

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	24 January 2011
Title:	“Open for Business”: the alignment of policy with resources
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Report From:	Chief Executive

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1. The purpose of this paper – aligning policy with resources

- 1.1. Members are familiar with our strategy and regular reviews of the Efficiency, Cost Reduction and Transformation Programme. This is reported to Cabinet on a monthly basis and represents our major strategy for dealing with grant reductions and the subsequent change programme. The purpose of this paper is, in a similar way, to take a strategic review of opportunities, policies and transformational issues that will develop over the life of the current political administration. The report is based on the premise that during and throughout the period of cost reduction and changes the County Council will want to review and maintain its high level of performance and also look to develop opportunities that will emerge in the local government landscape. The report is also based on a second premise that Hampshire is “open for business” notwithstanding the planned expenditure reductions.
- 1.2. The remainder of this report goes on to look at specific key policies that should be reviewed, strategic opportunities for the organisation and its staff, and how best to recreate the networks and outcomes that are the foundations of the County Council’s public services. The key objective is to remain focused on specific issues and outcomes during the financial turbulence which is unavoidable. Arguably, our services to the different parts of the County grow in importance when they are potentially rationed by cost reductions and made more important because of their economic and social impact.
- 1.3. The report concludes by defining an approach by which the Cabinet can review initiatives and existing policies to create a framework for allocating future resources and capacity. Members have approved the first phases of the Cost Reduction, Efficiency and Transformation programme which is being factored into the 2011/12 budget. This provides a strategic response

to the reduction in resources. The alignment of policy and resources has been central to the effectiveness of the County Council and its performance. This report therefore deals with the policy end of that alignment, hence ensuring that policy and (and reduced) resources have maximum impact within the County Council.

- 1.4. The reduction in resources challenges the County Council and the breadth and scope of its public service offer. Like any large local authority the County Council defines itself to its residents by what it offers and how it performs. This review recommends that the Council retains the capacity to offer a range of services from culture, the arts, through to services for the most vulnerable in need of care and health support. Once again managing this alignment between policy and what we do with available resources becomes paramount. This report is the beginning of that process.

2. Policy Reviews and outcomes for 2011

- 2.1. The purpose of this section of the report, which will be the first of several over the coming months, is to look at specific policies and objectives, and identify key activities for the Council to focus on. Examples of some of these activities are given in the context of each policy.

2.2. Rural Policies

- 2.2.1 In no particular order, it is suggested that there should be an extension and development of our rural policy objectives involving a review of housing related activity, economic activity and social and wellbeing matters. Consideration needs to be given as to how and with which partners this issue is tackled. Two National Parks and the opportunity to develop with adjoining counties is an obvious issue for consideration. Creating a (revised) set of rural objectives would be a starting point.
- 2.2.2 An update on the Rural Affordable Housing programme will be provided as part of this review. Relationships and outcomes with the two National Parks should be the subject of further discussion. The use of Hampshire Strategic Land Holdings needs to be considered as to their use and future impact. Working with District Council colleagues in these areas will be important and perhaps needs to be reshaped given reduced resources.

2.3 Trading and Shared Services Opportunities

- 2.3.1 The County Council has a long tradition of successful trading arrangements. In relation to trading and commercial opportunities it is anticipated that the expenditure reduction programme across local government, the opportunities in the Department for Health White Papers for Health (public health and commissioning of services), and the Department for Education's White Paper on schools, there will emerge new markets and new opportunities for the County Council. At the same time, existing markets could be expanded around IT, in Property (where we have

national leadership around shared services), around services to schools, procurement and HR.

- 2.3.2 New models of organising both the staff and the outcomes from these services need to be considered but there is a unique opportunity for a large County Council to reposition these services so that they benefit from future collaboration and aggregation. They also provide the basis by which we stretch our overhead costs and contribute to the objectives of other public sector organisations.
- 2.3.3 Beginning a dialogue with other partners would be a starting point around shared services, and developing a conversation on this theme with Senate Partners should be established in 2011. A clear objective would be to maintain high quality staff at the lowest economic cost. Providing leadership in particular sectors would underpin the role of County Government. Merging and sharing services with other local authorities would be on this agenda also.
- 2.3.4 In particular the partnerships with Fire, Police and Health should be reshaped to recognise past successes and reduced resources. Our ability to support shared services with district councils could be reviewed and dialogue with other county councils has begun on specific services within the "South East 7" grouping. Cabinet needs to determine the level of ambition that it has for this activity as it features strongly in the Coalition Government's policies.

2.4 **Partnership Working**

- 2.4.1. The beginning of 2011 is also a good time to begin to review and refresh our partnership working. There needs to be a deep review of what works, what is relevant for the future and how we should shape new partnerships. In particular the voluntary sector and the ideas of wider community benefits associated with both political and philosophical ideas around the Big Society are all relevant in this connection. A short paper on what works and opportunities would be an effective next step. A revitalised and relevant relationship with the voluntary sector should be explored and several meetings have begun at an officer level. Reshaping the relationship with the voluntary sector and County Council services will be difficult at a time of significant cost reduction but there are benefits of more informal dialogue, particularly if the County Council moves to commissioning more from the voluntary sector. The social, economic and service impacts of such a move would need to be assessed.

2.5 **Asset Management**

- 2.5.1 One of the longest standing traditions in the County Council is the development of its asset base, the reshaping and opportunities around capital receipts and translating those opportunities into public service provision. Our land holdings once again open up a unique opportunity for the County Council (particularly with partners) to influence significantly and

strategically how infrastructure and other developments happen across the County.

- 2.5.2 In many areas of our work future infrastructure, transport management and the development of opportunities in these areas will require many months if not years of planning both for the County Council's statutory duties and with partners. It would therefore seem appropriate to think about "Transport for Hampshire" and perhaps partnerships with other agencies that make transport and infrastructure a greater likelihood of bringing significant benefits to the county over many years recognising our statutory duties. A review of our landholding and their strategic value would be a starting point.
- 2.5.3 A report on employment land, use of land for housing, recreation and for capital development will be presented to Cabinet during Spring 2011. Opportunities for accelerated capital receipts should be reviewed.

2.6 **Future Development and Growth**

- 2.6.1 It is worthwhile considering how future development will arise or its pace accelerated. If you take a long view of the economic cycle and economic recovery it's quite likely that the County Council and different parts of its geography will come under pressure again for development. The strategic planning mentioned above, both for infrastructure and land use, will put the County Council in a strong position. Equally the exploitation and development of the County Council's country parks, their extension, refreshment and the opportunities they bring would be significant. It could be a significant opportunity to mark the Queen's Diamond Jubilee by establishing the beginnings of a new country park in Hampshire? Beginning a new acquisition programme may be appropriate.
- 2.6.2 A report on this matter will be presented to a future meeting of Cabinet.

2.7 **Economic Development**

- 2.7.1 The first round of the LEP discussions have been announced and the County Council now needs to make sense of a relationship of a LEP along its southern boundary and potentially other emerging LEP's. Our purchasing power, our scale, our employment size and our relationship with business puts us in a unique position to influence future events. The future development of the economic development function alongside the specific planning for the issues raised in this report suggest that a review of policies and arrangements in this area would be an initial task. Significant political issues arise in this connection. However, economic partnerships should not deflect the Council from public service delivery and leadership, but be seen as complementary to our principal services. Reviewing further our Business engagement strategy based on recent work would be another helpful starting point.

2.8 Public Services in Hampshire

- 2.8.1 The LAA which has for the last three years at least, been a framework for issues such as health, the economy and public services will shortly no longer exist. It will be important that the County Council looks at how it absorbs its new public health duties. The County Council as one of the largest units of local government will become one of the largest public health providers in England. Future relationships with GP's, the possible decline in the influence of the PCT, the role of hospital trusts and other providers will provide real opportunities for a different blend of public sector outcomes, possibly tied in with the County Council's developing ambitions for creating trading opportunities in these areas. A report on public health will come to Cabinet in February/March 2011.
- 2.8.2 The mixed economy that the County Council has in its service base is also an opportunity as we look not only at the cost reduction and efficiency programme but also at the deeper transformation issues that could come about as services are put into trading operations, developed with partners in the public and private sector and as other commercial opportunities emerge. Indeed these opportunities could be with existing partnerships, our waste disposal partnership and other private sector partnerships could be vehicles which are either extended or developed for the future. Also the opportunities that come from waste management, the wider recycling agenda and the opportunities in carbon management and climate change all present policy opportunities that the County Council should review further and engage with. Reports on these issues will be presented to Cabinet during the Spring and Summer.
- 2.8.3 Taken together this is a unique opportunity at a difficult time to redefine the County Council's offering to review the policies and to ensure that as we come out of a public and private sector recession the County Council has clear objectives, strategies to meet those objectives, and a policy review framework which serves it well as a leading County Council in England.

2.9 Capital Financing

- 2.9.1 The Coalition Government has indicated its willingness to consider for infrastructure at least other financing models such as TIF (Tax Increment Financing) to fund infrastructure. It is proposed to review the forecast levels of capital receipts, prudential borrowing protocols and newer financing models to establish their relevance for future financial planning. It is also proposed to look at how private finance could be leveraged into future infrastructure planning. A medium term review of the capital programme would also establish how well our assets could be developed to create new spending opportunities.

2.10 Broadband

2.10.1 The County Council has begun preliminary planning on how it would take forward the roll out of broadband in rural areas and increased width and speed in other areas. A paper defining the opportunity is being prepared for the next Hampshire Economic Board. This potentially could be a very significant economic enabler for many in Hampshire.

2.11 Localism Bill

2.11.1 At the same time as the cost reduction programme Cabinet may wish to look inward to consider opportunities and challenges of the emerging Localism Bill, establishing new powers of competence for the County Council and new requirements around transparency. A report on the issues and implications of the Localism Bill is in hand. Many of its provisions would impact on how the Council does business, how local development takes place and how aspects of the community can be developed to complement or substitute for the Council.

2.11.2 Preparations are in hand for a review of the County Council's Constitution which will be influenced by this Bill and Cabinet's future decisions on our democratic decision making and business processes. Briefings for Members will be put in hand as part of the review work on the Constitution which is planned for submission to the County Council in April 2011.

2.12 Hampshire County Council as an Employer

2.12.1 With over 40,000 staff the County Council's role as an employer brings significant economic benefits to many and to business. However, the County Council will see unprecedented financial impacts over the next two to three years. Traditionally one of the defining characteristics of the County Council has been its role as a large effective employer "of first choice" hence the many strengths of our employees and managers. The County Council will need to redefine how it invests in its staff for the future and builds a new performance and competence framework within which staff will operate. Many of our managers will be retiring. Opportunities will open for staff as we begin to redefine and deliver services in a reduced financial envelope. Rebuilding training, leadership and competence for our employees becomes a central management initiative for the Council. Even within this reduced financial envelope the County Council will be one of the largest local authority employers in England with one of the largest public sector budgets in local government.

2.13 Children and Adults

2.13.1 Whatever the financial reductions there will be new and evolving national policies in education, adult social care and Children's Services. These services will retain significant budgets. The developments in Health

mentioned above may further complicate the delivery of outcomes (in the first instance) but in the medium to long term will require the Council to think about its policy, partners in these spheres of influence, and its capacity in managerial and performance terms. While this landscape is more difficult to define with certainty, it will be an extensive part of our operations. It is more likely that a series of reports and recommendations will be required at particular milestones throughout 2011 and 2012.

- 2.13.2 Continuing to build on the strengths identified in Adult Social Care and the “excellent rating” in Children’s Services provides a platform to look at the mixed economy of provision and new models of delivery by departments and with partners.

3. Conclusions and Next Steps

- 3.1. The policy and legislative initiatives mentioned above are not untypical of the early months of a new government. The Coalition Government is in Health, Education, Police and Local Government redefining how public service outcomes will be delivered. The County Council has already begun to review how it develops and repositions itself to this changing landscape. What is uncharted is how these changes are developed at a time of unprecedented change in local government resources. Taken together they create an opportunity to redefine how the Council responds and how it uses its capacity and resources. The next steps are therefore to systematically work through these policy developments, create a sustainable response and implement the necessary delivery mechanism, keeping sight of the importance of focusing on best value public outcomes. This would then produce a (revised) policy framework around which future capacity and resources would be organised.
- 3.2 Cabinet will therefore be updated on a monthly basis on these developments alongside the monthly report on Cost Reductions, Efficiencies and Transformation.

4. Recommendations

- 4.1 It is recommended that Cabinet:
1. Approve the policy review process identified in the report, and
 2. Agree that the actions defined in the report be put in hand and reported to Cabinet and County Council between January and April 2011.

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

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Not applicable

2. Impact on Crime and Disorder:

2.1. Not applicable

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

None

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

None