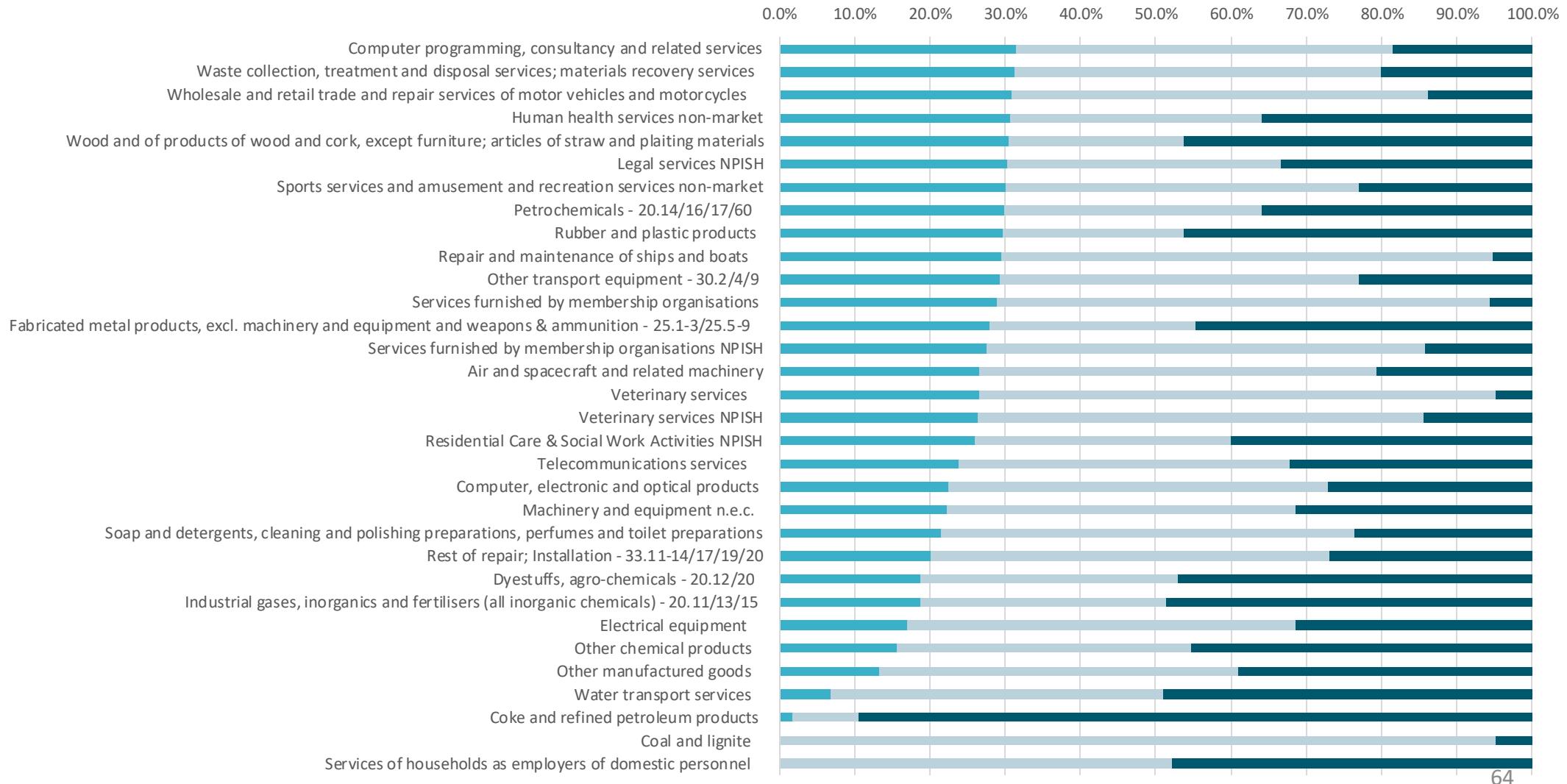
Full list of sectors by supply chain source (2)



Full list of sectors by supply chain source (3)



Full list of sectors by supply chain source (4)



Agenda Item 7

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	7 December 2021
Title:	Financial Update and Budget Setting and Provisional Cash Limits 2022/23
Report From:	Chief Finance Officer and Director of Corporate Operations

Contact name: Rob Carr – Chief Finance Officer and Director of Corporate Operations

Tel: 0370 779 2467 **Email:** Rob.Carr@hants.gov.uk

Section A: Purpose of this Report

The purpose of this report is to:

1. Provide an update to Cabinet and County Council on the in-year financial position as at the end of September, including the transformation programmes (Transformation to 2019 and to 2021).
2. Set out the process and framework for setting the 2022/23 budget.
3. Consider the financial impact of the Autumn Budget and Multi-Year Spending Review for the County Council, announced by the Government on 27 October, and to consider the Council's financial prospects over the medium term.
4. Present the unavoidable pressures and investment priorities that have been identified to date as part of the preparatory work for the 2022/23 budget.

Section B: Recommendations

It is recommended that Cabinet:

5. Notes the latest financial position for the current year as at the end of September compared to that reported to the last Cabinet
6. Notes the increasing cost pressures building across both Adults, Health and Care and Children's Services Departments.
7. Notes the announcement of a three year Spending Review and the impact on the County Council's medium term financial planning, set out in Section E.

8. Approves the revised baseline position for the forecast completion of the Transformation to 2019 and Transformation to 2021 Programmes as outlined in Section F.
9. Approves the allocation from corporate contingencies of £326,000 recurring funding and one-off funding of £125,000 per annum for two years for the Council's Climate Change Team from April 2022.
10. Approves the provisional revenue cash limits for 2022/23 set out in Appendix 1.
11. Approves the capital guideline amounts for the next three years set out in paragraph 96.
12. Approves the reallocation of £1.5m of Public Sector Decarbonisation Scheme grant funding from the boiler controls programme to a new programme of cavity wall insulation and approves a contribution of up to £150k from the Schools Condition Allocation underwrite funding for the decarbonisation programme approved in March 2021.

Section C: Executive Summary

13. The Government announced an Autumn Budget and 3 year Spending Review on 27 October; the first multi-year budget since 2016/17. Specific details of the resources available to the County Council will follow in the Local Government Finance Settlement, expected in mid-December. However, it has not yet been confirmed whether this will be a multi-year or single year settlement. The Spending Review announced additional grant funding for local government, totalling £4.8bn to 2024/25, which, depending on the distribution methodology used by Government, could be worth between £15m and £20m per annum to Hampshire. However, the additional funding will, at most, meet the assumptions for extra grant already included in the County Council's Medium Term Financial Strategy as part of the SP23 programme and allocations remain broadly flat in 2023/24 and 2024/25.
14. The settlement does not therefore offer any longer term solution to the demand pressures we face, which are expected to continue to outstrip increases in financial resources over the Spending Review period. Furthermore, the Council will have the flexibility to increase the Adult Social Care Precept by only 1% each year rather than 2% as assumed in the Medium Term Financial Strategy (MTFS). This will result in a further funding shortfall of £7m per annum leaving a £14m budget gap by 2023/24.
15. As of September, departments are forecasting a net Covid pressure of £74m to be met from local resources, an increase of £3m as compared to the MTFS position reported to Cabinet in October. However, as the country continues to recover from the immediate pressure of the pandemic, in many service areas, the separation of latent and longer term Covid impact from 'business as usual' is less clear and the 'new normal' is not yet clearly understood. The complex

inter-relationship of numerous variables post-pandemic makes forecasting difficult, but based on recent analysis carried out as part of the detailed budget preparation work, the medium term forecast for departmental spending now anticipates significant pressure building by 2024/25 within Adults' and Children's social care.

16. The forecast position takes account of re-emerging growth in demand, particularly in Older Adults across Residential, Nursing and Domiciliary care, combined with increasing prices and labour market shortages. Within Children's Services, the forecast pressure is driven by two key areas of spend; levels of pay for Children's Social Workers and the associated pressure of recruiting agency staff to cover vacant posts and provide the necessary operational capacity to deal with the current and forecast increasing activity in this area. The Council's DSG deficit is expected to reach £57.8m by 2022/23 due to a further overspend of more than £22.3m in-year, driven by a further 18% year on year increase in Education Health and Care Plans to June 2021.
17. For Adults' Health & Care (AH&C), further slippage on T19 savings of £2m is anticipated across 2021/22 and 2022/23, however the delivery profiles for other departments remain in line with the MTFS position. AH&C also anticipate further slippage of £3.3m on T21 savings to 2024/25 while a reduction of £0.5m is anticipated for Children's Services. The increase in delayed delivery will be cash flowed from departmental cost of change reserves. However, there is considerable risk that departmental resources will be insufficient to cash flow T21 savings for Waste which are expected to slip by a further £7m beyond 2022/23.
18. An allocation from corporate contingencies of £326k permanent funding and £125k one-off funding for two years is sought to fund the Council's Climate Change Team. The investment will allow the team to build upon the considerable progress made to date in delivering the Climate Change Strategy and look to gain additional funding or sponsorship from other organisations to further the work of the team in the future. Two future investment priorities are also highlighted: a new market supplement model for Children's Social Workers and the introduction of Advanced Practitioner roles, and a review of the Council's Strategic Land Programme. Additionally, the Council faces several unavoidable financial pressures including rising inflation forecasts, contractual pressures due to the Health and Social Care Levy, rebated (red) diesel restrictions, and sustained demand pressures on the Educational Psychologists Service.
19. The report sets out the provisional cash limits for 2022/23 and capital cash limit guidelines to 2024/25 for Cabinet approval. Additional inflation and growth pressures totalling £66.2m are expected in 2022/23, however this does not yet include the impact of the local government pay award. There are no proposed changes to the capital cash limit guidelines however it is noted that rising inflationary pressures within the construction sector will limit the output achievable from cash limited resources within the capital programme. The impact will be monitored and factored into future financial planning.

Section D: Contextual Information

20. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in October and November respectively, addressed the challenges of long term financial planning in an environment of significant uncertainty, in respect of both ongoing spending commitments and the national funding position for the local government sector.
21. The 2021 Spending Review represents the first multi-year budget since 2016/17 following single year spending announcements in 2019 and 2020 linked to uncertainty surrounding the UK's exit from the EU and recently the economic impacts and fiscal response to Covid-19. Details of the resources available to the County Council will follow in the Local Government Finance Settlement. However, it has not yet been confirmed whether this will be a multi-year or single year settlement and the Council's ability to fully assess the viability of its spending plans over the medium term therefore once again remains uncertain.
22. The MTFS presented a forecast deficit position of £71m to the end of 2023/24 associated with the ongoing impacts of the pandemic. This figure represents the gap between government support provided to the Council and the pressures identified due to Covid-related demand and recovery costs, lost fees and charges and reductions to precept income. As of September, the total forecast deficit that must be met from local resources has increased by £3m to £74m. This is partly due to continuing pressures in Children's Services from increased referrals to the 'Front Door' which are expected to extend into 2022/23, but also reflects a changed profile for delays in ETE Tt2021 waste savings as a result of delays in the Environment Act, implementation of which is unlikely to happen until 2024/25. Additional one-off cashflow support has therefore been built in to support the later delivery of the waste savings to coincide with the expected implementation of Extended Producer Responsibilities and other changes. To help balance this against the available funding, the forecast position for Covid impacts for 2023/24 has been reduced, reflecting the current estimates provided by Departments.
23. The impact of Covid-19 continues to be dealt with as a discrete one-off financial impact, separate from the business as usual medium term financial strategy. The budget setting approach and provisional cash limits presented in this report do not take account of Covid impacts as these will be centrally funded on a one-off basis in line with the pressures reported by departments in their financial monitoring returns.
24. Business as usual demand pressures in Adults and Children's Social Care totalling at least £32m per year are expected across the MTFS period. Each 1% increase in Council tax raises approximately £7m additional income for the Council. As discussed in the following section of the report, local authorities will be permitted to raise overall Council tax by up to 3% per year to 2024/25, raising a further £21m per annum for the County Council. Increases in Council tax therefore fall short of meeting additional spending on social care alone by at least £11m per year, without accounting for general inflation or any additional

growth in the cost of delivering other non-social care services. The 1% per annum allowed for the social care precept is also below what was assumed in the MTFS and creates a further financial pressure for the County Council.

Section E: Autumn Budget and Spending Review

25. The government announced an Autumn Budget and 3 year Spending Review on 27 October covering the period from 2022/23 to 2024/25. Office for Budget Responsibility (OBR) Forecasts released alongside the Spending Review presented an improving picture for the economy, with GDP growth of 6.5% expected in 2021. This allowed the Chancellor to increase revenue expenditure by an average of 3.3% a year in real terms across government departments in the period to 2024/25. Local government Core Spending Power will increase by 3% per year in real terms, however this includes raising Council tax and the Adult Social Care (ASC) Precept by the maximum permitted increases.
26. Over the next three years, local authorities will be allowed to increase core council tax by up to 2% per year without a referendum. In addition, ASC authorities will be allowed to raise the ASC Precept by 1% each year. The Medium Term Financial Strategy assumes that the Council will have the flexibility to raise the ASC Precept by 2% each year and the reduction in the referendum limit therefore presents a further funding shortfall for the Council of £14m by 2023/24.
27. However, the Spending Review did include an additional £4.8bn grant funding for social care and other services to 2024/25, which the Council welcomes with cautious optimism. This includes around £1.5bn per year to be distributed through the local government finance settlement in addition to an extra £200m for the Supporting Families Programme and over £70m to boost cyber security and to further strengthen local delivery and transparency. The Department has not yet confirmed its approach to distributing the additional grant. If the funding was allocated on the same basis as the new social care monies announced at the 2020 Spending Round, Hampshire could receive around £15m - £20m. However, should the Department decide to modify the distribution to further benefit low tax base authorities, Hampshire could receive a considerably smaller share of the national pot.
28. It should be noted that, while the Council may receive a significant increase in grant for 2022/23, the funding remains relatively flat in 2023/24 and 2024/25. The settlement therefore does not present a long term solution to funding growth in social care demand for which the Council has lobbied the government for a number of years.
29. It should also be noted that the SP23 proposals for Children's Services and Adults' Health and Care include assumptions for a total of £26m additional grant funding by 2023/24. Therefore, even if the Council receives a favourable

funding allocation based largely on social care need, there will be no reduction in the level of savings required to be delivered through SP23.

30. The Spending Review confirmed that £3.6bn of the additional £5.4bn funding for adult social care reforms announced on 7 September will be routed through to local government. The funding is expected to cover all additional costs resulting from the personal care cap and revised capital limits, however a further sum of £1.7bn has been set aside to compensate public sector employers for the additional national insurance costs they will face as a result of the new Health and Social Care Levy. As yet there are no details on how this will be distributed or what conditions, if any, are attached. Included within the Department of Health and Social Care settlement is an additional £1.7bn over three years to improve the wider social care system, including the quality and integration of care. At least £500m of this will be allocated to improve qualifications, skills, and wellbeing across the adult social care workforce, which is a welcome recognition of the pressures in this area.
31. Members will recall that the total capital funding allocated to the County Council for Highways Maintenance was cut by 24% in 2021/22 as compared to 2020/21 levels. The Spending Review announced £2.7bn funding for local road maintenance for non-mayoral authorities over the remaining years of the parliament, equivalent to £900m per year. This allocation is expected to maintain highways funding at 2021/22 levels, though Hampshire's allocation from the national funding pot is not yet known. The Council continues to supplement the national settlement with additional local funding to improve the condition of the County's roads, with a sum of £7m per year having been approved by Full Council in November for inclusion in the 2022/23 budget.
32. The government published its report on the outcome of the Fundamental Review of Business Rates. The report sets out the conclusions drawn from the review, the changes the government will pursue and provides a broad timeline for implementation of those changes.
33. The review reaffirmed the advantages of business rates as a form of business taxation and did not propose any fundamental changes to the basis on which the tax is levied. However, the government announced a move to 3-yearly revaluations starting in 2023, a freeze on the multiplier and significant new temporary and permanent reliefs, including a 50% relief for retail, hospitality and leisure businesses in 2022/23. Local authorities will be fully compensated for the multiplier freeze and new reliefs via Section 31 grants.
34. Disappointingly, there was no mention of the Fair Funding Review in the Budget. Hampshire has long been campaigning for a fairer funding settlement which addresses the much lower levels of funding per person in shire counties than in major conurbations. Whilst the additional grant funding announced at the spending review is welcome, it is concerning that this will again be allocated based on a set of outdated formulae which remain unchanged since 2013.
35. Hampshire has joined forces with 26 other low funded authorities to lobby the government to implement a temporary solution to address the inequality in

funding already highlighted by the Fair Funding Review. This would see a 'floor' introduced into the methodology so that all authorities receive a minimum level of core spending power, which it is believed could be done as part of the provisional local government settlement and would cost around £300m nationally.

36. Whilst this is only a temporary solution it would help to address some of the inequality in the current system whilst we wait for the full Fair Funding Review to be implemented. The Leader of the Council has signed a joint letter to Michael Gove and has separately written to all Hampshire MPs to gain their support in pushing this initiative through.

Section F: Transformation to 2019 and 2021

37. Members will be aware that both the Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) Programmes had a longer delivery tail for some elements of the Programme. This has been extended further by the impact of Covid-19 which switched resources from delivery of the Programmes to response and recovery over the last 18 months.
38. Directors have reviewed the baseline positions for delivery of both the Tt2019 and Tt2021 Programmes, focussing on the outstanding elements of the programmes only. The re-baselining involved planning what the revised delivery milestones will be within the individual savings areas and assessing what the cash flow impact will be based on those revised plans.
39. The following table provides a summary of the revised baseline position for delayed Tt2019 savings per department and a breakdown of the funding allocated to provide cashflow support:

	2021/22 £'000	2022/23 £'000
Adults' Health & Care	4,220	641
Children's Services	4,654	629
CCBS	160	160
Total Tt2019	9,034	1,430
<i>To be met from:</i>		
Covid-19 Response Funding	(4,883)	(629)
Approved Corporate Cashflow Support	(2,953)	(160)
Departmental Resources	(1,198)	(641)

40. For Adults' Health & Care, further slippage of £2m is anticipated across 2021/22 and 2022/23 as compared to the MTFS position. This is largely attributable to delays to the Living Independently Programme due to the diversion of resources to support the Covid-19 response effort and a reduced ability to affect the volumes of care and price paid as a result of the need to support the NHS in freeing up acute capacity. The delivery profiles for Children's Services and CCBS Tt2019 savings are in line with those reported in the MTFS.
41. The delays to the Tt2019 programme which are directly attributable to the impacts of Covid-19 remain consistent with the MTFS position. The additional slippage in the baseline position for Adults' Health & Care will therefore be met from existing departmental resources.
42. The following table provides a summary of the revised baseline position for delayed Tt2021 savings per department and a breakdown of the funding allocated to provide cashflow support:

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Adults' Health & Care	26,707	9,596	814	315
Children's Services	2,781	459		
ETE	8,349	8,149	6,974	2,517
CCBS		100		
Total Tt2021	37,937	18,204	7,788	2,832
<i>To be met from:</i>				
Covid-19 Response Funding	(16,451)	(9,272)	(5,274)	
Approved Corporate Cashflow Support	(19,216)	(6,159)	(149)	
Departmental Resources	(2,270)	(2,773)	(2,365)	(2,832)

43. For Adults' Health & Care, further slippage of £3.3m is anticipated to 2024/25 as compared to the MTFS position. This is attributable to challenges in the provider market affecting the opportunity to impact prices for older adult care and the urgency required to meet faster discharges from hospital. Additionally, anticipated savings from HCC Care have been delayed due to the need to maintain staffing levels to sustain services during the pandemic.
44. Slippage in delivery of the Children's Services Tt2021 target has reduced by £0.5m as compared to the MTFS position. This is due to the opening of a new SEN Academy in Basingstoke resulting in reduced Home to School Transport costs, and lower than anticipated demand pressures in Children's Disability Services.
45. The most significant change in this area relates to the implementation of waste savings within ETE. The original savings in this area were inextricably linked to changes in Government Policy around waste, recycling and the environment.

Before Covid-19 the intention was to align any changes that the County Council was looking to introduce with the Government's proposals to ensure that service delivery across the waste system was consistent with the Government's approach.

46. Unfortunately, the passage of the Environment Bill was delayed significantly by Covid and it was difficult to predict when it might be enacted and when the implementation of the proposed changes may take place. The Environment Bill received Royal Assent on 9 November and this means there is now clarity over what is included within it and greater certainty over the likely timescales for implementation which we expect to come into force during the 2024/25 financial year.
47. However, this delay does have implications for the ETE Tt2021 waste savings if we are to continue to align implementation to the introduction of the Government's changes. The table above shows the cashflow support that will be required to achieve this and also assumes that the County Council will benefit from the new arrangements for Extending Producer Responsibilities in order to make up the balance of its savings programme in waste for Tt2021.
48. Support for the 2021/22 financial year was already in place, but from 2022/23 onwards £12.2m of the cashflow support for ETE would be an additional draw from the one off Covid funding that the County Council has set aside, given that the delay to the Environment Act was caused by the impact of the pandemic (the balance of funding will come from ETE's cost of change reserve). To ensure that the overall net cost of Covid-19 does not exceed the £74m that is set aside, the intention is to reduce the £15m provision allowed for the 2023/24 financial year, allocating £12.2m towards this cashflow support and keeping the remainder as a contingency amount for that year. At this stage, no Departments other than ETE are predicting a Covid-19 impact from 2023/24 onwards and it is therefore considered prudent to adopt this approach.

Section G: 2021/22 Business as Usual Financial Monitoring

49. As at the end of September all Departments are currently forecasting balanced positions in-year. However, significant additional pressures are building in both Adults and Children's Social Care which are likely to require additional corporate support from 2022/23 and could impact significantly on future projections for budget deficits. These potential pressures, explained below, are over and above those already provided for through corporate investment and cannot be met fully through use of Cost of Change.
50. The consolidated position for all departments for 2021/22 requires funding of £42.9m to meet additional costs in-year, including £27.1m in corporate cashflow support and £15.8m from Cost of Change and other departmental reserves. This is broadly in line with what was forecast earlier in the year.

51. For 2021/22, savings on business as usual service delivery in Adults' Health & Care have increased by £2.5m to £13.7m. This is due to a combination of further savings of £1.7m in HCC Care from repurposing vacant beds to provide Discharge to Assess capacity, and the benefit provided by various government grants remaining in place to support Covid and hospital discharges. These savings have offset the additional delays to the Tt2019 and Tt2021 Programmes for Adults as set out in Section F to leave a net improvement of £0.7m in the overall in-year position for the department requiring a smaller draw from the cost of change reserve to achieve a balanced forecast for 2021/22.
52. However, whilst demand for residential and nursing care is still lower than pre-Covid demand, in recent months, there has been an unprecedented acceleration in the rate of growth in demand particularly in Older Adults across Residential, Nursing and Domiciliary care, part of which is being driven from higher than usual discharges from the Acute Hospitals. In addition, the Residential and Nursing sector is experiencing significant cost pressures that have led to prices paid by the County Council increasing at a significantly faster rate than had previously been forecast. This cost pressure, that providers have passed onto the County Council, arises from a number of factors including the impact of a shortage of care workers, increases in the complexity of clients requiring care and increased operational costs including testing and infection control.
53. These price increases are already present, despite the Government funding that has been passed onto providers for infection control and prevention. Once that funding ends, the inflationary increase in average prices will potentially accelerate further. Based on this emerging picture for Older Adults, alongside the continuous but more gradual increase within Younger Adults care costs, it is anticipated that there will be a material underlying cost pressure from 2022/23 and beyond. Whilst it is unknown what, if any specific additional funding for Adult Social Care will be available on a recurring or short term basis, coupled with uncertainty over likely future market changes, precision over the scale of the longer term pressure is difficult to estimate.
54. For Children's Services, the forecast overspend position to 2024/25 takes account of two key areas of spend; increasing levels of pay through market supplements for Children's Social Workers and the associated pressure of recruiting agency staff to cover vacant posts. A cumulative pressure of £22.9m for agency staffing to 2024/25 is predicated on the continuation of recruitment at currently planned levels in line with increasing demand.
55. Whilst it is anticipated that this pressure will be partly eased by the extra investment in market supplements, it seems clear at this point that in operational terms there will always need to be a mix of permanent staff and agency staff required to deal with the volatile and fluctuating levels of activity, to train and support new staff under the Graduate Entry Training Scheme and provide flexible cover for sickness and other absences. The overall picture in respect of children's social work staffing will be monitored closely as these changes are implemented and based on this a further fundamental workforce

review will be commissioned to look at the longer term strategy for this area and ensure that it is resourced appropriately.

56. Departments are currently expecting to achieve around £20m of the £80m SP23 savings target in 2022/23, an improvement of £4m on the position reported in the MTFS. For all services, savings that are achieved early are added to departmental cost of change reserves and can be used to cover any shortfall in 2023/24 in line with the Council's financial strategy.
57. The financial position will continue to be reviewed throughout the remainder of the year and continuing focus at the ongoing monthly meetings between the Chief Finance Officer and the Directors of Children's and Adults Health and Care Services will be on the robustness of future plans and any potential requirement for additional corporate funding. A detailed review of non-departmental budgets (including contingencies) and reserves will be undertaken and considered in the 2022/23 revised budget position.
58. The financial pressures facing schools have been highlighted for some time, driven in part by an increasing requirement for pupils with Special Educational Needs (SEN), which exceeds the available funding and is mirrored nationally (as is the consequent pressure on Home to School Transport). SEN pressures have mainly arisen due to significant increases in the number of pupils with Education Health and Care Plans (EHCPs) coupled with increasing complexity of need and the extension of support to young people up to the age of 25. As of June 2021, there were 11,259 EHCPs being maintained, which is an increase of 18% in a year (compared to 12% the previous year). The two most significant areas of budget pressure are:
 - Top-up funding for mainstream schools, resourced provisions and Post 16 colleges. An overspend of £15.3m is forecast in 2021/22 due to increasing demand and complexity of need.
 - Placements in Independent and Non-Maintained Special Schools. An overspend of £7m is forecast due to a combination of rising demand and unit costs increases of between 6% and 8%.
59. In 2021/22 the current forecast is for a further overspend of more than £22.3m which will bring the cumulative deficit to £57.8m. Whilst this sum sits as a 'negative reserve' on the County Council's balance sheet it in effect represents an overdraft for schools which they (and the Government) need to address over the longer term.
60. The Spending Review included an additional £4.7bn core funding for schools by 2024/25 and a £2.6bn increase in capital funding for new SEN school places, which is welcomed. However, the additional core funding falls considerably short of the £7.1bn increase to 2022/23 provided in the 2019 Spending Round. The government's commitment to increase starting salaries for teachers to £30,000 also raises concerns as to the adequacy of the settlement. Whilst the additional funding for schools will help to address future growth in High Needs pressures, the demand continues to accelerate meaning

future pressures are likely and it does not provide a solution to the significant cumulative deficit position the Schools Budget will face at the end of 2021/22.

61. As we move further through the financial year, we will have a clearer picture of the likely business as usual outturn position for 2021/22 across all areas. A revised budget will be presented to Cabinet in February which reflects the latest monitoring information available.

Section H: Revenue Investment Priorities

62. In past years it has been possible to add significant schemes to the Capital Programme using surplus revenue funding generated by the early achievement of savings. As the financial strategy has evolved and savings have been required to meet successive budget deficits, there is less ability to do this above and beyond the use of specific capital resources that come from government or developers. However, the County Council continues to provide resources to invest in specific priorities in line with the County Council's focus on continuous service improvement, to generate revenue or capital benefits in future financial years and to mitigate the key risks that it faces.

Climate Change Team

63. Hampshire County Council declared a climate emergency in June 2019 and in 2020 adopted an ambitious strategy and action plan which sets out how the Council will meet two targets of becoming carbon neutral by 2050 and building resilience to a two-degree rise in temperatures. In February 2020 Full Council agreed an initial allocation of up to £2m to support climate projects and 2 years of funding for staffing resource to deliver the climate action plan from the Investing in Hampshire Fund.
64. Despite the impacts of the Covid-19 pandemic, considerable progress has been made to date in delivering the Climate Change Strategy, including:
 - Delivering a number of community projects, including pilot on-street residential electric vehicle charge points and active travel schemes
 - Securing £29.3m from the Public Sector Decarbonisation Scheme to fund building upgrades to the Council's corporate estate, including window replacements and solar PV installation
 - Embedding climate considerations into all aspects of the council's activities, through work on Decision Tools, E-learning and the Procurement Framework
65. Tackling climate change is clearly not a temporary issue, it is an ongoing challenge which requires sustained investment and the accumulation of expertise within the authority. Therefore, in order to support the Council's

continuing commitment to deliver on its climate targets, it is proposed to fund the Climate Change Team within the revenue budget on a permanent basis. Cabinet is asked to approve the allocation of £326k recurring funding from corporate contingencies for the Climate Change Team. In addition, it will be beneficial to augment the team in the short term to provide further staff capacity and give a better chance of securing external funding from partners and sponsorship to further the work of the team in the future. Therefore, it is also proposed to allocate one-off funding of £125k per annum for two years, funded from corporate contingencies.

Section I: Future Unavoidable Investment Pressures and Investment Priorities

66. As part of the ongoing financial resilience monitoring and meetings with Directors there are a range of items that may impact the budget in 2022/23 and possibly future years. Some of these items reflect unavoidable pressures in the current year or are issues that we know will be coming forward in due course, whereas for others there is an element of choice.
67. There remains uncertainty as to the extent and timing of these pressures and therefore no further funding allocations are requested at this stage. The issues identified will continue to be closely monitored and considered during budget preparation and any additional corporate support required will be requested in the February budget report to Cabinet and Full Council. These items are over and above the emerging pressures across Adults and Children's social care services highlighted earlier in the report.
68. In the meantime, the following paragraphs set out the key items that have been identified so far under the two separate headings.

Unavoidable Pressures

69. **Impact of legislative changes on contract costs** – A number of the council's contractors will be entitled to increase charges as a result of legislative changes recently announced by government. The increase in employer National Insurance Contributions to pay for the Health and Social Care Levy and restrictions governing the use of rebated (red) diesel to be introduced in April 2022 will increase costs for the Council's suppliers. The council will seek to work with providers to manage pressures as far as possible within existing provisions for inflationary uplifts. However, should the increased budget pressures exceed current funding provisions, a request for additional permanent budget will be brought forward.
70. **Inflationary cost pressures** – The recent significant increases in inflation forecasts for the coming year have received widespread publicity in the media. The latest forecasts released by the Office for Budget Responsibility alongside the Autumn Budget predicted that Consumer Price Inflation will reach a peak of 4.4% in 2022 before falling back to an average of 2.6% in 2023. At the point at which the Council undertook inflationary cost modelling for 2022/23, the CPI forecast remained in line with the Bank of England's target of 2%. It is therefore

likely that additional funding may be required in some areas to meet the rising costs of providing services.

71. The highways and construction sectors in particular are experiencing a time of significant supply chain challenges in both the cost and availability of materials and labour. There is extreme volatility, the likes of which have not been seen for many years, as a result of the pandemic, Brexit and global transport issues. This is already impacting on the County Council's ability to secure construction capacity from the market in a timely way. As is reported nationally and experienced internationally, global production is struggling to keep up with a rapid increase in demand. Hampshire is not immune from this. Therefore, it is now difficult to assess and predict future costs. National indices confirm that productivity has returned to around 94% of pre pandemic levels which explains why there is so much pressure in the system. Material prices have increased by over 6% in one quarter of 2021 and nearly 17% in one year. Unprecedented in recent times. Tender prices have increased on average by over 6% a year and it is likely that that will accelerate further.
72. To manage these and future challenges, collaborative working arrangements with contractors and stakeholders continue to be developed and embraced. The County Council prides itself on being a client of choice for its contractor partners and the strong collaborative relationships that are already in place will enable open and honest dialogue around the ongoing challenges, and in some cases, this can hopefully lead to innovative, value-engineered solutions at reduced cost. The position will be kept under review as we move into the new year.
73. **Hampshire and Isle of Wight Educational Psychologists (HIEP)** – There has been a sustained increase in the level of Education Health and Care Plans (EHCPs) to be completed which continues to require the provision of an increased volume of statutory advice from HIEP. A detailed planning exercise was undertaken in June to review the total cost of the service including current plans for agency recruitment and forecast income for the year. The exercise identified a net pressure of around £0.9m which will be met from departmental cost of change reserves in-year. The position is expected to improve considerably in 2022/23 in line with a revised pricing structure, however the future resourcing needs and resulting funding implications will be kept under close review as demand for the service continues to build.

Future Investment Priorities

74. **Children's Social Workers – Market Supplements and Advanced Practitioner roles** – Although Children's Services have been successful in recruiting new staff through their Graduate Entry Training Scheme, there has still been a reliance on agency social workers to provide the additional capacity needed for the Transforming Social Care Programme and to deal with ongoing turnover across the service in the face of increasing demand. It is therefore proposed to introduce a new market supplement for Newly Qualified Children's Social Workers and to increase the rate of market supplements for Qualified

Children's Social Workers with levels linked to step progression within grade. A new role of Advanced Practitioner will also be created to provide a progression route for the Council's most experienced and skilled social workers. The proposals will initially be funded from departmental Cost of Change reserves however, if the approach proves to be successful and essential in terms of recruitment and retention, permanent funding will be required in due course as part of the wider workforce review mentioned earlier in the report.

75. **Strategic Land Programme** – An annual revenue amount is usually provided to continue activity on this Programme. However, the ability to continue to provide large scale funding into the future has been impacted by the need to cover Covid-19 costs along with other pressures on the budget outlined in this report. The Chief Executive has therefore been undertaking a review of the Strategic Land Programme and a further, more detailed report will be presented in due course setting out the proposed development and disposal strategy for each site and the annual resources needed to support this.

Section J: Medium Term Financial Position

76. Once the Provisional Local Government Finance Settlement is released in December, we will be able to compare this to the assumptions that have been made to determine whether we are better or worse off against the original forecasts that underpinned the scale of the SP2023 Programme. In previous years we have taken these differences into account in setting the next round of savings targets, however the potential to achieve further efficiencies in service delivery continues to reduce following the delivery of 6 major change programmes over the past decade.
77. At this stage we are aware that the authority's ability to raise Council tax through the ASC Precept will be limited to a 1% per annum increase. This will result in a further funding shortfall of £7m per annum, adding £14m to the Council's permanent budget gap by 2023/24. This gap which must be bridged either by additional ongoing funding sources or further savings.
78. It is also clear that the Council will continue to experience funding shortfalls over the medium term as the additional funding from Council tax increases and the government grants, which remain broadly flat in real terms in 2023/24 and 2024/25, will not be sufficient to meet the increases in social care costs currently forecast across the MTFS period. The County Council will continue to lobby on this issue and separately has joined forces with a number of low funded authorities to seek a temporary solution to the funding inequalities currently baked into the system.
79. Speaking to the HCLG Select Committee on 8 November, the Communities Secretary indicated that existing plans for local authorities to retain a greater share of business rates would not go ahead. The Secretary said that increased business rates retention would "go against the broader principle of levelling up"

as it “works against the process of redistributing money to those who need it most”. He also indicated that the Department would consider additional measures to help local authorities with less resilient tax bases in the wake of Covid.

80. The increased retention of business rates was expected to benefit regions with buoyant tax bases such as Hampshire, as it would allow them to retain a greater share of local business rates growth, so the move away from this approach is disappointing. Furthermore, the Secretary’s comments regarding funding redistribution towards lower tax base authorities suggest that Hampshire may continue to be disadvantaged by the methodology used by the government to distribute future grants.
81. The Government confirmed that it will announce the next steps for the Fair Funding Review alongside the Local Government Finance Settlement in December, which is welcome news. However, in light of the Secretary’s comments, it appears unlikely that the Review will offer a panacea for the financial challenges faced by Shire Counties and the Council must therefore continue to plan based on a difficult medium term financial outlook.
82. Beyond 2021/22 we have consistently said that we face an annual gap of at least £40m a year as a result of inflation and demand growth after a 3.99% council tax increase. In light of the outcome of the Spending Review and pending the publication of detailed funding allocations, it is reasonable to assume that the Council must plan to bridge a gap of at least £47m per year from 2022/23. A full update on the Council’s medium term position will be provided to Cabinet and Full Council in February following the publication of the provisional local government finance settlement, currently expected in mid-December. However, it should also be noted that the Department has not yet confirmed whether the settlement will cover multiple years or 2022/23 only and that the duration of the settlement will significantly impact the accuracy of the Council’s medium term budget forecasts.

Section K: 2022/23 Budget Setting

83. The tried and tested financial strategy which the County Council operates works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
84. In line with this strategy the SP2023 Programme will deliver £80m of savings required to help balance the 2023/24 budget, with savings delivered in 2022/23 retained by departments for reinvestment in services, currently estimated to be £20.4m. Detailed savings proposals for each department were approved by the County Council in November 2021, in order to allow more time for delivery

of the savings; including the requirement to undertake a second stage of service specific consultations where necessary.

85. The next section of this report sets out the details of provisional cash limits for departments for 2022/23, which take into account any base budget changes and the impact of inflation but do not include the £80m SP2023 savings, which will be incorporated in cash limits from 2023/24. Departments are asked to prepare detailed budgets within these cash limits and then secure approval through Executive Members, Cabinet and finally County Council.
86. The MTFS approved by the County Council in November 2021 includes the working assumption that council tax will increase by the maximum permissible without a referendum in line with government policy. This will mean a council tax increase of 2.99%, of which 1% will contribute towards the increased costs of adults' social care, in line with the government's amended approach which is built into their settlement calculations.
87. In addition, the financial strategy assumes a significant draw from the BBR in 2022/23 to provide for the one off corporate funding needed to cash flow the SP2023 Programme, recognising the lead in times for enabling investments and achieving the savings themselves.
88. The council tax base and collection rates also have a considerable impact on the overall financial position, with council tax constituting around 80% of the Council's net budget. Preliminary data received from district councils suggests that the council tax base is expected to grow by around 1% to 2022/23. This would contribute £7m to the council's base budget to fund the additional highways maintenance spending agreed by Full Council in November. Information from district councils on collection fund deficits and estimates of retained business rates are not available at the time of writing this report and will therefore be taken into account in setting the final budget in February. The MTFS is predicated on the prudent assumption of zero growth in the council tax or business rates bases. However, tax base growth is still below pre-Covid levels and there remains a continued risk of pandemic-related impacts over the medium term.
89. Details of the provisional local government settlement for next year are also a key component to budget setting and it is expected that these will be available from mid-December.

Section L: Provisional Cash Limits 2022/23

90. Provisional cash limits are set to enable departments to prepare their detailed budgets for the next financial year. These take account of changes in the base budget, for example as a result of grant changes or transfers between departments, approved growth and inflation for the year.

91. Inflation allowances are given each year for pay and price increases and the provisional cash limits detailed in this report include allowances for price inflation. At this stage they do not include an allowance for the 2021/22 or the 2022/23 pay award pending national negotiations and the outcome is uncertain. An amount will be retained centrally in contingencies until any awards are agreed.
92. The calculation of the provisional cash limits is shown in detail in Appendix 1. The figure for Schools will be updated once the provisional settlement is known, but for now, the 2022/23 position has been updated taking into account forecast changes, such as increases in respect of the pupil premium and other grant related changes.
93. Funding previously approved to meet growth in demand driven services has also been allocated and is reflected in the provisional cash limits, with the exception of funding for external legal costs associated with demand pressures for Children Looked After. Additionally, funding for Covid-related pressures and corporate cashflow support for outstanding savings has been retained in contingencies due to the uncertainties associated with forecasting these amounts. Funding will be allocated in-year when the corresponding pressures can be more accurately determined.
94. Chief Officers, with Executive Members will be developing their detailed budgets within these provisional guidelines, subject to their approval, so that the Leader and Cabinet can make the final budget recommendations for 2022/23 at the meeting in February 2022.

Section M: Capital Investment

95. The County Council's Capital Programme continues to be maintained and expanded, ensuring that we invest wisely in sustaining our existing assets and delivering a programme of new ones.
96. The timeframe for capital planning moves on each year and for the 2022/23 budget process, the programme will be extended into 2024/25. The table below shows the provisional, locally resourced capital cash limit guidelines that are being allocated to each department:

	2022/23	2023/24	2024/25
	£'000	£'000	£'000
Adults' Health & Care	481	481	481
Children's Services	100	100	100
CCBS	4,559	4,559	4,559
ETE	11,929	11,929	11,929

Total	17,069	17,069	17,069
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97. There are no proposed changes to these guidelines and indeed, they have remained broadly similar over several years with no allowance made for inflation. During periods of low inflation, the impact of price changes can be absorbed within project scope and design. However, more significant inflationary pressure is becoming increasingly more apparent within the construction sector as a result of economic conditions and supply chain constraints. This will obviously limit the output achievable from cash limited resources. The impact will be monitored and factored into future financial planning.
98. Cabinet is requested to approve these provisional guidelines to allow departments to prepare their detailed capital programmes for approval as part of the budget setting process in January and February.
99. The figures in the table above represent the ‘locally resourced’ allocations to the Capital Programme, which supplement other capital resources that fund the overall programme, such as developers’ contributions, capital receipts, Government grant and prudential borrowing. The total programme approved last February is shown in the following table and this will be updated as part of the budget setting process for 2022/23:

	Revised				Total £'000
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	
Adults' Health & Care	25,376	15,588	481	481	41,926
Children's Services	67,733	39,048	17,417	53,071	177,269
Environment & Transport	127,476	69,368	94,970	45,021	333,629
Culture, Communities and Business Services	105,511	38,232	21,971	21,971	187,685
Total	326,096	162,236	134,839	120,544	743,715
			417,619		

100. Whilst the Programme looks front loaded, there can sometimes be slippage in the phasing of schemes and the County Council has, in recent years, consistently spent cash of around £200m per annum on capital investment projects.

Revised programme 2021/22

101. A revised capital programme for the current financial year will be presented to Cabinet in February alongside the forward capital programme. However, there is one change which requires decision now. As reported to Cabinet in February 2021, the County Council was successful in securing £29.3million of funding from the Government's Public Sector Decarbonisation Scheme (PSDS) to deliver a programme of decarbonisation work across more than 400 sites within the County Council's schools and corporate estates. This included £2.8m for a programme to improve boiler controls. In addition, Cabinet approved in March 2021 an underwrite of up to £3.27m from the Schools Condition Allocation grant to ensure the carbon reduction programme can be delivered in full.
102. The original timescale for the delivery of work under the PSDS grant funding was September 2021. Earlier this year Salix, the government's carbon agency, extended the deadline for expenditure of the grant to March 2022, recognising the delays caused by shortages in both labour and materials experienced across the construction industry supply chain over recent months. Good progress has been made to commit the grant funding across most of the decarbonisation workstreams, however, the supply chain challenges have particularly impacted on the pace of implementation of the boiler controls programme where a worldwide shortage of microchips is affecting the availability of the required boiler control technology.
103. Salix has agreed to the County Council reallocating a proportion of the grant funding that was allocated for the boiler controls programme to an alternative programme of cavity wall insulation. This will deliver operational carbon emission reductions in line with the required metrics for the PSDS grant and can be procured and delivered within the available timescale.
104. Cavity wall insulation improves the thermal performance of a building, reducing the energy required for heating. This delivers immediate benefits through a reduction in operational carbon emissions, energy cost savings and a more comfortable internal environment for building users. Improving the thermal performance of the building envelope is also a key step towards achieving a net zero position for operational carbon emissions as the reduced heating requirement opens up the opportunity to replace current heating technology with low carbon alternatives in the future.
105. The total maximum anticipated value of the cavity wall programme is £1.5m of PSDS grant funding with a potential additional contribution of up to £150k from the £3.27m Schools Condition Allocation (SCA) underwrite funding approved by Cabinet in March 2021. The full SCA funding is not required for the windows replacement programme and will only be applied to the cavity wall insulation programme if necessary to achieve the required metric for carbon reduction per pound of spend across the programme. It is anticipated that the programme will comprise 40-60 individual sites with a maximum scheme value at any one site of £40k-£50k.
106. It is recommended that Cabinet approves the reallocation of £1.5m of Public Sector Decarbonisation Scheme grant funding from the boiler controls programme to a new programme of cavity wall insulation (including fees) and

approves a contribution of up to £150k from the Schools Condition Allocation underwrite funding for the decarbonisation programme approved in March 2021.

Section N – Consultation, Equalities and Climate Change Impact

107. Consultation on the budget is undertaken every two years when the County Council considers savings to help balance the budget. All savings proposals put forward by the County Council has an Equality Impact Assessment published as part of the formal decision making papers and for some proposals stage 2 consultations are undertaken before a final decision is made by the relevant Executive Member.
108. This report deals with the provisional revenue and capital budget guidelines for services to enable detailed budget preparation to progress for 2022/23. This is the interim year of the two year financial planning cycle when no new savings proposals are being considered. Therefore no consultation or Equality Impact Assessments are required.
109. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
110. This report deals with the provisional revenue and capital budget guidelines for services to enable detailed budget preparation to progress for 2022/23. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with setting the process and framework for budget preparation.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:					
<u>Title</u>	<u>Date</u>				
Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=7737	Cabinet – 12 October 2021 County Council – 4 November 2021				
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> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Document</u></th><th style="text-align: left;"><u>Location</u></th></tr> </thead> <tbody> <tr> <td>None</td><td></td></tr> </tbody> </table>		<u>Document</u>	<u>Location</u>	None	
<u>Document</u>	<u>Location</u>				
None					

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

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

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely impacted by the proposals in this report but the County Council's budget and the services that it provides are delivered in a way that ensures that any impact on equalities issues are fully taken into account.

PROVISIONAL CASH LIMITS – 2022/23

	2021/22 Cash Limit £'000	Base Changes £'000	Inflation & Growth £'000	2022/23 Cash Limit £'000
Adults' Health and Care	410,259	1,951	26,901	439,111
Children's – Schools	942,548	-1,305	-	941,243
Children's – Non Schools	214,856	2,693	29,126	246,675
Corporate Services	50,544	-354	2,847	53,037
Culture Communities & Business Services	43,373	-128	1,530	44,775
Economy, Transport & Environment	103,667	6,935	5,838	116,440
Total	1,765,247	9,792	66,242	1,841,281

Notes:

Base Changes

- Largely relate to changes in grants (notably the Coronavirus Catch-up Premium for schools), movements between services and additions to / draws from reserves.
- Includes an additional £7m Highways Maintenance funding for Economy, Transport & Environment as approved by County Council in November

Inflation & Growth

- In addition to general price inflation (much of which relates to care provision in Adult's Health and Care) this includes a general allowance of 1.5% of relevant employee budgets (directly employed staff) for step progression.
- Includes the allocation of funding for growth (within the amounts set out in the MTFS) for both Adults' Health and Care and Children's Services in relation to demand and complexity.
- Reflects inflation for the waste contract and also includes an agreed allowance for growth in volumes.

Agenda Item 8

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Cabinet
Date:	7 December 2021
Title:	Annual Safeguarding Report - Children's Services 2020-21
Report From:	Director of Children's Services

Contact name: Stuart Ashley

Tel: 01962 846370 **Email:** stuart.ashley@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide an annual update to Cabinet on safeguarding children activity within Children's Services during 2020/21.

Recommendations

2. That Cabinet notes the positive progress and continued consistently high performance with regards to safeguarding children in Hampshire.
3. That Cabinet note the commitment of a wide range of Children's Services officers in achieving this level of performance.
4. That Cabinet receives further updates on safeguarding on an annual basis.

Executive Summary

5. This report identifies key national developments, summarises performance and activity levels, and details a number of key local developments and future priorities.
6. The report provides assurance that whilst demand for children's social care services continues to increase year on year, particularly as a result of the pandemic, the response to the safeguarding of vulnerable children is both robust and timely. New and emerging risks to children are identified and addressed collaboratively with partners and the wider transformation of children's social care will deliver a modern social work service fit for the future challenges over the next decade.

Contextual Information

7. Cabinet will recall under the new Inspection of Local Authority Children's Services (ILACS) introduced in January 2018 and amended in March 2019, local authorities are subject to standard and short inspections depending on their previous Ofsted judgement.
8. In November 2018, Hampshire was subject to a focused visit, inspecting children subject to a child protection plan, including the quality and impact of pre-proceedings intervention under the Public Law Outline (PLO). Hampshire had received a very positive letter from Ofsted following this visit.
9. In April and May 2019 Hampshire was subject to a 'short' ILACS inspection. Report to Council dated 15 July refers to this inspection. This inspection judged Hampshire to be outstanding overall and across the other three areas of judgement.
10. It is worth noting that each of these inspections were rooted in safeguarding and have fully tested Hampshire's safeguarding practice, alongside testing the front door process within the Multi Agency Safeguarding Hub (MASH).

Finance

11. There are no financial recommendations in this report although the issue of the cost (price) of placements for children in care is a key pressure for the County Council.

National Developments

Covid-19

12. The DfE published updated guidance to inform local authorities and other children's social care providers, of the temporary changes to regulations governing children's social care services, made to support the delivery of services to children and their families during the pandemic. The statutory duties remain the same, however, they allow for very specific circumstances where changes can be made to the use of secondary legislation. Amendments allow for flexibility in some circumstances, only to be used when absolutely necessary, with senior management oversight and consistent with overarching safeguarding principles. A paper went to CSDMT examining the implications for the amendments.
13. Children and Families branch took a three phased approach as detailed in Appendix A. However, it is important to note that throughout the pandemic and despite at times significant staffing challenges, the service has continued to operate as business as usual, albeit with the use of some virtual visits/meetings.

Child exploitation:

14. There are clear links between child exploitation and those children who are trafficked and/or that go missing. The term 'exploitation' includes the following risk areas:
15. Child sexual exploitation (CSE), online exploitation, criminal exploitation including County Lines (CCE), drug related harm, knife crime and serious violence; as well as other forms of exploitation that involve coercion and control such as radicalisation and extremism; forced marriage, female genital mutilation.
16. The Hampshire, Isle of Wight, Portsmouth & Southampton (HIPS) Child Exploitation Group is a strategic multi-agency group, covering the HIPS areas to meet legislative requirements, governmental guidance and to identify and implement best practice to protect children from all forms of exploitation. The HIPS Child Exploitation Group includes representation from multi agency partners. The group has developed the HIPS Child Exploitation Strategy, which sets out how all agencies will work together to ensure the most effective and coordinated response to identify and protect children at risk of exploitation both within and across the HIPS Local Safeguarding Children Partnership (LSCP) areas. The group is accountable to the HIPS Executive Group and provides updates to them on progress against the strategy and associated delivery plan.
17. At a local district level in Hampshire, senior children's social care managers lead Missing Exploited and Trafficked (MET) operational meetings. These ensure the local identification, support, safeguarding and diversion of children who are at risk of, or being exploited within Hampshire's districts.
18. The latest available data for children who go missing in Hampshire, be that from home or for those in care, shows a continued improving position. Fewer children are going missing and when they do, there is a robust and effective response from children's social care and Hampshire Constabulary. Each district team tracks and risk assesses their children who go missing to ensure appropriate safeguards are in place to prevent repeat occurrences. This is an important area of work and one that Ofsted gives significant scrutiny to.
19. County Lines remains an increasing concern for Hampshire Children's Services and all agencies concerned with children in the area. All agencies and professionals contribute to tackling this form of exploitation, with more specialist work being undertaken by the pan-Hampshire Police MET team and the Hampshire Children's Services specialist Willow team, a multi-agency team consisting of specialist social workers, health professionals and St Giles Trust workers, working closely with Hampshire Constabulary to protect the highest risk children. Together with Hampshire Constabulary there is a coordinated deployment of these specialist resources to identify networks, ensuring the safeguarding of the most vulnerable children and the disruption of County Lines activity.

Unaccompanied Asylum-Seeking Children (UASC):

20. There are two groups of asylum-seeking children for whom Hampshire take responsibility. Those arriving spontaneously, often disembarking from the back of lorries on the M27/M3 corridor, who then legally become looked after children and are the responsibility of the Local Authority. The second group are through the National Transfer Scheme, as detailed below. Caring for unaccompanied asylum-seeking children has implications that are wide reaching and complex. Health services and education are impacted as are Child and Adolescent Mental Health Services (CAMHS) as many of the children are severely traumatised. There are also issues in respect of the availability and cost of translation services alongside a significant national shortage and lack of suitable placements for looked after children.

Hampshire UASC Arrivals

UASC arrivals	Jan - Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Jan - Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan - Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan - Mar 2021
Quarterly Data	14	29	31	17	18	7	8	3	13	0	18	4	7

21. As at 30 June 2021 the total number of UASC (under 18 years) looked after by Hampshire is 63.

UASC Care Leavers	Jan - Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Jan - Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan - Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan - Mar 2021
Period End	246	247	270	294	308	328	329	327	334	335	341	347	363

22. The second table above shows the number of UASC Care Leavers at each period end. There has been a 164% increase in the number of UASC care leavers since June 2017 (137), which is to be expected given the average age of UASC arrivals is 17.
23. Since July 2016, Hampshire has been accepting children through the National Transfer Scheme (NTS). Hampshire have always been proactive in the NTS scheme and have previously been supportive with the closure of the Calais camp and more recently with the large influx of children arriving through Dover. Between August and October 2020 Hampshire took children direct from the Port of Dover as Kent County Council were unable to support more arrivals. The transfer scheme has been on hold until July

2021 and Hampshire's commitment is to take one child per month from the scheme. This is considered proportionate if the transfer scheme was mandated and all local authorities took a fair share of those arrivals. However, some local authorities refuse to receive any children

24. The majority of the children are placed in independent fostering agency (IFA) placements and a significant number are placed outside of Hampshire, in order that we can better meet their cultural and individual needs. The age range is from 11 years old and the significant majority are males. They will need to be looked after by the local authority until they reach 18 years and will then have care leaver status with continuing support from the local authority until they are 25 years of age. Whilst the Home Office provide set funding for UASC and care leavers there is still a shortfall, particularly for those over the age of 18. It should also be noted that around 30% of UASC will not be given leave to remain in the UK and as such will have 'no recourse to public funds' requiring the local authority to entirely fund all of their living costs until they reach 25 years of age.

Working Together 2018

25. The Hampshire Safeguarding Children Partnership (HSCP) is a mature, robust and effective multi-agency partnership. Drawing on the reflective, proactive and innovative practice of the children's workforce across Hampshire, we continue to develop and improve our services through effective safeguarding, learning and development. Hampshire County Council Children's Services, Hampshire Constabulary, and the five CCGs form the three safeguarding partners. All three lead safeguarding partners hold a strategic role within their organisations and are able to speak with authority, commit to matters of policy and hold their organisation to account. Strong strategic leadership during the pandemic ensured rapid and decisive action to safeguard Hampshire's children and young people at risk of harm or abuse and ensured access to the most appropriate support services to keep them safe.
26. The HSCP has a clear commitment from senior leaders, building on strengths within the strong partnership relationships that exist, our vision is to protect children from harm and prevent them from the risk of being harmed and support their recovery from harmful situations. Key to our success has been a focus on the different safeguarding contexts that exist across Hampshire, with emphasis being placed on children and young people being safeguarded in their lives at home, in their friendship circles, in health, in education and in the public spaces that they occupy both offline and online.

Performance and Activity levels

27. Workloads, as evidenced in contacts, referrals and safeguarding activity, continue to be high with 8,978 cases open to Children's Social Care at the time of writing this report. The table below sets out the trends over the last four years including the source of referrals received via Hantsdirect.

Contacts and Referrals

Contact and Referrals	2016-17		2017-18		2018-19		2019-20		2021-21	
	Denom	Value								
Number of initial contacts		87235		106010		117188		125413		126153
Number of referrals		37831		35953		40014		44434		48826
Referral source: Individual	2165	11.10%	1908	11.50%	1906	10.40%	2303	11.39%	2484	11.41%
Education	4559	23.50%	3862	23.30%	4432	24.10%	5007	24.76%	4230	19.43%
Health Services	2603	13.40%	2251	13.60%	3063	16.60%	3656	18.08%	4259	19.57%
Housing	233	1.20%	174	1.00%	188	1.00%	248	1.23%	181	0.83%
Local Authority Services	1606	8.30%	1704	10.30%	1661	9.00%	1600	7.91%	1856	8.53%
Police	5360	27.60%	4265	25.70%	4559	24.80%	4585	22.68%	5803	26.66%
Other legal agency	447	2.30%	388	2.30%	593	3.20%	696	3.44%	884	4.06%
Other	1765	9.10%	1194	7.20%	1248	6.80%	1262	6.24%	1166	5.36%
Anonymous	478	2.50%	384	2.30%	495	2.70%	531	2.63%	643	2.95%
Unknown	219	1.00%	466	2.80%	263	1.40%	332	1.64%	2	0.01%
Not recorded	0	0%	0	0.00%	0	0.00%	0	0.00%	258	1.19%

28. The total number of contacts as at 31 March 2021 (126,153) is 7.6% higher than the total received at 31 March 2019 (117,188), which was 11% higher than the previous year (77,934). The 2020-21 is a 62% increase on the 2015-16 number. This is indicative of the continuing pressures across the child protection system which is reflected nationally. For 2020-21, education 19.43% have been overtaken as the highest referrer with police increasing to highest referrer (26.66%) which is to be expected in a period which saw school closures due to lockdowns. These contact percentages have remained fairly consistent over the last three years.

Assessments and Child Protection Investigations (s47)

Section 47 and Assessments	2016-17		2017-18		2018-19		2019-20		2020-21	
% of S47 going to initial Child Protection	4,211	43.7%	3926	44.9%	4317	40.6%	5035	31.4%	4747	34.7%

Conference (ICPC)										
Child & Family Assessment (C&FA) Timeliness	19841	89.6%	18496	87.90%	18003	90.9%	19712	92.6%	15924	95.3%

29. With regards to assessments, as can be seen in the table above, the percentage of child protection investigations (section 47 investigations) which progress to an initial child protection conference over a year, has remained at around the same level compared to previous years. This continues to reinforce the fact that thresholds are being consistently applied by social workers and managers.
30. The timeliness of completing a Child and Family Assessment (C&FA) since their introduction in 2014-15, is a very positive picture given the large number of assessments undertaken over the last year. This has not fallen from the high 80s for the last three years and is higher than the majority of other local authorities in the region.

Child Protection Plans (CPP)

Child Protection Plans (CPP)	2016-17		2017-18		2018-19		2019-20		2020-21	
No of children on CPP		1263		1293		1097		938		1000

31. As detailed above, work within the child protection planning process remains robust with numbers showing a decline from the end of March 2017, but an increase more recently due to the Covid pandemic. More children who were subject to a child protection investigation and were then presented at a child protection conference, were deemed to warrant being made subject to a child protection plan because of the risk of significant harm. The increase is as a result of additional pressures on families as a result of Covid 19 and we have seen a rise in the complexity of risk and issues within some families that social workers are working with. However, as lockdowns ease and life returns to normal we do expect those numbers to reduce again.
32. The number of children subject to a plan for neglect remains in the 60-70 percent (although a word of caution in that categorisation between neglect and emotional abuse can be variable, and neglect while present may not be the main presenting factor). HSCB launched its Neglect Strategy in October 2016 and this continues to help professionals better identify neglect.

33. A low percentage of child protection plans are lasting beyond two years (which is good as it indicates proactive work) and relatively few require a repeat plan within two years. The number of timely visits made within the required dates remains a significant strength of the service and reinforces that children are being seen and kept safe.

Full Time Children Looked After (CLA)

Full Time Children Looked After (CLA)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21					
No of full time CLA	1339	1305	1440	1592	1664	1602	1656					
	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021
Enterin g full time care	151	207	168	159	135	155	121	159	158	166	152	157
Leaving full time care	149	148	136	185	161	153	148	166	107	136	184	139
Net increase	2	59	32	-26	-26	2	-27	-7	51	30	-32	18
Of those new into care children PwP	24	18	24	30	32	32	14	8	25	23	24	27
Of those new UASC	29	31	19	18	7	8	3	13	0	20	4	7

34. With regards to children in care, the number has increased by 54 (3%) over the last 12 months. The numbers of CLA is impacting significantly on the financial challenges the Council is facing and the capacity of the service.
35. It should be noted that there is of course significant churn throughout the year of the children in care population. Additionally, changes in court practices are placing more children at home whilst on a Care Order (and thus 'in care') whilst previously such children would probably have remained the subject of support in the community without entering the court (and care) arena. This is primarily due to a complex set of changes relating to the 'Public Law Outline'. A recent review of this practice by the President

of the Family Division, and Head of Family Justice, said this practice of placing children at home on care orders should cease, but we are yet to experience that in Hampshire.

36. Nationally the picture of demand continues to outstrip the supply of placements for children in care, and the costs of placements are rising significantly. The increasing complexity of the children coming into the care system has meant additional costs associated with their placements. As above, demand for placements outstrips supply and this is particularly the case with the most complex and troubled teenagers, who frequently require more intensive residential placements. The costs (price) of those placements continue to rise year on year. Significant work is carried out by our Placement Commissioning team (such as working through framework contracts and contract specification) to ensure that Hampshire achieves the best value that it can in what is an 'overheated' market.
37. Our Modernising Placements Programme is aiming to significantly increase the numbers of HCC carers by offering a wider range of support to those carers, thus enabling them to care for children with more complex needs. This, in conjunction with changes to our children's homes, should increase capacity and assist in better managing the costs of some placements.

Local Developments

Recruitment and Retention:

38. The recruitment and retention of children's social workers continues to be a key issue. This is a national problem which is particularly acute in the South East region. In 2018 there was an investment by HCC of £6.5m and over 100 new social work posts to deliver effective sustained change in vulnerable families. Since this investment over 300 qualified social workers have been recruited into HCC's Children's Services. This has included 250 Newly Qualified Social Workers who have joined our Graduate Entry Training Scheme in a planned strategy to grow our own Social Workers for the future. The department is also seeking to maximise other routes to bring social workers into Hampshire through apprenticeships and a national training programme (Step Up to Social Work). In 2021 overseas social workers are also a small but growing element of recruitment activity.
39. Permanent vacancy rates in our front-line teams remains around 13%, although there are four further cohorts of Newly Qualified Social Workers planned to start this financial year. Although social worker turnover stabilised at around 13% during the Covid-19 pandemic this is now starting to increase as restrictions are lifted. To ensure that HCC remains attractive in a competitive recruitment market, pay bench-marking work has been undertaken and pay for our social workers is currently under review. Retention of social workers continues to be supported by social worker Personal Assistants to reduce the administrative burden, as well as flexible working and technology to support mobile working.
40. Due to the need to cover vacancies, the need to support our newly qualified social workers and with rising demand upon services, the number of

agency social workers has increased. Through our own employment agency (Connect to Hampshire) the number of off contract workers has been substantially reduced, although there continues to be significant pressure upon the supply of qualified social workers due to demand within the region.

41. Children's Services continues to invest in a comprehensive marketing strategy to support the recruitment of permanent social workers. This includes published articles through Community Care promoting HCC as an employer, attendance and presentation delivery at national professional development and recruitment events, regular digital recruitment campaigns and delivery of our own Social Work in the South event.

Transforming Social Care (TSC) in Hampshire

42. The Transforming Social Care Programme is now in its second phase and continues to deliver innovative whole system change and continuous improvement to our social work practice. The 2020 Annual Safeguarding Report gave an overview of Phase 1 projects and what had begun to be delivered under Phase 2. This report summarises those projects which have concluded or are ongoing during 2021.
43. Ongoing projects
 - Implementation of Family Connections Service – assessment, preparation and support for Family and Friends Carers
 - Continuing to embed Intensive and Specialist workers to work with priority families and keep/return more children safely home
 - Right Time Right Place – family life isn't 9-5 and so this project is considering how our service could adapt to flexibly meet the demands of families and potentially attract new social workers who wish to work different hours/patterns
 - Implementing improvements to the Independent Reviewing Service
 - Implementing improvements to the Family Time Service (previously Contact Service)
 - Working with health partners to implement Health Assessment improvements
 - Trial of virtual reality headsets to increase understanding of the impact of trauma and harmful parental behaviours
44. Completed projects
 - Improvements to Early Help and Group Work delivery
 - Improvements to Volunteer Service
 - Applying the Hampshire Approach to family meetings and plans
 - Care Leavers projects (housing, emotional and mental health, health passport)

- Introduced the Challenging Behaviour programme ‘Great Behaviour Breakdown’
45. Appendix B provides further details about each project and its impact.

Youth Offending Service:

46. During the last year Hampshire Youth Offending team (HYOT) has continued to deliver youth justice and youth crime prevention to the children whilst managing the peaks of the pandemic. HYOT has used the period to continue to drive up the quality of delivery and associated outcomes for children. To achieve this, it has focused on the areas for development identified by a self-assessment and improving its key performance indicators. These indicators are those which have a long-term impact on children’s lives and achieving their potential in adulthood. They are as follows:
- Reducing the numbers of children who are first time entrants (FTE) into the criminal justice system.
 - Reducing the numbers of children who reoffended whilst under our supervision.
 - Reducing the numbers of children in custody.
47. This has informed HYOTs priorities for 2021/22 These are detailed in our Youth Justice Plan but are broadly as follows:
- Improving assessments including understanding children’s diverse needs and taking a trauma informed approach.
 - Implement the improvements identified following the National Standards Self-assessment. In particular, the work done with children who are experiencing a transition.
 - Reducing FTE by working together with the other Hampshire YOTs and Hampshire police to develop a youth diversion programme.
 - Ensuring that HYOT has the correct interventions to meet the needs of children, parents/carers, and harmed people.
 - Develop and improve communication across the YOT to support effective implementation of policies, procedures, and practice to improve outcome for children.
48. HYOT continues to achieve these objectives in partnership with other agencies. These are the local authority, police, probation, health and the Youth Justice Board.

Sector Led Improvement Work

49. Hampshire has been a Partner in Practice (PiP) with the Department for Education since 2016, and as such, has provided social work improvement

support and advice to other local authorities across the region and more widely as requested nationally. This improvement work under PiP came to an end in March 2021 when Hampshire, jointly with the Isle of Wight, was successful in bidding to deliver improvement support in the DfE's new programme, the Sector Led Improvement Programme (SLIP). This started in July 2021 and there is indicative funding for three years for Hampshire to deliver circa 1350 days of support a year. Our work over the past year has supported improvement in several authorities including Buckinghamshire, West Sussex, Southampton and packages of support for Reading and Slough.

50. In addition to the work in 2020/21 under the PiP programme, Hampshire has worked with the Foreign, Commonwealth and Development Office (FCDO) to undertake some specific improvement support with the British Overseas Territories. Currently this work is ongoing with St Helena and we are in negotiations to provide some advice and support to Pitcairn Island.
51. Members can be assured that, even with the work of the Director of Children's Services and some of his senior managers in the above authorities, there is no detriment to the oversight and management of Hampshire Children's Services as evidenced by the most recent Ofsted inspection report. Hampshire receives full financial recovery for Sector Led improvement from the DfE or FCDO. A small central team of social work managers has been established with the funding to further support capacity in this area and ensure that the work in Hampshire maintains due focus. As with all work undertaken in other authorities, there is always positive learning gained to further improve services in Hampshire. These benefits to Hampshire are significant and enable both staff and services in Hampshire to be continuously developed. Ofsted commented that, '*Leaders recognise the benefits that come from being an improvement partner, not only in creating income, but also in the learning that is gained from other local authorities and from keeping its own staff stimulated and stretched.*'

Future Challenges and Operational Priorities

52. The future challenges and priorities can be summarised as follows (this is not an exhaustive list and the history of this type of work is that new priorities will emerge such as child exploitation and domestic abuse have done).
53. The full long-term impact of the pandemic is not yet known. Since March 2021, albeit post the time frame for this annual safeguarding report, children's social care have seen a sustained increase in demand of over 20% above pre-pandemic levels. It is not yet known how long that will continue but experience shows us this might now be the new normal level of demand going forward. At this stage the increase in demand has not led to a similar increase in the numbers of children coming into care.
54. Given that the number of children entering the care system remains a challenge, as does the cost (price) of their placements, it is essential that the transformation work as described in paragraphs 7.6 -7.10 becomes fully

embedded to keep more children at home, where it is safe and appropriate to do so. Transforming children's social care will deliver a modern social work service fit for the future challenges over the next decade. Where children do come into care, our Modernising Placements Programme, paragraph 6.15, will ensure children have the right placement to meet their needs.

55. The costs associated with the placements for looked after children will continue to be a significant pressure for the County Council. Significant additional corporate funding has already been given to the department, but as demand increases and the supply of placements comes under further pressure, inevitably costs will rise.
56. Child exploitation, in all its forms, continues to be an increasing area of work, particularly the 'County Lines' issues. Although Hampshire is well placed to meet these challenges, it is important that we remain vigilant and responsive, working in tandem with partners to protect children.
57. The recruitment and retention of social workers will continue to need to be addressed.
58. Tactical changes have been made to the current social care IT system to ensure that the system continues to be fit for purpose. A new system will be implemented in 2022. The new system must allow social workers to work in a modern digital environment, which will free up their capacity and reduce administration.

Consultation and Equalities

59. There is no adverse impact on equalities and no consultation is required.

Climate Change Impact Assessment

60. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
61. This report is essentially strategic/administrative in nature and does not have any climate change considerations.

Other Key Issues

62. None

Conclusions

63. Throughout 2020/21 there continued to be a highly effective strategic response to the safeguarding of vulnerable children and a robust operational response, despite the challenges presented by Covid-19.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
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	

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:

See guidance at <https://hants.sharepoint.com/sites/ID/SitePages/Equality-Impact-Assessments.aspx?web=1>

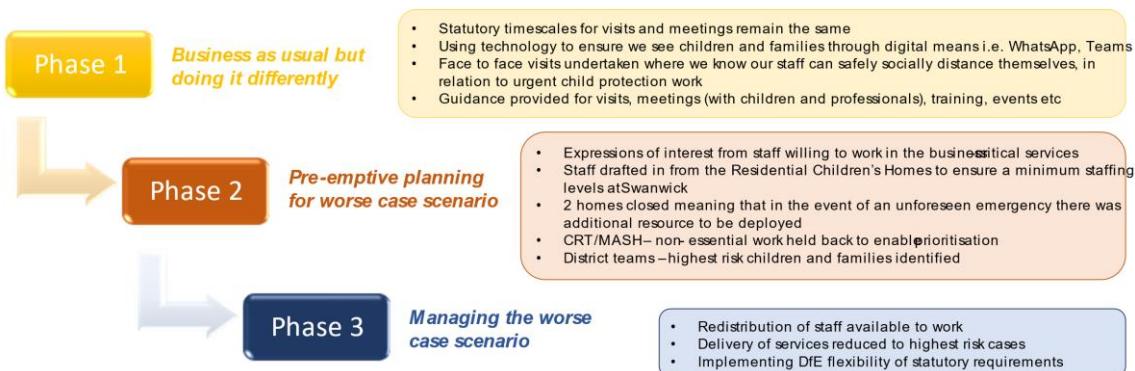
*Insert in full your **Equality Statement** which will either state:*

- (a) *why you consider that the project/proposal will have a low or no impact on groups with protected characteristics or*
- (b) *will give details of the identified impacts and potential mitigating actions*

Appendix A – Covid Approach

Our approach through the lockdown:

As part of our contingency planning we developed a phased approach, with each phase based on having fewer staff available to work should the situation worsen



We remained in Phase 1 until Lockdown 3 when some of Phase 2 was implemented



Providing an outstanding service to children and families



Maintaining management grip

It was imperative, from the very start, to respond quickly, be agile, and maintain control:

- Guidance has been issued promptly and updated
- Statutory timescales have been maintained
- Visits have continued – virtually and in person
- Local level management has been enhanced
- Management oversight has remained

... all whilst children have continued coming into care and fewer have been leaving

Throughout lockdown and between lockdowns there has been constant engagement and feedback to understand and capture how teams are responding to the crisis. We have done this through:

- Daily/bi-weekly senior management (CFMT) Covid meetings
- AD log/action tracker
- Weekly/fortnightly Covid specific team and district manager meetings
- BAU team meetings and supervisions
- Q&A process and comms
- Monitoring of staff absence /capacity to enable staff to be deployed differently



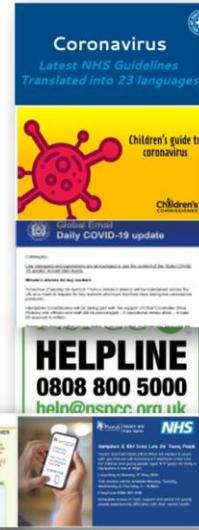
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Partners

We have maintained a constant dialogue with our partners

- Daily contact between Assistant Director and Head of Public Protection (the police) if needed (shared high risk cases-focus on the right children)
- Proactively sharing our important updates with partners across the health economy (public health, CCG, safeguarding leads, hospital trusts)
- Shared high risk cases with police and vice versa to focus on right children
- Working closely with colleagues in E&I to communicate effectively with all schools



Providing an outstanding service to children and families



Schools

We have maintained a constant dialogue with our schools

- Our schools remained opened during the crisis for children of key workers and those classed as vulnerable
- We have monitored attendance closely for our vulnerable children, and continue to do so
- We have risk assessed each vulnerable child who has not attended school
- We have worked with Education & Inclusion staff and schools to provide laptops to eligible vulnerable children
- Children & Families and Education & Inclusion have worked together in close collaboration



Providing an outstanding service to children and families



Appendix B - TSC

TSC is delivering a whole system change



The PIP (Partners in Practice) Programme was a Department for Education funded initiative which commenced in 2016. Its ~~ambis~~ to transform how we deliver social care to Children and Families across Hampshire. The programme was repurposed from ~~the~~ programme to Transforming Social Care in June 2018. This is because we recognise that our journey in Transforming Social Care will go further, in terms of both scope and time.

A family service—a system focused on improving outcomes for the child/family context

A social work led, integrated multi-disciplinary service, from the front door to specialist services

An approach supporting social workers to deliver meaningful interventions and create lasting change

Improved flexibility for good practice to flourish

Children are supported within their family/community wherever possible.

Delivered through



Phase 2 projects (late 2019 to present)



Project	Objective	Outcomes / Impact
Family meetings and plans	<p></p> <p>Brought together 5 planning templates across early help, CIN, CP, CIC and CL planning into two documents: A Family Plan and a My Life My Future Plan.</p> <p>Also introduced Family Meeting Model to support practitioners in engaging wider family in planning meetings.</p>	<ul style="list-style-type: none"> One plan that travels with the family as they move through our service – increasing ownership, understanding, engagement and achievement of plans One plan travels with children in care through to care leaver and independence. Supports their journey in a holistic way. Further embedding strength based and collaborative working with families by incorporating strength based prompts in documents.
Early Help	<p></p> <p>To increase the amount of FSS resource used for direct work with families and reducing delays between referral and service delivery.</p> <p>To increase partner engagement and to reduce barriers/delays to families receiving contiguous and consistent support when they move between thresholds.</p>	<ul style="list-style-type: none"> More FSS resource spent working with families. Partners engage with the process and support early help. Families receive support more quickly. Fewer families have a change of worker and/or interruptions to services received. Families are more resilient and less likely to require further services.
Volunteer Service Review	<p></p> <p>Increase in the number of volunteers working with children and families, increase capacity to meet statutory requirements and a reduce admin time to facilitate increased volunteer activity.</p>	<ul style="list-style-type: none"> More Mentors and Family Support Volunteers working with children and families across Level 3 and Level 4. More Independent Visitors working regularly with CIC and Care Leavers. More availability and matching of volunteers to children
Health Assessments for Children in Care	<p></p> <p>All CLA having their Initial Health Assessments or Review Health Assessments completed on time and the IHA and RHAs will be used to promote health and wellbeing throughout the CYPs journey in care.</p>	<ul style="list-style-type: none"> All CLA will have their IHA/RHA completed on time, annual Ofsted reporting will reflect this. Every CYP will have a clear, strengths-based plan to address and meet their ongoing health and wellbeing needs.

Phase 2 projects (late 2019 to present)



Project	Objective	Outcomes / Impact
Family and Friends Care 	Improving routes into care with consistent messaging for families along with better understanding about process, eligibility and support. Earlier identification of carers, better integration with planning processes. Enhanced support packages for F&F carers and improved ways of working to deliver F&F service.	<ul style="list-style-type: none"> More children placed with Family and Friends carers outside of the care system.
Embedding Reunification across the Service 	Embed a reunification culture across the service, ensuring policies, processes, structure, services and skills are focused on 'thinking reunification' before a child even comes into care.	<ul style="list-style-type: none"> More children are able to return home or to their wider family networks.
Contact Service Review 	Increased Contact Supervisor support for potential reunification cases and all referrals that require Supervised Contact can be allocated. To make contact more family friendly, ensuring families have contact at the appropriate time and place and contact Supervisors have the appropriate training to deliver a high - quality service.	<ul style="list-style-type: none"> The service directly contributes, through tailored contact sessions, to reunification. No / minimal waiting lists, reducing our use of third party providers. A flexible contact team, available at a time convenient to the family. A clear learning / training pathway for supervisors.

Phase 2 projects (late 2019 to present)



Project	Objective	Outcomes / Impact
IRS Review 	Understand demand and workload, to ensure appropriate allocation of resource , to identify improvements to enhance and develop service quality, performance and impact . To identify cashable and non -cachable efficiencies / improvements (including to confirm what, if any, T19 savings or overspend can be expected within T19 timescales)	<ul style="list-style-type: none"> Clarity on how / if service quality and performance can be improved
Right Time, Right Place 	Prevention is delivered when it can have the greatest impact and crises are responded to quickly, with no difference in approach between 9 -5 Mon-Fri and 'out of hours'. Supervised contact is delivered when needed (not only within 9-5 Mon-Fri) along with staff having a better work life balance and hours worked are better supported and acknowledged.	<ul style="list-style-type: none"> Escalation of risk is prevented Crises are responded to swiftly Children do not miss school / parents miss work in order to engage with services Relationships are maintained / improved between CLA and their birth families Staff receive the required support round the clock, and can balance this with their home life
Virtual Reality 	To increase the understanding of the impact of trauma and harmful parental behaviours on a child's development, behaviour and long term outcomes along with improvement in recruitment of foster carers and increased placement stability.	Test and learn outcomes will be measured by a robust report/presentation which articulates the outcomes of the report for Senior Managers to consider further investment.

Phase 2 projects (late 2019 to present)



Project	Objective	Outcomes / Impact
Ongoing specialist worker investment	Families will receive a specific and specialist intervention to meet identified needs as part of a whole family approach. CS workforce knowledge and confidence will increase in these specialist areas through consultations and learning sessions.	<ul style="list-style-type: none"> Families receive appropriate and specialist interventions earlier and more quickly as part of the IW Teams – threshold is set by CSD Parents are better able to understand the impact of their harmful behaviours on their children's wellbeing and safety Increased number of families are supported to address issues as Soc Wkers/IWs deliver interventions overseen/coached by a CAMHS Spec Wker More children safely at home
Ongoing intensive worker investment	An increased number of 'priority cohorts' families will receive evidence based interventions whilst reduced number of parents that will experience recurrent care proceedings. Positive change will be both achieved and sustained by the family.	<ul style="list-style-type: none"> More children will be kept safely at home, through both prevention and reunification Parents with a child removed will be able to address their own needs in order to be better able to safeguard/parent any future children through accessing appropriate services
Challenging Behaviour	Ensure that Parent/Carers have effective support to manage challenging behaviour and reduce escalation of the behaviour and so preventing child entering the care system and enabling child to stay at home safely	<ul style="list-style-type: none"> Parents increase ability to manage child/ren's challenging behaviour Workforce able to provide meaningful support to enable parents to set boundaries; create proactive and reactive strategies to manage behaviour Parents know how to access support and help when required By supporting parents earlier in managing challenging behaviour more effectively this will reduce the likelihood of behaviour escalating to the point of statutory intervention and possible care proceedings

Phase 2 projects (late 2019 to present)



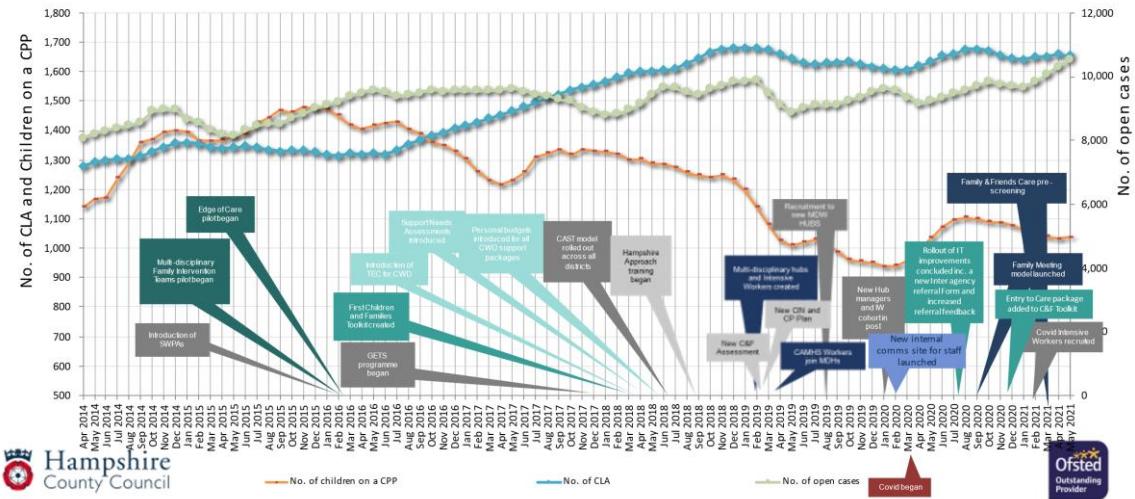
Project	Objective	Outcomes / Impact
Care Leaver Housing	Supporting embedding of Homelessness Prevention roles within Care Leaver teams, increasing Tenancy Education and skills, addressing gaps in provision (for example where young people fall through thresholds).	<ul style="list-style-type: none"> CL have specialist support to access housing and sustain tenancies Partners will understand the needs and vulnerabilities of CL and be able to work collaboratively with CL team in the best interest of CL CL will be able to access a robust learning package to support their independency and help sustain accommodation/tenancies By strengthening positive relationships between HCC/ CL teams and housing partners will enable stronger collaboration around solutions that will support CL to build tenancy skills to sustain their tenancies and so reducing vulnerability and homelessness.
Care Leaver emotional and mental health	Identified a need for Care Leavers, but also considering at cross service improvements. Improving access to universal services, increasing staff skills and confidence to provide low level support and address gaps where identified.	<ul style="list-style-type: none"> Access to universal support is clearly defined and available for families/CYP Staff skills / confidence will improve to enable them to provide meaningful and appropriate support to build resilience and confidence in families/ CYP / CL Targeted provision for CL is clear By supporting parents earlier in managing challenging behaviour more effectively this will reduce the likelihood of behaviour escalating to the point of statutory intervention and possible care proceedings.
Care Leaver Health Passports	Improving processes to collate existing health information and present in meaningful way for young people.	<ul style="list-style-type: none"> All CLA will have their IHA/RHA completed on time, annual Ofsted reporting will reflect this.

Our impact in numbers



Staff Interventions Technology CWD Hampshire Approach Internal Comms

Activity Volumes - 3 Month Moving Average From April 2017 to May 2021



Agenda Item 9

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet		
Date:	7 December 2021		
Title:	Annual Safeguarding Report – Adults' Health and Care 2020-21		
Report From:	Director of Adults' Health and Care		
Contact name:	Jess Hutchinson, Principal Social Worker and Assistant Director		
Tel:	0370 7796723	Email:	Jessica.hutchinson@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide an annual update in respect of the local authority statutory duty to safeguard vulnerable adults.

Recommendations

2. It is recommended that Cabinet:
 - Notes the positive progress and strong performance of the Department to keep adults at risk safe from abuse and/or neglect, whilst acknowledging ongoing risks to fulfilling statutory safeguarding duties.
 - Notes the commitment of a wide range of Adults' Health and Care staff, and wider partner agencies, to delivering robust safeguarding arrangements in Hampshire.
 - Notes the contribution of the Hampshire Safeguarding Adults Board (HSAB) to safeguarding strategy, assurance and the development of policy across the four local authority areas of Hampshire, Portsmouth, Southampton and the Isle of Wight.

Executive Summary

3. This report provides an overview of the actions undertaken by Adults' Health and Care and multi-agency partners in **safeguarding adults at risk of abuse and/or neglect** in Hampshire.
4. Over the last year, the Department has seen an **increase in the volume and complexity of safeguarding concerns**, leading to higher numbers of safeguarding enquires. This is largely due to the impact of the Covid-19 pandemic, particularly national lockdown and social distancing measures. In the face of these challenges, the Department **continued to ensure robust governance arrangements and the continuous improvement** of services and safeguarding responses.

5. The **Hampshire Safeguarding Adults Board** continued to play an important role in overseeing safeguarding across the county and four local authority area, including through the development of safeguarding policy. Achievements include the production of **local Multi-agency Safeguarding Adults Policy and Guidance** and introduction of a new **Quality Assurance Framework**.
6. The Board continued to fulfil its statutory duty to arrange **Safeguarding Adults Reviews** (SARs), seeing an increase in referrals compared to the previous year. A **new system improvement framework** is being piloted across the four Local Safeguarding Adults Board area to ensure learning from SARs drives improvement. A Hampshire **Partnership Review model** is also planned to accelerate timescales for completing SARs, where appropriate.
7. The report demonstrates how the Department continued to fulfil its duties under the Mental Capacity Act 2005 for **Deprivation of Liberty Safeguards** and drove excellent practice in relation to assessing capacity and promoting service users' rights. Furthermore, it highlights the very positive feedback received following **external validation of the Department's Client Affairs Service** by the Office of the Public Guardian.
8. Information is provided on steps taken to improve the Department's multi-agency response to adults at risk of **domestic abuse** and respond to the Domestic Abuse Act, introduced in April 2021.
9. The PREVENT programme is now covered in a separate report due to the high level of risk and the specialist nature of the areas involved.

Contextual information

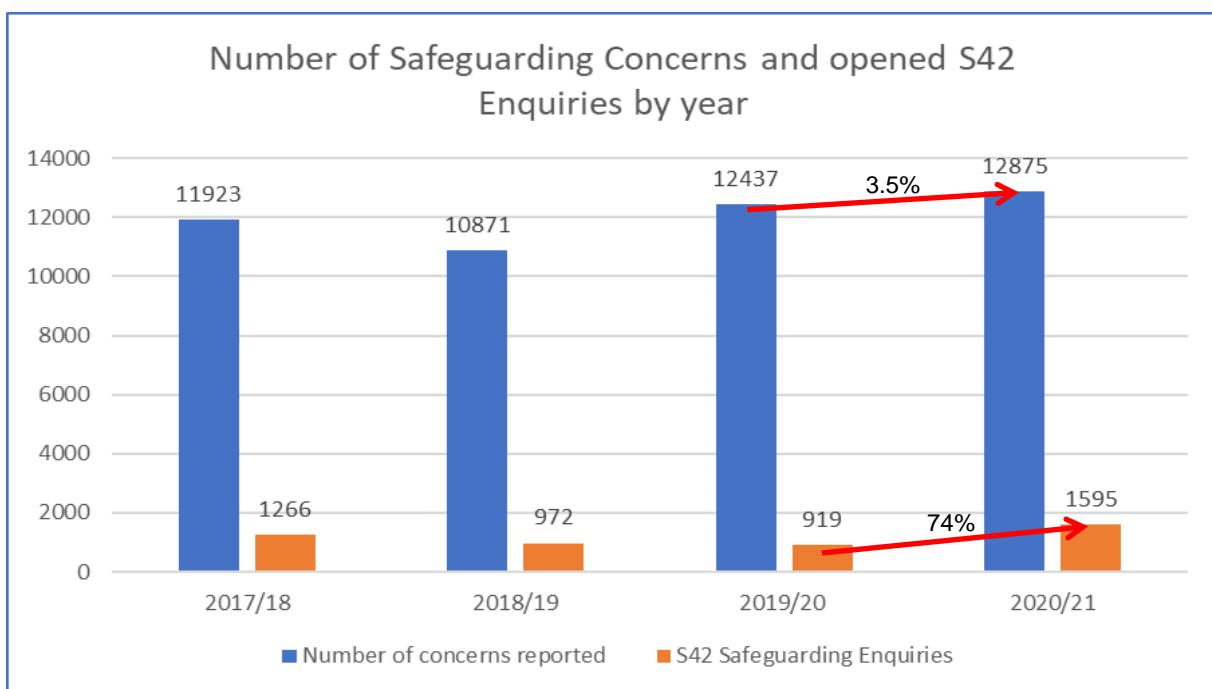
10. Adult safeguarding is a core duty of every local authority. The main statutory responsibilities for local authorities, Police and the NHS are covered by the Care Act 2014 and subsequent statutory guidance. A person with care and support needs living in Hampshire who is at risk of, or experiencing, abuse or neglect, and is unable to protect themselves, can access safeguarding support irrespective of their eligibility for services. A safeguarding concern can be referred by anyone with reason to suspect that someone has care and support needs and is at risk.

Safeguarding activity

11. The majority of safeguarding concerns come through to CART (The Contact and Assessment Resolution Team) and MASH (The Multi Agency Safeguarding Hub) where staff gather information, liaise with other agencies, review the risks presented and consider whether to open a Section 42 safeguarding enquiry.
12. **Data indicates a growth in the volume and complexity of safeguarding concerns, leading to higher numbers of safeguarding enquiries.** This is demonstrated in Table 1 below which shows annual referral numbers for the past four years. This illustrates an increase in adult **safeguarding concerns** of 3.5% (438 additional concerns) in 2020/21 compared to 2019/20. This

reflects the national picture with rates of safeguarding concerns during 2020 being higher overall than in 2019.

13. Of the 12,875 safeguarding concerns received in 2020/21, 1,595 converted into Section 42 safeguarding enquiries – an increase of 74% on the number of enquiries the previous year (919). This increase followed a reduction in Section 42 enquiries seen in March 2020 at the start of the pandemic. This again aligns with national trends, where there was a sharp decline in the rate of safeguarding concerns as lockdowns started followed by increases as lockdowns ended.



14. The increase in volume and complexity can largely be explained by the impact of Covid-19 and long Covid. For example, the sedentary nature of national lockdowns and shielding led to the loss of physical abilities (or decompensation) for some older people and people with disabilities. Social isolation measures impacted mental health whilst also making it more difficult to undertake essential face-to-face visits and progress safeguarding enquiries. Professionals had to adapt to changes in practice in line with new national frameworks and respond to increasing demand pressures on key services, including acute hospitals. Furthermore, the disruption to, and reduction in, social care services caused by restrictions is likely to have caused strain on carers despite the Department continuing to support carers and service users as much as possible.
15. In the face of these challenges, Adults' Health and Care continued to prioritise prevention, excellent practice, professional development, system improvement, audit, and learning from Safeguarding Adults Reviews. This included by:

- Introducing extra resource in key areas in the short term, to protect time for professional development despite growth in demand.
- Planning for the implementation of a new social care recording system, *Care Director*, in 2022 to improve recording of safeguarding data.
- Introducing a new senior social work role, which went live on 1st October 2021. Social workers that meet a required standard of practice will be renumerated for taking on professional lead roles, including Safeguarding Lead to ensure good safeguarding standards in teams.
- Restarting home visits for those who could not be visited during lockdown, with the use of home working guidance to equip staff to make use of professional curiosity and effectively support people at risk.
- Delivering an extensive campaign on re-launching Making Safeguarding Personal and introducing new mandatory safeguarding training, alongside an automated training dashboard.

Hampshire Safeguarding Adults Board (HSAB)

16. The HSAB continues to be a well-established, strategic board whose membership includes all key multi-agency partners. The Board is Chaired by the Director of Adults' Health and Care, and an Independent Scrutineer provides critical challenge and support to ensure the Board fulfils its core statutory responsibilities.

HSAB 2020-2021 Annual Report

17. In line with its statutory duty under The Care Act, the HSAB published its 2020-21 Annual Report setting out key areas of progress and achievements against its 2019-20 Business Plan. The Report also set out the Board's revised Strategic Priorities for 2021, which were informed by feedback from a stakeholder survey conducted in April 2021. These are prevention, learning and protection. The Board also published its Business Plan (2021-24) detailing the actions planned to deliver on agreed priorities. The Annual Report is available via <https://www.hampshiresab.org.uk/wp-content/uploads/HSAB-Annual-Report-2020-2021.pdf>.

Safeguarding Policy and Guidance

18. Responsibility for the policy framework for adult safeguarding is shared between the four local authority areas in Hampshire and the Isle of Wight. In June 2020, the four Local Safeguarding Adults Boards (LSABs) jointly produced a local Multi-agency Safeguarding Adults Policy and Guidance setting out how local agencies will work together. Adults' Health and Care is currently reviewing and updating its policies and practice guidance to ensure these are aligned.
19. Further areas of policy development included work towards a transitional safeguarding framework, guidance on homelessness and safeguarding, a hoarding protocol and the SAMA policy, which provides a process for

managing safeguarding allegations that relate to professionals in positions of trust.

20. A further key development was the introduction of a new Quality Assurance Framework across the 4LSABs to enable partners to monitor safeguarding activity and use this intelligence to understand trends, shape priorities and support flexible partnership responses to meet needs.

Cross boundary working

21. The 4LSABs continued to work together to align and coordinate adult safeguarding activity across the area, as far as practicable. Several 4LSAB working groups (e.g., housing and policy) are in place addressing areas of common interest and this approach has reduced unnecessary duplication, improved consistency, and resulted in effective joint working on policy development.
22. The 4LSABs and Hampshire Safeguarding Children Partnerships (HSCPs) continued to deliver joint multi-agency training events on the Family Approach Protocol and work on Transition Services, to support young adults as they transfer from Children's to Adults' Services.

Safeguarding Adult Reviews

23. In line with its statutory duties under the Care Act, the HSAB continues to arrange Safeguarding Adults Reviews (SAR) as required. Referrals are considered by the HSAB Learning and Review sub-group which determines whether the circumstances of the case fit the requirements for a SAR and if so, what type of review process would promote the most effective learning and improvement action to reduce the likelihood of future deaths or serious harm occurring. The SAR collates and analyses findings from multi-agency records and frontline practitioners and managers involved with the case. It provides a detailed overview of the interfaces involved and, where necessary, makes recommendations for practice improvement.
24. 2020-21 saw a significant increase in SAR referrals compared to previous years. One SAR was recently published (the Vicky SAR) and there are currently three reviews underway, due to be signed off by the HSAB in December 2021 and January 2022. Each of the reviews have benefitted from the involvement of frontline practitioners from across partner agencies, and liaison with family members. Taken in combination, the SARs highlight the need for practice improvements to safeguarding people who self-neglect and those experiencing homelessness in particular.
25. One SAR (Sam) explored how services have been delivered across agencies (including Childrens Services) to a young man with mental health issues who sadly killed himself. The second SAR relates to a case of a man (adult G) with learning disabilities who was supported by his mother, who herself had physical and mental health needs and struggled to work in partnership with services. The SAR explored the challenges faced by agencies in knowing how to work effectively together to respond to concerns that adult G was being harmed by his mother's reluctance to work with the professionals.

26. The Vicky SAR referenced above provided insight into the circumstances of Vicky who lived with a difficult combination of challenges, having developed epilepsy when she was eighteen and later facing mental health and substance misuse issues. Vicky also became homeless towards the end of her life and very sadly died on her own, in Bed and Breakfast accommodation.
27. In line with the national picture, there has been a notable increase in safeguarding work with adults who self-neglect which is reflected in SAR activity. The HSAB commissioned a thematic review to analyse six local cases where adults died as a result of self-neglecting behaviours. Emerging learning supports a more proactive use of Section 42 enquiries in cases of self-neglect. Once the report findings and recommendations are finalised, work will commence on multi-agency action planning to progress service improvements in response to the learning.
28. A new system improvement framework is being piloted across the 4LSAB region to cross-reference different sources of data, including local and national learning from SARs. This will support a more streamlined approach and consider how feedback from service users can evidence improvement. In addition, the HSAB plans to pilot a Partnership Review model to enable reviews to be completed to an accelerated timescale where appropriate.
29. The final SAR reports and learning summaries will be published on the HSAB website and progress on improvement work will be reported in the 2022 Annual Board Report.

Gosport War Memorial Inquiry

30. The Gosport War Memorial Hospital (GWMH) Inquiry Report was an in-depth analysis of the Gosport Independent Panel's findings. The report revealed that at Gosport War Memorial Hospital, the lives of a large number of patients were shortened by the prescribing and administering of 'dangerous doses' of a hazardous combination of medication not clinically indicated or justified. An Oversight and Assurance Board was established which included membership of Adults' Health and Care. This Board was time limited with HSAB maintaining a scrutiny role to oversee the response to the Inquiry Report and to gain assurance that lessons are being implemented across the relevant agencies involved. There is an ongoing police investigation led by Essex and Kent Constabularies into the historic issues at GWMH which is yet to conclude.

Learning and development

31. HSAB continued to provide a fully funded multi-agency virtual training programme linked to the Board's strategic priorities to ensure that staff could access training during the pandemic. Modules focused on self-neglect, homelessness, safeguarding concerns, Family Approach, transition and financial abuse.
32. Alongside this offer, staff within Adults' Health and Care can access a comprehensive internal safeguarding training programme. This was reviewed and updated to take account of the new Multi-Agency Safeguarding Adults'

Policy and Guidance and has operated virtually throughout most of the pandemic. Consideration is being given to the potential reintroduction of face-to-face training delivery and a training dashboard is under construction which will facilitate better, more accessible monitoring of training uptake and currency.

Deprivation of Liberty Safeguards (DoLS)/Liberty Protection Safeguards (LPS)

33. The Local Authority acts as the 'supervisory body' under the Mental Capacity Act 2005 for Deprivation of Liberty Safeguards (DoLS). DoLS is the legal framework applied when someone has care and support needs which mean their liberty is deprived to keep them safe. Care homes and hospitals ('managing authority') must make an application to the local authority if they believe someone in their care, who lacks mental capacity, is deprived of their liberty because of care arrangements in place. These arrangements are necessary to ensure that no-one is deprived of their liberty without independent scrutiny.
34. Following a Supreme Court judgement in 2014, the number of people eligible for DoLS was extended considerably resulting in increased demand for the service. Furthermore, during the pandemic, response to DoLS had to be reduced to critical referrals only. Whilst the DoLS service has recovered to a normal level, and demand is being managed, pressures are likely to continue until a new working model is established under the Liberty Protection Safeguards. Whilst this is expected in April 2022, delays in publication of the draft Code of Practice and regulations make a further national postponement likely, which will impact the Hampshire implementation plan.
35. The DoLS service continues to support the wider workforce to deliver good social care practice in relation to assessing capacity and promoting human rights for the people of Hampshire.

Deprivation of Liberty (DoL)

36. For people living in community settings requiring complex support packages there should also be due consideration as to whether the care and support arrangements amount to a deprivation of liberty. In these circumstances, applications are made to the Court of Protection. Delays in the Court process are common while demand continues to increase, making this an area of risk. A reduction in risk will ultimately be achieved upon implementation of the Liberty Protection Safeguards allowing authorisation to be given by Local Authority and the NHS responsible bodies.

Client Affairs Service (CAS)

37. The Client Affairs Service (CAS) operates to manage the property and financial affairs of people who lack the mental capacity to do this for themselves. People supported by the service have no family willing or deemed suitable to do this on their behalf.

38. The CAS continued to operate an effective service to its 1000 clients during the pandemic and deliver services on behalf of Southampton City Council (SCC). ‘Sold service’ activities were further developed through previous agreements with Guernsey and with the Clinical Commissioning Groups (CCGs).
39. The Service Manager for the Deprivation of Liberty Safeguards (DoLS) and Client Affairs service is currently in her fourth year as Chair of the National Association of Public Authority Deputies (APAD). She continues to lead on national APAD training, delivered remotely, liaising with the Court of Protection and Office of the Public Guardian on best deputyship practice for public authorities across England and Wales.
40. The CAS is a well-established service and was inspected by The Office of the Public Guardian (OPG) in January 2021, resulting in very positive feedback. The OPG concluded that the operation was very well organised and managed in accordance with the OPG deputy standards. Staff decision making was found to be ‘client centred’, record keeping clear and up to date, and document storage and financial management secure.

The Care Market

41. Adults’ Health and Care takes a robust data-led and proactive approach to monitoring the quality of the provider market, recognising that the risk of abuse and neglect increases in services where care provision is poor. The Department has a dedicated Quality Team which collates and monitors intelligence on the state of Hampshire’s provider market and oversees effective use of the Quality Outcomes and Contract Monitoring (QOCM) framework, which further serves to assess the quality of commissioned services and support required improvement.
42. The Department works closely to triangulate information with that of wider partners and to join up monitoring activity to reduce the burden on providers. Working in partnership with Public Health, the Clinical Commissioning Group and Hampshire Care Association, Adults’ Health and Care Commissioning supported the timely re-distribution of central Government funds to providers.
43. Alongside this, the wider Department gives leadership support and workforce development guidance to providers, equipping them to empower and learn from the people they support and continuously improve the quality of services.
44. Recognising the significant pressure on Hampshire’s social care workforce and staff shortages, which are mirrored nationally, the Department is leading on a dynamic care recruitment campaign on behalf of the independent sector entitled “Call to Care”.

Domestic Abuse for adults at risk

45. During 2020-21, new operational guidance was developed by Public Health, Hampshire Constabulary and Adults’ Health and Care to support Multi-agency Risk Assessment Conferences (MARAC). This helped to further strengthen links with the Police, supporting improved the MARAC, High Risk Domestic Abuse meetings (HRDA) and safeguarding processes.

46. A new resource was also introduced to CART to ensure appropriate links through for adults in need of care and support who are victims of domestic violence.
47. The Domestic Abuse Act was introduced in April. The Act defines domestic abuse and places a duty on local authorities to create a new Domestic Abuse Partnership Board, which in Hampshire will build on existing, well-established arrangements. In addition, the Act contains new duties relating to refuges and other safe accommodation and provides for all eligible homeless victims of domestic abuse to automatically have 'priority need' for homelessness assistance. This requires the County Council to publish and implement an effective strategy to deliver this, developed in consultation with key stakeholders, which will include a coordinated community response.
48. Looking ahead, as well as responding to the requirements of the Act, the Department plans to undertake a review of the Domestic Abuse training strategy in early 2022, which will be informed by a survey of frontline staff.

Climate Change Impact Assessment

49. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
50. This annual report references a wide range of services and activities which serve to fulfil the County Council's statutory duty with respect to safeguarding adults from abuse and/or neglect. Specific projects and initiatives, and the climate impacts of these, are overseen by internal governance arrangements and are not covered in this overarching report.
51. At a more strategic level, reduced travel and a greater reliance on virtual meetings has helped to reduce the Department's carbon footprint during the pandemic. This is likely to continue in some key areas where the wider benefits are clear – for example, virtual meetings with service user and carer representatives for the purpose of co-production have made it easier for external participants to engage with the County Council. Similarly, many teams continue to work effectively from home for most of the week, thereby keeping unnecessary travel to a minimum.
52. There are, however, areas of the Department's business where virtual working is not as effective. This is evidenced in the above report where data indicates an increase in safeguarding referrals which may be, in part, the result of fewer in-person safeguarding visits. The Department recognises the importance of physical meetings to safeguarding vulnerable adults and believes the benefit of these outweighs the climate change impact of greater car travel. To contribute to balancing this, the Department uses several electric vehicles – for example, to deliver public facing engagement relating to its online care and support directory, [Connect to Support Hampshire](#).

Conclusion

53. Despite the challenges presented by the Covid-19 pandemic, Adults' Health and Care continued to fulfil its safeguard remit and continuously improved safeguarding practice during 2020-21, working effectively with partner agencies. The HSAB also made notable progress at both a strategic and operational level, setting updated priorities for the next three years and responding effectively to an increase in Safeguarding Adults Reviews. These served to highlight the need to improve practice to safeguarding those who self-neglect and those experiencing homelessness. It will remain a priority of Adults' Health and Care, alongside multi agency partners, to learn and make system changes in response to all Hampshire SARs.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	No
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>
Direct links to specific legislation or Government Directives	
<u>Title</u> Care Act	<u>Date</u> 2014

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:

The Multi-Agency Policy, Guidance and Toolkit referenced in the main body of the report has its own Equality Impact Assessment. The local authority approach to safeguarding is applicable across all communities. As this is an annual overview report, no individual Equalities Impact Assessment has been undertaken.

Agenda Item 10

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	7 December 2021
Title:	Hampshire Community Safety Strategy Group
Report From:	Director of Adults' Health and Care

Contact name: Robert Ormerod

Tel: 0370 779 6752 Email: Robert.ormerod@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide an update on the work of the Hampshire Community Safety Strategy Group.

Recommendation

2. That Cabinet notes the progress on the work of the Hampshire Community Safety Strategy Group (HCSSG), including the role in providing oversight and assurance of collaborative arrangements at the Hampshire county-level to address community safety priorities.

Executive Summary

3. This report seeks to provide an update on progress of the work of the Hampshire Community Safety Strategy Group in establishing priorities and overseeing arrangements for multi-agency collaboration at the county level.

Contextual information

4. The Hampshire Community Safety Strategy Group (HCSSG) was re-established in July 2018 and meets quarterly. It is required to prepare a Community Safety Agreement based on a strategic assessment for the area which gathers evidence to inform strategic priorities relating to current and emerging risks, threats and vulnerabilities. The HCSSG oversees county-level collaborative arrangements for addressing these priorities and how the responsible authorities under community safety legislation might otherwise work together to reduce crime and disorder or combat substance misuse.

Membership of the Hampshire Community Safety Strategy Group (HCSSG)

5. The HCSSG is chaired by the Director of Adults' Health and Care and is attended by the Director of Children's Services, Director of Public Health and leads from Emergency Planning, Mental Health and Substance Misuse, Safeguarding Services for Children and Adults, Trading Standards, Supporting Families and the Youth Offending Team. Senior partners attend

from representing HMP Winchester, the Probation Service, Hampshire Constabulary, Hampshire Fire and Rescue Service, the Partnership of Hampshire, Southampton and Isle of Wight Clinical Commissioning Groups, the Office of the Police and Crime Commissioner, the Local Criminal Justice Board, the Civilian Military Partnership, district and borough housing services, and community safety officers from Hampshire's district and borough community safety partnerships. Lead officers from Portsmouth and Southampton attend as observers.

Hampshire Strategic Assessment for Community Safety and Hampshire Community Safety Agreement.

6. The HCSSG continued to convene quarterly during 2020-21, sharing risks and opportunities for improved collaboration relating to the county-wide community safety priorities. This was against the background of revised arrangements for probation services, the election of a new Police and Crime Commissioner, important contemporary issues arising from the tragic murder of Sarah Everard and the Black Lives Matter Movement and, significantly, the impact of Covid-19. The pandemic, in particular, affected several important areas relating to community safety including increases in domestic abuse, violent extremism and adult and child safeguarding concerns. These impacts are set out more fully in separate reports to Cabinet
7. During 2021, the HCSSG updated the Strategic Assessment to reflect the revised Police Force Control Strategy, the Joint Strategic Needs Assessment and the Serious Violence Problem profile. A summary of the Assessment is provided at Appendix One. In line with this, the HCSSG is due to agree updated priorities at its meeting on 20 December which, thereafter, will be communicated to the Police and Crime Commissioner for Hampshire and the Isle of Wight who is currently finalising the Policing Plan. The priorities are listed below with further detail provided in Appendix Two:
 - i) **Exploitation, serious violence and drug related harm through organised crime.**
 - ii) **Intimidation violence and abuse of women and girls.**
 - iii) **Hate related offences and violent extremism.**
 - iv) **Promoting community wellbeing and cohesion**
8. The HCSSG has also updated the **County Agreement** describing the role of the Group as to:
 - Promote a shared understanding and commitment between community safety partners.
 - Provide an overview and support collaborative arrangements to address the strategic priorities.
 - Provide a forum across key partnership activities for sharing strategic risks and mitigations with key areas of focus for county-wide collaboration to reduce harm.
 - Have due regard to wider partnership governance.

- Provide assurance of effective collaboration to the County Council's Executive and the statutory Crime and Disorder Overview Committee for the county area (Policy and Resources Select Committee).
 - Share the strategic priorities with local partnerships and the Police and Crime Commissioner.
9. Co-sponsors have been agreed for each priority who will be responsible for reporting, shared risk, mitigations and related governance developments.
10. The HCSSG identified several **key areas of focus** for continual development which should underpin county-wide collaboration around the priorities and form part of the quarterly reporting and assurance framework. These have emerged through the process of shared risk management and progress reports over the past two years and are as follows:
- Continue the development of systems approaches to timely interventions.
 - Take a holistic approach to offending risk factors and rehabilitative pathways (accommodation, attitudes, thinking and behaviour, Children and family, drugs and alcohol, education, training and employment, finance, benefit and debt, health).
 - Continue to embed trauma informed approaches to interventions.
 - Capitalise on revised rehabilitation and offender arrangements to reducing re-offending.
 - Ensure services provide effective transition into adulthood.
 - Continue to develop joint intelligence and protective arrangements to combat serious and organised crime.
 - Build capability and capacity to deal with on-line threats.
 - Create strong shared messaging that agencies are working together to pursue justice and protect vulnerable people.
 - Develop shared insight of the experience of people with protected characteristics beyond the reporting of hate crimes.
 - Further align resources and develop knowledge-based commissioning arrangements to optimise the impact of collective investment.
11. The HCSSG draws together partners across a large and complex collaborative governance structure at the county level to help deliver against the strategic priorities including:
- Hampshire Serious and organised Crime Partnership
 - Hampshire Domestic Abuse Forum
 - Hampshire Violence Reduction Unit
 - Hampshire Drug and Alcohol Partnership
 - Hampshire Trauma Informed Practice Group
 - Hampshire Childrens and Adults Safeguarding Boards

- Hampshire PREVENT Partnership Board
- Hampshire Childrens Trust
- Hampshire Health and Wellbeing Board
- Hampshire and Isle of Wight Community Safety Partnerships
- Hampshire Modern Day Slavery Partnership
- Hampshire Sexual Violence Partnership
- Local Criminal Justice Board
- Hampshire and Isle of Wight Integrated Care System

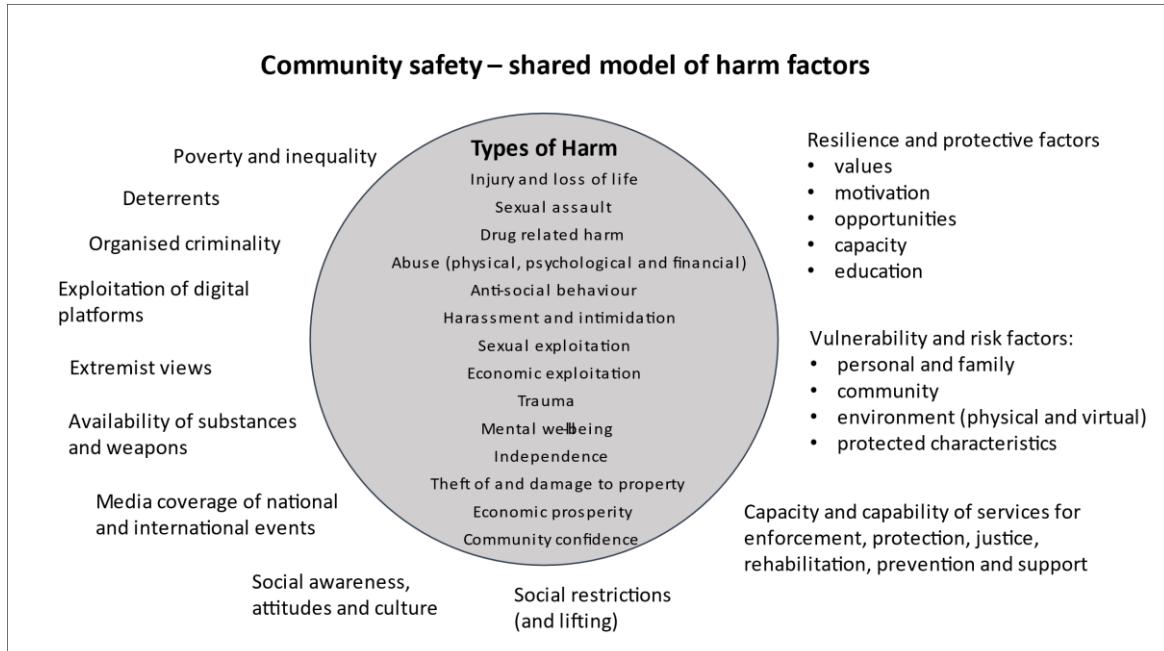
Climate Change Impact Assessment

12. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
13. This is an annual report providing an update on the work of the Hampshire Community Safety Strategy Group, so therefore no Climate Change assessment has been undertaken.

Conclusion

14. This report demonstrates positive progress in the work of the Hampshire Community Safety Strategy Group, especially in providing assurance around collaborative activities throughout, and emerging from, the Covid-19 pandemic. It has set a sound, evidence-based set of priorities and an assurance framework for effective collaboration for the next two years.

Appendix One - Summary strategic assessment update 2021-23



Domestic Abuse

Domestic Abuse incidents and recorded crimes have continued their upward trend, mostly in Violence without Injury crime types.

- COVID-19 lockdown measures exacerbated domestic related violence and harm, the longer-term effects of which are yet unknown. Child to parent violence and abuse (CPVA) is believed to have intensified in lockdown, with parents less inclined to report violence and abuse from their own children until behaviour escalates to a dangerous point.
- There is a continued increase in stalking and harassment. Stalking clinics and training are likely to be improving recognition of offences. Only four Stalking Prevention Orders (SPOs) have been issued. Analysis of the risk from stalking and harassment is necessary to better understand demand.

Drug Related (Community) Harm

- Class A drugs and the supply mechanisms around them remain the highest risk compared to lower classes and new psychoactive drugs.
- Organised Crime Groups (OCGs) continue to primarily supply the powder cocaine market, with County and Local Drug Networks (LDNs) driving the heroin and crack markets.
- OCGs, middle market and/or importation activities cause little Drug Related Violence (DRV) in comparison to street-level dealing. DRV and Drug Related Harm (DRH) are most commonly linked to the activities of County Lines (CLs) and LDNs, however gaps in relation to the identification and recording of drug networks impacts accurate assessments of threat, risk and demand.

- Any impact Covid-19 had on Class A supply chains appears to have been temporary. The level and types of exploitation exhibited by CLs and LDNs has increased, with lockdowns appearing to have enhanced grooming capabilities with young people exploited to commit serious offending and perpetuate the exploitation cycle.
- A pursue only approach to CLs and LDNs has had limited impact on the drugs market. Lines are quick to re-establish - the longer they are active within an area, the more established, higher risk, and exploitative they become. Innovative partnership approaches linking targeted enforcement and safeguarding of vulnerable children need to be maintained and further developed to reduce threat levels and increase community confidence.

Serious Violence and Knife Crime

- Most Serious Violence (MSV) recorded within the force area decreased by 13% when compared to the previous year. Simultaneously domestic related MSV increased by 12%.
- There were 15 homicides (four knife-enabled) during 2020 in four categories: drug-related harm, serious violence, domestic abuse or child abuse. Victim and suspect profiles are different for each.
- There has been an increase in weapons and an on-going presence of street level drug related violence.
- Even with the suppression of the night-time economy during lockdown, MSV was concentrated within the urban areas, particularly Southampton and Portsmouth city centres, on weekend evenings. Violence is likely to rise following of the lifting of lockdown measures.
- Youth on youth violence, both victim and offender under 25 years of age, accounted for 20% of all MSV
- Hampshire's Violence Reduction Unit (VRU), led centrally by the OPCC, is undertaking further analysis for a cohort of 342 knife crime offenders aged under 25 when they committed their offence, or offended against a victim who was under 25. This should provide essential insight for the development of partnership approaches to preventing serious violence.

Child Abuse

- Child protection contacts and referrals to children's social care have increased during the pandemic although there has been a slight reduction in police recorded child abuse cases. Grooming offences increased by 83%.
- As crime volumes fell during the first lockdown, the proportion of repeat victims rose sharply.
- Cruelty/Neglect accounts for around 30% of all Child Abuse and is likely to increase as COVID restrictions are relaxed.

Children at Risk of Criminal and Sexual Exploitation

- Children flagged at risk of CCE have increased from 126 in 19/20 to 347 in 20/21.
- Inaccurate or inconsistent recording of CSE crimes presents a challenge to accurate understanding and identification of opportunities for early intervention.

Sexual harassment and Serious sexual offences

- Hampshire remains consistently high in terms of recorded serious sexual offences amongst comparable police force areas.
- Sexual offences reported in 2020-21 reduced by 6% compared to 2019-20; Rape offences fell by 5%.
- Lockdown restrictions and the limited night-time economy in 2020-21 is reflected in a 17% increase in domestic rapes in contrast to a 50% reduction in 'stranger' rapes and reported acquaintance rapes falling by a third.
- The most significant risk with the return of the night-time economy is the increase in stranger offences. Pre Covid-19 issues of lone predatory males, identified as an issue in multiple districts, are likely to return.
- Non-recent offences have consistently accounted for 25-28% of sexual offences since 2017-18.
- A recent rapid review by OFSTED highlighted a high prevalence and a degree of normalisation of sexual harassment experienced by girls both at school and in unsupervised spaces. A body of work is progressing to encourage discussion and reporting of experiences of women in different aspects of their lives.

Serious and Organised Crime (SOC)

- There are 168 active Organised Crime Groups (OCGs) across the South East region, including 47 that are "owned" by Hampshire Constabulary. All forces in the South East region recorded an increase in the number of OCGs mapped in 2020/21. Hampshire mapped 10 new OCGs between April 2020 and March 2021
- OCGs continue to modify their communication methods despite the takedown of Enchrochat.
- Modern day slavery and human trafficking crimes have continued to increase at a reduced rate. Following the rise (+54) in 2019, there was an increase of (+25) in 2020. The profile of Modern Slavery Victims remains unchanged.
- Over 75% are male and over 50% are British including victims of child criminal exploitation, adult criminal exploitation and sexual exploitation. National reporting suggests that the pandemic has served to increase the

risk towards sex workers. Despite the volume of intelligence, further work is required to understand sex working, in particular via adult websites.

- Firearms discharges remain low; however, analysis of intelligence, offences, incidents and discharges indicate that the availability and accessibility of firearms has increased and these are largely linked to drugs related organised criminal activity.

Appendix Two: Proposed community safety strategic priorities

Priority 1: Exploitation, serious violence and drug related harm through organised crime.

This priority encompasses county-wide activity addressing:

- intelligence-led disruption of organised criminal organisations and activities
- vulnerabilities to exploitation (including on-line) especially related to county lines
- support for victims of exploitation
- the impact of organised criminal activity on perceptions of antisocial behaviour in local communities
- interventions for substance and alcohol misuse
- rehabilitation and offender management
- positive pathways away from criminal involvement
- drivers of weapon carrying and resilience of young people

Priority 2: Intimidation violence and abuse of women and girls.

This priority includes county-wide activity aimed at:

- addressing the cultural and societal drivers of attitudes towards women and girls from a young age
- Shaping policies in schools and workplaces
- interventions for domestic abuse victims, families and perpetrators,
- tackling alcohol abuse
- safe public spaces
- stalking
- on-line abuse and safe use of the internet
- a balanced focus on addressing the attitudes and actions of males to ensure women and girls are empowered and not subject to intimidation, violence or micro-aggression
- a better understanding and shared appreciation of lived experience of women and girls
- justice and support services for victims of sexual violence

Priority 3: Hate related offences and violent extremism

This priority encompasses activity across the county to:

- a better understanding and shared experience of lived experience of people who are subject to hate crime and offensive behaviours
- promote good community relations, cultural understanding and respect in all settings
- encouraging reporting of hate crimes
- managing risk to prevent radicalisation in key settings (including online)
- de-radicalisation interventions
- protect the public from acts of extreme violence

Priority 4: Promoting community wellbeing and cohesion

This priority encompasses activity across the county to:

- create positive activities, environments, and opportunities to support wellbeing
- encourage caring communities, inclusion, voluntary and mutual support
- promote opportunities for personal and community development, resilience and prosperity
- build civic pride in Hampshire and local communities
- celebrate diversity and mutual understanding
- build on the positive community capacity legacy opportunities arising from the pandemic

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

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>
Document Location	
Hampshire Community Safety Strategic Assessment	
Hampshire Community Safety Agreement	

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:

<http://intranet.hants.gov.uk/equality/equality-assessments.htm> No adverse impacts

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	7 December 2021
Title:	Annual PREVENT Report
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

Tel: 03707 795574

Email: Graham.allen@hants.gov.uk

Purpose of this Report

1. The purpose of this annual report is to provide information and assurance on:
 - the County Council's delivery of the PREVENT duty and responsibilities hosted within Adults' Health and Care;
 - delivery of the County Council's Channel Panel responsibilities; and
 - notable local events and national highlights.

Recommendations

2. That Cabinet notes this update on PREVENT activity in Hampshire, including the work being undertaken by the County Council and its partners in the management and mitigation of issues related to duties under the Counter Terrorism and Security Act 2015, and the Counter Terrorism and Border Security Act 2019.
3. That Cabinet receive a further update in 12 months' time.

Executive Summary

4. The fatal stabbing of Sir David Amess MP on 15 October 2021 is a stark reminder of the impact of terrorist action on our society specifically where the perpetrator is reported to have been known to the PREVENT programme. Over the past year, global events have impacted the domestic terrorism landscape and led to growth in hate crime incidences in some communities, resulting in increased demand for PREVENT services. The Covid-19 pandemic has also exacerbated the risk of people being drawn into terrorism, whilst giving rise to a strong and positive community-led response.
5. The County Council has robust internal arrangements to ensure compliance with PREVENT duties and continues to mainstream PREVENT across its business through strengthened governance. Leadership is also provided externally through the PREVENT Partnership Board, which has produced

several key policies and strategies this year as part of its multi-agency action plan.

6. The County Council and its partners have responded effectively to an increase in the volume and complexity of Channel referrals and there is good multi-agency engagement in Channel Panels. The County Council demonstrated full compliance with the Home Office Annual Assurance Statement for Channel.
7. There have been several notable events during the last 12 months within Hampshire, including the continuation of stickering across the county. This is where stickers are placed in usually prominent public spaces in support of a particular ideology/belief/group. Nationally, the County Council has continued to follow and contribute to inquiries, including the Government's consultation on the Protect Duty. Looking ahead, the County Council will take note of the Independent Review of PREVENT, which is due to conclude by the end of the year.
8. Chief Officers and the Executive Member for Communities have received confidential briefings in advance of this report being brought to Cabinet.

Contextual information

9. The Counter Terrorism and Security Act 2015 created a statutory duty to have due regard to the need to prevent people being drawn into terrorism. This duty applies to all public bodies (local authorities, police, NHS, schools, further and higher education providers, probation, prisons and youth offending services). The duty also applies to private providers supplying public functions, for example in the education sector. PREVENT interventions are focused in the 'pre criminal space'. The lead responsibility for PREVENT sits with local authorities.
10. The ongoing importance of this agenda has been highlighted by the recent tragic and fatal stabbing of Sir David Amess MP at his constituency surgery on 15 October 2021. The County Council is unanimous in condemning this atrocity and upholding the right of all individuals, including those public servants and democratically elected individuals, to live and fulfil their duties without fear of intimidation, aggression, or violence, which is unacceptable in our society.
11. This is not an isolated incident and over the past year, global events have impacted the domestic terrorism landscape and led to growth in hate crime incidences in some communities, leaving some individuals and groups feeling exposed and vulnerable. This has increased demand for PREVENT services and highlights the ongoing importance of work to strengthen community resilience.
12. It is anticipated that this will continue to require a response from the wider strategic PREVENT partnership led by Hampshire County Council to support the work already started to build strong and resilient communities. The council's ability to engage with communities and the wider safeguarding partnerships is crucial in the delivery of the PREVENT duty to prevent those vulnerable to being drawn into terrorism from being radicalised.

13. At the time of writing, the threat level of International Terrorism to the UK is ‘Substantial’¹, meaning that a terrorist attack is ‘likely’. For Northern Ireland the threat is ‘Severe’, meaning an attack is ‘highly likely’.

Covid-19 Pandemic

14. The COVID-19 pandemic has increased the risk of people being drawn into terrorism. For example:

- Extremists have used apocalyptic narratives in referring to the pandemic encouraging supporters to take extremist action.
- Increased time online during lockdown is likely to have exposed more people to extremist narratives and potential radicalisation.
- Social media has been used to spread misinformation and disinformation about Covid-19 and the vaccine, and some legitimate groups are being ‘hijacked’ by extremists to further their cause.
- Gaming platforms are increasingly being used as social media platforms with encrypted chat rooms where terrorists can recruit, radicalise and raise funds through the use of crypto currency.

15. Conversely, the pandemic has given rise to a strong sense of community in areas of Hampshire with community-led groups providing support to those at risk of radicalisation by reducing their social isolation and sense of injustice.

16. Hampshire’s community focus is supported by the county’s Community Safety Network and close joint working with District Council partners which, for example, enables swift responses to reassure communities where concerns of a PREVENT nature arise.

PREVENT arrangements within Hampshire County Council

17. The **PREVENT team** is hosted the Adults’ Health and Care Department and comprises 1.6 FTE and 1 FTE business support resource. The team facilitates compliance with the statutory duties and responsibilities placed upon the County Council and supports the PREVENT Delivery Group, Partnership Board and Channel arrangements, outlined below.

18. The County Council **PREVENT Delivery Group** meets quarterly and includes senior representation from each County Council department. It focuses on strengthening the organisational approach with respect to leadership, workforce capability, awareness, partnerships and information sharing. It is chaired by the Director of Adults’ Health and Care and since its formation last year, has served to mainstream PREVENT across the County Council’s business. Key achievements over the last 12 months include:

- completion of the County Council’s PREVENT e-learning by 11793 staff members. This represents 93% of the total workforce;
- staff online Prevent toolkit providing guidance on what the duty means, identifying signs of radicalisation and how to report concerns with use of case studies;

¹ <https://www.gov.uk/terrorism-national-emergency>

- PREVENT sharepoint site for staff which includes operational guidance, signposting to multi-agency PREVENT support, policy, information on national and local PREVENT initiatives;
- delivery of additional briefings and training to staff, including senior leaders at the Hampshire Leadership Network, across all directorates at each Departmental Management Team detailing the Prevent duty and how it impacts on each service area;
- development and publication of a bespoke training strategy for staff in Hampshire schools, included a schools' specific toolkit and self assessment tool to help school's identify staff training needs and meet these needs; and
- creation and implementation of a multi-agency communications strategy to support consistent communications between agencies and share sensitive information in a timely manner.

PREVENT Partnership Board

19. The **PREVENT Partnership Board** is a multi-agency forum with close links to the Hampshire County Strategy Group and respective Safeguarding Boards for Adults and Children. Through these groups links with community safety partnerships continue to grow, and the Partnership's work is broadening to consider the impact of other forms of abuse on people's vulnerability to being drawn into terrorism
20. The Board meets virtually on a quarterly basis and sets the overarching strategy and multi-agency action plan. The Plan focuses on the following three strategic areas:
 - Engagement and Awareness
 - Information Sharing
 - Disrupting radicalising Influences
21. These areas echo those used by Counter Terrorism Policing South East (CTPSE) and specific actions are informed by the Counter Terrorism Local Profile, as well as national developments from the Home Office / Office of Homeland Security. The Local Profile provides local and national data on PREVENT and highlights emerging themes. The Partnership works closely with CTPSE, which produces the Profile, to improve the relevance and accuracy of local data within it.
22. A Core Group meets monthly in addition to the Board to provide oversight of the action plan's implementation. Specific actions are delivered through thematic sub-groups. Over the last year, the Partnership Board has delivered several key policies and strategies including multi-agency communications and training strategies, the No Platform for Extremism Policy and a Channel Escalation Policy.

Channel

23. The Counter Terrorism and Security Act 2015 introduced the Channel process to provide multi-agency, tailored support to people identified as at risk of being

drawn into terrorism. The level of risk and nature of support is considered by the multi-agency Channel Panel.

24. Statutory guidance requires a Channel Panel to be held monthly. However, due to the increased volume and complexity of referrals, the County Council currently leads a Channel Panel every two weeks, which has significantly increased the workload of the PREVENT Team.
25. Panel meetings are held virtually and are well attended by multi-agency partners. Support is provided to a range of adults and children with varying ideologies and backgrounds. Due to the security and sensitivity of Counter Terrorism intelligence, this annual report does not include details on referrals into Hampshire over the last 12 months. However, it is worth noting the
 - 81% increase in cases heard at Channel Panel between May – Aug 2020 and same period in 2021;
 - 100% increase in number of new cases heard at Channel Panel between January – April 2021, and May – August 2021.
26. In November 2020, the Government published revised guidance for the Channel Duty and which has now been implemented within Hampshire.
27. In January 2021, the County Council submitted its Annual Assurance Statement for Channel to the Home Office demonstrating full compliance.

Notable Events for Hampshire County Council in the last 12 months

28. In Basingstoke in May 2020 a protest was organised by Save Our Rights UK against the national lockdown whose pro-rights supporters believe that government figures on Coronavirus are exaggerated.
29. In May 2021 Animal Rebellion protested at the Basingstoke McDonalds Depot with the intention to disrupt the exit of delivery lorries to bring an end to the fast-food industry and help create a sustainable plant-based food system.
30. In August 2021 Animal Rebellion protesters blocked the entrance to Fawley Refinery terminal to protest an £80m diesel expansion.
31. Stickering continues to be present across Hampshire with six recorded sightings related to swastikas, anti-COVID propaganda and white privilege.

Key National Highlights

32. Inquiry hearings for the Manchester Arena Independent Public Inquiry began in September 2020 and continue to hear evidence and accounts of those present at the time of the terrorist attack in 2017.
33. On 12 August 2021 a man shot dead his mother and four other people in a terror attack in Plymouth. Investigations have identified links to the ‘InCel’ movement (Involuntary Celibate – a member of an online community of men who consider themselves unable to attract women sexually and who hold views hostile to women and sexually active males). Police are reported to be considering reclassifying the incident as a terrorist attack.

34. In June, the County Council submitted its responses to the Government's Protect Duty consultation, which refers to enhancing the protection of publicly accessible locations. Government response is expected in early 2022.
35. William Shawcross was appointed as the new Independent Reviewer of Prevent on 26 January and will consider the UK's strategy for protecting people vulnerable to being drawn into terrorism. The review's conclusions are due before both Houses of Parliament by 31 December 2021. Following the terrorist incident on 15 October 2021 there is increased scrutiny and attention on the Government's PREVENT strategy and this Independent Review.

Climate Change Impact Assessment

36. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
37. This report does not detail specific projects or initiatives that can be assessed using the County Council's climate impact assessment tools but rather provides an annual assurance update on delivery of the PREVENT duty. Consequently, no Climate Change assessment has been undertaken.

Conclusion

38. The County Council continues to deliver the requirements of the PREVENT Duty and is compliant with the Channel Duty guidance. The County Council, with its partners, will continue to adapt its approach to respond to the impact of global events and manage the increase in demand for PREVENT support, including the increase in Channel referrals. Hampshire County Council will keep under review the resources and, in particular, specialist resources deployed in maintaining our duties in respect of PREVENT and Channel, given the increased activity seen in this arena.
39. The Prevent Partnership Board is a key multi agency mechanism to meet the strategic aims of engaging our communities and raising awareness about the impact of radicalisation of individuals who are subject to the growing threat of extremist ideologies in Hampshire. Exercising a safeguarding approach to those who are identified within formal processes with no recognised ideology is an emerging theme for agencies and communities in a world increasingly reliant on digital communications.
40. The lessons which are continuously learnt from the emergency planning approaches applied through the course of the pandemic demonstrate the need for a strengthened approach between our local resilience networks and this significant anti-extremist safeguarding agenda

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u> Counter Terrorism and Security Act 2015 Counter Terrorism and Border Security Act 2019 Channel Duty Guidance 2020	<u>Date</u> 2015 2019 2020

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:

41. 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);
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- 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.

42. Equalities Impact Assessment:

As this is annual update there is not a requirement for an Equality Impact Assessment.

Agenda Item 12

HAMPSHIRE COUNTY COUNCIL

REPORT

Decision Maker	Cabinet
Date:	7 December 2021
Title:	Review of the Public Health Partnership Function between Isle of Wight Council and Hampshire County Council.
Report From:	Director of Public Health

Contact name: Simon Bryant, Director of Public Health

Tel: 0370 779 3256 **Email:** Simon.Bryant@hants.gov.uk

Purpose of this Report

1. To provide an update on the Public Health Partnership with Isle of Wight Council, specifically on progress against the remaining recommendations from the 2018 review which had not been met at the time of the formal partnership.

Recommendations

Cabinet is asked to:

2. Support the continuation of the Partnership which will support the further improvement of public health outcomes for Isle of Wight residents which is at no detriment to Hampshire, therefore it is recommended that the Partnership continues with a review point in 3 years in line with the agreement.

Executive Summary

3. In September 2019 a Public Health partnership between Hampshire County Council (HCC) and Isle of Wight Council (IWC) was agreed to run for 5 years. This followed a period of 18 months of review and working together between both Councils. This was to be on the principle of no detriment to Hampshire.
4. A report that set out the key findings from an analysis of the Public Health function was completed in October 2019.

Prior to the formal partnership 15 recommendations were made under the following themes and at the time of the formal partnership the majority of those critical to the IWC Public Health Function had been met. Progress against the remaining recommendations is reviewed here.

- Public Health Grant and budget
- Team Capacity and Capability
- Public Health Intelligence

- Service Delivery
5. The Public Health senior leadership and IWC Corporate Management team worked together to address the key issues with further developments taking place after the formal partnership started. This relationship has continued, and its success is demonstrated by the strong partnership working between the Director of Public Health, Management Team with members of CMT, Cabinet and partners on the IOW highlighted during the pandemic.
 6. As a result of the partnership, IWC is now delivering its mandated public health functions and has safe, high quality commissioned public health services in place for residents.
 7. Although some public health outcomes still require improvement, the work undertaken through the Public Health Partnership to date has laid firm foundations that will enable and facilitate further work to enable this to happen.
 8. Through the partnership the public health team has strengthened relationships with the ICS.
 9. The partnership has brought benefits to Hampshire and the wider system due to more effective joint working with other agencies.

Public Health Grant and Budget

10. The Public Health grant is allocated to Local Authorities (LA) to use to discharge their duty to improve and protect the health of the population and to reduce health inequalities. A Unitary Authority undertakes many activities and has wide reaching opportunities to shape their services in a way that will support delivery of these objectives which is why strong leadership for public health is key.
11. While it is recognised and accepted that in order to deliver this duty, the Public Health grant can be used for activity across the Council, Public Health England (PHE) formerly, and now DHSC, have a role in assuring that the Public Health local grant is used appropriately, are clear that the first call on the grant must be to deliver the mandated and prescribed Public Health services and services with prime function of public health.
12. The public health ringfenced grant for the IOW has been reviewed and most recently has been aligned to the key areas of public health with an increased budget for smoking cessation, weight management and public mental health. In 2020/21 a longer-term financial plan was developed putting the budget on a

stable foundation this includes resolving long term budget disputes and Agenda for Change Pay uplifts.

13. The DPH and the joint Management Team now have clear oversight of all commissioned public health services and robust processes are in place to support commissioning. The partnership has enabled mobilisation of a new Specialist Sexual and Reproductive Health service, procurement and mobilisation of Healthy Lifestyles Isle of Wight and mobilisation of the 0-19 Public Health Nursing Service ensuring that safe high quality mandated public health services which align with the conditions of the Public Health grant are now in place.
14. A robust Service Level Agreement to monitor public health outcomes against use of the Public Health Grant in other areas of the Council has now also been developed and implemented.

Contextual Information

15. One of the key concerns on development of the partnership was the IOW Council not fulfilling all the statutory and mandatory public health functions. Of particular concern are the requirements to provide public health advice to the NHS and planning for, and responding to, emergencies that present a risk to public health.
16. During the COVID-19 Pandemic we have seen the benefit of working together and the ability of the IOW Council to provide public health leadership in a public health emergency. The strength of the joint senior team was essential to manage the complexity of the response to this global pandemic. Whilst the pandemic stretched the senior team the joint working was of benefit to both Councils through increased efficiencies and more focused roles e.g., testing and tracing. During the pandemic the Public Health team led on the rollout of the first COVID-19 App on the Isle of Wight bringing learning to both Councils. The Partnership has provided the senior public health leadership to IWC Public Health team members to enable them to contribute productively and safely to the pandemic response including ensuring public health services were able to operate safely, providing robust epidemiological information to partners, supporting the social care and education response to prevention and management of outbreaks, and contributing to impactful communication campaigns.
17. Continued improvement of public health outcomes is very much dependent upon a strong public health function. Since the development of the Public Health Strategy, NHS partners other and partner agencies working on the Isle of Wight

have begun to demonstrate that they are working together on the key outcomes to address the priorities.

18. Further developments in the use of digital technology fast-tracked during the Covid-19 pandemic have facilitated improved remote working across both Councils, improving efficiency by reducing travel. There is however still a need for DPH / Associate DPH to participate in certain meetings face to face and to maintain visibility across IWC in order to maintain relationships and to build on new ones especially relevant in light of the new IWC administration.
19. During the pandemic it became apparent an embedded senior role in the senior management team with more focus on the IOW as a locality with some leadership responsibilities across both authorities would be of benefit to the partnership.

Team Capacity and Capability

20. The partnership has delivered effective senior leadership as set out above which enables the Isle of Wight Council to fulfil its public health duties. In addition, it has benefited positively both councils with the increased capacity of senior staff who are able to focus on key areas of work and embed strongly in the ICS. This has met the technical and leadership capability within the public health function which wasn't present at all levels. This ensured the IWC Public Health team has permanent professionally qualified public health consultant resource.
21. The development of the IOW public health Strategy has enabled clear team and personal objectives to be developed and has resulted in good progress across a number of domains of public health including development of Early Help, development and publication of the Physical Activity strategy with Energise Me and a resumed focus on partnership working to take forward other important work including smoking cessation in pregnancy, Partnership Education Attainment and Children's Health (PEACH) programme and work to support people challenged by co-occurring mental health conditions and substance misuse. There has been a renewed focus on Mental Health which will be increasingly important to maintain in the recovery from Covid-19.
22. The Island Public Health team has stabilised since the staff restructure which took place in August 2019 with morale improving. The team restructure reduced the number of staff based on the island and enabled some joint Hampshire and IOW posts to be established in areas where this adds value to both teams. There is still a need to further develop the team to fully realise the appropriate skill set, this is ongoing and will be contributed to through the involvement of Isle of Wight staff members in joint workforce development programme aligned to the refresh

of the Isle of Wight Public Health Strategy and development of a new Hampshire Public Health strategy in early 2022.

- 23.** Due to the challenge of recruitment to specialist posts on the IOW some of the staff have been based in Hampshire for example specialist health protection practitioners and consultants in public health. During the COVID-19 pandemic, remote working has facilitated the way that staff based in different geographical locations work together effectively.
- 24.** Further work has been undertaken to upskill the team to ensure robust technical and public health leadership skills to ensure delivery of the public health agenda. This includes additional study and continuing professional development in line with skills expected from public health professionals.
- 25.** Risk management and business processes have improved with an effective public health risk register now in place and monitored by the Joint Management Team. The Isle of Wight Public Health Strategy was published in 2020 and progress against objectives is monitored through monthly team meetings and reported to Public Health SMT on a quarterly basis.
- 26.** Through the partnership investment from Health Education England, we have been able to increase the hours of the Workforce Development manager to cover both Hampshire and Isle of Wight. This is enabling the team to be supported to develop and progress professionally in line with public health need and IWC corporate needs.

Public Health Intelligence

- 27.** Many of the challenges regarding the IOW public health intelligence function have been resolved including skills development. Matrix working with Hampshire analysts has improved the productivity of the Public Health Intelligence function on the Island. The two Isle of Wight Council Public Health Intelligence analysts continue to need close supervision and guidance with their work.
- 28.** The IOW Council Head of Organisational Intelligence was very engaged in developing a new approach and the team is now working jointly with the Hampshire analyst which is resulting in a strong and agile team under the joint Head of Public Health Intelligence whilst maintaining the Island resource. This arrangement provides a strong and resilient partnership for the benefit of the public health's and both Councils and our working with the ICS and partners including Police and Fire.
- 29.** By working together within the partnership, access to insight work has supported the IOW public health team. Increased use of targeted social media to reach specific communities on the Island presents a further opportunity to deliver impactful public health behaviour change campaigns.

- 30.**At the outset of the Partnership the importance of a strong administration function to the smooth running of a continued partnership was recognised. The alignment of business processes are in place for efficiency and effectiveness. As with other areas of the team, improved access to digital technology for both Councils during the Covid-19 pandemic has also benefited Public Health administration staff within both Councils.
- 31.**Gaps or insufficient capacity within support services were also recognised as a challenge to the success of the Partnership. These have largely been overcome, for example, there is now senior finance professional support in place from IWC. Good progress has been made with the relationship with the IWC Communications team with a strengthened approach from the public health team led by a public health communication expert and the development of a communications plan.

Services

- 32.**Since the inception of the partnership there has been a focus on ensuring safe, high quality public health services. These are complex and challenging areas with clinical risk and the need for strong partnerships with other services. All mandated services are now in place as described below.

System benefits

- 33.**The Partnership between Hampshire County Council and Isle of Wight Council has brought a wider benefit to Hampshire and the system. With the majority of the Pan Hampshire area being led by one Director of Public Health and his team has meant an increased influence with partners and for issues of importance to Hampshire and Isle of Wight.
- 34.**When considering the work required with NHS England and UKHSA (successor body to PHE) and the ICS with regard to public health matters including Health Protection, Screening and Immunisations and population health management there have been considerable benefits to leading this at scale for the benefit of the population in line with the Council's responsibilities.
- 35.**When commissioning public health services as a partnership we have been able to align services and bring cost efficiencies for areas with the same service provider. This has improved outcomes for the whole population.

Conclusion

- 36.**The time and commitment needed to turnaround the public health function on the Isle of Wight cannot be underestimated. However, we are now in a position of stabilisation and continuous improvement

- 37.** The public health function on the Isle of Wight is in a markedly stronger position in 2021 than in October 2018 and has continued to improve following the inception of the formal Public Health Partnership. Public Health mandated functions are being effectively delivered through a range of commissioned services with robust monitoring of activity, outcomes and risks. The public health budget is being used appropriately and the team have good support from IWC finance colleagues
- 38.** The public health team has stabilised and whilst morale has improved there remains a need to support staff to develop and plans are in place to enable this through the work of the Partnership and Health Education England.

Consultation and Equalities

- 39.** The decision relates to a programme and is strategic/administrative in nature; therefore, there is no anticipated negative impact on inequalities.

Climate Change Impact Assessment

- 40.** Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation

- 41.** The decision relates to a programme and is strategic/administrative in nature.

Carbon Mitigation

- 42.** The decision relates to a programme and is strategic/administrative in nature.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

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

2. Equalities Impact Assessment:

The decision relates to a programme and is strategic/administrative in nature; therefore, there is no anticipated negative impact on inequalities.

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