

REPORT OF THE
Cabinet / Leader
PART II

291. OPEN FOR BUSINESS: 2011/12 ANNUAL PERFORMANCE REPORT

1. The Cabinet, at its meeting on 25 June 2012, approved the 2011/12 performance report, which provided a review of performance across the County Council including a summary of progress against the *Open for Business* Plan and key findings of the first annual self-assessment.

2. Progress against the *Open for Business* Plan has been strong, with the County Council continuing to perform well and demonstrate success, despite the challenges associated with a period of significant change. Key achievements include:

- Successful delivery of the efficiencies and transformation programme for 2011/12, achieving £55 million of savings.
- Completing the Corporate Services Review, agreeing a new structure and moving into the implementation phase.
- Exploring opportunities for sharing a number of support/corporate functions with Hampshire Fire and Rescue Service and Hampshire Constabulary.
- Developing the range of services provided in partnership with, or sold to, other public sector organisations.
- Continued strong performance in external inspections and accreditations.
- Successful implementation of a number of significant changes to service delivery, with minimal impact of service users.

3. There were few areas identified for improvement during 2012/13 which include three key outcomes for children in care: placement stability; GCSE attainment; and the proportion of care leavers in education, training or employment at age 19.

4. Overall, the self-assessment process has found the County Council to be *good with outstanding* features. These findings reinforce the established position of the Authority as a high performer. The capacity of the organisation for improvement is strong, based on the solid foundation of reduced costs; progress in modernising services; development of a new integrated structure for Corporate services; introduction of a new training and development programme; and the utilisation of private sector expertise.

292. MEDIUM TERM FINANCIAL STRATEGY

1. The Cabinet at its meeting on 25 June, approved the Medium Term Financial Strategy (MTFS) which reflects the changing state of public finances at the present time. The Government grant figures for 2013/14 and 2014/15 are expected in December 2012 and at that point a further update of the MTFS will be produced leading into the setting of the 2013/14 budget.

2. The budget setting process in February 2012 set out a medium term forecast up to the 2015/16 financial year based on the following assumptions:-

- Revenue Support Grant losses of 9%, 8% and 8.7% in 2013/14, 2014/15 and 2015/16 respectively. The 2015/16 reduction makes the assumption that the first council tax freeze grant will drop out in that year.
- No assumed additional income arising from the business rates retention scheme that will be introduced in 2013/14.
- Specific grant losses of 6% and then 5% in 2013/14 and 2014/15, matched by assumed reductions in Departmental expenditure.
- Council tax increases of 1.9% per annum from 2013/14.
- Pay increases of 1% for 2013/14 and 2014/15 and 2% for 2015/16
- Adults and Children's social care cost pressures of £11m per annum (cumulative year on year)
- Annual Efficiency Target of 2% per annum.

3. Since that time, the Government's response to the consultation on the localisation of Council Tax Benefits (CTB) means that the 10% loss of funding would in effect be shared by the billing authority and all major precepting authorities (County Councils, Police and Fire).

4. Based on current council tax benefit payments across Hampshire, the County Council's share of the 10% loss of funding equates to £4.8m from 2013/14. From 2014/15 onwards, it has been assumed that changes will be made to schemes that will significantly reduce if not eliminate the burden. As well as reducing costs through the scheme design, savings can also be achieved by varying existing discounts such as second homes or empty property. There is a requirement for 'billing' authorities to consult on the new proposals with 'preceptor' authorities and it is expected that the formal consultation will be considered by Cabinet at its meeting in September 2012.

5. The Cabinet agreed that, as part of the forward strategy, the Council would review, consolidate and rationalise earmarked reserves whilst also giving due consideration to the need for a 'volatility reserve' and a 'losses on appeal' reserve to reflect the transfer of risks from Government. The aim will be to divert further resources to the Grant Equalisation Reserve and other reserves as appropriate, in order to support the revenue budget and protect the County Council from significant short-term volatility, during a period of further anticipated grant reductions after 2014/15.

Further details can be found at www.hants.gov.uk/councilmeetings.htm by typing in the relevant reference number:

- Open for Business: 2011/12 Annual Performance report (search item reference 3910)
- Medium Term Financial Strategy (search item reference 3979)

COUNCILLOR T. K. THORNER, CBE
Chairman of the Cabinet