

Economy, Transport and Environment Transformation to 2021 (Tt2021) Revenue Saving Proposals

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17 September 2019

County Council Context

- £480m removed from budgets over nine years.
- £80m forecast budget gap for the two years to 2021/22.
- Tt2019 was significantly more challenging than previous programmes and so Tt2021 will be even more difficult.
- Extended delivery and overlapping programmes increases risk and complexity.
- County Council public consultation.
- Medium Term Financial Strategy update to Cabinet in October and County Council in November.

Serving Hampshire – **Balancing the Budget 2019 Consultation**

Headline Findings



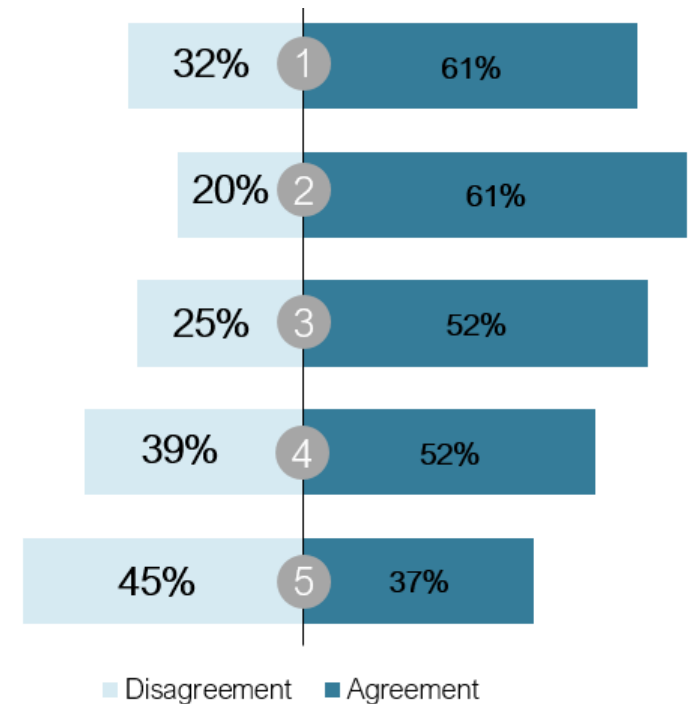
Consultation context

- The *Serving Hampshire - Balancing the Budget* 2019 consultation was designed to give all Hampshire residents and stakeholders the opportunity to have their say about ways to balance the County Council's budget.
- The consultation ran from midday on 5 June to 11.59 on 17 July 2019 and was widely promoted through a range of online and offline channels.
- Information Packs and Response Forms were made available both digitally and in hard copy in standard and Easy Read formats, with other formats available on request. Unstructured responses could be submitted via email, letter or as comments on social media.
- The **consultation received 5,432 responses** – 4,501 via the consultation Response Forms and 931 as unstructured responses via email/ letter (22) or social media (909).
- Of the responses submitted via the consultation Response Forms, 1,491 were from individuals and 28 from democratically elected representatives. Including the unstructured responses 44 groups, organisations or businesses responded.

Level of agreement with proposed options

1. Six out of ten respondents (61%) agreed with the position that reserves should not be used to plug the budget gap.
2. The same proportion (61%) felt that consideration should be given to changing local government arrangements in Hampshire.
3. Just over half of respondents (52%) agreed that the County Council should continue with its current financial strategy.
4. This was also the number that agreed with the principle of introducing and increasing charges for some services.
5. Just over one in three respondents (37%) agreed with the principle of reducing or changing services - but the proportion who disagreed was slightly higher (45%).

Agreement or disagreement as to whether the County Council should. . . (Base: 4264)



Spending Round (SR) 2019

- 2019/20 represented final year of the current SR period.
- Four year SR originally planned for summer 2019 but impacted by Brexit and the national political situation.
- One year SR announced on 4th September. We still have no certainty beyond 2020/21 but this was not unexpected and was partly balanced by the promise of an early indication of the 'settlement' for local government.
- Content mirrored key issues we have been raising for some time with government, particularly cost pressures in social care services which are outstripping forecasts included in the original Tt2021 planning figures.

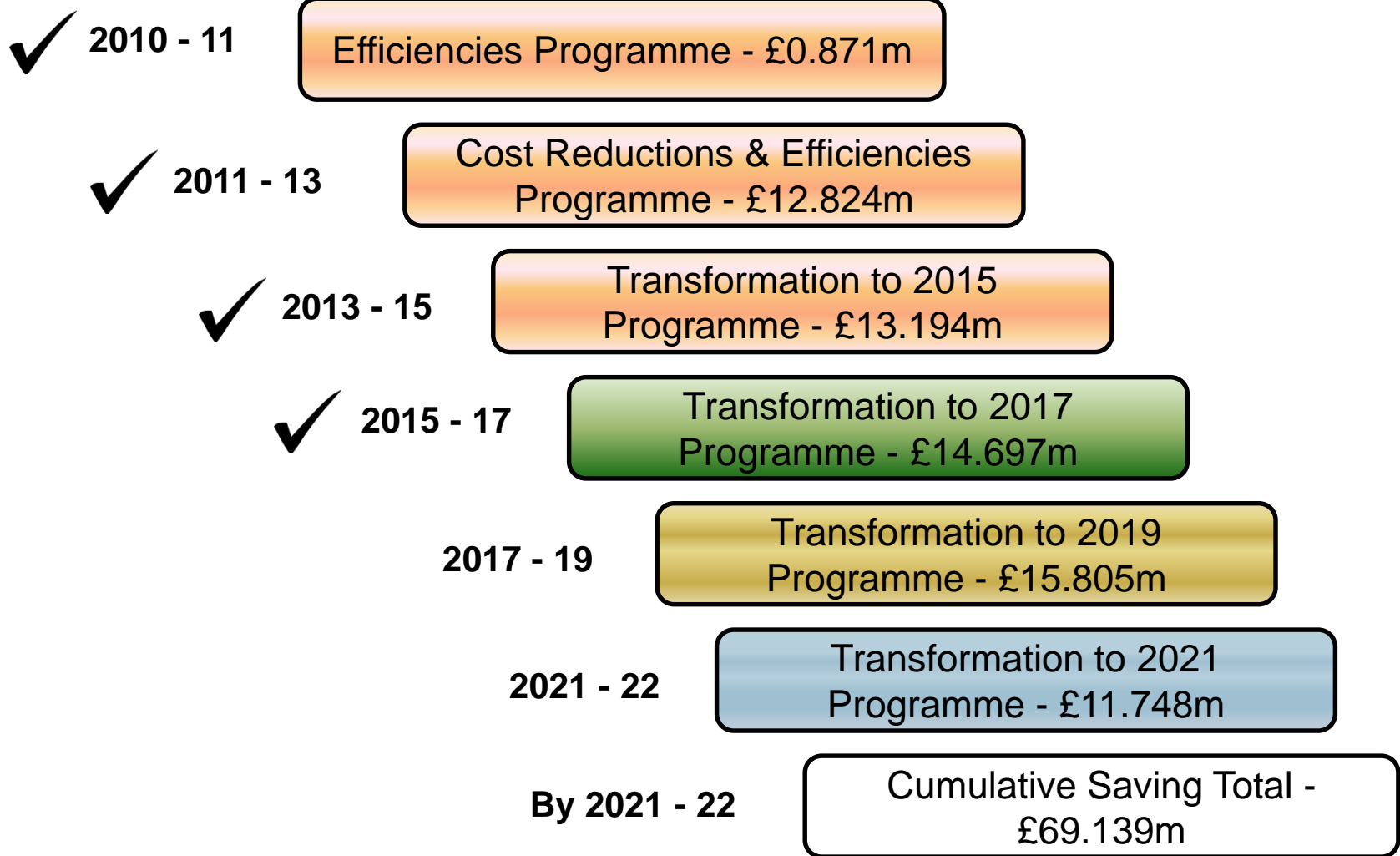
Spending Round (SR) 2019

- Key issues for the County Council:
 - ✓ £2.5bn nationally for continuation of existing one off grants across social care - HCC allocation circa £38.5m, majority already assumed in MTFS.
 - ✓ Extra £1bn for adults' and children's social care - HCC allocation £15m - £20m depending on distribution methodology (to be consulted upon).
 - ✓ Core council tax 2% and continuation of a 2% adult social care precept. Below assumptions in the MTFS - loss to HCC circa £12m of recurring income over the two years of the Tt2021 Programme.
 - ✓ Additional funding for schools, including £700m for SEN – HCC allocation if distributed on basis applied before, circa £16.8m. Would help address future growth but is not a solution to the cumulative deficit position schools will face at the end of 2019/20.
- Overall position broadly neutral.

Departmental Context

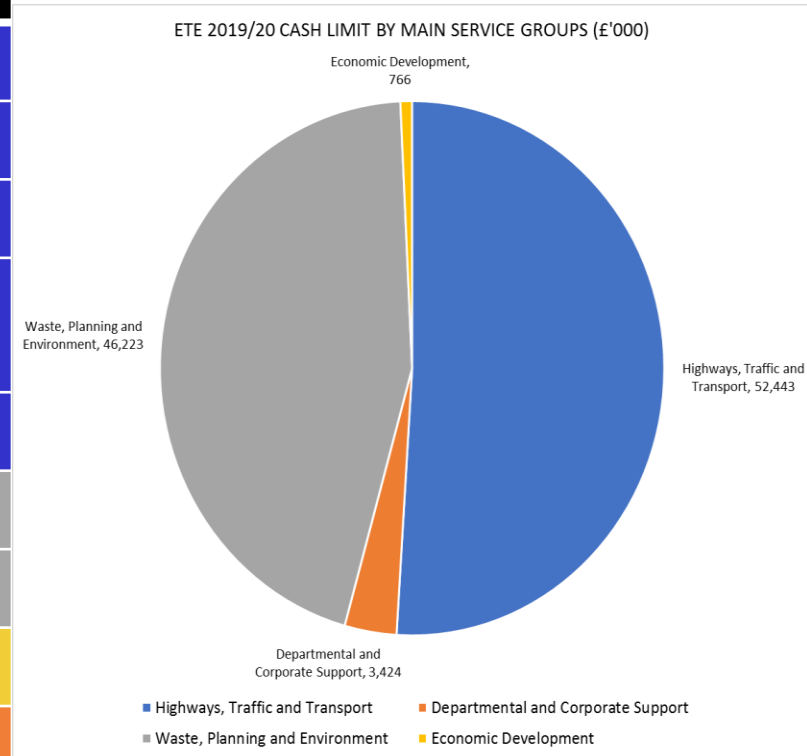
- Impact of savings to date:
 - Since 2011 reduction in core full time equivalent (FTE) posts by 24%
- External spend 70%:
 - Major contracts re-let or re-negotiated to late 2020s
 - Concessionary Fares – little or no discretion to do more
- Significance of capital for the department

Departmental Transformation Journey



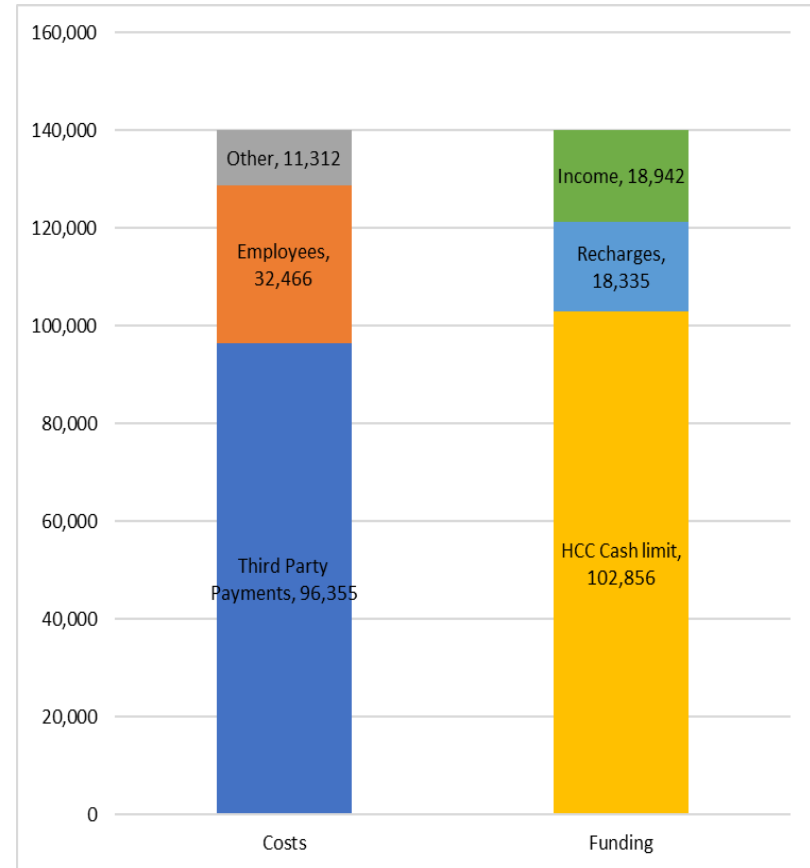
ETE cash limited budget 2019/20 – by service

Service	£'000
Highway maintenance	21,766
Winter maintenance	5,732
Public transport	16,430
Traffic Management / other HT&T	341
HT&T staff/op. support	8,174
Waste disposal	44,914
Planning & Environment	1,309
Economic Development	766
Dept. & corp. support	3,424
Total ETE cash limit	102,856



ETE budget 2019/20 – cost type and funding sources £'000

Cost type / funding source	£'000
Third party payments	96,355
Employees	32,466
Premises	4,765
Transport	4,535
Other costs	2,021
Recharges	18,335
Fees and charges	10,021
Other income	8,921
ETE net cash limit	102,856

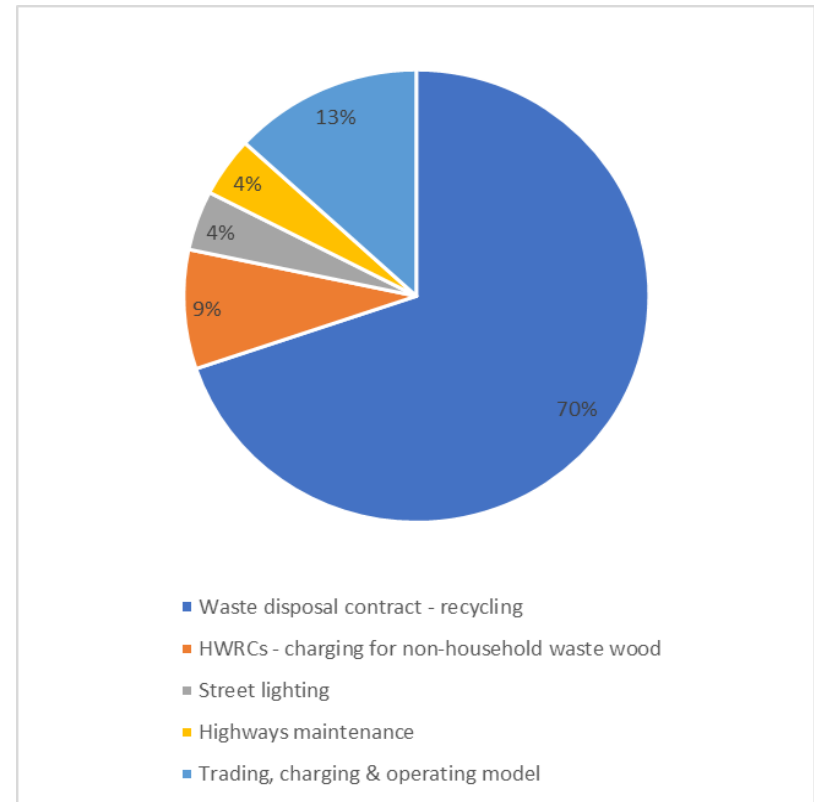


Tt2021 Approach

- Strategy:
 - Minimise service reduction / maximise income generation
 - Maintain capacity to continue to deliver good public services
- Developed list of opportunities for internal challenge
- ‘Balancing the Budget’ consultation 5 June to 17 July
- Proposals refined in light of consultation responses

ETE Tt2021 Savings Proposals

Proposal	£'000
Waste recycling	8,200
Charging for waste wood	1,000
Street lighting	500
Highways maintenance	500
Trading, charging and operating model	1,548
Total ETE	11,748



Waste disposal contract – recycling (£8.2m)

- To make changes to the financial arrangements by removing HCC cost subsidies in the recycling of household waste, including:
 - maximise & retain income from the sale of recycled materials by HCC
 - charge costs currently incurred by HCC to District Councils
 - end direct subsidy payments to District Councils where recycling infrastructure & facilities have been provided to them free of charge
 - maximise impacts of waste prevention activities
 - explore further re-financing options for the Waste Disposal Contract
- Proposed changes will also support moves to adapt waste systems and infrastructure in line with emerging Government changes

HWRCs – charging for non-household wood waste (£1m)

- Includes fence panels, window frames, sheds, kitchen units, decking etc.
- Disposal currently costs £2.52m per year
- Recent Environment Agency classification of wood waste as potentially hazardous has impacted the market

Street lighting (£0.5m)

- Further energy cost reductions through:
 - Technological advances
 - Potentially extend part-night lighting (time or areas) and / or further dimming

Highways maintenance (£0.5m)

- Further contract efficiencies
- Alternative funding model for Parish Lengthsmen scheme (phased) – not stopping the scheme
- No proposed reductions to the highways service including winter maintenance

Trading, charging and operating model (£1.548m)

- Principal focus – maximise income generation from trading and charging (building on T19)
- Further non-pay efficiencies
- Removal of vacant posts

Equality Impacts to Highlight

- EIAs undertaken for all proposals and identified minimal impact on protected characteristics
- Will be considered further, alongside cumulative EIA, by Cabinet and County Council

Tt2021 Key Messages

- Impact on relationships with District Councils
- High level responses indicate income generation was the preferred option for residents with lobbying Govt for legislative change second (of seven)
- Detailed analysis in many cases quite different e.g. universal charging for HWRC use not favoured