

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 April 2011
Title:	Efficiency and Expenditure Reductions: Transforming the County Council – Phase 4 2012/13. Report No. 2
Reference:	2868
Report From:	Chief Executive

Contact name: Andrew Smith

Tel: 01962 847300

Email: andrew.smith@hants.gov.uk

1. Introduction

1.1. The Cabinet at its meeting on 28 February 2011 approved:

- (1) the development of another phase of the cost Reduction, Efficiency and Transformation programme for application to 2012/13
- (2) the workstreams around which the programme was to be based
- (3) the terms of reference for the Corporate Services Review
- (4) that further reports be prepared for Cabinet on progress

1.2. From experience in 2010/11 it was recognised that, the longer the lead-in time for planning, the higher the probability that the relevant workstreams and programmes will be effective and the better the County Council will be able to reduce the impacts on frontline services and jobs from any further grant reductions.

1.3. This report summarises the current position and progress on key workstreams. Overall progress on the savings is very good for 2011/12. The key issues for 2012/13 will be around developing a speedy resolution to the Corporate Services Review and the options for Local Authority trading opportunities, as these are essential to the budget proposals for 2012/13. The issues and opportunities around Shared Services are being developed but have a less dramatic impact on our savings strategies in 2012/13.

2. **Workstreams 2011/12**

- 2.1 The savings for 2011/12 are in excess of £55m. £35m of the savings are expected to be delivered by the end of April 2011. This early achievement of 50%+ of the programme links to good progress and straight budget reductions as a result of activity either stopping immediately, for example as in the case of losses of area based grant, or in other areas, lower levels of activity being supported by Member decisions. April also happens to signal the time at which the majority of senior managers affected by the senior management reduction programme, will have left the organisation.

2.2 **Assurance**

- 2.2.1 The work on corporate assurance is reported elsewhere on the agenda and whilst the work gives the approach a 'clean bill of health' it also identifies further improvements to the programme. Confidence is therefore strong about meeting the 2011/12 reductions.

2.3 **Recruitment**

- 2.3.1 Underlying the workstreams and the cost reduction is the cumulative impact of the recruitment moratorium. The table below indicates the continued impact of the recruitment moratorium. The current financial planning arrangements allow departments to retain the benefits of any under spend so that there is a real incentive not to fill vacancies. Whatever the departments do with regard to the filling of vacancies they will ultimately be constrained by the planned 8% budget reduction for 2012/13.
- 2.3.2 While there will always be an ebb and flow in staff numbers, the key point is the continued downward trend in our pay bill which feeds directly into our budget reduction exercise.
- 2.3.3 On the basis of the above, the key metric in identifying whether the recruitment moratorium and other workforce reduction programmes are being effective is to monitor the overall impact on direct staff costs. From September 2010 to February 2011 this has reduced by £905,000 and is likely to reduce significantly further over the coming months as planned headcount reductions take effect.



2.3.4 The table illustrates the reduction in our pay bill. The table excludes the impacts beyond the end of February of removing budgeted vacancies and the planned restructuring of services including the implementation of other decisions (e.g. senior management reductions and premia payment reductions which are not yet in the figures).

3 Workstream Options for 2012/13

3.1 Cabinet agreed that the programme for 2012/13 should be built around the workstreams in Appendix 1 (**exempt**). Terms of reference and implementation leads are being developed for the programme, in line with the experience of what worked for 2011/12. This programme is based around the planning assumption agreed by Cabinet that the Council will seek to meet the planned national grant and expenditure reductions as soon as possible. Building on the experience of last year the report to Cabinet later this year (in July) will establish the relevant expenditure workstream reduction targets.

3.2 Corporate Services Review & Local Authority Trading Company (LATC)

- 3.2.1 A brief and specification for the initial modelling of this work is being prepared. An initial piece of work on cost analysis for Adult Social Care is also being undertaken by specialists in this area. A tender for support on the Corporate Services Review has also gone out to the market. These two initial pieces of work will inform the development of future options. Both these reviews are critical to the 2012/13 budget preparations.

3.3 Timetable

Timeframe/ Completion Date	Description
March – June	Developing departmental 2012/13 saving proposals
March – June	Developing phase four efficiency workstream saving proposals
June	Early integration of phase four workstream savings within the Medium Term Financial Strategy where appropriate
25 July 2011	Cabinet consideration of the Medium Term Financial Strategy and Phase 4 savings proposals
July – August	Refinement of the phase four workstream saving proposals
24 October 2011	Cabinet consideration of the phase four workstream recommendations and saving targets
November onwards	Phase four workstream implementation begins and the saving targets mainstreamed within department budgets
Late 2011/early 2012	Council 2012/13 budget planning and finalisation

4 Equality Impact

- 4.1 Equality issues and impact assessments were explicitly part of the process for phase three corporate workstreams and will be again in phase four. This complements department's statutory equality responsibilities.
- 4.2 Further work continues with departments to understand the potential issues and equality impacts on the community of their efficiency and expenditure reduction work. This task will focus on reviewing service and budget reduction equality impact assessments relating to corporate and departmental efficiency programmes and any other significant changes/reductions to the delivery of services.

- 4.3 This information will be used to better understand the cumulative effect, patterns and themes of the County Council's programme of service and budget reductions to identify any disproportionate impact when taken collectively so that further mitigation can be considered. This work will also inform the development of the 2012/13 budget strategy and review of the Medium Term Financial Strategy.
- 4.4 There will be an emphasis on minimising the further impact in 2012/13 on any sections of the community disproportionately impacted in the 2011/12 savings. This does not necessarily mean that saving proposals won't need to be made, it is just that the implications should be understood and that there is an appropriate continued higher degree of challenge.

5 Recommendations

- 4.1 It is recommended that Cabinet approve the planned approach and the programme of key dates (set out in para 3.3) for the expenditure reduction efficiency transformation programme for 2012/13.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	
<p>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to agree the next phase of the Cost, Reduction, Efficiency programme for application to 2012/13.</p>	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Efficiencies and Expenditure Reductions: Transforming the County Council – reports 1, 2, 3, 4 and 5	1926 2088 2206 2320 2321	26.07.10 27.09.10 25.10.10 29.11.10 22.12.10
Efficiencies and Expenditure Reductions: Transforming the County Council – Phase 4 Report No 1	2701	28.02.11

Section 100 D - Local Government Act 1972 - background documents

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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. It is to be expected that the efficiency reviews will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties each workstream has been asked to consider potential differential impacts on people and communities. More detailed Equality Impact Assessments will be carried out on the implementation plans.

6 Impact on Crime and Disorder:

6.1 N/A

7 Climate Change:

7.1.1 How does what is being proposed impact on our carbon footprint / energy consumption? N/A

7.1.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? N/A