# Budget consultation

2027-2028

## Protecting what matters to you



Hampshire County Council

hants.gov.uk

# Budget Consultation Information Pack

In February 2027, Hampshire County Council will meet to set its budget for 2027/28. To inform this decision, we are asking residents and stakeholders to share their views on a range of high-level options that could help us to balance our budget and to suggest alternative steps that we could consider.

**Consultation period: from 2 November to 11:59pm on 13 December 2026.**

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# Introduction

Each year, Hampshire County Council sets a budget that determines how much money can be spent on local services. By law, the Council must set a balanced budget, which means we cannot spend more than the funding available to us.

As part of our budget setting, we listen to the views of local residents and stakeholders. These views help us to understand how our decisions could affect people living or working in Hampshire, and the groups, businesses and organisations that operate in the area. They can also help to generate new solutions and approaches that help us to deliver services in a different way.

This year, like many councils across the country, we continue to face unprecedented financial pressures. The cost of providing services continues to rise, whilst demand for services grows, particularly for supporting vulnerable children and adults and school transport. Whilst we have made significant savings (as of 31 March 2027, we will have saved £767m from our annual budget since 2008) the growth in costs and demand continues to exceed the funding available to us.

As a result, we expect to face a budget gap of £198.9million in 2027/28 – that's the difference between the cost of providing services and the funding available to us. We have limited options for addressing this gap. We are therefore again seeking views to help us make informed decisions about which options we take and how we can continue to provide services within our available resources.

If you have not taken part in a Budget Consultation before, we value the new ideas and perspectives that you can bring. If you have, then like us, you'll recognise the need to consider a range of challenging choices against a backdrop of rising demand.

This document outlines the context in which we are working, and the key options that are available to address our budget gap while we continue to provide the services we are legally required to deliver.

We welcome your views.

# How to have your say

The consultation is open from 2 November to 11:59pm on 13 December 2026.

Please ensure that you respond within this period as responses received after the closing date will not be included in the consultation report.

You can provide your feedback by:

- using the online Response Form at **hants.gov.uk/budgetconsultation**
- emailing: **insight@hants.gov.uk** using the subject 'Budget Consultation'
- writing to: Freepost HAMPSHIRE. Please write Budget Consultation, B026R on the back of the envelope. You do not need to use a stamp.

Copies of this Information Pack and the consultation Response Form, along with Easy Read versions of both documents, are available to view, enlarge, download and print from the consultation webpage (**hants.gov.uk/budgetconsultation**). You can also listen to the documents here using a screen reader or a 'Read Aloud' function.

If you require a paper copy of the Information Pack or the Response Form, a copy in another language or format or if you have any queries about the consultation, please contact **insight@hants.gov.uk**, or call: **0300 555 1375**. You can also request a paper copy at your local Hampshire library.

You can view the Privacy Notice for this consultation, which explains how we will use your information, how this will be stored, and for how long we will keep it, within the Response Form or on the consultation web page.

# How your views will be used

The County Council is committed to five principles of consultation:

- To consult on key issues and proposals.
- To consult in good time.
- To be inclusive but with clear and appropriate limits.
- To consult using clear, simple information.
- To ensure that responses are taken into account when decisions are made.

The views shared through this consultation will be reviewed to help understand how different approaches to balancing the budget could affect local residents and stakeholders. These views will also be used to consider whether any approaches could be adapted and whether any alternative suggestions could be explored.

Reports will then be presented for discussion to inform any decision by Cabinet and the County Council on the ideas set out in this document and to support planning for any specific service changes that are needed to work within our budget. The reports will also be made available via **hants.gov.uk/budgetconsultation**

# About Hampshire County Council

Hampshire County Council is the third largest county council in the country, delivering approximately 85% of local government services in Hampshire (by expenditure) to more than 1.4 million residents on a gross budget of around £1.9 billion (£3.3 billion including schools), as outlined below:

**Adults' Health and Care (£917m)**

Encompassing social care for people aged over 18 years old such as residential and nursing care; day care and respite facilities; services for people with a learning disability, physical disability, mental health needs or autism; support for carers and for people to maintain their independence; and Public Health services that help everyone in Hampshire to live healthier, more independent lives.

**Children's Services (£517m)**

Primarily services supporting children and young people, including early years education/childcare; child protection and safeguarding; children in care; fostering; adoption; support for children and families with learning difficulties and/or disabilities; schools' improvement, school admissions, and planning school places; support for children and young people not in education, employment or training; libraries; school transport; and rolling out Best Start Family Hubs across the County.

**Universal Services (£219m)**

Public facing services accessible to all, such as: outdoor centres, country parks and public Rights of Way; registration of citizenship, births, marriages and deaths; Trading Standards; building and maintenance of roads, pavements and cycleways; street lighting; traffic management and road safety; household waste disposal and recycling centres; planning control; flood risk management; and public community transport subsidies. The service also delivers strategies for jobs, skills and the economy; strategic transport; spatial planning; nature recovery; partnerships; and minerals and waste policy.

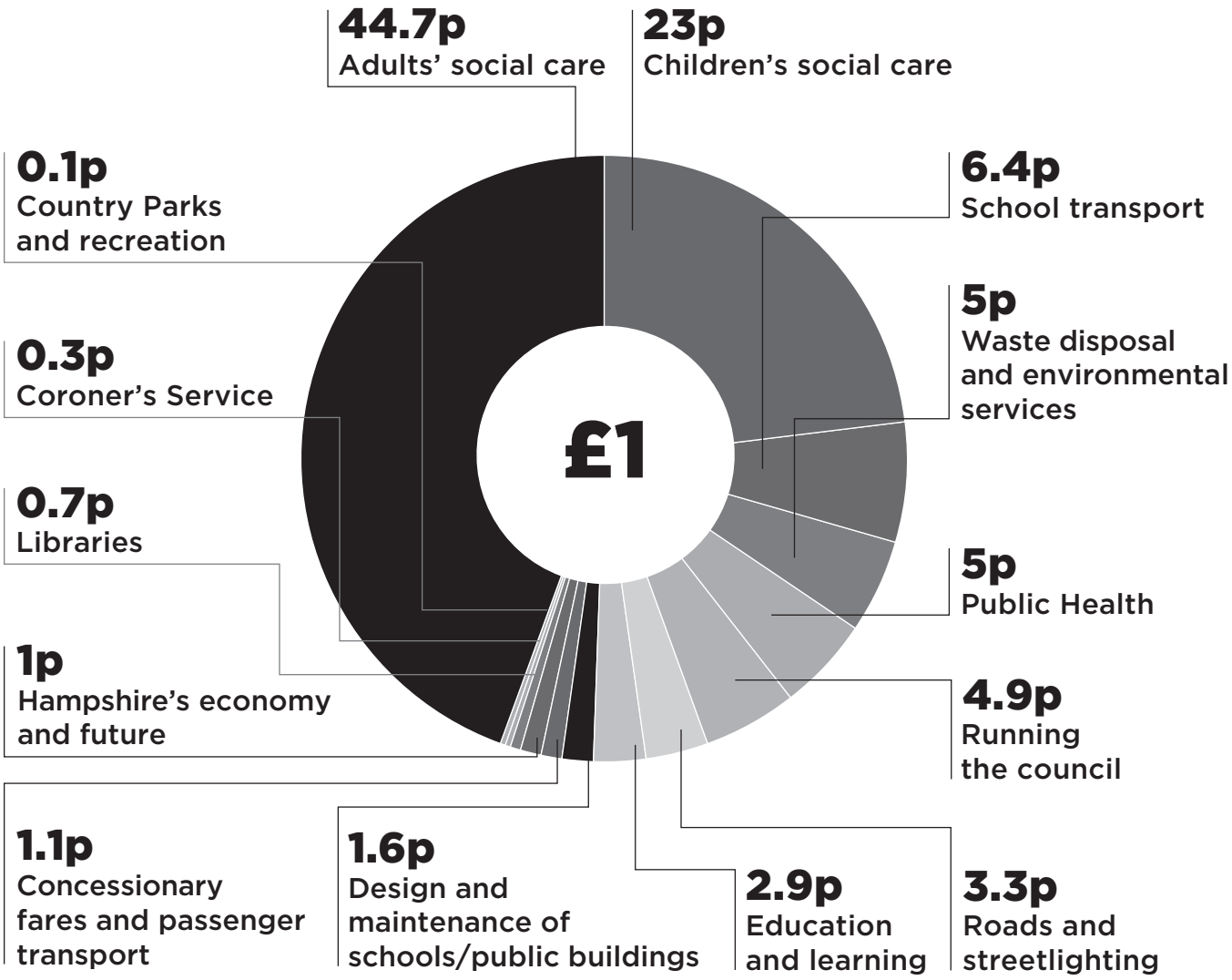
**Corporate Services (£133m)**

Central support services such as Finance, IT, and HR; legal and democratic support; communicating to and engaging with residents; planning for emergencies; and the management of the County Council's property portfolio, including facilities management. The service also delivers strategies for land and asset management, broadband and local culture.

**Capital financing and other corporate items (£103m)**

Repayment of borrowing to finance capital projects such as building schools and maintaining roads, and a centrally held contingency for inflationary pressures and unforeseen costs.

In simple terms, every £1 we spend is spent as follows[1]:




Further information on the services delivered by Hampshire County Council can be found at **hants.gov.uk/budgetconsultation**

Please note: The County Council does not provide council housing, local planning applications, bin collections, car parks, or fixed penalty notices for low-level environmental and public nuisance offences such as littering or dog fouling. These services are delivered by district/borough/city councils or town/parish councils, and therefore we cannot generate income or make savings from them.

1 Expenditure net of departmental fees and charges and service specific grants.

# Our priority commitments

Our **Serving Hampshire Strategic Plan 2025 to 2028** details four important commitments for the County Council which shape what we spend our time on. Each commitment is supported by several actions that are being taken to deliver better outcomes for the people of Hampshire, with a focus on continuous improvement of our services and transformation that supports the long-term financial stability of essential local government services. The four commitments are:

**Keeping you healthy, well and independent**

- Support people to have the best chance to remain healthy and look after their wellbeing.
- Enable people to live independently in their own homes for longer.
- Support young people to reach their potential.

**Giving your communities the best chance to thrive**

- Support opportunities for Hampshire to prosper.
- Ensure we have the right infrastructure in place to support local businesses and communities - these are the things that underpin our everyday lives.
- Look after our natural environment, embedding our commitment to climate change action and climate resilience within our work.
- Help Hampshire make the most of emerging skills and innovation to address some of our biggest challenges.
- Maximise the benefits new powers from Devolution will bring for people in Hampshire.
- Secure the best deal that will benefit Hampshire's residents, through the Government's reorganisation plans.

**Keeping you, your family and friends safe**

- Protect children and adults from harm and abuse.
- Support those who need it most.
- Act against rogue traders to protect all residents.
- Collaborate with our partners, including police, fire, health and the voluntary sector, on the things that really matter, including keeping our communities safe.
- Build climate resilience and work towards reducing emissions to support the safety and wellbeing of our residents.

**Providing innovative services you need and value**

- Be curious, challenge ourselves to be innovative, and to transform how we deliver.
- Ensure continuous improvement and transformation creates digital inclusivity and easy to use services that benefit our residents and reflect best value and sustainability, both today and for tomorrow.
- Share information on how well we are performing.
- Deliver high-quality essential services like roads, schools, libraries, social care, and Household Waste Recycling Centres.

Some examples of how we have delivered on our four priority commitments can be found at: **https://democracy.hants.gov.uk/ieIssueDetails.aspx?IId=75159&PlanId=0&Opt=3#AI84729**

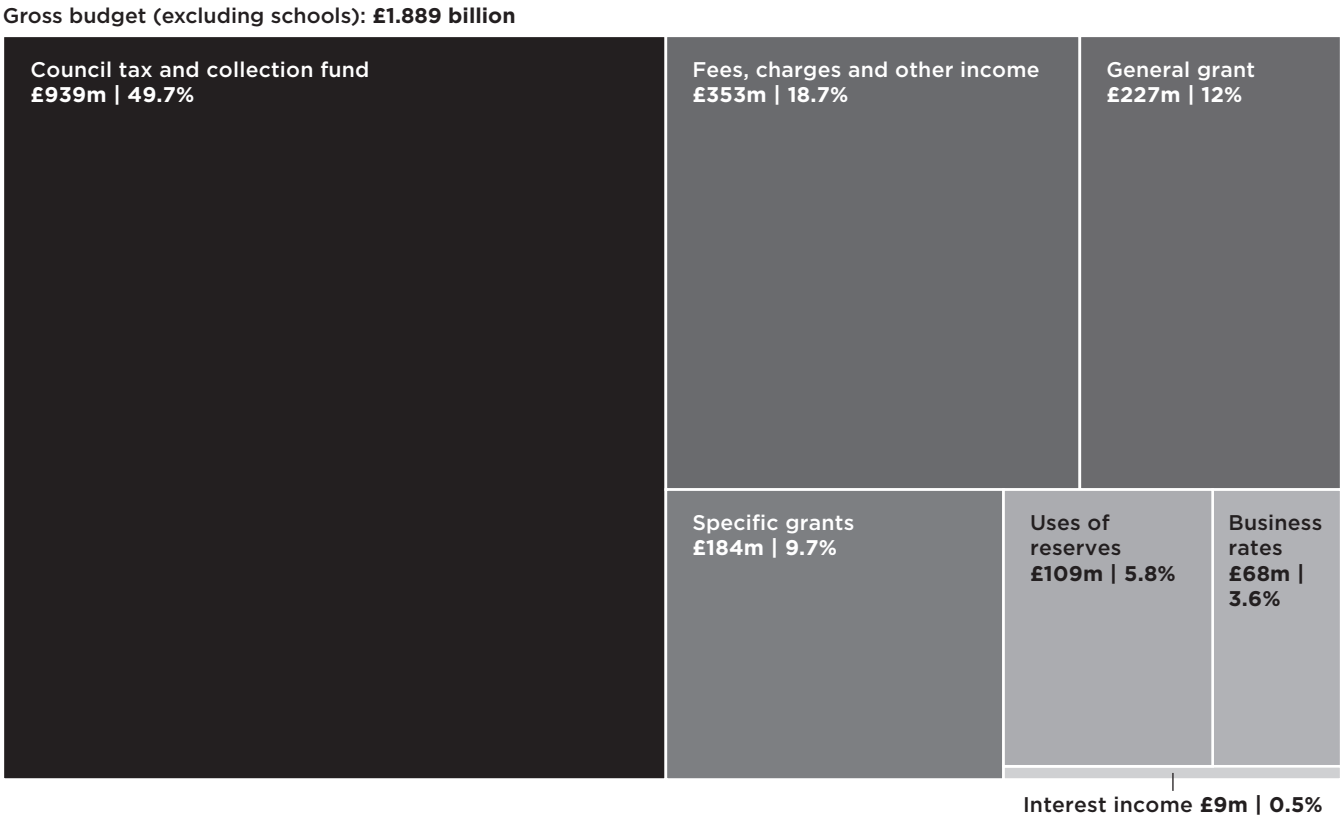
# How we are funded

In 2026/27, around half of our funding (53.3%) came from Council Tax and Business Rates, over twice the amount we received from central Government funding (21.7%).

We are able to generate some income through fees and charges, by asking the people who use services (and aren't eligible for free support) to pay a contribution to help cover the cost. In 2026/27, 18.7% of our budget was funded in this way.

Since 2022/23, there has been a shortfall in our funding, and we have needed to use our reserves to balance the budget. The amount drawn from reserves was equivalent to 5.8% of our budget in 2026/27.

### How the revenue budget is currently funded in 2026/27




Some of the funding that we receive is 'ringfenced' or is given to us specifically to fund one-off 'capital' projects such as infrastructure work on roads or buildings. This means that when the money is given, there are conditions attached stating how it can be spent. We can only use it for that specific purpose, and we usually need to provide evidence that we have done so. It's for this reason that funding from these sources cannot be used in other service areas (for example, reallocated from major road improvement schemes to bus services, or from building maintenance to running libraries).

The cost of schools is included within our revenue budget, but this £1.4bn funding is protected for that purpose only and therefore cannot directly be used towards balancing our budget.

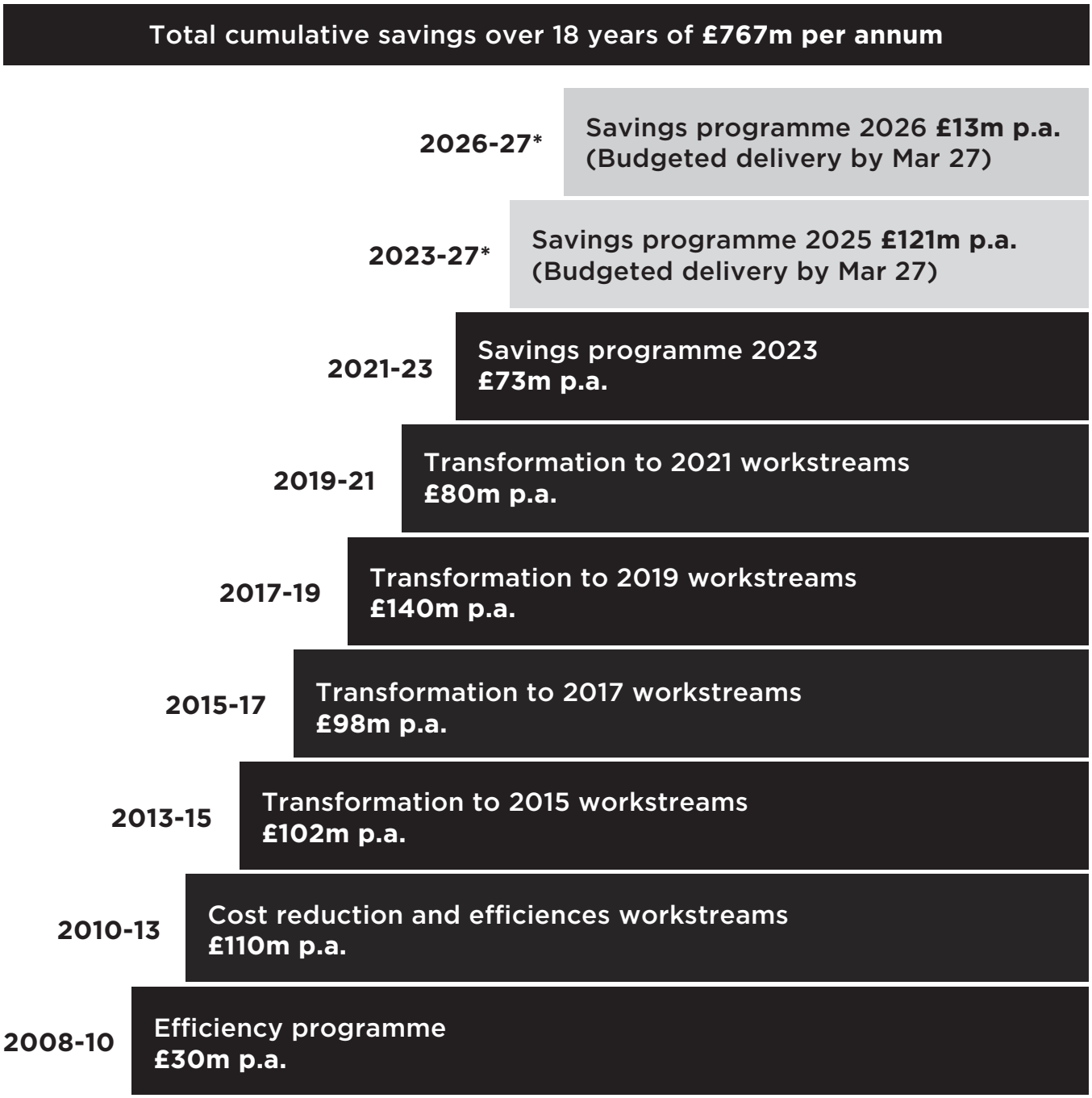
# The current financial context

Hampshire County Council has a strong track record for managing its finances well and has an excellent reputation as a high-performing local authority.

As of 31 March 2027, we will have made savings of £767m to our annual budget over the past 18 years.

Our two current savings programmes (actions we are taking to save or generate money) are planned to have delivered £152m by 2028/29, of which £134m will be delivered by 31 March 2027. This has already meant reducing some services, and making further savings could mean even more reductions.

**Savings programmes since 2008**




*Savings programmes in progress as at 31 March 2027

To date, our financial strategy has helped us to do this while maintaining good or outstanding council services, because we have:

- planned ahead in order to secure savings early and limit the impact of service change or reduction – often well ahead of other authorities
- invested in new and more efficient ways of working
- introduced extra checks to keep tight controls on our spending – such as a requirement for any spend over £500 to be reviewed and approved by a senior manager
- generated additional income to help us continue to provide services
- targeted resources towards those who need them most (such as vulnerable children and adults)
- looked at all other options before changing or reducing services to save money
- looked at savings delivered by other local authorities to identify any further opportunities
- used reserves carefully to help address funding gaps and manage demand pressures

However, as we look ahead to the 2027/28 budget, our forecasts still predict an annual budget shortfall of around £198.9million for the financial year – the highest gap we have ever faced.

This reflects both continuing and new challenges.

**Continuing challenges**

Levels of demand for our key services are high and have continued to increase rapidly. With more people relying on our support, and for longer, demand for our services is becoming unsustainable.

Wider economic conditions, including global instability, have led to higher inflation and increased costs for contracts, energy and supplies. Even small increases in inflation can add millions of pounds to the cost of running our services.



Waste disposal costs **rose by around 10% in the past year**, with higher contract and landfill costs and less income from recycling and energy due to market conditions.



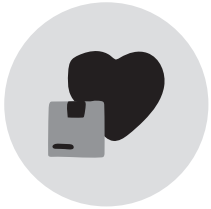
Wider economic pressures are **increasing the cost of construction materials**. This is raising the cost of delivering infrastructure, maintenance and capital projects, such as building roads and schools.



The number of children with Education, Health and Care Plans (EHCPs) to help support their additional needs has **grown by 41.8% since 2022/23 – up from 33% last year**.



The cost of providing school transport and post-16 transport continues to **grow exponentially** – again there are more pupils with special educational needs who require our support and more older students (over 16 years old) needing transport. **Costs have jumped by nearly 87% in the last four years, rising from £50m to £92m in 2026/27**.



The cost of providing high level care packages (those costing £3,000 per week or more) for younger adults (aged 18–64) continues to rise dramatically. Although this only relates to a small number of people, the **total weekly cost rose by £100,000 in just one year – adding an extra £5.26m to the annual bill**.



Looking after older people in residential and nursing homes is costing us **£16m per year more** than a year ago, a **10% increase in overall spend**.



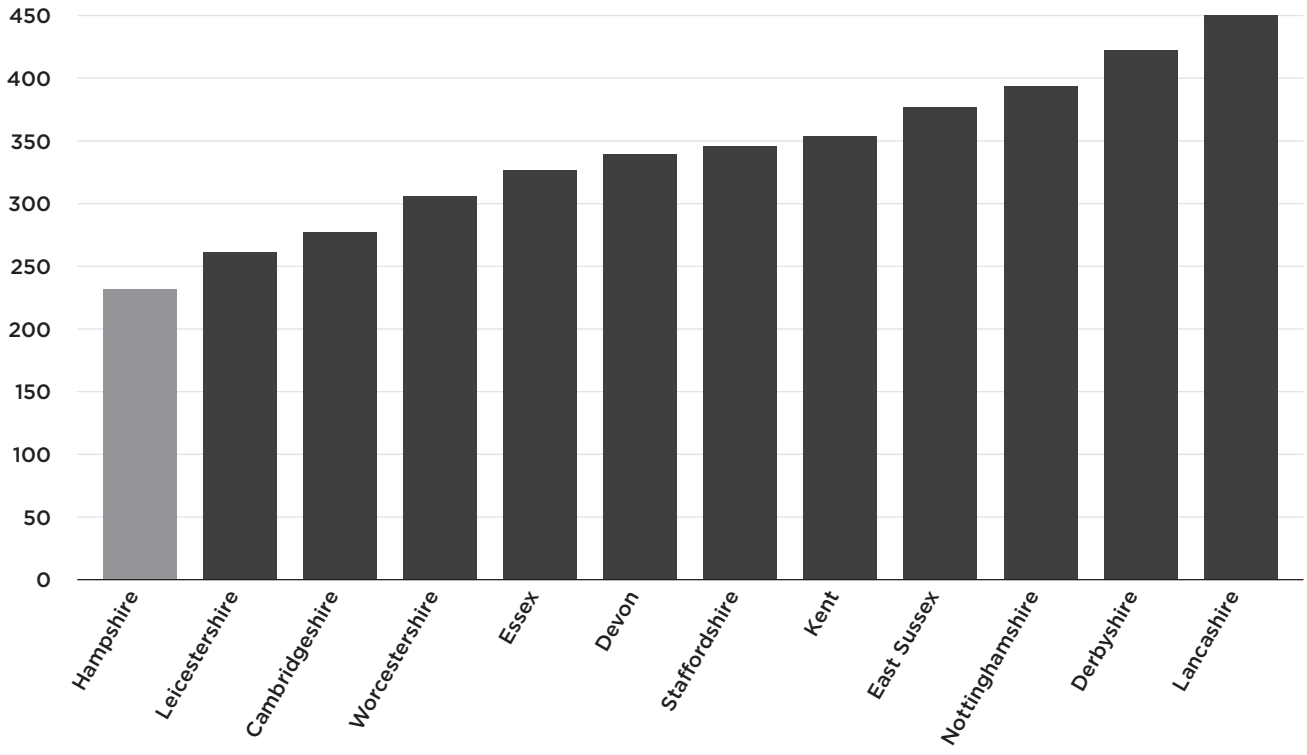
Every month around 45 people who were funding their own social care become eligible for council support, so we help cover the costs. That's **540 people per year**, adding an **extra £5m to the care bill annually**.



The average cost of placing children in external residential care has **gone up by 23% in each of the last two years**, additionally the number of children within this type of placement **has increased by 30%** over the same two-year period.

National funding from Government for local services in Hampshire has not kept pace with rising demand and increasing costs. For 2026/27 the County Council will receive the lowest levels of funding per head of population of any county.

**2026/27 fair funding allocation per person for County Councils without fire duties (£)**




Our low level of funding needs to be used to provide services in a relatively high cost and significantly rural area with a higher proportion of older people than the national average.

Underlying our financial position is a long-term funding shortfall, sometimes referred to as a structural deficit. Essentially:

- Between 2011 and 2016 we did not increase Council Tax, in line with Government policy at that time.
- To offset this, the Government provided additional funding through an annual grant, but then the grant stopped and we lost that funding.
- Because Council Tax had not increased during those five years, we are now receiving less income than we would have if annual increases had been made.
- Government rules state we cannot increase Council Tax by more than 4.99% a year (without a referendum) so we cannot 'catch up' on this lost income.

We estimate that, if council tax had gone up during those five years, we would now be receiving about £118 million more every year. That extra money would help us cover a large part of the gap between the money we have and the money we need to spend on services.

## New and developing challenges

The local government financial climate is increasingly challenging. The level of savings to date, and the scale of the financial challenge ahead means we can no longer deliver sufficient savings to bridge our budget gap.

We have been able to use reserves (similar to the 'savings' which an individual would put aside) to help balance our budget since 2022/23, but these reserves are now running out.

We have consistently lobbied the government to seek fairer funding and a long-term, sustainable solution to local government finance. In 2025/26, the Government recognised the need for more funding and created a £600m Recovery Grant to distribute among eligible councils in England. However, because of the Government formula used to allocate this money, Hampshire County Council received no additional funding.

The Government also committed to reforming local government funding, via a process known as The Fair Funding Review. Following this review, the 2026/27 Local Government Finance settlement confirmed that Hampshire County Council will lose £42.9m per year once the changes are fully in place. As a result, we will become increasingly reliant on Council Tax as the primary source of funding for delivering vital services.

At currently permitted levels, Council Tax alone is not sufficient to keep pace with rising inflation and demand. Due to the severity of our financial challenges, we asked Government if we could increase Council Tax by an extra 5% in 2026/27. This request was rejected.

There is further detail on these challenges in the relevant sections of this document.

# Why we are consulting

The financial outlook is extremely challenging. It is important that we try to understand all the possible effects of our decisions.

It is acknowledged that the range of options available to us to manage our budget gap are limited and many have been presented before. However, demand keeps rising, the financial position continues to evolve, different possibilities (such as Exceptional Financial Support on **page 32**) need to be considered, and the combination of options we can use may also need to adapt in line with this changing context.

We also remain open to other suggestions that could help meet the budget shortfall or manage service demand and would welcome any alternatives that you may wish to propose as part of this consultation.

# Options to address the budget gap

The options we set out below are:

- continuing to deliver efficiencies
- lobbying central government for additional funding and changes to legislation
- generating additional income
- introducing and increasing charges for some services
- reviewing service delivery models
- reducing or stopping some services
- delaying spend
- increasing council tax
- one-off funding from reserves
- Exceptional Financial Support (EFS)

A combination of these options would be required.

## Delivering efficiencies

As well as more fundamental changes to services or stopping them altogether, there may be options for delivering smaller incremental efficiencies by adapting how we work. We have made significant progress in this area, including recently:

- Introducing additional spending controls for all spend over £500 to provide extra assurance on spend.
- Reviewing contracts, managing demand, improving commissioning arrangements, and maximising partnerships to deliver better value and efficiency across services.
- Finding a further £5.5m of general efficiency savings per year for 2026/27.

As part of setting the budget for 2027/28, options for delivering further low-level efficiencies could be explored.

We can also continue to explore how technology and continuous improvement can help unlock further efficiencies, whilst ensuring that services remain accessible to people that need them – whether that is through adopting smarter systems and processes or streamlining how services are delivered. These approaches have already helped us work more effectively and save money, as shown in the case study below, and we remain committed to finding new ways to do so.

**Case study**

Technology Enabled Care (TEC) already supports over 15,000 active users In Hampshire, a quarter of which have had their technology in place for five years or more. Recently, our partnership with Argenti has extended into pioneering use of everyday consumer technology. Voice-activated devices such as Echo Shows support adults with learning disabilities to manage daily routines, stay connected with family, friends and support staff, and take a more active role in their own care. The technology provides personalised reminders, visual schedules, medication prompts and step-by-step guidance for everyday tasks, helping people live more independently and confidently. At the same time, it reduces administrative pressures on care staff through features such as digital record-keeping, automated reminders and voice-enabled care notes, allowing more time to be spent on direct support. This forms part of Hampshire's wider technology-enabled care approach, improving outcomes for residents while making services more efficient and sustainable.

However, it's important to recognise that the County Council has already delivered hundreds of millions of pounds in savings over the past decade through major programmes to change services and reduce costs. Many of the most straightforward and high-impact efficiencies have already been realised, and the scope for further significant efficiencies is now limited. We can keep looking for opportunities to do things better and more cost-effectively, but we also need to be realistic about what is possible and manage expectations about the scale of savings that can still be achieved through efficiency alone.

## Lobbying central Government for additional funding and legislative change

Our ability to balance our budget is limited by central Government funding and legislation. In many cases, we have no power to introduce initiatives that could help to support local services.

We believe that without fundamental change to the way that local government is funded, many councils across the country could soon struggle to keep going.

Lobbying can be used to help persuade central Government to alter the way local government is funded, the amount of money that is granted, and to allow councils to make local changes to services that would help to balance their books.

Lobbying central Government was also identified as respondents' preferred option to help manage our budget in our 2025 consultation.

However, lobbying takes time, and there is no guarantee that it would be successful or be of help within this budget cycle.

### Recent lobbying activities

Activity we have undertaken in recent years, including the last 12 months, has included:

- Key talks with Government ministers and senior officials on the financial challenges we face, and the changes the Government would need to make to allow us to achieve a sustainable financial position in future.

- Contact with Hampshire's MPs to explain our budget position, and why changes in the law are needed and to highlight how further savings could impact the services people rely on in the future.

- Several letters from The Leader of the County Council to the Minister for Local Government setting out our financial challenges, the actions we are taking to address them and the support required from central Government.

- Council officers continuing to respond to Government consultations, sharing our views on proposed changes to services and funding, for example our response to the Fair Funding 2.0 consultation.

**Where lobbying could help**

The Government's wider public service reform agenda recognises that long-term sustainability will require reform alongside funding, delivered in partnership with local government, with a stronger focus on devolution, prevention, integration and greater local flexibility to design services around the needs of communities. We believe that the Government could support us here by:

- Working in partnership with councils and local leaders to accelerate public service reform and devolution, ensuring local voices shape national policy, giving areas greater flexibility to design and deliver services around communities, reducing duplication between organisations and improving long-term value for taxpayers.

- Providing long-term funding and legislative certainty to support transformation, enabling councils and partners to invest in prevention, service integration and new delivery models that reduce demand and improve outcomes over time.

- Changing how county councils are funded across the country. During the previous financial year the government made changes to the funding formula (Fair Funding 2.0). Unfortunately the result of these changes was a reduction in funding to the County Council, meaning that work to explain the impacts of the funding formula to Government continues.

- Increasing Government funding to cover the rising costs of social care.

- Accelerating changes to children's social care and how services are bought in, including:

  - Introducing further measures to cap profits for companies running children's homes.

  - Making sure there is a national approach to fees for all types of children's placements, with a cap on the most expensive ones according to level of need.

NB: As in many areas, some children who require social care in Hampshire are looked after by independent providers and the County Council pays for this. Currently, there is no limit on what these providers can charge, and costs keep rising because demand is always higher than supply.

- Reviewing which legally required functions must currently be carried out by qualified social workers. This would allow us to use other qualified staff for some tasks, helping us run services more efficiently, despite a national shortage of children's social workers. There are also other rules set by Government, like every foster carer needing their own social worker that could be made more flexible so councils can use their judgement.

- Letting councils create their own School Transport policies and use means testing, so that local factors can be taken into account, such as whether parents and carers can get their child to school, or what is considered a safe distance for a child to walk, scoot or cycle.

- Allowing people who receive care at home (domiciliary care) to defer payments in the same way as those moving into residential care homes, so the value of their property can be considered when working out what they can afford.

- Giving councils more flexibility to consider people's personal circumstances when assessing whether someone needs help with adult social care including their access to alternative care options rather than the rigid process set out in the Care Act[2].

- Allowing councils to introduce new small charges for some services, such as a small fee for concessionary travel, issuing bus passes, and using household waste recycling centres.

- Removing the legislative cost caps for some services that have not been reviewed for many years (see **page 22** for some examples).

- Giving councils more freedom to set Council Tax, particularly for those like Hampshire that already have lower Council Tax levels (in comparison to other upper tier authorities).

Lobbying has the potential to make a significant difference, but it is not straightforward. Despite all of the lobbying efforts in recent years, Fair Funding 2.0 saw significant reductions in County Council funding.

## Generating extra income

We are allowed to generate some external commercial income to fund services and help offset overall service costs, for example by offering support to schools and renting surplus property.

We also generate income from investing cash balances.

We can also sell assets we no longer need (such as land or buildings) to raise money. During 2025/26, we generated £19.2m by selling assets, £12.5m of which was used to support the capital programme. However, this type of income is one-off, and we are only allowed to use it for specific purposes.

We always try to get the most commercial income that we can by delivering services efficiently and charging competitive prices. We expect non-statutory services – those that we are not legally required to provide – should generate at least 15% more than the direct cost of delivering them. This additional income contributes to essential shared overhead costs across the council such as finance, HR, IT and other support services the organisation requires to operate.

Maximising income is a sensible approach to contribute towards closing the budget gap. However, it would not be possible to close the budget gap through the generation of income alone.

2 **https://www.legislation.gov.uk/ukpga/2014/23/contents**

## Introducing and increasing charging for some services

We could seek to cover the costs of some services by asking the people who use them to pay a contribution. This is a targeted approach to income generation, which would only impact residents who are directly benefiting from the services (excluding those eligible for free support).

We could consider increasing service charges or introducing new charges for services that are currently free. Some examples of where we could do this are:

- Increasing parking charges at our countryside sites.
- Increasing prices and introducing new membership options at country parks.
- Increasing our fees for brokering (i.e. arranging/co-ordinating) care services and administering payments for individuals who pay for their care.
- Introducing new on-street parking charges.
- Increasing on-street parking charges or charges for resident parking zones where they are already in place.
- Introducing a charge for maintaining private and partner archive collections.
- Increasing ceremony fees (for example, wedding, civil partnership, welcoming ceremonies).
- Increasing charges for items that are currently capped by legislation – for example the charge for Ordinary Water Course consents (getting permission to do work that would affect the flow or storage of water by a watercourse) has been capped at £50 for decades. (This would require legislative change.)
- Introducing a nominal charge per visit for the use of Household Waste Recycling Centres. (This would require legislative change).
- Introducing a charge for concessionary fares and for issuing bus passes. (This would require legislative change).

## Review service delivery models

We deliver a wide range of services to the public, to partners and to Hampshire schools. It is important that these services are regularly reviewed to make sure that they are operating efficiently and effectively, as well as making sure that we continue to be the best organisation to deliver the service in terms of price and quality.

We could continue to review our in-house services and consider whether alternative models of delivery, such as transferring services to third party providers or purchasing these services from the open market would be more cost effective.

We could also continue to use available technology in innovative ways to deliver services and look for new opportunities to maximise the benefits that new technology can offer.

Recent examples of how we have done this include:

- The development of the Hampshire Best Start Family Hubs model. This is transforming how support will be delivered to families by creating integrated local networks of services and partners, improving accessibility, reducing duplication and strengthening early intervention and prevention support, leading to better outcomes for children and families and reducing the need for more intensive social care intervention over time.
- Since 1 January 2026, the school meals service has been outsourced to a private provider, following a review that concluded it would be a more cost-effective model and offer a more attractive option for schools and families.
- Using digital technology to improve how the Special Educational Needs (SEN) service works. The project aims to improve data quality, reduce duplicated work, remove manual processes, and help staff work more efficiently. This is being done by connecting systems, improving workflows, and automating routine tasks – for example a new Funding and Payments app has already made it easier to process payments to mainstream schools and will be expanded to other providers in the future. Other improvements include automatic funding calculations, a system for managing contacts, and an internal AI chatbot called “Ask the SEN Expert” to support staff. The programme is expected to be completed by March 2027.
- Our adult social care services focus on strengths-based and preventative approaches that help people remain independent for longer. We support people to live in their own homes or suitable shared housing, reducing the need for residential care. We are a national leader in Extra Care and supported living, helping over 2,000 adults. Additionally, strengthened support for unpaid carers, preventative Community Wellbeing Workers connecting people to local support before issues escalate, and a growing focus on reablement and community-based alternatives all help maximise independence and reduce reliance on long-term care.

- A review of the future delivery model for community health and social care equipment services across Hampshire. This is transforming how equipment support will be delivered by moving from an in-house service to a jointly commissioned service with NHS Hampshire and Isle of Wight Integrated Care Board (ICB), delivered by an external provider. The new model will create a more integrated and sustainable service across health and social care, improve responsiveness through extended operating hours and more flexible delivery options, and ensure the service remains affordable and fit for the future. It is expected to be operational by summer 2027.

- Moving information about planned highways maintenance online rather than relying mainly on letters to affected households. This keeps information up to date as plans change and has been well used, with more than 7,000 PDF downloads in the second quarter of 2026/27. It shows that residents can access this information digitally and supports wider use of more efficient digital communications where appropriate.

The pace of technological change means that there are new opportunities to harness the benefits of technology. Understanding the potential uses of artificial intelligence and other new technologies and implementing them appropriately across the County Council has the potential to deliver further savings.

## Reducing and stopping services

Not everything that we currently do is required of us by law, and there is some discretion as to how we deliver mandatory services. This means that we could seek to reduce the budget gap by reducing or stopping some of the things we do.

For example, as part of the 2025 and 2026 savings programmes, we have previously reviewed and, in some cases, implemented various measures, including:

- Changes to School Transport and Post-16 Transport services, which aimed to focus the County Council's resources on those most in need and make provision more sustainable in the long-term.

- Reducing funding for passenger transport services which has reduced community transport and resulted in some bus routes that are not commercially viable being withdrawn.

- Withdrawing grant schemes which provide funding to cultural and community groups and organisations.

- Removing supplementary funding for planned highways maintenance.

- Reviewing and revising the criteria that we use to determine which roads should be treated with salt during the winter months.

- Extending the time streetlights are switched off at night and reducing their brightness at certain times.

- Withdrawing funding for services, such as homelessness support, that we are not legally required to provide.

- Changing how we deliver services such as Household Waste Recycling Centres and Libraries to ensure we continue to meet our legal responsibilities at a lower cost.

NB: Future proposals to reduce or stop services may differ from those listed. Separate consultations on the details of any proposals to stop or reduce a specific service would be undertaken as they emerge.

**A note on Legal Minimum Service Levels**

Reducing or stopping the provision of services entirely has previously been one of the strongest options for reducing spend.

However, during the budget setting process in 2025/26, as part of our work to ensure we continue to manage public money as carefully as possible, we looked at how to save money by only providing services where:

- we are required to by law

- they could generate enough income to be financially sustainable

- the service helps reduce demand for other services which cost more

As part of this work, we reviewed 177 separate service areas, which demonstrated that the vast proportion of our services are already operating at a legal minimum level.

Our findings were validated by an independent panel of external experts, who suggested some further small savings, but also concluded:

"That even if the Council determines to operate at legal minimum service levels, and pursues the savings, efficiencies and income generation opportunities highlighted by the Panel, it is highly unlikely that there will be sufficient recurring resources to balance on a sustainable basis in 2025/26."

Therefore, the savings we could generate by reducing or stopping services are much smaller than they have been in previous years and would not on their own be enough to close our budget gap.

We also recognise that reducing and stopping services can have a greater impact on residents than other savings options, so we would try to look for other ways to save money first – in line with views shared in previous budget consultations.

## Delaying spend

Given the seriousness of our financial challenges, we could take some short-term decisions that are not in the medium-term best interests of the organisation.
For example, it could be possible to:

- reduce spend on the repair and preventative maintenance of buildings to the point where only the critical work for health and safety compliance is being undertaken. The medium-term consequence of this would be a deterioration in the condition of buildings and higher costs to address critical faults when components fail. However, there would be savings in the short-term
- stop training and development for staff to deliver a short-term saving but this would ultimately lead to skills shortages and higher costs in the future
- replace IT equipment only as it fails. This may lead to service disruption as well as higher costs in the medium-term but may offer the potential to deliver some short-term savings

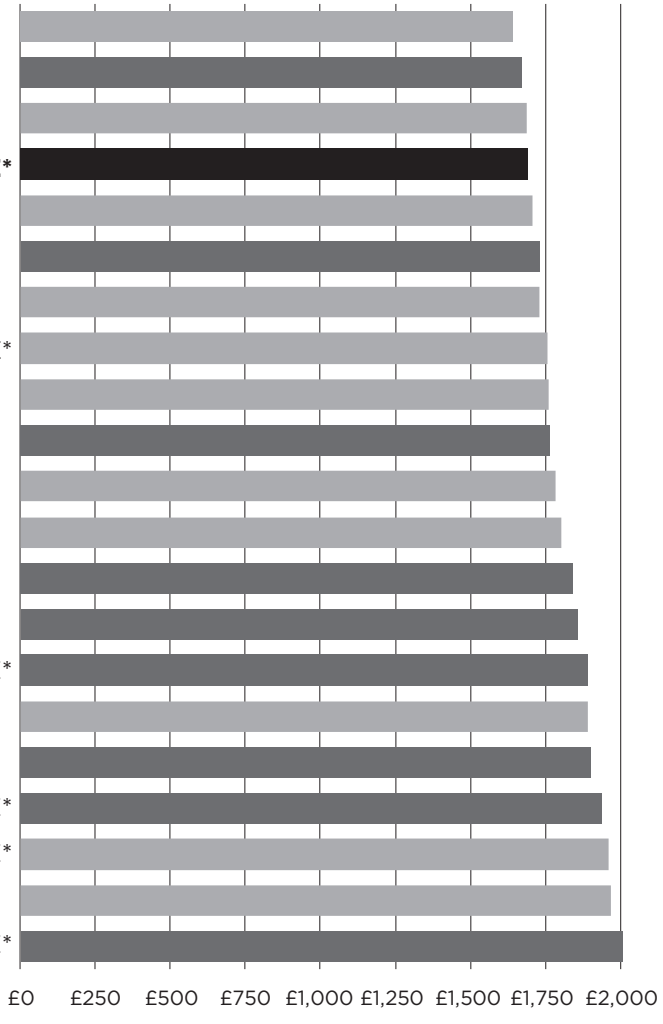
# Increasing Council Tax

Council Tax helps to fund local services, with around 76% of the County Council's net budget coming from this source. Each 1% increase in Council Tax generates £9.4m in income for the County.

Hampshire has the fourth lowest council tax out of the 21 Counties (based on comparing Band D council tax across the councils) and the third lowest of counties with Combined Fire Authorities:

### County Councils' Council Taxes 2026/27

| | | Increase % | Council Tax Band D | |
|---|---|---|---|---|
| Essex | CFA | 3.95% | £1,641.96 | |
| Lincolnshire | | 2.90% | £1,673.01 | |
| Staffordshire | CFA | 3.99% | £1,686.42 | |
| **Hampshire** | **CFA** | **4.99%** | **£1,690.11** | **SE*** |
| Derbyshire | CFA | 4.90% | £1,708.99 | |
| Suffolk | | 4.99% | £1,731.69 | |
| Leicestershire | CFA | 2.99% | £1,731.79 | |
| Kent | CFA | 3.99% | £1,758.60 | SE* |
| Worcestershire | CFA | 8.98% | £1,760.80 | |
| Gloucestershire | | 4.99% | £1,763.46 | |
| Cambridgeshire | CFA | 4.99% | £1,785.42 | |
| Lancashire | CFA | 3.80% | £1,801.75 | |
| Norfolk | | 4.998% | £1,843.38 | |
| Hertfordshire | | 4.99% | £1,858.19 | |
| West Sussex | | 4.99% | £1,890.36 | SE* |
| Devon | CFA | 4.99% | £1,891.17 | |
| Warwickshire | | 4.44% | £1,903.86 | |
| Surrey | | 4.99% | £1,938.42 | SE* |
| East Sussex | CFA | 4.99% | £1,960.29 | SE* |
| Nottinghamshire | CFA | 3.99% | £1,970.13 | |
| Oxfordshire | | 4.99% | £2,006.78 | SE* |




| **Averages** | | |
|---|---|---|
| All counties | 4.71% | £1,809.36 |
| Counties with CFAs | 4.71% | £1,782.29 |
| Counties without CFAs | 4.70% | £1,845.46 |

Council tax payers in Hampshire and other English counties with Combined Fire Authorities (CFA) are charged for fire services by the CFA. As a result, the council tax figures for counties with CFAs are not directly comparable with those for counties without CFAs.

*SE indicates counties in the South East

Despite delivering almost £135m additional savings since 2023, the County Council's budget gap has continued to widen. Previous increases in council tax alone have not been sufficient to keep pace with rising inflation. Furthermore, cost pressures from demand, particularly adult social care and children's services, needed to be met in addition to inflation.

Each year, central Government decides whether Council Tax can be increased, and by how much – this is known as the referendum limit. The referendum limit for 2027/28 is 4.99% which would generate around £46.4 million.

Since the introduction of the limits there has always been the facility for councils to propose a higher increase, but the increase would need to be approved by a referendum of residents.

More recently, the Government has introduced a way for councils in significant financial difficulty to increase council tax by more than the referendum limit, through a request for Council Tax Flexibility. In 2026/27, seven councils in England were granted the ability to increase council tax by an additional amount above the referendum limit, ranging from an additional 1.75% to 4%.

Due to the severity of our financial challenges, we asked Government if we could increase Council Tax by an extra 5% in 2026/27. This request was rejected.

We believe that increasing Council Tax is the best way to return the County Council to a stable financial footing and make sure it has enough money to pay for everything Hampshire residents need.

The forecast budget gap of £198.9million for 2027/28 already assumes that Council Tax is increased by 4.99% and when considering other funding, the Government assumes that all local authorities will put up their Council Tax by the maximum amount allowable.

Alternatively, we could:

- **Increase Council Tax by less than 4.99%**. However, a lower increase would significantly increase the budget gap and further reduce Hampshire's financial resilience.

- **Increase Council Tax by more than 4.99%**. Our latest forecasts for inflationary and growth pressures are expected to increase the budget gap before council tax funding to £198.9million in 2027/28, equivalent to a 26.2% increase in Council Tax. Raising Council Tax by more than 4.99% would reduce the financial pressure. Making this change would require either permission from the Government in the form of Council Tax Flexibility or a public referendum at a one-off cost of between £0.5m and £2.3m, depending on how it is administered. Any increase is an extra financial pressure on households in Hampshire.

You can see from the illustration how much more you might have to pay if Council Tax goes up at different levels, using a Band D property as an example[3]. Impacts on other Council Tax bands can be viewed in the consultation Response Form.

| Percentage increase in Council Tax for 2027/28 | Additional annual Band D Council Tax charge (£) | Additional weekly Band D Council Tax charge (£) | Additional Council Tax income generated in 2027/28[4] (£m) | Forecast 2027/28 Budget Gap Remaining (£m) |
|---|---|---|---|---|
| **4.99% (assumed level)** | **£84.33** | **£1.62** | **£46.8m** | **£198.9m** |
| **7.49%** | **£126.59** | **£2.43** | **£70.2m** | **£175.4m** |
| **9.99%** | **£168.84** | **£3.25** | **£93.7m** | **£152m** |
| **14.99%** | **£253.35** | **£4.87** | **£140.6m** | **£105.1m** |
| **19.99%** | **£337.85** | **£6.50** | **£187.5m** | **£58.2m** |
| **24.99%** | **£422.36** | **£8.12** | **£234.4m** | **£11.3m** |

More information about Council Tax can be found on the County Council's website at: **hants.gov.uk/aboutthecouncil/budgetspendingandperformance**

3 52% of properties in Hampshire are in Council Tax bands A, B and C so would pay less than the illustrations shown

4 Excludes estimated £8.4m additional income anticipated from the increase in homes

## Using the County Council's reserves or borrowing

Over the years we have set aside funding in reserves (similar to the 'savings' which an individual would put aside). This funding is needed for service investment, to help meet funding shortfalls and address any unexpected financial risks. Some of this money is held on behalf of others (for example, maintained schools) or can only be used for specific purposes.

Since 2022/23, we have needed to use reserves to balance our budget.

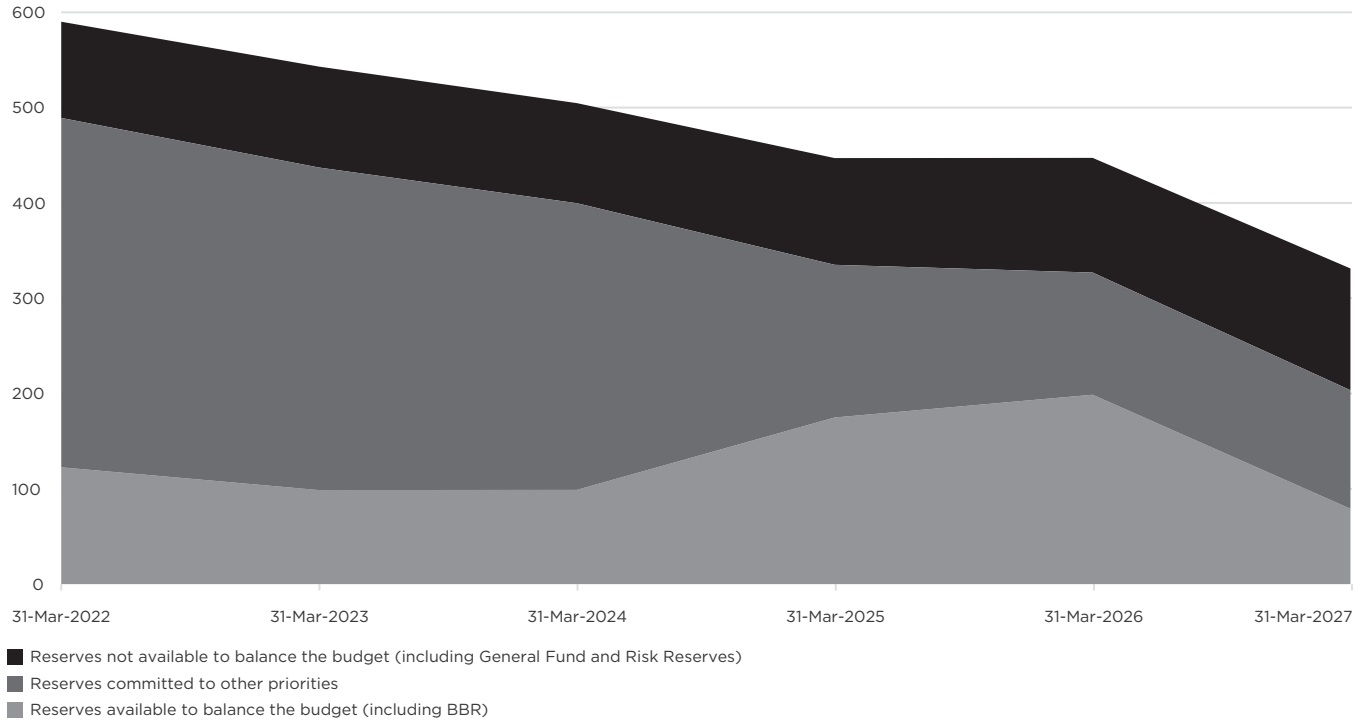
A specific reserve, the Budget Bridging Reserve, was established and has been used to fund known budget shortfalls since 2022/23:

| | **Budgeted draw from reserves to fund budget gap (£m)** |
|---|---|
| **2022/23** | **38.0** |
| **2023/24** | **50.8** |
| **2024/25** | **74.1** |
| **2025/26** | **64.9** |
| **2026/27** | **101.9** |
| **Total draw from reserves** | **329.7** |

However, this is not a sustainable solution, as shown in the graph below which illustrates the actual and planned reduction in revenue reserves available to us since 2022/23 (excluding capital reserves and unavailable reserves held for schools and public health).

We estimate that we will hold £336.8m of usable reserves on 31 March 2027.

**Actual and forecast usable reserves balances (£m)**




This includes reserves held to mitigate risk (for example, insurance risk) and reserves committed to other priorities, such as our capital development programme (building and improving schools, libraries, highways, country parks, outdoor centres and other community infrastructure, for example) and replacing IT equipment and infrastructure.

We could consider using reserves committed to other priorities to fund the budget gap, but this would mean stopping planned capital development or increasing borrowing for these programmes.

Using reserves to help address the budget shortfall, including taking on borrowing to free up committed reserve funding, remains an option for 2027/28.

However the level of available reserves is now significantly reduced, and we will be unable to close the 2027/28 budget gap of £198.9million through reserves alone – even if we repurpose all committed reserves.

Further information can be found in our 2026/27 Reserves Strategy[5].

5 **democracy.hants.gov.uk/documents/s143803/Appendix%209%20-%20Reserves%20Strategy%202026-27.pdf**

## Exceptional Financial Support (EFS)

Exceptional Financial Support (EFS) is a mechanism used by central Government (in England) to help councils facing unmanageable financial pressures so that they are able to set a balanced budget.

The support provides a council with additional financial flexibility so it can continue to deliver essential services while implementing recovery plans and budget savings. It is granted on an exceptional basis by Government as a bridge back to financial sustainability.

Exceptional Financial Support has become increasingly common, indicative of the growing scale of financial pressure across local government in England. The Government agreed EFS support for 5 councils in 2022/23, 30 councils in 2025/26, and has committed to supporting 36 councils in the 2026/27 financial year. 33 of the 36 councils (92%) granted EFS in 2026/27 were authorities responsible for adult and children's social care and Special Educational Needs (SEND) like Hampshire, with significant exposure to demand-led spending pressures in these areas.

### How we could use EFS to help balance our budget

It is important to understand that Exceptional Financial Support (EFS) does not mean the Government gives councils extra or new money.

Instead, it allows councils to use borrowing or capital resources (money received from selling council property or land, or capital grants) in ways that would not normally be permitted.

In normal circumstances councils cannot use borrowing or capital resources to pay for day to day (revenue) expenditure.

Exceptional Financial Support (EFS) allows a council, through a process known as a 'Capitalisation Direction', to:

- fund day to day costs through borrowing
- use capital resources to fund day to day costs

We could consider a request for Exceptional Financial Support to help fully or partly balance our budget in 2027/28.

This would allow us:

- to set a balanced budget in 2027/28
- time to change and transform services to reduce long-term costs
- time to consider the impact of potential future national policy and funding changes

The request, and the amount requested, would need to be approved by the Government and there is no guarantee that this would be granted.

**The implications of using EFS to help balance our budget**

EFS can help a council set a balanced budget in the short-term but does not improve the council's long-term financial viability. In household finance terms, it could be equated to taking out a mortgage or loan to pay your energy bills for the year.

Any type of borrowing requires the repayment of both the borrowed amount and the annual interest. EFS borrowing is normally paid off over 20 years and would become a future liability and would be additional annual financial pressure for the Council and Council Taxpayers. For example, if a capitalisation direction of £50m was agreed, this would cost the County Council approximately £5.5m every year over 20 years to pay the interest and repay the borrowing.

Using capital resources to pay for day-to-day expenditure is only possible if an organisation has spare capital resources. It also means that, once used, these funds are not available to invest in assets that will benefit communities such as infrastructure work on roads and building/ improving care homes, libraries or schools.

Whilst EFS can help address a budget gap in one year, it is not a medium to long-term solution and in isolation it does nothing to close an underlying financial deficit. It has been an effective tool for councils experiencing temporary financial challenges, giving them time to recover or to implement transformation and savings plans. In these circumstances, there is a reasonable expectation that the financial position will improve in time.

We do not believe that this is the current position of the County Council – our financial challenges are not temporary and are due to the continued and increasing demand on our social care systems, made worse by insufficient funding and outdated legislation.

As a result, without any confidence that the underlying gap can be closed, using EFS alone would likely lead to greater financial pressures in 2028/29 and future years.

# Conclusion

Thank you for reading through this Information Pack.

Please now share your views and help to inform our decisions by:

- visiting **hants.gov.uk/budgetconsultation**
- emailing **insight@hants.gov.uk**, or
- writing to **Freepost HAMPSHIRE**. Please write Budget Consultation, B026R on the back of the envelope. You do not need to use a stamp.

To arrive no later than 13 December 2026. Further instructions can be found on page 5 of this document.

Please also encourage others to have their say.

# Translation

If you need this information in another language or format, please email **insight@hants.gov.uk** or call **0300 555 1375***

如果您希望以其他语言或格式接收本信息，请发送电子邮件至 **insight@hants.gov.uk** 或致电 **0300 555 1375***

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