

HAMPSHIRE COUNTY COUNCIL**Decision report**

Decision Maker:	Executive Member for Policy and Resources
Date of Decision:	27 January 2014
Decision Title:	Revenue budget report for Policy and Resources for 2014/15
Decision Reference:	5490
Report From:	Chief Executive, Director of Corporate Resources, Director of Policy and Governance, Director of Public Health, Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. The County Council's early action in tackling its forecast budget deficit over the current Comprehensive Spending Review (CSR) period has placed it in a very strong position to produce a 'steady state' budget for 2014/15 and give itself the time and capacity to develop and implement the next phase of savings by 2015/16.
- 1.2. This report proposes a budget for Policy and Resources for 2014/15 and is also approving a range of proposals to close the 2015/16 budget gap in accordance with the Council's Medium Term Financial Strategy (MTFS) reported to Cabinet in July.
- 1.3. The report includes information in respect of the development of proposals for the 12% reduction in spending for 2015/16, consistent with the Transforming the Council to 2015 programme and outlines the framework against which each Department will finalise their budgets for 2015/16.
- 1.4. The report also provides an update on the financial position for the current year. Overall the Departments within Policy and Resources are expected to achieve a break even position after an anticipated draw from the departmental cost of change reserve to fund a number of planned projects and events.
- 1.5. The detailed savings proposals for 2014/15 are outlined in section five of this report and are analysed by workstreams in Appendix 1. As a result of the early implementation of these proposals, the Policy and Resources departments are forecast to be £5.6 million below their cash limit for 2014/15, which in line with current policy will be retained by Departments to be used for cost of change purposes.

- 1.6. The detailed individual proposals that make up these savings together with the anticipated impact of making the savings are shown in Appendix 2.
- 1.7. The development of further savings proposals for implementation as part of the Transforming the Council to 2015 Programme is discussed in Section 10 and key theme areas that are being pursued are outlined in Appendix 6. These proposals will by their very nature be subject to further development, may require consultation before they can be implemented and due to their transformational nature may have less certainty in respect of timescales and the final level of savings.
- 1.8. The framework for delivery of savings against the 2015/16 budget will be formally recommended as part of the overall budget proposals presented to Cabinet and Council in February, but are outlined for information in this report.
- 1.9. The report also outlines the approach for charging for the provision of services in section 6 and provides a summary of income in Appendix 3.
- 1.10. The proposed budget for 2014/15 analysed by service is shown in Appendix 4 and the workforce implications of the budget proposals are set out in Appendix 5.
- 1.11. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2013/14 and proposals for the 2014/15 and 2015/16 revenue budget for Policy and Resources. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 7 February 2014 to make final recommendations to County Council on 20 February 2014.

2. Context and Priorities

- 2.1. Following the CSR announcement in 2010 local government was anticipating an average 28% reduction in Government funding across the Country. Whilst there has been a small increase in the overall amount, the distribution of the reductions has meant that the County Council has experienced Revenue Support Grant reductions of 43% during this period.
- 2.2. Details of the CSR for 2015/16, published in June, included a 10% real terms cut in the Departmental Expenditure Limit (DEL) for local government. The impact on the County Council may not be known until December 2014, but a 10% cash cut in all grant funding has been assumed for planning purposes.
- 2.3. The July MTFS update outlined the Council's strategy to tackle these anticipated budget reductions. Assumptions included in the strategy that have been built into the 2014/15 budget proposals are:
 - a 1% council tax freeze grant available for 2014/15 on the assumption that council tax is not increased
 - a pay increase of 1% for 2014/15
 - general inflationary increases of 2.2% per annum

- 2.4. As part of the MTF update, the 2% annual efficiency targets set for 2014/15 were rolled up into a total 12% target to be delivered by 2015/16. The 'Transforming the Council to 2015' (TtC to 2015) programme that has been developed is expected to deliver these savings in order to close the budget gap by 2015/16.
- 2.5. As part of the transformation programme, the County Council has been developing its 'Shaping Hampshire' plan, signalling the County Council's intention to further transform and shape services for the future.
- 2.6. Departments within Policy and Resources have been developing service plans and budgets for 2014/15 and future years in keeping with the 'Shaping Hampshire' priorities and the key issues, challenges and priorities for the department are set out below.

Departmental Challenges and Priorities

Corporate Resources

- 2.7. The Integrated Business Centre (IBC) is central to our overall Transforming the Council to 2015 programme and will deliver transactional and business support services to the County Council, Fire and Police. The introduction of more efficient and standard processes and systems will remove duplication, save us money, increase our future resilience and ultimately protect front-line services for the people of Hampshire.
- 2.8. The IBC project, together with the linked work reviewing finance and HR operations is progressing well and on target for its launch in 2014. Creating the IBC and changing processes and technologies within the Council enable savings to be made across Corporate Resources.
- 2.9. In addition, information and technology are becoming some of our biggest risks and also biggest opportunities for customer service improvements, innovation and efficiency. Our staff and our customers increasingly use and expect to use technology to get the information or service they need whenever and wherever they want it. To make the level of savings required in the future, current ways of working must change. Digital can offer ways of doing this without damaging service delivery.

Policy and Governance

- 2.10. For some time, the County Council has recognised the need to transform the way it works in, and with communities. Given the challenging financial landscape, the necessity to transform the way we work locally and help communities to be more resilient, has never been greater. Two pilot areas, Havant (Leigh Park) and rural Test Valley have been identified to work through with partners and the community, the challenges and opportunities to improve service provision and coherence. A key aim is to better enable local people to access the right agency or person, at the right time and in the right way. Doing this will improve outcomes for vulnerable residents, make it easier for people to access public services, put the customer first, encourage personal responsibility, tackle demand and ensure value for money. Additionally, a third project is looking at the support that can be provided by the community and voluntary groups alongside the

commissioning and provision of domiciliary care, again with the aim of maximising the community capacity and resilience to support high demand, high cost services.

- 2.11. The Supporting Troubled Families Programme continues to move along at pace, and we remain on track to provide targeted multi-agency support for at least 1,590 families by March 2015. Our new model of multi-agency working has already reported positive outcomes for 222 families where there has been a sustainable improvement in school attendance, reductions in youth crime and helping family members back into training, apprenticeships and employment. Not only is this helping to transform the lives of individual families and communities, but, as all public sector partners seek to deliver challenging efficiency targets, sustaining these improvements will significantly reduce the future demands of these families on the public purse.
- 2.12. Restructuring within Policy and Governance including a re-focused approach for corporate communications and a separately managed governance function is contributing to the Corporate Services savings target together with further increases in business income for legal services.

Strategic and Business Development

- 2.13. Our Workforce Development Strategy, *Transforming the Council Through You*, is all about people, and how we can best prepare for and deliver real, long lasting transformational change. This is, in essence, all about how staff think, act, behave and work and includes four key areas of activity which are:
- Performance management
 - People development
 - Talent Management; and,
 - Change Management
- 2.14. So far we have focused on the performance management and people development areas, and work is really progressing at a pace with the preparation of our new performance management system and competency framework. Attention will soon turn to talent and change management, including health, wellbeing and resilience as part of a more holistic approach to navigating the Council's Transformation to 2015 and beyond.
- 2.15. In March 2013, Cabinet agreed a vision for the Council's Business Strategy – "Improving the quality of life of Hampshire's residents by maintaining our critical mass of quality services". In recent months, work has progressed with support from our Private Sector Partner to analyse existing and potential sold services and the Council's approach to business development. Further work will focus on opportunities for the County Council to further develop sold and shared services for the benefit of Hampshire residents, staff and partner organisations.

Public Health

- 2.16. Key priorities for Public Health include using public health resources to support healthy children through a range of interventions including school nursing services and mental wellbeing through parenting programmes. Coordinated primary and secondary prevention through adequate nutrition, education and physical activity of all sorts to support employable and self-reliant citizens. Addressing social exclusion and the public health aspects of domestic abuse and community safety for people of all ages and supporting the health and social care interventions for people as they age and become more vulnerable.
- 2.17. Effective use of resources in relation to the mandated functions will also be important including delivering an effective, quality assured NHS healthchecks programme, continuing to be able to provide a full public health advice function to Clinical Commissioning Groups (CCGs) and supporting drug and alcohol services to meet changing needs for people of all ages, applying the proportion of the public health grant specified for these purposes.
- 2.18. The Transforming the Council to 2015 Programme, includes a 'Joint Working with Health' workstream looking at the potential for Public Health rationalisation and consolidation across the County Council and also to consider other aspects of working with Health more generally including maximising opportunity from the Integration Transformation Fund provided nationally for Health and Social Care integration.

Culture, Communities and Business Services (CCBS)

- 2.19. The department delivers a wide range of different services with gross expenditure in the region of £142 million per year and income streams of around £100 million leaving a net cash limit of £42 million. A significant challenge facing the department in the current economic climate is maintaining and increasing income including that derived from visitors, partnerships and business clients. Many services, including outdoor centres and countryside services are developing strategies to move towards funding self-sufficiency.
- 2.20. Another significant priority for the department is to seek further efficiency savings and income-generating opportunities through enhanced management of the County Council's use of leased and owned buildings. A range of options are being developed including investment, acquisition, disposal, innovative use of assets and energy-efficient solutions for the County Council together with options for co-location with partners.
- 2.21. Community engagement particularly through volunteering is a strong element of the future strategy for the library, countryside and museums services. The volunteer response has been excellent, however ensuring the future sustainability of services using this model will be challenging.

3. 2013/14 Budget

- 3.1. The cash limited budget for 2013/14 included efficiency savings of £998,000 to be delivered during the year. All departments are monitoring achievement of efficiency targets as part of the normal budget monitoring process for the year.
- 3.2. The budget for Policy and Resources has been updated throughout the year and the revised budget is shown in Appendix 4. The expected outturn forecast for 2013/14 is anticipated to be an underspend in the region of £550,000. This relates to non departmental Policy and Resources budgets and is detailed in paragraph 3.7, with Corporate Services and CCBS forecasting a breakeven position, with costs relating to one-off service investment and change programmes being met from departmental cost of change reserves, where required.
- 3.3. Corporate Services (exc. Public Health) continues to implement a strategy of robust vacancy management and short term actions around strong budgetary control in order to generate savings, which will support the cost of implementing the Corporate Services Review during the current financial year. After meeting these implementation costs it is currently forecast that Corporate Services will achieve a breakeven position.
- 3.4. Public Health is forecasting a pressure against the allocated sexual health budget. The primary reason for this pressure is higher than anticipated spend relating to an increase in sexual health service use at one provider although this is expected to be balanced by a similar lower spend at the main provider. Public Health will ensure that spend in controllable areas is managed proactively and to seek to offset the pressure relating to sexual health by the end of the year.
- 3.5. Plans have been developed to use the balance of the Public Health grant and are detailed in the Executive Member for Adult Social Care and Public Health budget report. Should any balance remain unspent, that element will be carried forward into 2014/15.
- 3.6. Overall, Culture, Communities and Business Services is forecasting a breakeven position. Continued strong financial management and additional income within the Registration, Asbestos and Print Sign Workshop services, has enabled the department to absorb the majority of the £0.5m cost of the 2013/14 pay award. The balance of this cost is being funded by a draw from the department's designated under spending reserve. This reserve is also being used to fund planned expenditure relating to one-off service investment and change programmes designed to maintain and enhance future income streams and reduce cost.
- 3.7. Non departmental P&R budgets are forecast to underspend in the region of £550,000. This is as a result of forecast underspends in several different areas, including:
 - The external audit fee is anticipated to be £78,000 below the current budget.

- An expectation that around £60,000 of the total £100,000 funding made available for World War commemorations Legacy will be required this financial year and that the remainder will be carried forward to 2014/15 to match the expected phasing of expenditure
- Of the £100,000 made available for Olympic Legacy, around £20,000 will be required this financial year with the remainder being carried forward to 2014/15 to match the expected phasing of expenditure.
- Rural spending priorities have been under review by the new Lead Member for rural affairs and a Draft Rural Policy Paper is being prepared for the March Cabinet Meeting. The allocation of the rural affairs fund has been postponed this year pending this review and as a result this budget is anticipated to be underspent by £176,000.
- A £30,900 underspend on the corporate expenses budget which represents a continuation of trends in recent years to fund fewer events

Budget 2014/15

4. Revenue Savings Proposals

- 4.1. In July, Cabinet decided to roll up the 2% efficiency targets set for 2014/15 into a total 12% target to be delivered by 2015/16.
- 4.2. As part of the Transforming the Council to 2015 programme, corporate workstreams have been developed that will deliver the bulk of the savings by 2015/16. Each Department retains responsibility for achieving its Departmental savings target and has developed further proposals to ensure the 12% target can be met.
- 4.3. A number of these proposals are already well developed and as such can be taken into account as part of the budget setting process for 2014/15. The early delivery of these 'firm' proposals will create a surplus for Departments against their 2014/15 cash limit which will be used to fund the costs of change in line with the current policy.
- 4.4. Appendix 1 details the savings proposals for Policy and Resources between the corporate workstreams and departmental savings. It shows that 82.7% of the savings for Policy and Resources are being delivered through the corporate workstreams.
- 4.5. Appendix 1 also shows proposals for the early achievement of £5.6 million of the savings during 2014/15.

4.6. These are summarised in the table below:

	2014/15	Full Year
	£000	£000
Corporate workstream savings	4,373	8,254
Departmental savings	1,221	1,723
Total savings	5,594	9,977

- 4.7. A large proportion of the savings will arise from the continuation of the existing Workstyle office accommodation programme. This is reviewing the current Workstyle hub solutions and considering further collaboration and consolidation opportunities including, where possible, with external providers and partners.
- 4.8. Management structures are being reviewed in a number of areas including Corporate Services, CCBS business support and the Library Service where a new strategy is being developed. The aim is to minimise the impact on services by re-shaping roles in line with more efficient and modernised approaches. Proposals combine a number of measures including vacancy management and joint working with other departments and external partners.
- 4.9. It is also proposed to cease the Accredited Community Safety Service (ACSO) by the 31st March 2015. The resultant savings would be used to support the continuation of a comprehensive Library Service and major repairs to the corporate and countryside estates. There are significant overlaps between the ACSO service and the work undertaken by Police Community Support Officers (PCSOs), which were introduced later into Hampshire than many other parts of the country. There are around 33 full time equivalent staff employed as part of the ACSO service compared to 333 PCSOs
- 4.10. PCSO's are given powers by the Chief Constable which in Hampshire includes the power to 'stop and search' with the aim of spending 80% of their time in visible policing roles. ACSO's were introduced before PCSO's were introduced in Hampshire, they do not have any powers to act and are not part of the policing service. Over the next year, discussions will be held with the Police and Crime Commissioner and Chief Constable about maintaining the wider policing services provided to the County of Hampshire.
- 4.11. Efficiencies in the use of IT and IT enabled services are also proposed, together with opportunities to generate additional income in a number of services including Registration, IT and legal services and the Great Hall.
- 4.12. Following discussions with voluntary sector infrastructure support organisations and other community groups, overall reductions in grants

budgets are proposed. Organisations are being encouraged to review their operations and costs and seek opportunities for reorganisation/better collaboration and cost saving through sharing of back office services.

- 4.13. A more detailed summary of the savings proposals for 2014/15 is contained in Appendix 2 which shows the estimated impact on workforce levels. The Appendix also provides information on the type of savings proposals categorised over Transformational, Efficiencies, Income Generation or Service Reductions. The table below summarises the split of savings between these categories:

	2014/15	Full Year
	£000	£000
Transformational	2,202	3,922
Efficiencies	2,930	4,974
Income Generation	125	431
Service Reductions	337	650
Total	5,594	9,977

- 4.14. These savings proposals will result in an estimated workforce reduction of 79 full-time equivalent (FTE) positions in 2014/15 and rising to 113 in a full year.

5. Review of charges

- 5.1. For Policy and Resources overall, the 2014/15 revenue budget includes income of £10.5 million from fees and charges to service users. This is an increase of £0.3m (3%) on the adjusted original budget for 2013/14.
- 5.2. Details of income from fees and charges for 2014/15 and the approach for reviewing these are outlined in Appendix 3.

6. Other expenditure

- 6.1. The budget includes some items which are not counted against the cash limit. This includes business units whose costs are covered by customer income and also the Coroner's Service which is budgeted for outside the Policy and Resources cash limit, as the County Council has no direct control over service levels provided and costs incurred.
- 6.2. The overall budget includes other items which are not counted against the cash limit. This includes adjustments for pension and early retirement costs in accordance with International Accounting Standard 19 (IAS 19). Budgets to cover depreciation on assets used to deliver Policy and Resources services and recharges to direct services of central support

services and repair and maintenance of buildings will be included in the presentation of the budget to the County Council in February together with recharges from other services to Policy and Resources to reflect corporate management and support for the democratic process

7. Budget summary 2014/15

- 7.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each portfolio. The cash limit for Policy and Resources, excluding Public Health in that report was £97.6 million. In addition, the ring-fenced Government Grant for Public Health is £40.4 million.
- 7.2. Appendix 4 sets out a summary of the proposed budgets for the service activities provided by Policy and Resources for 2014/15. Within this are early savings of £5.6 million. These spare resources will be retained by departments to meet the future costs of change in line with the current County Council policy.
- 7.3. The detailed plans for spend against the ring-fenced Government Grant for Public Health are included in the Executive Member for Adult Social Care and Public Health budget report.
- 7.4. In addition to these cash limited items there are further budgets which fall under the responsibility of Policy and Resources, which are shown in the table below :-

	2014/15
	£000
Cash limited expenditure	138,070
Coroners	1,331
Trading Unit net surplus	-747
Government Grants:	
Inshore Fisheries and Conservation	-204
Supporting Troubled Families	-1,599
Local Reform and Community Voices	-540
Public Health	-40,428
Total net expenditure	95,883

- 7.5. This net position excludes the impact of capital charges and central recharges of repairs and maintenance and support service charges which

will be added as part of the overall budget reported to Cabinet and County Council in February.

8. Workforce implications

- 8.1. The workforce implications of the proposed budget for 2014/15 are set out in Appendix 5. At the end of 2014/15 the planned workforce for Policy and Resources, including the business units is 3,755 full time equivalent (FTE) staff. This compares with the revised estimate at the end of 2013/14 of 3,712 FTEs which is an increase of 43 FTEs as summarised below:

	FTEs
FTE staff as at 31 March 2014	3,712
Transfers and other changes	122
Changes relating to savings targets	(79)
FTE staff as at 31 March 2015	3,755

- 8.2. The transfers and other changes relate to an increase in posts funded by external income in HC3S, Property Services and Corporate Resources as well as the ending of temporary arrangements during 2013/14 to use external contractors and agency staff. The increase is partly offset by the impact of the anticipated transfer of Arts and Museums employees into an independent trust during 2014/15. The changes relating to savings proposals are set out in Appendix 2.

9. Transforming the Council to 2015

- 9.1. The public sector has experienced unprecedented change over the last 4 years, following the significant reductions in Government Grant that have been put in place.
- 9.2. The County Council has from the outset responded positively to these reductions, dating back to the 'in year' reductions in Children's Services grants during 2010/11 and then in respect of the anticipated reductions over the 2010 Comprehensive Spending Review period.
- 9.3. The key strands of the County Council's strategy during this period, is to plan well in advance, to implement savings in advance of need and then use the surplus resources to fund the next phase of investments in order to secure even greater efficiencies.
- 9.4. This strategy has enabled the County Council to develop its 2014/15 budget without the need to implement significant savings and means that it has the time and capacity to develop further efficiencies and importantly to transform services with a view to implementing revised models of service delivery for the 2015/16 financial year.

- 9.5. The Transforming the Council to 2015 Programme was put in place last year and is based as in previous years on the pursuit of a range of Corporate Workstreams designed to assist Departments in achieving their 12% savings targets.
- 9.6. Given the developmental and transformational nature of many of the savings, it is not possible to provide detailed proposals on all areas at this stage but a summary of key theme areas for Policy and Resources has been provided at Appendix 6 and show a total range of savings of £2.585 million to £2.785 million.
- 9.7. In order to provide Directors with the flexibility to maximise opportunities within the overall Programme, it is proposed that delegated authority will be sought from the Cabinet to give them the authority (in consultation with the relevant Executive Member) to implement savings that are consistent with the themes and values outlined in Appendix 6 during 2014/15 and 2015/16, that will enable them to come within their 2015/16 cash limits.
- 9.8. This flexibility is necessary because whilst there is certainty over the financial envelope within which Departments are working, the revised operating model designed to meet the savings target is not yet fully clear and will potentially be subject to transformational activity, further development, refinement or investment and in some cases formal consultation with users before they can be fully implemented.
- 9.9. Any significant departures either in terms of value or against the themes that have been identified will require formal approval from Cabinet before they can be fully implemented.
- 9.10. Given the scale of the total savings that are being implemented as part of the Transforming the Council to 2015 Programme, the Corporate Management Team will continue to undertake detailed monitoring of the overall programme and in particular those items outlined in Appendix 6 to ensure that they remain on track for delivery for 2015/16. Regular updates will also be provided to Cabinet.

10. Conclusion

- 10.1. This report outlines the key issues and proposals for the Policy and Resources budget for 2014/15 and sets out the key themes and methodologies in respect of developing savings proposals to meet the 12% savings target for 2015/16.
- 10.2. Risk associated with achieving these proposals, are set out within this report. There is a strong focus to ensure the impact on service users and staff will be minimised. However, given the cumulative effect of savings over recent years, there will inevitably be some impact in some areas which will take time to adjust to new ways of working.
- 10.3. Equality Impact Assessments have been undertaken in respect of the main savings proposals, and where necessary, appropriate actions have been identified.

- 10.4. The Departmental Management Teams will monitor progress against all savings proposals on a regular basis, and highlight issues with the Executive Member where appropriate. Separate corporate monitoring of savings delivery will be undertaken by CMT and will be reported to Cabinet on a regular basis.
- 10.5. Delegated authority will be requested to allow the Directors in consultation with the Cabinet Members to implement proposals consistent with those outlined in this report in order to set service budgets within the provisional cash limits that will be set for 2015/16.

11. Recommendations

To approve for submission to the Leader and Cabinet:

- 11.1. The firm proposals for savings totalling £5.594 million in 2014/15 and £9.977 million in a full year (as set out in Appendix 1 and 2)
- 11.2. The annual review of income and charges (as set out in Appendix 3).
- 11.3. The revised budget for 2013/14 (as set out in Appendix 4).
- 11.4. The summary budget for 2014/15 (as set out in Appendix 4).
- 11.5. The workforce implications of the proposed budget for 2014/15 (as set out in Appendix 5).
- 11.6. The key theme areas for further savings as part of the Transforming the Council to 2015 Programme (as set out in Appendix 6)

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

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

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None		

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. Departments have carried out a screening for equality impact on all budget decisions. This work was supported by trained equalities leads and service managers and was approved by Departmental management teams.
- 1.2. This identified that there will be an impact on staff and services as a result of some of the budget proposals. Where potential negative or adverse impact has been identified, we have put in place proportionate and relevant responses to mitigate this.
- 1.3. On the whole however, the proposals contained in this paper relate to improved, modernised or transformed services, or to different models of delivery and where possible, provide greater choice for, and greater involvement of, service users.

2. Impact on Crime and Disorder:

- 2.1. Crime prevention will be a major factor considered in the review of Community Safety service delivery options.
- 2.2. The other proposals in this report are not considered to have any direct impact on the prevention of crime, but where services are being re-designed this will be a factor that is being taken into account.

3. Climate Change:

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

There are no specific proposals that impact on the County Council's carbon footprint / energy consumption but where service changes are being considered they will take this into account.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

There are no specific proposals that directly relate to climate change issues but where service changes are being considered they will take this into account.

Policy and Resources
Summary of corporate workstreams
2014/15 Firm Proposals

Corp. Workstream Ref.	Description	2014/15 Savings	Full year Savings
		£'000	£'000
FE1	Senior management & other workforce savings	1,825	1,825
FE2	Staff overheads & running costs	225	475
FE4	ICT cost reduction	415	1,551
FE5	Workstyle	1,400	2,000
FE6	Integrated Business Centre (IBC)	427	1,297
ES6	External Spend - IT	0	625
ES7	External spend Repair and Maintenance	0	237
ST1	Enabling and working with communities	81	244
		4,373	8,254
D	Departmental Savings	1,221	1,723
	Total savings	5,594	9,977

**CCBS
Expenditure Reduction Options – 2014/15 Firm Proposals**

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15		Full Year	
					£000	FTE	£000	FTE
FE5	T	Workstyle	Reviewing the current Workstyle hub solutions and considering further collaboration and consolidation opportunities including, where possible, with external providers and partners	No impact as this is continuing current approach for office accommodation	1,400	-	2,000	-
ES7	E	External spend Repair and Maintenance	Review of the term maintenance contract arrangements to do more for less	Increased pressure on funding for urgent health and safety matters	-	-	237	-
FE1	E	Senior management restructure in Trading Standards	New staffing structure to meet new service strategy	This will have minimal impact on the service as it is anticipated that a similar level of service can be delivered with less staff (management in particular) and at lower grades.	325	7	325	-
ST1	R	Enabling and working with communities	Reduction in revenue grants to community organisations and staffing restructure focused on reducing management to protect direct services.	Alternative sources of funding will need to be sought by external community organisations.	81	1	244	-
Total of Corporate Workstreams					1,806	8	2,806	-

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15	Full Year		
					£000	FTE	£000	FTE
1	I	Registration	Review of pricing strategy in response to on-going high demand for marriage and civil partnership ceremonies.	Minimal impact as demand continues to be high	105	-	105	-
2	E	Business support	Restructure of management team and support staff and a review of facilities management including HQ security, cleaning and postal services. Increased income from increased trading activity of the sign workshop	Anticipated minimal impact. Proposals are being developed which combine a number of measures: vacancy management; re-shaping of roles and creation of capacity at lower grades; joint working with other departments and Police and Fire and improved efficiency of service provision	172	3.4	383	1.6
3	I	Great Hall	Income generation opportunities at the Great Hall through increase to suggested donation, increased visitor numbers and spend per visitor due to improved offer following Great Hall improvement project. Visitor numbers expected to increase for commemoration of 100 year anniversary of the Great War.	No impact as the income increase is voluntary and based on an improved offer.	20	-	40	-
Total of Departmental Savings					297	3.4	528	1.6
Total Savings CCBS					2,103	11.4	3,334	1.6

**Corporate Services (excluding Public Health)
Expenditure Reduction Options – 2014/15 Firm Proposals**

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15		Full Year	
					£0	FTE	£0	FTE
FE1	E	Corporate Services	Release of additional 4% saving generated by Corporate Services restructure in 2012/13	No impact already fully embedded	1,500		1,500	
FE6	T	Corporate Resources - IBC	Savings relating to the IBC and associated restructuring	Main savings arising through reductions in staff numbers enabled through new processes supported by technological changes. Changes for Departments being addressed through the business readiness workstream within the project.	752	56	1,622	16
FE6	E	Corporate Resources - IBC	<i>Licensing costs that have to be met as part of the IBC project</i>	<i>Highlighted so that comparison to Departmental target is accurate</i>	(325)		(325)	
ES6	E	IT - Software	Software contracts and software asset management - consolidation of software estate and review of and renegotiation of contracts	Potentially impact on some services needing to transfer to corporate standard software.			275	
FE4	E	IT - Hardware	Greater reuse of IT equipment together with a review of the maintenance contract and contract for mobile phones. Reduce wireless costs through new technology to improve efficiency of management and administration.	Need to manage customer expectation for new equipment and ensure re-cycled kit meets customer need.			320	
FE4	E	IT - disk storage	Review options for lower cost disk storage through alternative technology and improved housekeeping of data to be stored.	Users will need to understand and implement housekeeping of data. Dependent on a new contract tendered in 2013.			200	
FE4	T	IT - data centre	Review options for reducing the operating costs of the data centre, e.g. remote support to reduce 24/7 on-site staffing	Need to minimise risk of data centre failure and maintain service quality on which departments, services and customers depend.			150	tbc

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15		Full Year	
					£0	FTE	£0	FTE
FE4	T	IT - Support	Review staff mix and level of service provided by the help desk alongside greater self-service and automation.	Need to encourage staff to use self-service and manage customer expectation of level and speed of response from help desk support. Invest to save in automation tools required.	50	2	150	4
ES6	E	IT - HPSN2	Review of cost and scope of HPSN2 Contract with suppliers.	Aim will be to maintain service quality increase capacity and at reduced cost			250	
ES6	E	IT - Resourcing	Reduction in use and cost of external contractors by reviewing contract length, day rates, productivity and by growing internal skills and capacity	Greater investment in internal and permanent staff. Risk of insufficient resource and/or skill to meet customer demands will be managed by improved forward planning			100	
FE4	E	IT - Management	Review of IT Processes to reduce management 'burdens' and challenge requirements. Together with staffing restructure	Improved capacity to lead the service	365		495	
FE4	I	IT - Management	Recalibration of pricing strategy and operating model	Increased productivity and effectiveness to reduce operating costs, especially for external business and growth.			236	tbc
FE2	E	Policy & Governance	Removal of vacant posts and associated savings within Communications and Performance	Reduced capacity and less flexibility	225	2	225	
FE2	E	Policy & Governance	Restructure within Policy and Governance	Reduced capacity and less flexibility			250	7
Total of Corporate Workstreams					2,567	60	5,448	27

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15		Full Year	
					£0	FTE	£0	FTE
1	R	Corporate Resources - Hantsdirect	Reduction in the size of the face to face team.	No impact on the service due to changes the way this service is being delivered.	136	7	183	1
2	E	Corporate Resources - Audit Services	Restructure within Audit Services	No impact - system efficiencies have enabled service commitments to be absorbed within the existing team	87	1	87	
3	E	Corporate Resources - Hantsdirect	Introduction of an automated workforce management system and automated voice technology for simple services	Better scheduling of resources would enable the use of fewer call handlers and reduced unproductive time. Customers would be dealt with by an automated system rather than by call handlers for simple services.			71	4
5	R	Corporate Resources - Hantsdirect	Removal of resource earmarked for use for additional Blue Badge enforcement	No impact - it was believed that additional enforcement in this area may be required. Current arrangements are sufficient and additional enforcement activity is not required therefore this resource is no longer required.	48		48	
6	E	Corporate Services - Central Budgets	Reduction in centrally held housekeeping budgets	No impact - efficiencies possible as a result of centralising budgets from across Corporate Services.	80		80	
7	E	Policy & Governance	Health Watch Contract Savings	None	150		150	
8	R	Policy & Governance	Reduction in Community Planning Budget	None	50		50	
9	I	Policy & Governance	Additional income generation within Legal Services	None			50	
Total of Departmental Savings					551	8	719	5
Total Savings Corporate Services					3,118	68	6,167	32

**Policy and Governance Non-Departmental Budgets
Expenditure Reduction Options – 2014/15 Firm Proposals**

Ref.	Savings Type	Service Activity	Description	Impact / Issues	2014/15		Full Year	
					£0	FTE	£0	FTE
1	E	External Audit Fee	Reduced fee following a tender exercise by the Audit Commission to outsource the work of its in-house audit practice	None	74		74	
2	E	Various Corporate Budgets	Review and housekeeping of centrally held budgets	None	255		255	
3	E	Members Support Costs	Historic underspend due to reductions in support costs.	None	22		22	
4	R	Grants to Council of Voluntary Services	Reduction in grants	CVS are expected to review their operations in order to reduce their costs in line with the grant funding which they receive.	16		100	
5	R	Grants to Other Bodies	Reduction in grants	Organisations are expected to review their operations in order to reduce their costs in line with the grant funding which they receive.	6		25	
Total Savings Non-departmental Budgets					373		476	
Grand Total P&R					5,594	79	9,977	34

Review of income 2014/15	Total Income (14/15 Budget) £	
Mandatory Charges:		
Culture, Communities & Business Services department		
Statutory Registration Fees: Birth, Death, Marriages, Civil Partnership certificates and citizenship	708,400	Statutory Fees set nationally.
Trading Standards Licenses Petroleum licensing and Vapour recovery	34,100	Statutory Fees set nationally.
Corporate Services Department		
Blue Badge disabled parking scheme	251,000	Maximum Statutory Fee set nationally.

Discretionary Charges:**Community**

Rentals/lettings and annual conference	40,500	Charges for hire of community facilities vary by site. The results of a rent equalisation review are currently being considered. It is anticipated that, subject to the necessary approvals, hire charges will increase in 2014/15. No change is proposed to the annual conference delegate fee.
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Libraries

Various charges are made including:

- fines for overdue books, audio books, scores and music sets
- hire income (music CDs, DVDs, computer games, audio books and language packs)
- reservations and inter-library loans
- printing and photocopying
- room hire, ticketed events and adult learning

1,298,700

No changes are currently proposed. They will be reviewed during the year.

Culture & Heritage

Culture-All Passport	129,000	No change is proposed for the current £75 charge.
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Countryside Service

Admissions income	226,400	The Countryside Service has, over the past three years, been able to make significant increases to its fees and
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Car Parking	522,000	charges in order to bring these into line with local or national averages. Parking, entrance, season tickets and membership prices have been increased at the Service's country park venues to reflect the offer to the public and to ensure parity with similar local attractions. Although it is intended to continue to improve the offer to our customers, without new or improved facilities it is considered prudent to hold the current level of charges for 2014/15 in order to maintain the steady increase in visitor numbers and the associated secondary spend, but to revise this approach once new or improved facilities and attractions are provided.
Other income	470,000	Other income to country parks includes rent, catering income, shop sales and charges for various activities. These charges are reviewed annually and overall the 2014/15 budget includes a 2% increase in income from these sources.
Outdoor Centres		
Fees & Charges for Outdoor Activities	312,600	Fees and charges for outdoor activities are reviewed regularly and take into consideration overall market conditions. The charges are dependent on activities, group size and length of stay. Generally, charges for 2014/15 are expected to increase to reflect the rising costs of delivering these services.
Arts		
Admissions	202,500	Admissions prices for events and shows at the Arts Centres vary by each individual event are set in negotiation with artists and agents to be in line with market demand. Overall, the 2014/15 budget includes a 1% increase in income from admissions.

Other income	300,900	Other income sources for the Arts Centres include retail, catering, gigs, films, car parking, classes & workshops and lettings. Due to market conditions, charges have generally not been increased, but have been set to ensure full cost recovery.
Museums		
Admissions	34,700	Admission charges vary by site and are currently under review for 2014/15 with an increase of between 1 and 3% anticipated.
Other income	128,500	Other sources of income to the Museums include retail, catering, room hire and other lettings. Charges vary by site and according to market conditions, but are set to ensure cost recovery.
Hampshire Wardrobe	30,000	Hampshire Wardrobe charges vary depending on the individual items, costumes and length of time hired. Discounts are available for the bulk hire of 10 costumes or more. In 2014/15 charges are budgeted to increase by 3%.
Calshot Activities Centre Schools Income	1,121,300	Fees and charges for activities are reviewed annually and take into consideration overall market conditions. The charges are dependent on activities, group size and type of course and are set to recover cost.
Recreational Courses	566,600	
Recreational Non-Taught Income	528,800	
Archives		
Sales, Services & Events	41,000	Charges for Archives sales, services and events vary according to the nature of item, service or event. Charges are set to ensure full cost recovery.

Milestones

Admissions	413,000	Different admission charges are made for one-off visits, pre-booked groups and annual memberships. An increase of 3% is proposed for all admissions except annual membership where no change is proposed.
Other income	389,200	Other income sources to Milestones include retail, catering, lettings and events. The charges vary according the nature of the items sold or type of event and are set considering market conditions and to recover costs.

Business Support

Great Hall shop sales	93,400	Great Hall shop prices are reviewed annually, considering market conditions and are set to recover full costs.
Great Hall wedding hires and related income	21,000	Weddings at the Great Hall are charged at £3,000 and £10 per person. These charges are set in order to recover full costs and are due to be reviewed during 2014.
Trading Standards Buy with Confidence	66,000	The Buy with Confidence scheme has three levels of fees, set according to number of employees. Fees are reviewed annually and an increase of 2.2% is proposed for 2014/15.
Registration Service	1,623,400	The Registration Service has a variable set of fees depending on the type of event or certificate, and the venue and timing of ceremonies. The majority of charges for ceremonies have been increased by 2.7% for 2014/15.

County Farms

Agricultural lettings	587,700	Rent charges for county farms are reviewed as part of a rolling programme led by Estates. Charges will vary according to market conditions, size and nature of the farms.
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Other income	35,800	Other income to county farms includes contributions to repairs and improvements, and recovery of utility charges.
Sites for Gypsies & Travellers		
Rents	212,000	Pitches are currently charged at a flat rate of £56 per week. This may be reassessed after a review of the Gypsy and Traveller Service is completed later this year.
Utilities	85,900	Utility charges are reviewed regularly and set to ensure that they continue to recover the full cost of utilities supplied.

**Policy and Resources
Budget summary 2014/15**

	Original Budget 2013/14	Revised Budget 2013/14	Proposed Budget 2014/15
Service Activity	£000	£000	£000
Culture, Communities and Business Services:			
Business Services:			
Business Services	210.7	73.3	181.0
Rural Broadband	92.5	103.4	93.0
Sir Harold Hillier Gardens	471.9	471.9	472.0
Business Support:			
Office Accommodation/Workstyle	6,802.8	7,293.7	7,087.0
Facilities Management	2,812.8	2,810.3	2,870.0
Business Support/Risk, Health & Safety	1,587.9	1,540.6	1,503.0
Community:			
Regulatory Services	3,879.1	3,740.7	3,825.0
Community Grants & Policy Fund	1,680.3	1,680.3	1,680.0
Sport	210.4	195.6	210.0
Community	340.3	334.6	343.0
Library Service	12,923.0	13,416.2	12,970.0
Culture & Heritage:			
Countryside	3,017.8	3,115.6	3,053.0
Outdoors Centres	466.1	651.8	443.0
Arts & Museums	2,775.3	2,978.9	2,813.0
Archives	944.3	987.4	956.0
Property Services:			
Direct Services	(856.9)	(826.4)	(893.0)
Repair and Maintenance	3,630.1	3,630.1	3,756.0
Property Services	1,224.4	1,389.5	1,266.0

	Original Budget 2013/14	Revised Budget 2013/14	Proposed Budget 2014/15
Service Activity	£000	£000	£000
Other Direct Services:			
Public Health	36,753.0	36,753.0	40,428.0
Grants to Voluntary Organisations	412.3	542.7	262.0
Grants/Contributions to Councils of Community Service and other bodies	1,013.6	1,013.6	1,064.0
Members Devolved Budgets	624.0	624.0	624.0
Supporting Troubled Families	1,899.0	2,361.4	1,899.0
Other Direct and Corporate Services	874.0	2,347.5	959.0
Corporate Services:			
Policy and Governance:			
- Legal	2,265.5	2,125.6	2,028.0
- Governance	1,243.0	1,345.2	1,347.0
- Performance & Communications	1,508.1	1,587.3	1,576.0
- Policy & Programmes	1,641.9	1,571.4	1,591.0
Strategic Business Development	596.7	1,421.4	1,226.0
Corporate Resources:			
- Customer and Business Services	7,319.6	7,404.7	8,601.0
- HR	2,574.5	1,788.1	1,941.0
- Finance	5,284.6	5,324.0	4,240.0
- Audit	707.9	725.6	739.0
- IT	20,449.0	19,175.2	19,944.0
Other Corporate Services	2,866.1	4,726.6	4,145.0
Members Support Costs	1,747.8	1,747.8	1,748.0
Other Central Support Services	847.4	891.4	895.0
Total P&R Cash Limited Services	132,840.8	137,064.0	138,070.0
Coroners	1,319.6	1,331.0	1,331.0

	Original Budget 2013/14	Revised Budget 2013/14	Proposed Budget 2014/15
	£000	£000	£000
Service Activity			
Transfers (to) / from reserves:			
School Library Service	(53.4)	38.1	(48.0)
Hampshire Wardrobe	-	(2.4)	-
River Hamble	(60.5)		
Caretaking and Cleaning Support Service	(8.9)	(17.9)	-
Segensworth Unit Factories	(12.0)	(12.0)	(12.0)
Hampshire Printing Services	(61.0)	(50.6)	(33.0)
Corporate Procurement County Supplies	(31.0)	(117.5)	(92.0)
HC3S	(68.0)	(68.0)	(398.0)
Hampshire Transport Management (HTM)	(29.0)	(34.0)	(51.0)
EFS	-	-	-
EPS	(55.0)	-	(113.0)
Government Grants:			
Inshore Fisheries and Conservation	(204.0)	(204.0)	(204.0)
Supporting Troubled Families	(1,599.0)	(1,599.0)	(1,599.0)
Local Reform and Community Voices	(540.0)	(540.0)	(540.0)
Public Health Grant	(36,753.0)	(36,753.0)	(40,428.0)
Total net expenditure	94,685.6	99,034.7	95,883.0

**Policy and Resources
Workforce implications**

Service Activity	Estimated Staff Numbers (full-time equivalent) 31.3.2014	Transfers & Other Changes*	Impact of Savings Proposals	Estimated Staff Numbers (full-time equivalent) 31.3.2015
CCBS Department:				
Community	567	-7	-8	552
Culture and Heritage	290	-85		205
Property	310	30		340
Business Support	235	1	-3	233
Business Services	45	6		51
CCBS Trading Units	868	161		1,029
Total CCBS Department	2,315	106	-11	2,410
Corporate Services:				
Central Budget and Chief Executive's Office	11	1		12
Corporate Resources	1,080	13	-66	1,027
Strategic Business Development	40	-2		38
Policy and Governance	141	1	-2	140
Corporate Services Trading Units	60	-2		58
Total Corporate Services	1,332	11	-68	1,275
Public Health	28	3		31
Public Health	28	3	-	31
Other				
Sir Harold Hillier Gardens	31			31
Coroners	3	1		4
Supporting Troubled Families	3	1		4
Total Other Staff	37	2	-	39
Overall Total Policy and Resources	3,712	122	-79	3,755

*The majority of other changes are funded by external income

TRANSFORMATION TO 2015 – POLICY AND RESOURCES – KEY THEMES

	Service Area	Corporate Workstream	Description of Proposal	Key Actions and Timescales	Anticipated 2015/16 Saving £'000
1	Library Service	ST1	New library strategy to consider options for re-provisioning a few small libraries and changes to the mobile service to reduce the number of underused stops to make it more efficient. Also staffing re-structure	Consultation with staff, library users and potential partners for service delivery will be carried out during 2014/15.	300
2	Community Safety	ST1	To give notice to cease the Accredited Community Safety Service by the end of 2014 and honouring existing contracts	Consultation with staff and other organisations providing similar services will commence early in 2014.	1,500
3	Countryside Service	-	A strategic review of the countryside estate in relation to potential development, including maximising income generation and collaborative working arrangements. Consideration of transferring some in-house estate management work to external provider. Targeted reduction in management posts. Reduced support to one Joint Management Committee	Strategic review will be carried out during 2014 and will include market analysis of potential providers of estate management work.	275 - 340

4	Arts and Museums	-	Interim Trust Board to be established early 2014.	Interim Trust status in early 2014 including staff consultation with a report back to key stakeholders prior to final consideration planned for March 2014.	80 - 100
5	Archives and Records	-	Detailed service review planned including consideration of further partnership working with Trusts and other local authorities and exploring opportunities for increased income.	Detailed service review will continue in 2014	80 - 100
6	Property Services including Corporate Estate and County Farms	-	More efficient delivery through revised work scheduling and management restructuring and increased income from new sources.	Detailed service review will continue in 2014	190 - 240
7	Outdoor Centres	-	A strategy to reduce expenditure across the service with improved systems and processes together with management and other back office staffing reductions and improved partnership working both internally and externally. The strategy will also focus on generating new income streams and consider investment in new provision as part of a wider income generating stream.	Strategy will be developed during 2014 and business cases developed for service investment as part of the income generating strategy	40 – 50

8	Sport	ST1	Exploring options to achieve health and wellbeing outcomes through sport with other partners including another host authority or community interest company.	Discussions with potential partners will take place during 2014 together with consultation with staff	20 - 25
9	Policy and Resources Grants		Reduction in Member's Devolved Grants		70-100
10	Corporate Expenses		Reductions in the Corporate Expenses budget in line with average spend.		30
TOTAL					2,585 – 2,785