

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	30 March 2015
<b>Title:</b>	Transforming the Council to 2015 Final Report
<b>Reference:</b>	6611
<b>Report From:</b>	Chief Executive

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#### 1. Executive Summary

- 1.1 The Cabinet at its meeting on 27 October 2014 considered a report from the Chief Executive setting out the latest progress on the Transformation to 2015 Programme, following the second internal peer review process that took place in September.
- 1.2 The report concluded that there was sufficient traction on the implementation and delivery of the required savings to provide the confidence to switch some initial focus to the Transformation to 2017 Programme, which would need to consider how to deliver the next tranche of £98 million worth of savings required to balance the budget by 2017/18.
- 1.3 Since that time, robust monthly monitoring of the delivery of the Transformation to 2015 Programme has continued and has been reported to the Corporate Management Team (CMT). In addition, a separate exercise was carried out during January to produce a revised detailed assessment of the level of cash savings that it was anticipated would be achieved during the 2015/16 financial year. This exercise concluded that savings in excess of the £102.5 million target would be achieved during the year, albeit that some of this would be from one off sources of savings and funding.
- 1.4 Given this position, the purpose of this report is to recommend the formal closure of the Transformation to 2015 Programme and to outline new reporting arrangements to CMT and Cabinet around the context of 'financial resilience' as we move into the 2015/16 financial year.

## **2. Programme Delivery**

- 2.1. In October 2014 Cabinet considered a report which provided an update on the delivery of the Transformation to 2015 Programme and gave an assessment of the expected final position for 2015/16. At that time, it was forecast that final achievement of a minimum of £96.4m of cash savings would be delivered in 2015/16 against the budget target of £102.5m. However, it was noted that this included some one-off sources of funding and that significant financial risks remained around the financial benefits from the Better Care Fund (BCF).
- 2.2. Since this time, the initial savings programme and risk share arrangement in respect of BCF have been formalised and this agreement covers the next two financial years. Furthermore, during January, a separate revised assessment of the likely in year cash savings delivery for 2015/16 was made, to seek further assurance about delivery in that financial year and beyond.
- 2.3. The outcome of the latest assessment is that recurring savings of £87.1m will be achieved next financial year, together with one off savings and other funding of £20.2m, mainly as a result of the BCF risk share arrangements. This means that the savings target of £102.5m will be exceeded in cash savings terms during the year, albeit with one-off support from the Council and contributions from the CCGs under the current risk sharing arrangement.
- 2.4. Given this position, this report recommends that it is timely to formally close the Transforming the Council to 2015 Programme, albeit that robust monitoring of the delivery of savings will continue as outlined in the next section.

## **3. Financial Resilience**

- 3.1. The County Council has always had a good record of strong financial management which has continued (and to some extent been enhanced) during this extended period of austerity. Early planning and action in respect of the early delivery of savings before and during the first two years of the Comprehensive Spending Review 2010 (CSR 2010) period provided vital one off funding to meet the costs of the future change programmes and to increase the size of the capital programme to the highest levels ever seen by the County Council.
- 3.2. The decision to allow Departments to retain any early savings or underspends in their budget has also provided one-off funding that has been used by them to meet their own cost of change programmes as well as providing the necessary flexibility to meet cost pressures or late delivery of savings where this has occurred.
- 3.3. The success of the early savings programmes is also evidenced by the fact that despite taking out £140 million of savings up to the 2014/15 financial year, we have managed to bring all Departmental budgets within their cash limits every year since the period of austerity began and this trend looks set

to continue for the current financial year with breakeven or underspend positions predicted for all Departments.

- 3.4. The removal of a further £102.5m of Transformation to 2015 savings from within the 2015/16 budget once again puts further pressure on the County Council to continue to deliver high quality services within a declining resource envelope and as a result increases the overall financial risk within the budget as we head towards the new financial year.
- 3.5. As in previous years, while some provision for corporate contingency has been made within the budget, the financial stability of the County Council is reliant on Departments being able to continue to contain their spending within the cash limits that have been set. Key factors that influence Departments ability to do this in the next financial year will clearly centre around the delivery of the savings programme, the containment of cost pressures and the use of contingencies and cost of change funding to fund the current Enhanced Voluntary Redundancy programme together with other calls that may be made on these reserves during the year.
- 3.6. It is therefore proposed to introduce enhanced 'financial resilience' monitoring from April 2015 that will be reported to the Corporate Management Team on a monthly basis and will periodically be reported on to Cabinet. This enhanced reporting will centre around the key factors outlined in paragraph 3.5 and will be in the form of a 'dashboard' that will not only provide a concise financial summary of each Department's position, but also provides a high degree of transparency and where appropriate granularity in key risk areas where continued focus and potential remedial action is required.
- 3.7. Furthermore, in order to align the different programmes and processes across the County Council, it is also proposed to implement a similar dashboard style reporting for the monitoring of the Transformation to 2017 Programme, an update on which is provided in a separate report elsewhere on this agenda.

#### **4. Recommendations**

4.1. It is recommended that Cabinet:

- (1) Notes the expected delivery of one off and recurring funding and savings in excess of the £102.5m target in 2015/16 as outlined in paragraph 2.3
- (2) Formally closes the Transforming the Council to 2015 Programme
- (3) Notes that the delivery and monitoring of the Programme will continue to be undertaken by CMT
- (4) Notes the proposals for enhanced 'financial resilience' reporting to CMT and Cabinet that will be introduced for the new financial year.

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

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable workstreams and activities to progress to meet the planned reduction in revenue spending by the County Council.</b>	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Dates</u>
Transforming the Council to 2015 – Reports 1 to 5		24 June 2013 To October 2014
<b>Section 100 D - Local Government Act 1972 - background documents</b>		
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. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

There are no proposals in this report that have a direct impact on the residents of Hampshire and therefore no EIA has been carried out.

### **3. Impact on Crime and Disorder:**

Not applicable.

### **4. Climate Change:**

4.1. How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

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

Not applicable.