AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle on 14 NOVEMBER 2016:

Chairman:
p Councillor Roy Perry

Councillors:

p	Peter Edgar	p	Mel Kendal
p	Liz Fairhurst	p	Keith Mans
p	Andrew Gibson	p	Stephen Reid
p	Rob Humby	p	Patricia Stallard
p	Andrew Joy		

Also present with the agreement of the Chairman: Councillors Bennison, Bolton, Carter, England, Glen, Harrison, Huxstep and McNair-Scott.

243. BROADCASTING ANNOUNCEMENT

The Chairman announced that the meeting was being recorded for broadcast on the County Council’s website and would be available for repeated viewing. The press and members of the public were also permitted to film and broadcast this meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

244. APOLOGIES FOR ABSENCE

All Cabinet Members were in attendance, apologies were received from Councillor Sharyn Wheale.

245. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest and, having regard to Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal Interest in a matter being considered at the meeting they considered, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, considered whether it was appropriate to leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with the Code.

246. CONFIRMATION OF MINUTES

The minutes of the meeting held on 19 September 2016 were confirmed as a correct record and signed by the Chairman.

247. **DEPUTATIONS**

No deputation requests had been received.

248. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Mr Leahy, a senior solicitor working for the Ministry of Defence, who was observing the meeting.

It was reported that the Leader and the deputy Leader had recently attended a Children and Adults Services conference at which the financial pressure facing all authorities was discussed. A request had been received from Essex County Council to visit and gain information about some of the solutions that Hampshire was putting in place.

The Chairman reported on the outcomes of national research on the public's key priorities and areas of concern. He noted that levels of trust were highest for medical doctors and were significantly higher for local government than for central government.

249. **REVENUE BUDGET MONITORING 2016/2017**

The Cabinet considered the report of the Director of Corporate Resources – Corporate Services regarding the County Council's revenue budget and Treasury Management (Item 6 in the Minute Book).

The key points in the report were highlighted, in particular with reference to the position for Children's and Adults Services. It was noted that all departments were facing pressure to remain within their cash limits, however departmental success in achieving this had provided the opportunity to use resources to underwrite cost reduction programmes in other areas where necessary. The forthcoming Transformation to 2019 programme would likely make substantial use of the cost of change reserves.

The Treasury Management report was drawn to the attention of Cabinet, who received an assurance that projections for treasury management were being met. The shift away from investment in the banking sector towards higher yield investments was noted. It was confirmed that this was without a significant increase in risk, and the recommendation to expand the approach by increasing the investment to £200 million was set out.

Cabinet recognised the work of officers in achieving savings and acknowledged specific pressures such as the cost of home to school transport. With regards the proposals for treasury management, the level of control and the duration of investments was questioned, particularly with regards to an assessment of any need to draw on reserves. The cash flow position and allocation of reserves was clarified and the Director of Corporate Resources expressed her confidence that £200 million provided sufficient tolerance for prudent cash flow requirements. Investments would be made over a period of 5-7 years and the Council's Section 151 Officer had the responsibility for implementation. It was furthermore questioned whether direct investment in property would provide a suitable alternative and confirmed that although occasional and specific opportunities may arise, borrowing to invest in property on the basis of a landlord was not recommended due to the risk of market volatility.

The recommendations within the report were proposed and agreed. The decision record is attached to these minutes as Appendix 1.

250. **FURTHER UPDATE ON LOCAL GOVERNMENT REVIEW**

The Cabinet considered the report of the Chief Executive regarding local government review. (Item 7 in the Minute Book).

The report was introduced by the Chairman who emphasised the importance and interdependencies of the area of Hampshire and the ability of the County Council to facilitate major developments such as at Manydown and Whitehill and Bordon. The consultation was highlighted and it was noted that there was little appetite for a further tier of local government and that the establishment of a mayoral office would come at significant cost. He confirmed that the recommendations in the report would also be considered by the full County Council at their forthcoming meeting.

The Chief Executive set out details of the report, identifying the potential for unitary county governance, issues relating to the local growth fund and feedback that had been received from other Councils. The outcomes of the consultation were outlined. It was confirmed that this was in the context of analysis by Deloitte identifying the financial advantages of a move to a Hampshire unitary council, however the consultation was undertaken neutrally, without a preferred option. As a result of this, and as expected, the outcomes of the consultation were mixed, with no absolute mandate for, or rejection of, any particular option. There was a strong emphasis on keeping Hampshire together and maintaining service provision. It was explained that although the status quo was preferred, this was not entirely in the County Council’s gift as unilateral action by District and Borough Councils could destabilise the position. Should District or Borough Councils join a Solent Combined Authority, this would introduce disruption and uncertainty regarding future service provision. With this in mind, the recommendations proposed identifiable trigger points at which further action by the County Council should be considered.

The nature and extent of consultation with the wider business community and with Parish and Town Councils was detailed. It was noted that in this arena the outcomes to the consultation were also mixed as a result of not consulting on a preferred option. It was proposed that Cabinet be presented with a further report at a future meeting regarding engagement with local businesses and District and Parish Councils going forward.

Cabinet welcomed the report and sought clarification on a number of points relating to the survey, acknowledging that the complexity of the issues was significant to the outcomes. It was suggested that reductions in local government finances were effectively a drive towards unitary status as the only means to protect services. On this basis, it was accepted that the option to seek the formation of a Hampshire unitary council must be retained. Cabinet noted that

Hampshire Councils have worked well together in the past, such as on waste disposal and street lighting and in the situation of less money being available, this should not be being wasted on government structures. The disaggregation of existing budgets would result in a net loss and put services at risk. It was recognised that uncertainty over the future of Hampshire was putting off businesses and furthermore that the diverse economic geography of Hampshire, with strong north-south links being vital to the national economy, required a solution on a larger scale than could be offered by a Solent Combined authority.

Cabinet also noted that the Authorities proposing the Solent Combined Authority had no common border or history of political unity and on this basis questioned the ability of such an Authority to work effectively on joint infrastructure. It was felt that the additional administrative cost, including that of the proposed Mayor would be high. The Solent proposal wasn't therefore in the interests of the local population and Cabinet was agreed that the existing drive for efficient and business-like local government should be progressed further instead.

In consideration of the recommendations in the report, Cabinet welcomed the trigger points identified, noting that this would give the County Council the opportunity to respond to future changes in the situation. Amendments to the recommendations were proposed to reinforce the position of the Cabinet on the basis of the discussion. Following a short adjournment to seek legal advice on the amendment, the amended recommendations were unanimously agreed. The decision record is attached to these minutes as Appendix 2.

251. PUSH BUSINESS PLAN 2016/18 AND THE SOLENT GROWTH FORUM

The Cabinet considered the report of Director of Economy, Transport and Environment regarding the PUSH Business Plan 2016/18 and the Solent Growth Forum. (Item 8 in the Minute Book).

Introducing the item, the Chairman noted that the PUSH (Partnership for Urban South Hampshire) area was not the same as that of the proposed Solent Combined Authority referenced under the previous item.

The context of the report and the role of PUSH were outlined to Cabinet.

Cabinet welcomed the report, noting the partnership approach, but expressing some concern about a focus on the Solent as an economic area without recognition of the significance of wider north-south links. The PUSH voting arrangements were highlighted and it was noted that the County Council held a veto.

The recommendations within the report were proposed and agreed. The decision record is attached to these minutes as Appendix 3.

Chairman, 12 December 2016