

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Culture, Recreation and Countryside
<b>Date of Decision:</b>	14 September 2015
<b>Decision Title:</b>	Transformation to 2017 – Revenue Savings Proposals
<b>Decision Reference:</b>	6869
<b>Report From:</b>	Director of Culture, Communities and Business Services and Director of Corporate Resources – Corporate Services

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#### 1. Executive Summary

- 1.1. The purpose of this report is to outline the detailed savings proposals for Culture, Recreation and Countryside Services that have been developed as part of the Culture, Communities and Business Services (CCBS) Department Transformation to 2017 Programme.
- 1.2. The report also provides details of the Equality Impact Assessments (EIAs) that have been produced in respect of these proposals and highlights some of the key issues arising from the public consultation exercise that was carried out over the Summer and how these have impacted on the final proposals presented in this report.
- 1.3. The Executive Member is requested to approve the detailed savings proposals for submission to Cabinet and then full County Council in October (recognising that there will be further public consultation for some proposals as required).
- 1.4. The report has been prepared in consultation with the Executive Member and will be reviewed by both the Culture and Communities Select Committee and the Policy and Resources Select Committee when it considers the whole CCBS Department.

#### 2. Background and Context

- 2.1. The County Council has since the 2010/11 financial year been responding to the on-going reductions in public spending that are required to close the structural deficit within the economy.
- 2.2. Reductions in Government grant together with inflationary pressures and social care growth have created an average budget gap of around £50m

per annum, meaning that around £100m has needed to be saved every two year cycle.

- 2.3. The forecast gap for the two years to 2017/18 is £98m, and after allowing for 'housekeeping savings' of £8m, targets were set for Departments based on a reduction of 14.5% in cash limited spend.
- 2.4. One of the key features of previous savings programmes within the County Council has been the ability to plan well in advance, take decisions early and provide the time and capacity to properly implement savings so that a full year impact is derived in the financial year that they are needed.
- 2.5. This approach has also meant that savings have often been implemented in advance of need and this has provided resources both corporately and to individual Departments to fund investments in capital assets and to fund further change and transformation programmes to deliver the next wave of savings.
- 2.6. The Transformation to 2017 Programme was formally launched in October last year and began with an Initial Opportunity Assessment carried out in conjunction with our Private Sector Partner. Since the early part of this year, the initial opportunities have been developed into a defined programme, centred around a 'Top 19' projects, details of which were reported to Cabinet on 22 June 2015.
- 2.7. At the same time, the *Shaping Hampshire* - Spending Review Consultation was carried out between 26 May and 6 July 2015 and was conducted using two methods:
  - an open consultation - available online and via a paper copy (available to any stakeholder or member of the public); and
  - a telephone survey - targeted at a representative sample of 1,500 residents.
- 2.8. To ensure independence and objectivity during the consultation process, the national market research company Ipsos MORI was commissioned to undertake the consultation and analysis on behalf of the County Council.
- 2.9. In addition, EIA's have been produced for all of the detailed savings proposals and these together with the outcome of the consultation and the development work on the overall Transformation to 2017 Programme have helped to shape the final proposals presented for approval in this report.

### **3. Budget Update**

- 3.1. The savings targets that were set for Departments were based on forecasts produced over the Summer of 2014 and included a wide range of variable assumptions to arrive at the total predicted gap of £98m.
- 3.2. Following the General Election in May an early Budget announcement was scheduled for 8 July and it was hoped that there would be further information that would provide greater certainty around grant reduction assumptions.

- 3.3. However, there was minimal additional detail in respect of likely levels of grant reductions although we are now aware that Government Departments have been asked to start preparing plans for real terms reductions of between 25 and 40% over the next four years.
- 3.4. The profile of reductions published by the Government indicate that 2016/17 will be a relatively light year, with the bulk of the reductions weighted towards 2017/18 and 2018/19.

#### **4. Transformation to 2017 – Departmental Context**

- 4.1. Following on from the successful delivery of the T15 Transformation Programme, the CCBS Departmental Management Team identified additional transformational opportunities for a number of areas across the business. These opportunities were further developed as part of the Initial Opportunity Assessment process in line with the corporate approach. The opportunities have been further refined and approval is now sought to implement a total of 8 projects, 4 of which are within the area of Culture, Recreation and Countryside Services.
- 4.2. The proposed Transformation Programme focusses on the delivery of the 2017 savings target, but in addition to this, includes projects that will deliver savings beyond 2017 in order to ensure that services are resilient and sustainable for the future. The key projects are outlined below.
- 4.3. Transformation of the Outdoor Centres – The future vision is that the centres will become ‘Centres of excellence in the provision of tailored, end to end outdoor education opportunities, providing a fun, challenging and stimulating environment that enhances the personal and social development of children, younger people and the wider community’. In order to be able to deliver this vision, and to ensure longer term sustainability, the service will be subject to a Strategic Review. As part of this process, opportunities such as alternative operating models, partnership arrangements, digital and process improvements and pricing / costing models will be fully investigated. The outputs from the review will identify areas for business improvement in order to generate efficiency savings as well as identifying how to increase the share of the market, resulting in additional income generation. The expected outcome of the project, is achievement of £200,000 savings by 2017, which will be delivered by creating efficiency savings from back-office functions, including Voluntary Redundancy (VR), more effective procurement processes, and increased income that will be generated as a result of an improved customer offer and wider share of the market.
- 4.4. In November 2014 the management of the Arts and Museums service transferred to Hampshire Cultural Trust under a Management & Funding Agreement with the County Council. Annual funding agreed includes percentage reductions in cash-limit grant for the first five years delivering savings of £460,000, of which £107,000 will be delivered for 2017. The grant is reducing as the Trust is able to access alternative income sources.
- 4.5. Countryside Transformation Programme – The main element of the Programme, is to create a modern suite of self financing 21<sup>st</sup> century

country parks, that encourage more people from Hampshire and beyond to, visit more often and stay longer, ultimately increasing the income at the sites. This programme is already underway, and will begin to deliver savings beyond 2017. As part of the over-arching strategy two further opportunities have been identified that will contribute towards the savings target for 2017. The first of these projects is the Access Strategy which will streamline the delivery of the Definitive Map and other legal processes. In addition, the Access Strategy will prioritise the maintenance of the access network in accordance with the Countryside Access Plan. The second project, the Site Management Review, will look to streamline the current service delivery and create a framework to enable the service to deliver on behalf of other authorities and partners. The two projects, will deliver a total of £361,000, some of which will be delivered by VR savings that are achievable as a result of streamlining the services.

- 4.6. Reduction in Grant Funding – the department has an annual grants programme through which community organisations (including community associations, arts, museums and heritage organisations, sports and outdoor education organisations) in Hampshire can apply for grant support through the currently available programmes. In order to achieve the savings target of £100,000, a review is underway to determine how and where to make the reductions, considering a range of options available. The options that have been considered include ending the grant to some organisations, applying a percentage reduction to the grant for 2016/17, diverting funds from revenue support to funding activities, and making changes to the funding criteria of the programmes. A Members Task and Finish Group has been involved in the review, and recommendations are now being put forward for approval by the Executive Member for Culture, Recreation and Countryside. Further information is contained in the report Review of Grant Funding to Cultural and Community Organisations, later on the agenda.
- 4.7. In addition to the reduction in Grant Funding, the Policy Fund, which is used to fund one-off initiatives within cultural services, will be reduced, delivering savings of £127,000 by April 2017.
- 4.8. The over-arching Strategy for the Library Service will deliver savings beyond 2017. The 2017 savings target will be achieved through VR. The Library Service has approved VR for 74 staff with a saving of £947,000. The profile of leavers is split across various roles within the service, although the vast majority are front line (Library Assistant) staff. To support the impact of the staff reduction, one off investment is to be made in 2016/17 developing self-service opportunities within the larger libraries. At a management level, the new joint Library and Registration Service presented an opportunity to consider economies of scale at a managerial level and VR was accepted on the basis of a new interim structure.
- 4.9. Libraries Transformation Programme – A new strategy for the Library Service is currently under development and will set out the priorities for the next 5 years, ensuring a high quality and sustainable service is delivered to meet the public's needs for the future. The new strategy will set out how the service will be modernised including the future operating models, which

will be based on the drivers for change identified through a Library Needs Assessment and EIA's. A public consultation exercise on the draft strategy will be carried out in November 2015, with a decision to implement made in 2016. County Councillors are fully engaged with the review and the Culture and Communities Select Committee have set up a 'Task and Finish' Group to support the development of the strategy.

- 4.10. Voluntary Redundancy – of the total departmental savings target, approximately £2.7m will be delivered by VR. In addition to the areas detailed above, VR savings include £103,000 within Archives and Records, £74,000 within Community Services and £55,000 from Sport.
- 4.11. Whilst none of the proposed projects within the Culture, Communities and Business Services Transformation Programme have a high dependency on the delivery of the digital strategy, there is a reliance on 'business as usual' technology support to ensure that the benefits from the programme can be fully realised. The key components of the strategy will be fully embedded within each of the projects to ensure that opportunities for the delivery of any future benefits are identified at an early stage.
- 4.12. The department is fully engaged with the Business Services Administration Review which will support the delivery of further efficiency savings and opportunities.
- 4.13. The key risks for the CCBS 2017 Transformation Programme focusses on the availability of resources to deliver the programme, without impact on the quality of service delivery within 'Business as usual'. In order to support the delivery of the departmental programme, the capacity within the Transformation Team is being enhanced in order to support service managers to deliver the transformation agenda, whilst continuing to provide high quality services.
- 4.14. Successful delivery of the savings programme requires public support, for example relating to the transformation of the Library and Countryside Service. Future engagement and consultation will aim to achieve this.

## **5. Summary Financial Implications**

- 5.1. The savings target that was set for the CCBS Department as a whole was £4.875m and the detailed savings proposals from the Culture, Recreation and Countryside Services totalling £2.576m by 2017/18 (£2.832m by 2018/19) that are being put forward to meet this target are contained in Appendix 1.
- 5.2. Overall the CCBS Department is aiming to over-achieve its savings target by £0.710m by 2017/18 (£0.966m by 2018/19). This will be added to the Departments cost of change reserve and used to finance service transformation work and also towards anticipated further savings targets. In addition early achievement of these savings, mainly as a result of the recent VR exercise, is being invested in transformation activity across the Department.

## **6. Workforce Implications**

- 6.1. Appendix 1 also provides information on the estimated number of reductions in staffing as a result of implementing the proposals.
- 6.2. 78 Full Time Equivalent (FTE) have already been agreed as part of the Voluntary Redundancy process that was undertaken earlier in the year and the majority have already left. The County Council's approach to reducing staffing levels in a planned and sensitive way through the VR process continues to generate significant savings (£18m from the last exercise).
- 6.3. New operating models will require staff with different skills to be appointed. For Culture, Recreation and Countryside Services these are expected to be approximately 36 FTEs. This results in a net reduction of 42 staff.

## **7. Equality Impact Assessment, Consultation and Decision Making**

- 7.1. The Equality Impact Assessments of the savings proposals are attached at Appendix 2. A cumulative impact assessment of these proposals has considered the impact for the protected characteristics, the impact by geographic area i.e. district/borough, towns/villages, on rural areas and areas of deprivation, the impact on staff, for partners and the voluntary and community sector, and the overall impact on the continuation of delivery of services to the residents of Hampshire.
- 7.2. While the impacts identified are generally low and appropriate mitigation has been identified where possible, there are potential impacts identified for the voluntary and community sector as a reduction of the funding available through the Community grants and for disabled children and young people should the Outdoor Centres be unable to generate sufficient new income or attract alternative grants in order to continue the delivery of the No Limits programme for groups of disabled people.
- 7.3. The majority of the savings required by the CCBS Department are to be achieved through the recent VR exercise. There were therefore only two proposals that have been included in the public consultation and they relate to the reduction in Community Grants and the financial support to the Sir Harold Hillier Gardens. These are the responsibility of the Executive Member for Culture, Recreation and Countryside and the Executive Member Policy and Resources respectively.
- 7.4. The *Shaping Hampshire* - Spending Review Consultation was carried out between 26 May and 6 July 2015, with the aim to seek residents' and stakeholders' views on three main options for managing the anticipated shortfall in funding and achieving savings of around £98m by April 2017, namely:
  - Raising the rate of Council Tax
  - Using the County Council's reserves differently
  - Reducing spending on specific services.
- 7.4.1 The Consultation also included questions on which services respondents considered to be 'most important' for the County Council to continue to

deliver; usage of a range of services; and an opportunity to add views or further options.

- 7.4.2 Overall, there was a high level of support for the County Council's current financial strategy. Respondents also favoured savings being found through a combination of all three options – namely increasing Council Tax, using more of the County Council's reserves and reducing spending on some services. There was less support for using more of the County Council's reserves (in combination with service spending reductions), and very limited support for finding the anticipated savings through reductions in funding for services alone.
- 7.4.3 Most residents and stakeholders were strongly opposed to reducing spending on services for children, older people and vulnerable people - ranking these as the 'most important' services for the County Council to continue to support and deliver. However, services were not prioritised based on respondents' use of the service. Household waste recycling, roads maintenance and libraries were also ranked as important services.
- 7.4.4 Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of any areas where the feedback conflicts with the options for savings proposals that were included in the Spending Review Consultation.
- 7.4.5 Furthermore, as respondents were generally supportive of a rise in the level of Council Tax to offset some of the service reductions, the County Council could consider this as an option, although the current planning assumption is no rise in council tax.
- 7.4.6 Information on the findings from the *Shaping Hampshire - Spending Review Consultation* will be subject to a separate detailed report to Cabinet in September, leading into the update of the Medium Term Financial Strategy planned for October.
- 7.5. The options that have been identified to increase income for the Outdoor Centres and Sir Harold Hillier Gardens will be considered for further consultation as appropriate. The Countryside Service is currently consulting with staff affected by the sites management restructure.
- 7.6. The proposals to manage the impact of the reduction in Community Grants are subject to Executive Member approval and the Investment grant awards for 2016/17 will be decided by the Executive Member in December 2015.

## **8. Recommendations**

- 8.1 To approve the proposed savings options contained in this report and Appendix 1, for submission to the Executive Member for Policy and Resources and Cabinet.

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>		
<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:**

### **Equality Duty**

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.

### **Equalities Impact Assessment:**

A full Equalities Impact Assessment has been undertaken for each of the savings proposals and these are included as a separate appendix to this report.

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

The impact of Crime and Disorder will be considered individually for each savings proposal.

### **Climate Change:**

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

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

The impact of Climate Change will be considered individually for each savings proposal.

## Transformation to 2017 Savings Proposals

Appendix 1

Savings Type	Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	FTE's
T/E	1. CC6 2. CC3.6	Culture and Heritage	Transformation of the Outdoor Centres to generate efficiencies and increase income, leading to a cash neutral service by 2018 (against cash limited expenditure). Delivery of savings from VR within the Archives and Records service. Savings achieved from the year on reduction in the contribution to the Hampshire Cultural Trust.	Consultation may be required for any recommendations as a result of the Strategic Review of Outdoor Centres. The service will continue to develop flexible strategies to ensure that the high quality standards and services continue to be provided. The reduction in the contribution to the Hampshire Cultural Trust is part of the legal agreement	157	410	666	3.0
T	CC1	Culture and Heritage	The Countryside Service has embarked on a major transformation programme of its Country Parks which will generate savings beyond 2017. The delivery of the 2017 savings will be achieved through VR, Sites Management and the Access Strategy, which will deliver savings by focussing the resources against priorities and looking to move to new more efficient operating models for some smaller sites.	Public consultation for the Access Strategy has been completed and informed the final strategy. Localised, targeted public consultation will be required for any changes that impact on the management of individual sites and parks over the next few years. A wider consultation exercise is being considered for Sites Management early in 2016.	285	361	361	6
E	CC3.7	Business Support and Community Services	Some staff within Community Services will be leaving the County Council on VR. In order to achieve the full savings requirement, the discretionary Policy Fund will be cut. There will be a reduction in the value of grant funding, with the emphasis on grants allocation based on outcomes.	Members Task & Finish Group engaged with the proposals, with an Executive Member decision being made in September 2015, after which the impact can be fully assessed.	129	356	356	3
E	N/A	Over-achievement	Over-achievement of 15/16 savings carried forward	None	502	502	502	-
T/E	CC2	Library Services	As part of the transformation of the Libraries service, a number of staff have been accepted for VR, which will deliver the savings for 2017. Full Transformation will deliver further savings beyond 2017.	All roles being reviewed to ensure there is no negative impact on service delivery. 2016/16 VR savings have been offset by £270,000, which is the one-off investment required to enable digital enhancements and self-service technology	636	947	947	30
					<b>1,712</b>	<b>2,576</b>	<b>2,832</b>	<b>42</b>