

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Economy, Transport and Environment
<b>Date:</b>	23 September 2021
<b>Title:</b>	Savings Programme to 2023 – Revenue Savings Proposals
<b>Report From:</b>	Director of Economy, Transport and Environment and Director of Corporate Operations

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#### Purpose of this Report

1. The purpose of this report is to outline the detailed savings proposals for Economy, Transport and Environment that have been developed as part of the Savings Programme to 2023 (SP2023) Programme.

#### Recommendation

2. To approve the submission of the proposed savings options contained in this report and Appendix 1 to the Cabinet.

#### Executive Summary

3. This report outlines the detailed savings proposals for Economy, Transport and Environment that have been developed as part of the Savings to 2023 (SP2023) Programme. The report also provides details of the Equality Impact Assessments (EIAs) that have been produced in respect of these proposals and highlights where applicable, any key issues arising from the public consultation exercise that was carried out over the summer and how these have impacted on the final proposals presented in this report.
4. The Executive Lead Member is requested to approve the detailed savings proposals for submission to Cabinet in October and then full County Council

in November, recognising that there will be further public consultation for some proposals.

## **Contextual Information**

5. Members will be fully aware that the County Council has responded to reductions in public spending, designed to close the structural deficit within the economy, since the first reductions to government grants were applied in 2010/11 and then as part of subsequent Comprehensive Spending Reviews (CSRs).
6. Whilst in more recent years there have been no reductions in government grant to deal with, what small increases there have been have not been sufficient to cover inflationary increases, coupled with a continued (and growing) underfunding for social care demand pressures.
7. One of the key features of the County Council's well documented financial strategy and previous savings programmes has been the ability to plan well in advance, take decisions early and provide the time and capacity to properly implement savings so that a full year impact is derived in the financial year that they are needed albeit elements of more recent programmes have taken longer to deliver as they become more complex.
8. This strategy has enabled the County Council to cushion some of the most difficult implications of the financial changes which have affected the short-term financial viability of some Councils, with eight authorities having been granted exceptional financial support packages by Government in response to unmanageable pressures arising in 2020/21 and 2021/22. Furthermore, the County Council is accounting for the specific financial challenges arising as a result of the Coronavirus pandemic on a non-recurrent basis and expects to meet these challenges within the existing support package from Government, together with funding already set aside for this purpose. This is testament to the strength of the Council's underlying financial position owing to the success of its service transformation agenda and prudent financial management approach.
9. However, Covid-19 has impacted delivery of both the Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) programmes, with £45million of outstanding savings still to deliver. Whilst sufficient resources have been set aside to cover this delayed implementation, the need to commence the successor programme will require twin-tracked delivery of change programmes, presenting a significant challenge for services. SP2023 will seek to achieve an additional £80million of savings, bringing the total savings to be delivered over the next two years to £125million and cumulatively to £640million in total.

10. It is recognised that each successive transformation programme is becoming more difficult to deliver as the potential to achieve further permanent cost reductions through early intervention and demand management and prevention approaches is reduced. Given the level of savings already achieved and the shortened timescales for delivery, the SP2023 programme will focus primarily on services that may be reduced or stopped rather than on driving further transformative change, although opportunities for transformation, efficiencies and income generation will of course continue to be pursued.
11. The ongoing impacts of the pandemic continue to present capacity challenges for operational teams and their ability to support transformation programmes has been limited as a result. However, with the acute impacts of the pandemic beginning to recede, existing change programmes in Adults and Children's social care will continue to be progressed alongside delivery of the SP2023 programme.
12. The announcement of a further single year Spending Review covering the period to March 2022 has placed the County Council in a very difficult position in terms of future financial planning. Given the lack of any certainty after this period, the County Council has had no choice but to assume that savings required to meet a two-year gap of at least £80m will be required by April 2023 as we cannot take the risk of delaying the programme until 2024. Furthermore, the financial constraints created by Covid-19 mean that there will be no funding available to cash flow a savings programme beyond April 2023.
13. The business as usual deficit in 2022/23, forecast to be £40.2million, has been provided for and will be drawn from the Budget Bridging Reserve in line with our normal strategy. However, given the current medium-term deficit due to Covid-19 pressures and the resulting financial response package, which uses up all available financial flexibility and still requires significant additional government funding, it is critical that SP2023 is delivered by 1 April 2023.
14. Departments have looked closely at potential opportunities to achieve the required savings and unsurprisingly the exercise has been extremely challenging because savings of £560million have already been driven out over the past eleven years, and the fact that the size of the target (a further 10% reduction in departmental cash limited budgets) requires a complete "re-look"; with previously discounted options potentially having to be re-considered. It has been a significant challenge for all departments to develop a set of proposals that, together, can enable their share of the SP2023 Programme target to be delivered.
15. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks between 7 June and 18 July. The consultation was widely promoted to stakeholders and

residents and asked for their views on ways the County Council could balance its budget in response to continuing pressures on local government funding, and still deliver core public services.

16. The consultation was clear that a range of options would be needed to deliver the required £80million of savings by 2023. Therefore, whilst each option offers a valid way of contributing in part to balancing the budget – plugging the estimated £80million gap in full will inevitably require a combination of approaches. For example, the Information Pack illustrated the amount of savings that would still be required even if council tax was increased by up to 10%. It explained that the £80million estimated budget shortfall took into account an assumed increase in ‘core’ council tax of 1.99% and an increase in the Adult Social Care Precept of 2% in both 2022/23 and 2023/24. The Pack also explained that if central government were to support changing local government arrangements in Hampshire, savings would still take several years to be realised. Residents were similarly made aware that the use of ‘spare’ reserves would only provide a temporary fix, providing enough money to run services for around 14 days.
17. As the consultation feedback confirms, a number of different approaches are likely to still be needed to meet the scale of the financial challenge. Consequently, the County Council will seek to:
  - **continue with its financial strategy**, which includes:
    - **targeting resources** on the most vulnerable adults and children
    - **using reserves carefully** to help meet one-off demand pressures;
  - **maximise income generation** opportunities;
  - **lobby central government** for legislative change to enable charging for some services;
  - **minimise reductions and changes to local services** wherever possible, including by raising council tax by 3.99%;
  - consider further the opportunities for **changing local government arrangements** in Hampshire; and
  - consider further the opportunities around **devolution of financial powers** in response to the Government’s County Deal and levelling up agenda.
18. Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of the final savings proposals for this report. Responses to the consultation will similarly help to inform the decision making by Cabinet and Full Council in October and November of 2021 on options for delivering a balanced budget up to 2023/24, which the Authority is required by law to do.

19. In addition, Equality Impact Assessments have also been produced for all of the detailed savings proposals and these together with the broad outcomes of the consultation and the development work on the overall SP2023 programme have helped to shape the final proposals presented for approval in this report.

## **Budget Update**

20. Members will be aware that 2019/20 represented the final year of the previous multi-year Spending Review period. Single year Spending Reviews were undertaken for 2020 and 2021 due to the significant levels of economic and fiscal uncertainty associated with the UK's departure from the European Union and impacts of the Coronavirus pandemic respectively. The Government's decision to suspend multi-year budget planning and revert to annual spending rounds for most departments means that the prospects for local government finance beyond 2021 remain uncertain.

21. In recent years, significant lobbying of the Government has been undertaken by Hampshire and the wider local government sector in order to ask them to address the financial pressures we are facing and to convince them to provide an early indication of the financial resources available to local authorities over the medium term.

22. At the time of writing, there has been no announcement from the Government regarding the 2021 Spending Round. Members will be briefed on the detail of the Spending Round as part of the updated Medium Term Financial Strategy when available.

## **Savings Programme to 2023 – Departmental Context/Approach**

23. The Economy Transport and Environment (ETE) Department is responsible for a range of services, including highways maintenance and improvement, traffic management, subsidised public and community transport, waste disposal and recycling, minerals and waste planning, flood risk management, economic development and specialist environmental services. Most of these services are required by law with a need to maintain a base level of funding to meet our statutory requirements and many are 'universal' services such as highway maintenance and waste disposal.

24. ETE savings programmes since 2011 total £69.1million and have included real term reductions in operational budgets, re-negotiation of contracts, increased income from charges and recharges, and reductions in core full time equivalent (FTE) posts of over 20%. The requirement for SP2023 is to identify and deliver in full a further £10.266million of savings by April 2023.

25. In previous savings rounds the Department's strategy focussed on maximising savings through enhanced efficiency from external spend (money paid to third parties to provide services) which accounted for around 70% of the Department's gross costs. This has involved either renegotiating, re-letting or refinancing all major contracts including highways, waste disposal and street lighting and has proved successful, with the majority of savings coming from efficiencies in external spend whilst still delivering good services. However, a similar scale of contribution from this area cannot be achieved again until the contracts are renewed, and this will take us into the mid-2020s onwards.
26. The second key focus for the Department in developing previous savings strategies has been to seek opportunities to increase income from trading and charging and by adopting a more commercial and business-like focus in all its activities for example by adopting a 'marginal gains' approach which has helped to deliver savings from the Department's operating model in both 2019 and 2021.
27. Despite these successes the challenges have increased with each new round of savings: for example, the complexities and delays from balancing the need to work with District Councils as Waste Collection Authorities, negotiating contractual changes with the supplier, ensuring all proposals will align with the Government's new legislation for recycling and waste management, and delays resulting from dealing with the pandemic. This has meant the Department has yet to fully deliver the Transformation to 2021 Waste and Recycling savings with just under £8m of the £9.2m still outstanding.
28. As a result of the changes and savings already made, the Department's scope to secure further savings is increasingly limited and service reductions are therefore an inevitable consideration of the proposed programme with all budgets having been scrutinised.
29. Contracted Waste Services (ETE02), £3.4million. Waste disposal is a statutory responsibility of the County Council. Growth in waste volumes is largely driven by factors outside the control of the Council for example new houses being built and occupied every year, as well as changing patterns of consumption (e.g., increase in home shopping resulting in extra cardboard and other packaging) as well as residents approaches to recycling and waste. The County Council can exert some influence through waste minimisation programmes, however, it is recognised that waste levels have risen steadily in the past, and the external growth pressures referred to have been both significant in driving up waste volumes and largely unavoidable to date. Therefore, the County Council has needed to make provision for these pressures, through a specific financial contingency, which is applied to the annual Waste cash limit each year to reflect the growth in waste volumes. The level of this contingency has been set to reflect waste growth

projections, based on assumed continued growth in waste volumes and therefore costs.

30. The original proposed savings of £2.3million from the waste budget were made up from a variety of actions within the breadth of our waste related activities. In an extremely challenging financial context, all potential areas of subsidy or potential efficiency gains have been reviewed. These proposals include:
- the closure of up to half of the Household Waste Recycling Centres (HWRCs);
  - to introduce a requirement separate wastes to be disposed of at an HWRC to ensure the appropriate disposal of materials and maximise recycling & re-use. This will include opening bags of waste to separate materials for disposal in the correct container;
  - to work with the County Council's contractor, Veolia, and partner Local Authorities to reduce waste arising in the first place through its [Smart living](#) campaign;
  - by increasing the reuse of bulky and other wastes sent for disposal;
  - seeking recycling solutions for materials currently disposed of as waste and seeking alternatives to landfill, the most environmentally and financially damaging way of treating waste, in order to derive savings; and
  - redressing some historical imbalances in the income sharing arrangements in existing agreements such that in future each partner will receive an income share proportionate to their investment in the infrastructure that generates the income, this is with particular reference to the income share resulting from sale of commercial capacity at the three Energy Recovery Facilities (ERFs).
31. The impacts of the Government's Resources and Waste Management Strategy are becoming clearer following further recent consultations and the continued passage of the Environment Bill through Parliament which is expected to receive Royal Assent later in the year. While some aspects are still to be finalised, there is clarity that the proposals will encourage additional recycling through requiring the collection by all relevant councils of a wider range of recyclable materials and the separate collection of food waste. The combination of service changes associated to the government's national proposals and the local actions set out above means the County Council could now make more positive assumptions around the risk of future waste growth beyond any Covid-19 related increases, with a potential annual saving of £2.8m from reducing the level of the annual waste contingency provision referred to in paragraph 29 above of which £0.9m relies on a reduction in future waste growth.
32. The responses to the *Serving Hampshire – Balancing the Budget* consultation indicated a clear preference to retain the current HWRC service and opposed closing a number of sites to reduce costs. Residents also commented on the importance of retaining local facilities to support recycling efforts, which also

contribute to helping tackle climate change and reducing carbon emissions. Therefore, the original proposal to save £1.7million from closure of up to half of the HWRC network will not form part of the Department's SP2023 proposals being recommended to the Cabinet, with the saving being met instead from re-setting the County Council's assumptions about future waste growth, and reducing the corresponding financial provision by £2.8million (of which £0.9million relates to reduced future growth). It is important to note however that the effectiveness of this measure, to help retain existing services in accordance with resident's priorities, will depend on restricting waste growth in future, which will depend on all households embracing greater recycling and reduced waste volumes, as well as changes in the collection systems and waste and recycling provision in Hampshire. If this is not successful, then the question of HWRC closures will clearly need to be reconsidered in due course.

33. A further £0.6million efficiency saving requirement will be achieved by progressing the other identified proposals as set out in paragraph 30, providing a total of £3.4million overall SP2023 savings from the Waste & Resource Management budget.
34. An equalities impact assessment has been carried out for these proposals, as set out in Appendix 2. This initial assessment has identified potential for positive outcomes for people on lower income, but no negative impacts for any protected groups are expected to arise from this proposal. However, further assessment will be carried out as proposals develop, and should negative impacts be identified, they will be mitigated as far as possible.
35. A further proposal, to withdraw County Council funding for the School Crossing Patrol Service, is also now no longer being pursued. The service is one of the few remaining non-statutory services and the proposal to withdraw County Council funding and offer a managed service to schools and community groups at a price set to recover the full cost of providing the service could have realised savings of £1.1million.
36. The decision not to take this proposal further has been shaped by a number of factors. The pandemic has brought evidence of changing behaviours with increased popularity of walking and cycling, and the Government has made policy announcements on, and is providing funding to support, active modes of travel. In addition to these issues, it is clear from the public consultation, *Serving Hampshire – Balancing the Budget*, that there is strong public support for maintaining the School Crossing Patrols service (paragraph 75).
37. School Crossing Patrols can play a part in underpinning this wider agenda and, on balance, it is therefore considered that the savings proposal in this area should not be pursued at this time. Instead, the current approach will be maintained with crossing patrols provided and funded based on the number of children crossing and the volume of traffic at the location. The saving



originally identified in this area of £1.1million can now be met from the amended proposals for Waste Disposal (paragraphs 29-34) to ensure the overall Departmental savings requirement of £10.266million can still be met.

38. Details of the remaining savings proposals under consideration for SP2023 are set out in the rest of this section. The proposals and their potential impact are also set out in Appendix 1 and the references to individual proposals (e.g., ETE01) are included in the following paragraphs where applicable. The department has seven proposals for SP2023, one of which will directly affect the public (outlined in paragraphs 39-41) and would require a detailed stage two public consultation before any final decisions could be made on it.
39. Passenger Transport service reductions (ETE04), £0.8million. A partnership approach with bus operators in recent years has helped Hampshire buck the trend for declining numbers of bus journeys and reduced the number of routes and services requiring public subsidies. Hampshire has also maintained a Community Transport Service and subsidised senior citizens bus pass holders to use it, beyond the provisions of the national scheme. The savings proposals envisage ending these subsidies, whilst maintaining an effective partnership with bus operators to secure good coverage of Hampshire through the commercial bus network. The provisions of the Government's emerging initiative to encourage and fund Councils to support local bus services is likely to have an impact on these proposals, with further Government announcements expected in the autumn and winter of 2021/2.
40. The proposals consulted on included a £1.5million saving in passenger transport and community transport services. This has now been reduced to £800,000 reflecting a change in the national policy environment, including a new national bus strategy, and responses to the consultation. In addition, an equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified potential for negative impacts on pregnancy and maternity, race, religion or belief, older and younger people, people with disabilities, people on lower incomes, people living in rural areas, and women, all of whom are statistically more likely to use public transport. Further assessment will be carried out as proposals develop, and negative impacts will be mitigated as far as possible, but this initial assessment has also informed the decision to reduce the savings target for this proposal.
41. Further work has taken place on ways in which savings could be achieved, and considerations raised in the EIA have helped identify how to mitigate negative impacts on particular groups. The proposals now fall into three savings categories:
  - framework contracts: Smarter use of contracts and procurement to secure savings through additional income, including measures such as charging a handling fee for using our frameworks which covers our costs of setting them up and recovering our costs of managing the procurement process

and contractor relationship through similar fees and charges. This would ensure the development of frameworks that benefit other organisations would not be subsidised by Hampshire County Council budgets;

- Community Transport subsidies and user charges: This reflects feedback we have had from customers of community transport that they would rather see services maintained and pay more as opposed to seeing them lost. The EIA work we have done has also identified that a typical community transport user makes infrequent use of community transport services. More detailed work will now take place looking at rationalising fares for community transport, and reviewing all other fees and charges including those for driver training. New fees will also be considered for premium assisted processing of applications for blue badge and concessionary fares passes or for replacement lost passes, based on the principle of full-cost recovery; and
- service reduction: This applies to the most expensive subsidised public transport services. Hampshire has operated a longstanding practice of seeking value from our subsidy by limiting it to routes where the subsidy per head per trip is under £2.50. Such routes will be an area of focus for either cutting or transforming the service from a local bus to an alternative offer. We will also look at local bus networks where alternative delivery models might offer a service to meet customer needs. We will begin work to investigate pilot areas and schemes for Demand Responsive Transport (DRT) networks, engaging with customers and operators before a final proposed package of measures is considered.

42. Closing the Hampshire County Council Brussels office (ETE06), £0.1million. Whilst Europe remains a very important export market for the UK and Hampshire businesses following Brexit, the focus needs to be expanded to wider international trade rather than concentrating only on European export markets. Closing the Brussels office and relocating export support to businesses to the Economic Development Team based in Hampshire will not only support the drive to broaden export markets, but also bring support closer to Hampshire businesses. An equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified no impacts on people with protected characteristics.
43. Highways contract efficiencies (ETE01), £1million. Further efficiency savings from the highways maintenance contract developed jointly with the new contractor, Milestone, including savings and income from manufacturing, re-using and selling recycled highways materials, and the proposed withdrawal of County Council funding from the Parish Lengthsman scheme with the option of a managed service for Parish Councils willing to meet the cost from their own funds.
44. This proposal is split into two parts. The primary element is to seek and deliver cashable efficiencies in the overall highways service provision, essentially through changes to existing processes, procedures and contractual mechanisms. The current highways contract is now four years into

its core period of seven years, with a further five years available as contract extensions. The contract with Milestone (previously Skanska) has now reached a stage of maturity where the risk profile and delivery envelope are fully understood by both parties and this will allow a review of all contract activity and potential re-pricing and/or specification changes that are expected to yield cashable savings. The County Council has a statutory obligation to maintain public highways and ensure safe passage. The Highways Maintenance budget has already found savings of £4.6million as part of the 2017 savings proposals on top of savings of £2million and £3.505million in 2011 and 2015 respectively. Further revenue savings of £800,000 can be delivered through these additional service efficiencies. The core statutory highways service will be unaffected and existing levels of service will not be reduced.

45. The second element of this savings proposal is to change the way the Parish Lengthsman (PL) service is delivered. This is a wholly discretionary activity within the overall highways service where revenue funding (circa £1,000 per parish per year) is offered to local parish and town councils to enable lower priority highway maintenance work to be prioritised and delivered through locally commissioned service providers. It is proposed that the funding provision for PL is removed and, instead, the service offered to parish and town councils on the basis of a self-funding pay model, either through local sponsorship or increased precepts. The saving will be £200,000.
46. It is not anticipated that either of these proposals will have a direct impact on people with protected characteristics. However, removal of the funded PL scheme may impact smaller rural parishes where an increase in precept may not be supported and/or there are limited sponsorship opportunities.
47. An equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified potential for low negative impacts on people living in rural areas. Further assessment will be carried out as proposals develop.
48. Enhanced traffic management enforcement (ETE05), £1.5million. Improved enforcement of measures such as bus lanes will help to better support public transport by improving efficiency and journey time reliability, thereby making public transport more attractive for passengers and increasing patronage. This will also support the climate change strategy of reducing dependence on private cars, particularly in congested urban areas with poorer air quality, and therefore reduce the need for revenue spending on other measures to promote and maintain bus and active travel services. In addition, the Government is legislating to enable Councils outside London to take on enforcement of a range of other traffic measures to better manage and improve traffic flows and better support all modes of transport from 2022.

49. The information consulted on related to a wide range area of highway services and functions where enforcement activity may be required in the short to medium term future to help solve existing transport problems. Whilst, for the purpose of illustration examples of highways enforcement activity were listed in the supporting consultation papers no decisions have yet been reached as to how this will be achieved and further detailed work is required to define what enforcement activities are necessary to solve particular transport problems.
50. First and foremost any enforcement activity is based on there being a clear policy need or highway problem solved by any enforcement activity. Income potential is not the driver behind such proposals but it is seen as a likely outcome from any chosen enforcement activity alongside reduced revenue costs for supporting measures by ensuring full cost recovery through enforcement. A working estimate of £1.5million has been defined for this measure but the exact enforcement activities from which we could expect there to be an income or cost reduction have yet to be defined.
51. The current highway problems we are investigating that may require enforcement activity are:
- bus journey time delays and reliability – There are many existing bus priority facilities on Hampshire County Council roads and more planned. Bus operators tell us that a number of these are frequently abused by other vehicles which makes them less effective. In light of this and the changing national priority towards supporting bus services through enhanced partnership and Bus Service Improvement Plans (BSIPS) this is an area we are investigating to determine where and when enforcement activity is needed to achieve better road user compliance, lock in the benefits of those facilities and improve bus reliability;
  - air pollution –Our emerging Local Transport Plan 4 (LTP4) has identified this as a key future challenge which may require us to consider some forms of enforcement either area wide or in locations where air pollution is poor including areas where non-compliance with legal air quality limits is exceeded; and
  - Climate Change – We face a climate change challenge that means we need to reconsider how we move about and the consequences of doing so on the planet and our local environment. Some 37% of all carbon emissions arise from transport. Of all sectors this is the most stubborn to shift and reach compliance with carbon neutrality targets. Assessment work undertaken to date shows that current plans and proposals do not allow Hampshire to reach Carbon Neutrality from transport by 2050 and that new tools, policies and transport projects are needed to do so. The emerging LTP4 will be seeking authority to investigate new measures include possible enforcement scheme that help us achieve carbon neutrality.
52. It should be noted that if study and development work indicates that the problems identified (like those above) do not require an enforcement solution

then this proposal would need to be reconsidered or alternative proposals developed.

53. An equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified potential for positive impacts on older and younger people, people with disabilities, people on lower income, women, and on pregnancy and maternity. No negative impacts have been identified for any protected groups. Further assessment will be carried out as proposals develop, and should negative impacts be identified, they will be mitigated as far as possible.
54. Concessionary Travel – reduce budget in line with forecast 15% reduction in usage (ETE03), £2million. This proposal reflects a change in the patterns of use of bus passes which started before the pandemic and national lockdowns and is expected to continue, with the legacy impact of Covid-19 measures likely to extend the trend for residents to make less use of public bus services for non-essential travel into the future. An equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified no impacts on people with protected characteristics.
55. Operating model changes – trading, charging and headcount reductions (ETE07), £1.466million. The remainder of the department’s savings is proposed from changes to the department’s operating model. This includes a focus on further income generation from trading and charging activities that were also components of the 2019 and 2021 savings programmes. The trading offer focuses on increasing the net contribution from selling services to external organisations, and the charging proposal builds on the full-cost recovery approach for discretionary activities introduced in the 2019 programme. Any residual savings are planned from a combination of further efficiency improvements, e.g. through new technology and business process reviews, and a reduced headcount of revenue-funded staff by up to 20-30 full time equivalent posts based on average budgeted salary costs. The department would seek to minimise the impact on staff through the use of vacancy management, natural turnover, redeployment of staff where possible, and exploring voluntary redundancy where appropriate. An equalities impact assessment has been carried out for this proposal, as set out in Appendix 2. This initial assessment has identified no impacts on people with protected characteristics. Further assessment will be carried out as proposals develop, and negative impacts will be mitigated as far as possible.

## **Summary Financial Implications**

56. The savings target that was set for Economy, Transport and Environment was £10.266million and the detailed savings proposals that are being put forward to meet this target are contained in Appendix 1.

57. The requirement for SP2023 is to achieve all savings in full by the 2023/24 financial year. The Department is planning to meet this requirement and as a result has not needed to set aside Departmental Cost of Change funding to cash flow timing shortfalls. The proposals will be very challenging to achieve and as a result, only £100,000 of the saving is currently expected to be delivered early.

### **Workforce Implications**

58. Appendix 1 also provides information on the estimated number of reductions in staffing from implementing the proposals.

59. Up to 21-31 Full Time Equivalent (FTE) posts may be affected by the proposals and it is anticipated that savings would be achieved as far as possible through vacancy management and natural turnover within the relevant services although this may not be sufficient to meet the reduction required.

60. The County Council's approach to managing down staff levels in a planned and sensitive way through the use of managed recruitment, redeployment of staff where possible and voluntary redundancy where appropriate will be continued. The County Council will ensure appropriate consultation with staff and trade unions about workforce implications at the appropriate time and in accordance with County Council policies and procedures.

### **Climate Implications**

61. 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.

62. Given that this report deals with savings proposals it is difficult to assess any specific climate change impacts at this stage, but assessments will be undertaken for individual proposals, if appropriate as part of the implementation process. It is acknowledged however that some savings proposals will adversely impact or delay the County Council's Strategic aims to reduce carbon emissions, particularly from transport in Hampshire.

## Consultation, Decision Making and Equality Impact Assessments

63. As part of its prudent financial strategy, the County Council has been planning since June 2020 how it might tackle the anticipated deficit in its budget by 2023/24. As part of the MTFs, which was last approved by the County Council in September 2020, initial assumptions have been made about inflation, pressures, council tax levels and the use of reserves. Total anticipated savings of £80million are required and savings targets were set for departments as part of the planning process for balancing the budget.
64. The proposals in this report represent suggested ways in which departmental savings could be generated to meet the target that has been set as part of the SP2023 Programme. Individual Executive Members cannot make decisions on strategic issues such as council tax levels and use of reserves and therefore, these proposals, together with the outcomes of the *Serving Hampshire - Balancing the Budget* consultation exercise outlined below, will go forward to Cabinet and County Council and will be considered in light of all the options that are available to balance the budget by 2023/24.
65. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks from 7 June to the 18 July 2021. The consultation was widely promoted to stakeholders through a range of online and offline channels including: the County Council’s website; local media and social media channels; the County Council’s residents’ e-newsletter *Your Hampshire*; direct mail contact to a wide range of groups and organisations across Hampshire; posters and adverts in County Council libraries, Country Parks, at Hillier Gardens and Calshot Activity Centre; in residential and day care settings, on electronic noticeboards in GP surgeries and healthcare settings. Information Packs and Response Forms were available in hard copy in standard and Easy Read, with other formats available on request. Comments could also be submitted via email, letter or as comments on social media.
66. The consultation sought residents’ and stakeholders’ views on several options that could contribute towards balancing the revenue budget, and any alternatives not yet considered – as well as the potential impact of these approaches. The consultation was clear that a range of options would be needed to meet the required £80m savings by 2023. For example, the Information Pack illustrated the amount of savings that would still be required even if council tax was increased by up to 10%.
67. The options were:
- reducing and changing services;
  - introducing and increasing charges for some services;
  - lobbying central government for legislative change;
  - generating additional income;

- using the County Council's reserves;
- increasing council tax; and
- changing local government arrangements in Hampshire.

68. Information on each of the above approaches was provided in an Information Pack. This set out the limitations of each option, if taken in isolation, to achieving required savings. For example, supporting information explained that the £80million estimated budget shortfall took into account an assumed increase in 'core' council tax of 1.99% and an increase in the Adult Social Care Precept of 2% in both 2022/23 and 2023/24. The Pack also explained that if central government were to support changing local government arrangements in Hampshire, savings would still take several years to be realised. Residents were similarly made aware that the use of 'spare' reserves would only provide a temporary fix, providing enough money to run services for around 14 days.

69. Therefore, whilst each option offers a valid way of contributing in-part to balancing the budget – plugging the estimated £80million gap in full will inevitably require a combination of approaches.

70. A total of 2,027 responses were received to the consultation – 1,931 via the Response Forms and 96 as unstructured responses through email, letter and social media.

71. The key findings from consultation feedback are as follows:

- agreement that the County Council should carry on with its financial strategy now stands at 45%, compared with 52% in 2019, and 65% in 2017. This involves targeting resources on the most vulnerable people; planning ahead to secure savings early and enable investment in more efficient ways of working; and the careful use of reserves to help address funding gaps and plug additional demand pressures (e.g. for social care);
- the data suggests that respondents are concerned about the implications of further service changes and charges and increasingly feel that the solution lies with national Government;
- both data and verbatim comments indicate the respondents want the County Council to lobby central Government for further funding and to allow additional charging in a number of areas:
  - 87% agreed with lobbying for additional funding to deliver social care services for adults and children.
  - 69% agreed with lobbying for increased central government grant funding for libraries
  - 66% agreed with updating the 1964 Public Libraries and Museums Act to enable service modernisation
  - 62% agreed with means testing/ charging for Home to School Transport (HtST)
  - 60% agreed with charging £10 for issuing an Older Person's Bus Pass



- 51% agreed with making change to the charging approach for non-residential social services;
- however, there were exceptions, namely that:
  - Most respondents (52%) did not feel that it would be appropriate to lobby for charges relating to Household Waste Recycling Centres (HWRCs)
  - 47% disagreed (compared to 38% who agreed) that councils should be permitted to charge a 25% per journey fare for concessionary travel;
- a clear majority of respondents (63%) agreed that the County Council should explore further the possibility of changing local government arrangements for Hampshire;
- no majority view was achieved for any of the other proposals, but the weight of opinion veered slightly towards agreement with:
  - The position that reserves should not be used (48% agreement vs 42% disagreement)
  - That existing service charges could be raised (45% agreement vs 33% disagreement)

And towards disagreement with:

- Introducing new service charges (47% disagreement vs 41% agreement)
- Reducing or changing services (49% disagreement vs 36% agreement);
- a slight majority of respondents (52%) preferred that the County Council raise Council Tax by less than 3.99%. This compared to 21% of respondents whose first choice was to raise council tax by 3.99% and 27% who would choose an increase of more than 3.99%.
- suggestions for income generation most commonly related to charges that the County Council could apply. There was also frequent mention of changes to how Council Tax is collected, delivering efficiencies in Council services, ways that the Council could save costs to its operational budget, and suggestions that the County Council could improve its return on investments and adopt more commercial practices;
- around half of respondents specified impacts that they felt would arise should the County Council continue with its financial strategy and approve the proposed options. Almost half of these related to the protected equalities characteristic of age (47%) – most often the effect on children and young people – with impacts on poverty (33%), disability (30%), and rurality (23%) also commonly mentioned. The potential environmental impacts were also noted in a third of the comments submitted (34%). The specific nature of the perceived impacts primarily related to reduction in service quality or availability and the personal financial impacts of increased taxation or charging;
- efficiency savings were the most common focus of additional suggestions, incorporating staffing, contractor and Member costs, process efficiencies and more effective use of building space; and
- the 96 unstructured responses to the consultation, submitted via letter / email or on social media, primarily focussed on the perceived impacts of

the proposals, stating concern about reductions to services and the need to focus on reducing costs and lobbying national government for additional funding in preference to raising local taxes.

### **Proposals following consultation feedback**

72. Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of the final savings proposals. As the consultation feedback confirms, a number of different approaches are likely to still be needed to meet the scale of the financial challenge. Consequently, the County Council will seek to:

- continue with its financial strategy, which includes:
  - targeting resources on the most vulnerable adults and children
  - using reserves carefully to help meet one-off demand pressures;
- maximise income generation opportunities;
- lobby central government for legislative change to enable charging for some services;
- minimise reductions and changes to local services wherever possible, including by raising council tax by 3.99%;
- consider further the opportunities for changing local government arrangements in Hampshire; and
- consider further the opportunities around devolution of financial powers in response to the Government's County Deal and levelling up agenda.

73. In addition to the ETE related views highlighted in paragraph 71 on HWRCs and public transport, there were many open-ended comments on ETE services in both the response forms and unstructured submissions. From the 1,931 response forms submitted, 335 contained open-ended comments on ETE services. There were also 96 unstructured submissions made by letter, email and social media, of which 30 related to ETE services. Nine of these were from organisations including Borough and Parish Councils, Go South Coast and Solent NHS Trust.

74. The proposals set out in Appendix 1 have, wherever possible, been developed in line with the principles set out in paragraph 72. A strong focus has been maintained on maximising opportunities for income generation (including ETE01: Highways and ETE09: Operating Model – trading & charging) and minimising the need for service reductions. Attempts will continue to lobby central government for legislative change for some services, though it is not anticipated any changes would be ready to implement by 2023.

75. Two ETE services most often mentioned in the open-ended comments of the consultation were school crossing patrols and HWRCs, with 55 and 27

respectively. The vast majority of these comments did not support the consultation proposals. In light of the responses to the *Serving Hampshire – Balancing the Budget* consultation, the Council will not be pursuing any service reduction in these areas as part of the SP2023 Programme.

76. Furthermore, in response to a change in the national policy environment including the new national bus strategy, input from the *Serving Hampshire – Balancing the Budget* consultation, and considerations arising from the initial Equalities and Impact Assessment (EIA), the proposals consulted on for a saving of £1.5million in passenger transport and community transport services has been reduced to £800,000.
77. Following the Executive Member Decision Days, all final savings proposals will go on to be considered by the Cabinet and Full Council in October and November – providing further opportunity for the overall options for balancing the budget to be considered as a whole and in view of the consultation findings. Further to ratification by Cabinet and Full Council, some proposals may be subject to further, more detailed consultation.
78. In addition to the consultation exercise, Equality Impact Assessments (EIAs) have been produced for all the savings proposals outlined in Appendix 1 and these have been provided for information in Appendix 2. These will be considered further and alongside a cumulative EIA by Cabinet and Full Council. The cumulative assessment provides an opportunity to consider the multiple impacts across proposals as a whole and, therefore, identify any potential areas of multiple disadvantage where mitigating action(s) may be needed. However, in terms of the specific proposals set out in this report, the appendix shows that negative impacts could be particularly felt among older and younger people, people with disabilities, people on low incomes, those living in rural areas, and some women who are more reliant on affected services such as public transport. These impacts will be assessed in more detail as proposals develop, including by way of secondary consultation, and will be mitigated as far as possible.
79. Together the *Balancing the Budget* consultation and Equality Impact Assessments have helped to shape the final proposals presented for approval in this report.
80. Where applicable, detailed proposals for making savings will be subject to further, more detailed Phase 2 consultations before any decisions on service specific changes are made. This will be necessary for ETE01: Highways in relation to the Parish Lengthsmen proposal; to ETE04 for any Passenger Transport service reductions; and potentially for elements of ETE02: Contracted Waste Services. Following analysis of these consultations, any decisions will need to be made at an Executive Member Decision Day.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Medium Term Financial Strategy Update <a href="https://democracy.hants.gov.uk/documents/s53375/MTFS%20-%20Cabinet%20FINAL.pdf">https://democracy.hants.gov.uk/documents/s53375/MTFS%20-%20Cabinet%20FINAL.pdf</a>	Cabinet - 14 July 2020 County Council – 16 July 2020
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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

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

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

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

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

A full Equalities Impact Assessment has been undertaken for each of the savings options and these are included as a separate appendix to this report (Appendix 2).

## Appendix 1

## Economy, Transport and Environment – Proposed Savings Options (Subject to consultation where appropriate)

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
ETE01	<b>Highways:</b> Contract efficiencies via new contractor / Parish Lengthsman service / Recycled materials income	No impact on service users from contract efficiencies / move to a 'Parish Council pay' model / increased income	0	1,000	1,000	0
ETE02	<b>Contracted Waste Services:</b> reduce the level of contingency provided against the risks of future waste volume growth / continue waste minimisation activities / other contract efficiencies	Minimal impact on service users / some impact on partners	0	3,400	3,400	0
ETE03	<b>Concessionary Travel:</b> Savings from expected reduction in	15% reduction in patronage (recent trend accelerated by Covid 19) leading to 15% reduction in budget	0	2,000	2,000	0

Appendix 1

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	Concessionary Travel patronage by 2023					
ETE04	<b>Passenger Transport Service Reductions:</b> Reduction in Passenger Transport and Community Transport activity	Some reduction in service offer to users	0	800	800	0
ETE05	<b>Enhanced Traffic Management Enforcement:</b> Cost reduction through a range of enhanced traffic management measures, for example through bus lane enforcement to increase patronage and reduce call on bus subsidy payments.	Financial impact on some service users based on travel patterns/habits plus environmental and compliance benefits	0	1,500	1,500	0
ETE06	<b>HCC Brussels Office:</b> Closure of HCC's Brussels Partnership Office	Minimal - focus going forward needs to be more towards support for Hampshire businesses in trading with EU and elsewhere	0	100	100	1

Appendix 1

<b>Ref.</b>	<b>Service Area and Description of Proposal</b>	<b>Impact of Proposal</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>Full Year Impact £'000</b>	<b>Estimated Staffing Impact FTE</b>
ETE07	<b>ETE Operating Model:</b> Combination of further operating model efficiencies plus trading & charging opportunities	Additional income will protect capacity but can't achieve target alone – likely to also be some minimal reduction in posts	100	1,466	1,466	20-30
<b>ETE Target £10.266million</b>			<b>100</b>	<b>10,266</b>	<b>10,266</b>	<b>21-31</b>