

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	23 January 2023
Title:	2023/24 Revenue Budget Report for Universal Services
Report From:	Director of Universal Services and Director of Corporate Operations

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2023/24 budget for Universal Services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2021.

Section B: Recommendation

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2022/23 as set out in Appendix 1.
3. The summary revenue budget for 2023/24 as set out in Appendix 1

Section C: Executive Summary

4. This report provides the summary outputs of the detailed budget planning process undertaken by the Universal Services Directorate for 2023/24 and the revised budget for 2022/23. For the first time in many years, this process has been undertaken in a high inflationary environment, which presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council. The budget for Universal Services therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.
5. The Autumn Statement delivered by the chancellor on 17 November announced significant additional resources for local government through social care grants and greater Council tax flexibilities, in addition to the usual index linked increases in business rates income. This funding, including the

opportunity to increase council tax, provides a partial solution to meeting the Council's budget shortfall. However, the cost pressures facing the County Council have worsened further over the current year, with extra funding required for children's social workers, Home to School Transport and growth in Younger Adults. Substantial budget gaps therefore remain across the MTFs, despite the announced increases in local government funding and SP23 savings factored into Directorate budgets in 2023/24.

6. The Council's new organisational structure, implemented from 1 January 2023, draws a clear distinction between our public facing service Directorates, place shaping activity, and organisation facing enabling functions. This structure places a key focus on the Council's priorities emerging from the Hampshire 2050 Commission of Inquiry, ensures that all enabling functions are centrally managed to facilitate maximum efficiency and effectiveness and ensures that services are delivered in the most coordinated and consistent way possible to maximise value for our residents. As detailed work on later phases of the restructure progresses it is likely that further, more minor changes to budgets may be required and this report therefore represents an interim position that will be fine-tuned during the period to 2023/24.
7. The anticipated delay to delivery of some aspects of the remaining Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) programmes has been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2023/24. As of September 2022, £32.2m of Tt2019 and Tt2021 savings have yet to be delivered across the Council, however expected early delivery of Savings Programme to 2023 (SP2023) savings totals £21.5m during the current year. Of the required £80m SP2023 savings, £71m are due to be achieved next year, and plans are in place to deliver the remaining savings by 2024/25. The report discusses the specific issues impacting delivery of the savings programmes for Universal Services in Sections F, G and H.
8. The report also provides an update on the business as usual financial position for the current year, and the outturn forecast for the Directorate for 2022/23 is a budget over spend of £5.1m.
9. The proposed budget for 2023/24 analysed by service is shown in Appendix 1.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2022/23 and detailed service budgets for 2023/24 for Universal Services. The report has been prepared in consultation with the Executive Lead Member and will be reviewed by the Transport and Environment Select Committee. It will be reported to the Leader and Cabinet on 7 February 2023 to make final recommendations to County Council on 23 February 2023.

Section D: Contextual Information

11. In July 2022, Cabinet received a report updating on the development of the next Medium Term Financial Strategy against a potential budget gap of £180m to £200m to 2025/26. This took account of the expected local government pay award, the impact of rising inflation on contract prices and anticipated regulatory changes, resulting in a significant increase on the £157m budget deficit reported to Cabinet in February 2022.
12. Since that time, the cost pressures facing the County Council have worsened further, with substantial extra funding required for children's social workers, Home to School Transport and growth in Younger Adults. These pressures have arisen due to a combination of sustained increases in demand following the pandemic, surging inflation and labour shortages in both in-house and contracted services. The financial crisis that has recently hit the country, with an extended recession being expected, has also worsened the longer term funding outlook for the sector; with no Fair Funding Review, no new two year deal for local government and the announcement in the Autumn Statement that government spending will grow by just 1% per year in real terms from 2025/26. This is significantly lower than the 9.4% increase provided to local government through the 2021 Spending Review.
13. However, the Government has acted to prioritise Social Care spending to 2025, with additional grant funding provided to support hospital discharges and to help meet the increasing costs of both adults and children's care packages. £1bn additional funding will be distributed through the Better Care Fund and existing Adults Social Care Discharge Fund, to be shared between local authorities and the NHS. A further £1.3bn will be distributed through the general Social Care Grant and is repurposed funding previously earmarked for implementation of the Adults Social Care charging reforms, which have been delayed until October 2025.
14. Councils will also be permitted to increase Council Tax by a maximum level of 2.99% plus a further 2% for the social care precept. The extended Council Tax flexibilities will remain in place until 2027/28 and could generate an additional £14m - £15m per year for the Council, or around £45m by 2025/26. Current levels of inflation also increase the index linked uplift which Councils receive on business rates income. The September 2022 CPI was 10.2% and if this was applied to our retained business rates and top up grant from the Government this would yield an extra £13m next year after allowing for the downturn in the economy.
15. Setting a budget in a high inflationary environment, which the council has not experienced for many years, presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council, given the potential for the position to worsen or improve substantially throughout the year in line with changes in the economic picture. The budget for Universal Services therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.

16. Directorate budgets have been adjusted to take account of SP23 savings, however substantial budget gaps remain across the MTFs, despite recently announced increases in local government funding. The Directorate will therefore continue to look to improve efficiency wherever possible, driving collaboration across the organisation and with our wider partners, maintaining a focus on process improvement including maximising the benefit of new technologies, and ensuring our operating models and governance arrangements are lean and responsive to the needs of our residents. This will put the Council in the strongest possible position as it looks to a successor savings programme to meet the substantial medium term challenge that the council faces.
17. Central to our focus on continual improvement is the Council's new organisational structure, which draws a clear distinction between our public facing service Directorates, place shaping activity, and organisation facing enabling functions. This structure places a key focus on the Council's priorities emerging from the Hampshire 2050 Commission of Inquiry, ensuring we can deliver a vision for the county which safeguards Hampshire's economy and future prosperity, quality of life, and protects and enhances the character and environment of Hampshire. This is, of course, alongside our fundamental role of ensuring we can continue to deliver services to our most vulnerable residents.
18. As well as delivering management efficiencies, the new structure will ensure that all enabling functions are centrally managed to facilitate maximum efficiency and effectiveness, as well as reducing duplication. Combining the public facing services delivered by the previous Culture, Communities and Business Services and Economy, Transport and Environment Departments within a new Universal Services Directorate, will ensure that services are delivered in the most coordinated and consistent way possible to maximise value for our residents.
19. The 2022/23 budget has been restated to reflect the revised structure and the 2023/24 budget has been prepared on the new basis. However, as detailed work on later phases of the restructure progresses it is likely that further, more minor changes to budgets may be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. Any budget changes as a result of this further work will be contained within the overall organisational budget guidelines agreed by Cabinet in December 2022, accepting that total budgets for individual Directorates may vary within the overall control total agreed. The figures presented in Appendix 1 therefore represent an interim position that will be fine-tuned during the period to 2023/24.
20. The services within the Economy, Transport and Environment (ETE) and Culture, Communities and Business Services (CCBS) Departments which now make up the new Universal Services Directorate have been developing service plans and budgets for 2023/24 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the new Directorate are set out below.

Section E: Directorate Challenges and Priorities

21. The Universal Services Directorate delivers a wide range of services with gross expenditure in the region of £271m a year and income streams of around £120m, leaving a cash limit of £151m. In addition, the Department is responsible for the Coroners Service and the Hampshire Transport Management business unit, which sit outside the cash limit.
22. The Directorate's underlying budget strategy continues a relentless focus on core service delivery around Highways; Waste Management; Transport; management of our Country Parks, sites, Rights of Way and outdoor centres; maintaining the corporate estate through Property Services and Facilities Management; and a suite of regulatory services including Registration and Trading Standards.
23. The challenge posed by the deteriorating condition of the highways network has long been recognised, and in November 2021 the County Council agreed to provide an additional £7m a year for Highways Maintenance, initially focussed on reactive revenue-funded repairs but with the intention over time to support the structural maintenance capital work programmes which provide the best value in terms of cost-effective improvements in the overall network condition.
24. A plan for the use of the additional £7m funding was approved by the Executive Lead Member for Economy, Transport and Environment (ELMETE) in March 2022. However, the rapid and sustained increase in construction industry inflation resulted in a further report to the ELMETE on 12 May 2022, when it was approved to divert up to £3.5m to secure the existing planned Operation Resilience surface treatment and other programmes to cover the inflationary pressures, and a cost pressure of £1m on the remaining revenue-funded reactive maintenance was also noted.
25. As a result, while the £7m new funding has been vital in ensuring previously planned work programmes could continue, it has not yet been possible to fully realise the benefits originally envisaged. A further decision early in 2023 will be needed on the extent to which to protect Operation Resilience again, given the ongoing construction industry inflation pressures, or whether to accept a lower level of activity within the underlying budget provision. The recent extended hard freeze will have exacerbated the situation by creating additional damage to the network, and disrupting planned maintenance work, which will have a knock on effect into 2023/24.
26. The Environment Act received Royal Assent in November 2022, introducing radical changes to waste and recycling, including the introduction of a deposit return scheme, extending producer responsibility to pay the net cost of disposal of their products and implementing greater consistency of recycling collections which will bring major changes including the requirement to collect food waste separately. However, there remains some uncertainty around the detailed implementation requirements and timescales, including a potential further delay in bringing in the Extended Producer Responsibility payments to cover costs

incurred by both Waste Collection and Disposal Authorities. Despite this, work to deliver the enhanced Materials Recovery Facility has progressed with approval of the Project Appraisal by the Executive Lead Member for Transport and Environment Strategy in October 2022 and subsequent confirmation of the necessary planning permission. The facility is currently expected to be operational by summer 2025. However, the continuing uncertainty has had a further impact on timescales for completing delivery of the Tt2021 savings as set out in Sections F and H below.

27. In 2021 a study for the Environment Agency (EA) identified that brominated flame retardant chemicals used in domestic upholstered seating classified as Persistent Organic Pollutants (POPs) are present in significant concentrations, breaching the limits set out in the Stockholm Convention. As a result, from 31 December 2022 waste operators, including Veolia, are no longer able to accept this material into landfills and instead it must be incinerated to irrevocably destroy the POPs. The resulting additional tonnage at the Energy Recovery Facilities (ERFs) is likely to mean contractual capacity at these facilities will be exceeded with both additional shredding and disposal costs and the loss of income from selling current spare capacity to private sector customers. Mitigation measures include clear segregation of these materials at Household Waste Recycling Centres to avoid contamination and further support for furniture reuse initiatives are proposed, in order to minimise the volumes of additional waste to be dealt with in this way, however early estimates indicate additional ongoing costs of £1million per year.
28. In addition to the significant cost implications of complying with the POPs regulations, achieving emissions compliance at Energy Recovery Facilities from 2023/24 is anticipated to increase ongoing monitoring costs by £300,000 per year and the one-off cost of regulatory compliance to ensure eels in Southampton Water are protected from the waste inlet/outlet at the Energy Recovery Facility are currently estimated at £462,000, also in 2023/24.
29. Finally, lease costs for waste facilities operated from third-party sites and currently subject to re-negotiation are anticipated to add up to £500,000 per year with around £100,000 of one-off costs for essential maintenance to conveyor belts and other equipment at the Alton Materials Recovery Facility which is already beyond its expected life.
30. The County Council established an Enhanced Bus Partnership with bus operators in Hampshire during 2022 and submitted a bid to Government for Bus Service Improvement Plan (BSIP) funding to support improvements to bus services in Hampshire proposed as part of the Enhanced Partnership. Unfortunately, alongside many other authorities, the County Council was not awarded any BSIP funding to support these ambitions. As a consequence of there being no new funding to support bus services in Hampshire, in November 2022 the Executive Lead Member for Transport and Environment Strategy agreed a package of further reductions to passenger transport support totalling £800,000 per year.

31. The operating environment for bus companies remains challenging with the high costs of fuel, staff retention challenges and passenger numbers still below pre-pandemic levels. To date the operators have been able to continue to run commercial services using Government funding and supported by County Council decisions on reimbursement of Concessionary Fares (most recently in May 2022 when the Executive Member for Highways Operations confirmed the approach within Hampshire during 2022/23) however as this funding comes to an end there is a risk that some routes cease to be commercially viable and are withdrawn.
32. The sector remains an important part of any strategy to reach net zero carbon targets for transport and reductions in passenger transport service levels would clearly hamper progress in this area.
33. The Universal Services areas supported by cash limit funding already rely on income and recharges to fund 44% of the gross costs of service delivery. Maintaining existing levels of income from 'choose to use' services such as Country Parks and Outdoor Centres is challenging and depends at least in part on ongoing digital, marketing, and other investment to ensure the services remain attractive and relevant to Hampshire residents and visitors. However, it remains a key objective for the Directorate that these services are able to both maintain and increase sustainable external income streams as an alternative way to fully cover their operating costs and reduce reliance on core cash limit funding. The cost of living crisis represents an added dimension to income streams and over the coming year it will be necessary to track whether this is having any impact – either adverse or potentially favourable if these services offer a cheaper day out than alternative choices for Hampshire residents.
34. Finally, most services within the Directorate are facing increasing challenges in retaining and recruiting staff at all levels. This is a national issue with the Office for National Statistics reporting that nationally from May to July 2022 the level of vacancies was 60.2% above the immediate pre-Covid quarter in 2020, but the impacts have been felt across all service roles and grades within the Universal Services Directorate.
35. Wider labour shortages from a number of factors including the departure of many EU citizens and many older workers opting for early retirement post pandemic, together with surging demand in new sectors (e.g., online retail and delivery drivers) have meant there is higher availability of both low and high skill work with higher pay. This has had adverse impacts on service delivery across the Directorate ranging from Facilities Management to catering in Country Parks where non-financial benefits such as hybrid working are less applicable and the private sector has been able to respond quickly by offering higher pay.
36. There are also significant challenges in recruiting and retaining technical and professional roles in the construction industry such as engineers and quantity surveyors. The County Council has always faced challenges to recruit in these areas during periods of economic growth where relatively secure and better paid opportunities are available in the private sector. However, a change in

how people view local authorities and security of employment in the public sector given the greater coverage of the severe financial pressures faced by councils across the country means that previous perceptions of the relative security of local authority compared to private sector roles during an economic slowdown are changing rapidly.

37. These challenges are having an impact on both service delivery and cost (agency cover being typically more expensive if available) and also on the wellbeing of existing staff having to cover additional workload often for extended periods of time which in turn has an adverse impact on retention.
38. Actions are being taken at service, Directorate and a corporate level to mitigate the immediate impacts and build greater resilience for the future.

Section F: 2022/23 Revenue Budget

39. With the new organisational structure commencing on 1 January 2023, the 2022/23 budget has been restated to align to the new Directorates. This has been achieved by transferring existing budgets and corresponding actual income and expenditure for those functions and services that have transferred to another Directorate.
40. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
41. The services making up the new Universal Services Directorate have a long-standing approach of minimising non-essential spend, seeking to develop a broader client base for sold services and adopting a prudent approach to vacancy management. This approach is driven both by the ongoing and emerging pressures on the Council's financial position and the additional delay in delivering the Directorate's Tt2021 savings from the Waste budget which will need significant cash flow funding from the Directorate's Cost of Change reserve. This approach has therefore continued to feature strongly in the Directorate's overall financial management.
42. The anticipated business as usual 2022/23 outturn forecast for the ETE and CCBS services now forming part of the new Universal Services Directorate is a pressure against the budget of £5.1m. This position includes a pressure of £5.567m arising from energy price inflation, primarily in relation to streetlighting, illuminated traffic signals and the office accommodation portfolio, which will be covered by corporate funding set aside for this purpose. The underlying business as usual position is a net saving against the budget of £431,000, made up as follows:
 - £4.176m planned early achievement savings contributing to SP2023 targets.

- Staff savings from recruitment and retention difficulties as well as planned vacancy management totalling £2.750m across a range of services.
 - £4.392m pressure relating to planned investment, and cash flow support for the delayed Tt2021 savings in Waste Disposal, to be funded from the Cost of Change reserve.
 - Net pressures on direct service provision of £2.103m, which includes spend on Highways Maintenance that has now been offset by appropriate developer funding and previously agreed corporate Ash Dieback funding, with other planned overspends on the Highways Works programme offset by other savings on the Highways budgets.
43. A revised profile for the delivery of the remaining Waste Tt2021 savings of £7.99m was approved by Cabinet on 7 December 2021 with the delay at that time largely due to the Covid pandemic and therefore cash-flow support was given through a combination of drawing down from the one off Covid 19 funding that the Council had set aside and the Directorate's Cost of Change reserve.
44. The waste savings programme is complex and involves changing the financial relationship between the County Council as the Waste Disposal Authority and the district and borough councils as Waste Collection Authorities (with legal responsibility for recycling). The majority of the savings in this area were inextricably linked to changes in Government Policy around waste, recycling and the environment, and therefore the delays in this legislation have further delayed the achievement of these savings, with key areas such as Extended Producer Responsibility not now expected to come into force until part-way through the 2024/25 financial year. As a result, full delivery is not now expected until the 2025/26 financial year.
45. Furthermore, Government consultations in May 2022 have contained proposals that include removing booking systems for Waste recycling centres and removing charging for wood waste, which if enacted would reverse some of the savings already achieved within Waste services, creating additional pressures.
46. The budgets for the ETE and CCBS services now part of the Universal Services Directorate have been updated throughout the year. These budgets have been restated to reflect the new Directorate and the restated original and revised budgets are shown in Appendix 1. The revised budget shows an increase of £8.8m made up of:
- £6.974m one-off funding from corporate contingencies to offset further delays in the T21 savings as set out above.
 - A one-off increase to Highways Maintenance of £1.653m funded from the use of corporate contingencies (which has been topped up to £2m by using the £347,000 2021/22 saving in Winter Maintenance) as agreed by Cabinet in February 2020.
 - A reduction of £1.361m to Street Lighting budgets for revised profiling of PFI payments between capital repayments and interest to reflect the

contingent rental element (a technical accounting adjustment with the overall cost remaining the same).

- £1.271m funding for the inflationary pay award increase.
- £293,000 total one-off increases for grants including Bikeability to support cycle safety training in schools and various Trading Standards grants in relation to product safety and standards.
- An increase of £141,000 to address Ash Dieback (part of the allocations agreed by Cabinet in February 2020, December 2020, and July 2022).
- A net reduction of £163,000 from transfers between directorates including IT growth charges.

Section G: 2023/24 Revenue Budget Pressures and Initiatives

47. In addition to the issues covered in Section E Universal Services are continuing to face inflationary pressures and shortages of labour and materials, in particular for construction related activity. This affects the cost of works and is increasingly causing delays to contractors being able to start work on site with resultant slippage. Energy price inflation will also be a particular pressure for the Directorate given the nature of the services provided. The inflation pressures and volatility in some markets are unprecedented in recent years and result from a combination of factors including the pandemic, Brexit, the war in Ukraine and global supply chain issues, and are expected to persist throughout 2023/24.
48. As mentioned in Section D above, the new corporate structure, which combines the public facing services delivered by the previous Culture, Communities and Business Services and Economy, Transport and Environment Departments within the new Universal Services Directorate, is designed to ensure that services are delivered in the most efficient, coordinated and consistent way possible. There will be a period of transition to further consolidate the new structure and achieve these efficiencies, which may result in changes to individual budget allocations, although remaining within the overall budget provision for the Directorate.

Section H: Revenue Savings Proposals [update on SP23]

49. Savings targets for 2023/24 were approved as part of the MTFs by the County Council in July 2020. Proposals to meet these targets have been developed through the SP2023 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2021.
50. It is now anticipated that full year savings of £11.4m will be achieved in 2023/24 with the £1.5m shortfall against the target which relates to the Enhanced Traffic Management Enforcement saving being met in the short term from the cost of change reserve.

51. The reasons for the timing shortfall include:
- Detailed confirmation from Central Government of how the new powers were to be implemented, and Government enacting the relevant legal powers, was later than originally anticipated.
 - The unexpected inclusion of a six-month initial period for each site where enforcement is proposed with warning letters only, with no fines to be issued.
 - Inflation and supply issues leading to delays in securing the necessary specialist equipment.
52. To minimise the delay in achieving the full saving it is proposed to extend the scope to include traffic management enforcement savings related to on-street parking over and above the previous savings contribution from this service. The savings from all traffic management enforcement will be realised through being able to use income to meet costs incurred that are currently funded from County Council cash limit funding.
53. Additionally, it is anticipated that £7.99m of Tt2021 savings will remain to be achieved in 2023/24, all of which relates to the savings from Waste Disposal and alternative approaches to recycling. The shortfall against target in 2023/24 will be met from a combination of corporate cash flow support and the cost of change reserve.
54. The main reasons for the delays to savings delivery relate to:
- Government delays in confirming both how and when the provisions of the Environment Act 2021 would operate including Extended Producer Responsibility payments and requirements for recycling.
 - Consequent delays in understanding and agreeing the specification needed for the new Materials Recovery Facility which means the facility is not now expected to be fully operational until summer 2025.
55. Rigorous monitoring of the delivery of the programme will continue during 2023/24, to ensure that the Department is able to stay within its cash limited budget as set out in this report.

Section I: 2023/24 Review of Charges

56. For Universal Services, the 2023/24 revenue budget includes income of £51.1m from fees and charges to service users. This is an increase of £4.4m (9%) on the revised budget for 2022/23.
57. Universal Services consists of a wide range of services with a variety of different fees and charges, and therefore each individual charge has not been listed in this report. However, all fees and charges are regularly reviewed and

uplifted annually for inflation as appropriate, and many are published separately on the Council's web pages, in some cases as required by legislation. The annual review of individual charges includes consideration of the prevailing market conditions, and where relevant, benchmarking against other Local Authorities to ensure any inflationary uplifts are reasonable.

58. Any new fees and charges, or significantly above-inflation increases to individual fees and charges, will be brought to the Lead Executive Member for Universal Services for decision via a separate report, which will include the required equality impacts assessment.

Section J: 2023/24 Revenue Budget Other Expenditure

59. The budget includes some items which are not counted against the cash limit. For Universal Services these are the Coroners Service and the business unit as shown in Appendix 1.
60. As reported within the Provisional Cash Limits report presented to Cabinet on 13 December 2022, the Coroners Service is facing ongoing pressure arising from an increase in both case numbers and complexity. The anticipated £578,000 cost of these pressures has been included within the 2023/24 budget.
61. There are separate approval processes in place for the business unit's detailed business plans.

Section K: Budget Summary 2023/24

62. The budget update report presented to Cabinet on 13 December 2022 included provisional cash limit guidelines for each Directorate. The cash limit for Universal Services in that report was £151.8m, a £7.1m increase on the previous year. The increase comprised:
 - A reduction of £12.941m for SP2023 savings as set out above.
 - £15.460m increase for inflationary and growth pressures, including £2.285m inflation on the Highways Maintenance contract and £7.980m inflation on the Waste Disposal contract, both of which are index-linked; growth recognising the increase in highways assets to be maintained; demographic growth in Waste; and increases relating to the removal of the reduced fuel duty tax rate on red diesel.
 - A reduction of £1.487m to Street Lighting budgets for revised profiling of PFI payments between capital repayments and interest to reflect the contingent rental element (a technical accounting adjustment with the overall cost remaining the same).
 - £5.425m increase in funding for the pay award increase.
 - £181,000 increase funded by grants (primarily Office for Product Safety and Standards central Government grants for Trading Standards)

- A net increase of £456,000 from transfers between directorates, mostly relating to internal restructures, that due to the corporate restructure are now cross directorate.
63. At that stage, the cash limit guidelines did not include the following items which have now been added (and will be included in the February budget report), reducing the cash limit to £151.1m:
- £950,000 reduction in pay inflation, reflecting the reduction in employer National Insurance and pension contributions.
 - £329,000 increase to reflect further inflationary pressures on the index-linked Highways Maintenance contract.
64. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Universal Services for 2023/24 and show that these are within the cash limit set out above.
65. In addition to these cash limited items there are further budgets which fall under the responsibility of Universal Services, which are shown in the table below:

	2023/24	
	£'000	£'000
Cash Limited Expenditure	270,731	
Less Income (Other than Government Grants)	(119,590)	
Net Cash Limited Expenditure		151,141
Trading Units Net (Surplus) / Deficit		(42)
Flood Protection Levy		725
Chichester Harbour Conservancy		203
Coroners		2,968
Less Government Grants:		
• Bikeability	(404)	
• Bus Service Operators Grant	(1,068)	
• Product Safety and Standards	(175)	
• England Coastal Path	(52)	
Total Government Grants		(1,472)
Total Net Expenditure		153,523

Section L: Consultation, Equalities and Climate Change Impact

66. 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.
67. This report deals with the revenue budget preparation for 2023/24 for the Universal Services Directorate. This takes account of the savings proposals agreed by the County Council in November 2021 including the Equality Impact Assessments prepared at that time. Any revised impacts and subsequent consultation that has been required have been reported to the relevant Executive Member as savings proposals have been further developed and implemented.
68. 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.
69. This report deals with the revenue budget preparation for 2023/24 for the Universal Services Directorate. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2023/24 for the Universal Services Directorate.

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>
Savings Programme to 2023 – Revenue Savings Proposals (Executive Lead Member for Economy, Transport and Environment) Report.pdf (hants.gov.uk)	23 September 2021
(Executive Member for Recreation, Heritage and Rural Affairs) Savings Programme to 2023 EM Report.pdf (hants.gov.uk)	20 September 2021
(Executive Member for Commercial Strategy, Estates and Property) Report.pdf (hants.gov.uk)	29 September 2021
Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=7737	Cabinet – 12 October 2021 / County Council – 4 November 2021
Developing a Medium Term Financial Strategy https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=9942&Ver=4	Cabinet – 19 July 2022 / County Council – 29 September 2022 Cabinet – 13 December 2022
Budget Setting and Provisional Cash Limits 2023/24 Financial Update and Budget Setting and Provisional Cash Limits 2023/24 (hants.gov.uk)	

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:

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

<https://democracy.hants.gov.uk/mgAi.aspx?ID=45388#mgDocuments>

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

Budget Summary 2023/24 – Universal Services

Service Activity	Original Budget 2022/23 £'000	Revised Budget 2022/23 £'000	Proposed Budget 2023/24 £'000
Highways Maintenance	26,109	28,306	27,125
Street Lighting	12,041	10,685	10,551
Winter Maintenance	5,964	5,965	6,489
Traffic Management and Road Safety	2,414	2,566	2,492
Capital Works Implementation	(169)	(329)	(317)
Concessionary Fares	13,328	12,928	11,718
Other Public Transport	4,884	4,862	4,426
Integrated Transport	(53)	(53)	(54)
Spatial Planning	72	658	500
Highways, Engineering & Transport	64,590	65,588	62,930
Waste Disposal	46,090	54,825	53,623
Development Management, Minerals and Waste Policy	126	133	160
Environment	534	541	445
Asbestos	83	102	75
Scientific Services	211	680	204
Trading Standards	1,379	1,653	1,643
Waste & Environmental Services	48,423	57,934	56,150
Countryside Services	2,891	3,387	3,283
Outdoors Centres	397	399	291
Rural Affairs	269	419	271
Rural Estates (County Farms)	(328)	(325)	(316)
Sir Harold Hillier Gardens (room hire)	64	64	64
The Great Hall	4	7	13
Registration	(1,244)	(1,169)	(1,071)
Archives	577	631	712

Culture & Information Strategic Management	1,203	1,179	1,153
River Hamble Harbour Authority	(10)	(19)	(52)
Recreation, Information & Business Services	3,823	4,573	4,348
Business Support	521	452	577
Business Development Team	682	1,087	754
Business Strategy & Improvement and Transition	1,086	1,500	1,193
Contact Centre Team	345	351	278
Departmental and Corporate Support	3,365	721	3,410
Facilities Management	3,890	3,955	4,047
PrintSmart	(57)	(57)	(57)
Hampshire Printing Services	(24)	(24)	(24)
Office Accommodation	4,010	3,960	4,073
Property Services	2,183	2,308	2,947
Repairs and Maintenance	9,292	9,272	9,980
Sites for Gypsies and Travellers	41	42	44
Manydown and Other Miscellaneous	(8)	(1)	(1)
Net Contribution To / (From) Cost of Change	2,496	1,805	4
Property, Business Development & Transformation	27,822	25,371	27,713
Net Cash Limited Expenditure	144,658	153,466	151,141
Hampshire Transport Management	(39)	(39)	(42)
Universal Services Trading Units	(39)	(39)	(42)
Coroners	2,391	2,390	2,968