

HAMPSHIRE COUNTY COUNCIL**Decision report**

Decision Maker:	Executive Member for Policy and Resources
Date of Decision:	21 September 2015
Decision Title:	Transformation to 2017 – Revenue Savings Proposals
Decision Reference:	6892
Report From:	Director of Corporate Resources, Director of Policy and Governance, and Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. The purpose of this report is to outline the savings proposals for the Policy and Resources budget that have been developed as part of the 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 proposals presented in this report.
- 1.3. The Executive Member is requested to approve the 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).

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, Equality Impact Assessments have been produced for all of the 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 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.

- 3.5. The County Council is working on the basis that grant will reduce in cash terms by 10% per annum over the next 4 years, which is within the overall boundaries of reductions announced by the Government. However, as we know from past experience, the distribution of the reduction is often heavily weighted towards local government as an unprotected area and could therefore produce a worse position than we are currently predicting.
- 3.6. A further more detailed spending announcement is anticipated from Government towards the end of the year at which point it will be necessary to review our assumptions in light of the information that is made available at that time.

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

- 4.1. The 2017/18 savings target set for Policy and Resources is £11.701m (£6.201m for Corporate Services, £4.875m for Culture Communities and Business Services and £0.625m for Policy and Resources non-departmental budgets).
- 4.2. Following on from the successful delivery of the Transformation to 2015 programme of efficiency savings, Departmental Management teams within Policy and Resources have identified a number of further transformation opportunities that will seek to deliver this target.
- 4.3. These opportunities were further developed as part of the Initial Opportunity Assessment process in line with the corporate approach, as discussed in section 2 of the report. Working with our Private Sector Partner, these opportunities have been further refined.
- 4.4. Further details of these proposals are outlined within the following paragraphs.

Corporate Services

- 4.5. The proposed Transformation programme for Corporate Services will focus on the delivery of the efficiency savings required by April 2017, but also begin to build the future vision for the delivery of key support services to the County Council beyond this to ensure that the department is well placed to respond to subsequent funding reductions and challenges. The programme will also seek to build on and further improve the achievements delivered as part of the Transformation to 2015 programme.

Corporate Resources:

- 4.6. **Finance and HR** – building on the transformation achieved as part of the Transformation to 2015 programme of work, the Finance and HR teams will continue to challenge the way in which they will deliver professional finance and HR services to the County Council and its partners in the future.
- 4.7. The teams will seek to identify further opportunities to streamline and simplify core business processes, as well as maximising potential opportunities offered by technology to provide an increased self-service offer to internal customers. These changes will enable a reduction to be made in the number of professional staff (achieved through the recent voluntary redundancy process), as well as providing the ability to focus remaining available

resources on those professional activities that add greatest value to the organisation.

- 4.8. Efficiency savings have also been achieved through the redesign and integration of the Council's workforce development function with our strategic partners, Hampshire Constabulary and Hampshire Fire and Rescue Service. The integrated operating model has enabled the number of staff delivering these services for the Council to be reduced (again through voluntary redundancies), delivering efficiency savings, whilst also providing an opportunity to refocus funding toward targeted externally commissioned services which meet the organisations' needs.
- 4.9. It is considered that further savings of approximately £400,000 and £340,000 can be made across the Finance and HR functions respectively, through further re-design of the operating models, and by transforming the way in which services are provided to customers in the future.
- 4.10. **Internal Audit** – through re-focusing the how our internal audit and assurance functions are targeted across the Council, it will be possible to release current staff capacity toward expanding the existing Internal Audit traded service offer.
- 4.11. This new approach will be underpinned by an assurance mapping exercise which identifies and records the key sources of assurance that inform management on the effectiveness of the key controls and processes that are relied on to manage risk, and achieve the organisation's objectives.
- 4.12. The outcome of the assurance mapping exercise will provide a comprehensive picture of where the organisation receives assurance, highlighting instances of over assurance (duplication) and potential areas of under assurance where additional focus maybe required.
- 4.13. The demand from external customers already exists for us to provide additional services, and it is estimated that additional net income in the region of £80,000 per annum could be achieved as a result of this proposal.
- 4.14. **Support Services** – the department has successfully achieved efficiency savings in this area previously, but through further re-design of the way in which support services functions are provided to the department, including use of technology and promoting greater use of existing self-service functionality, it is considered that the number of staff currently providing this type of support could be further reviewed.
- 4.15. Achievement of this proposal will be underpinned by a cross-cutting workstream looking at opportunities for achieving efficiencies within Business Support activities performed across the Council.
- 4.16. It is anticipated that efficiency savings of at least £220,000 can be achieved from this review.
- 4.17. **Shared Services** – building on the department's existing shared services offer (initially implemented as part of joint partnership working with Hampshire Constabulary and Hampshire Fire and Rescue), additional contributions to corporate overheads are expected to be generated from providing these services to new operational partners and customers, including Oxfordshire County Council which was successfully launched in July 2015.

- 4.18. By continuing to invest in and develop our shared service offer and solution, we can ensure that it remains competitive and attractive for the future market. At this time the department is confident that an additional net (annual) savings of approximately £500,000 can be delivered through these shared service arrangements by April 2017.
- 4.19. **Information Technology** – changing the way in which the department provides IT services to the County Council and its partners in the future is expected to deliver significant efficiency savings. This will be achieved through the re-design of the operating model for IT, ensuring that it is fit for purpose in the future, aligned to the Digital programme of work, and better able to meet the future needs of our customers by ensuring that IT keep pace with technology advancements.
- 4.20. This review (which is currently in progress), will include the redesign of team structures which will reduce the current headcount of staff (mostly achieved through the recent voluntary redundancy process), as well as the teams' reliance on external contractors (e.g. through building technical skills within the workforce), and reviewing internal business and governance processes.
- 4.21. In addition, current expenditure with external suppliers and providers will be reviewed with the aim of securing further savings through more effective market management of contracted services.
- 4.22. These changes are expected to deliver efficiency savings in the region of £2.4m.
- 4.23. **Hantsdirect** – through the use of latest technology (which will be delivered through the digital programme), it will be possible to modernise and improve on the current channels available to the residents of Hampshire to (more easily) access front-line services of the Council.
- 4.24. These new ways of working and improved technical solutions will also enable the current workforce levels to be reduced through the redesign of operating structures, resulting in the achievement of efficiency savings in the region of £360,000. Customer demand and likely take-up of alternative access channels across the County Council is being reviewed and will help determine the required staffing levels. A reduction of in the region of 20 full time equivalent staff is expected and this is likely to be managed through staff turnover.

Policy and Governance:

- 4.25. **Policy and Governance operating model** – through redesigning team structures across the Policy and Governance directorate it will be possible to deliver efficiency savings across a range of support functions such as Communications and Performance, Legal services and Governance. This will lead to a reduction in the number of staff within the directorate, achieved through the recent voluntary redundancy process.
- 4.26. The future operating model will ensure that remaining resources are focused toward those activities which add value to the organisation. In addition the review of Policy and Governance will seek to identify and release any remaining housekeeping savings.

- 4.27. These proposals will deliver efficiency savings of approximately £350,000 by April 2017.
- 4.28. **Communications** – changing the way in which communication (and other related specialist services such as marketing and graphic design) is managed and provided across the County Council, will enable business processes to be streamlined, further improving the integration of these services across the Council. At this stage it is difficult to quantify the extent of efficiency savings that could be achieved (for example through reviewing the way in which services are procured from external suppliers), but based on initial analysis of these activities it is considered that a minimum of £50,000 could be achieved from this proposal.
- 4.29. Following the results of the Shaping Hampshire - Spending Review Consultation¹, it is proposed to cease the production of the Hampshire residents' publication *Hampshire Now*, which is currently published three times a year and distributed to 600,000 households in the county.
- 4.30. *Hampshire Now* provides people with information about County Council activities and decisions, how Council Tax is being spent, contact details for the County Council, and County Councillor information following an election.
- 4.31. This information would be provided instead to residents through other established channels of communication such as Hantsweb, resulting in savings of approximately £200,000.
- 4.32. **Legal Services** – work currently underway to expand and enhance the Council's existing legal services traded offer to external customers is expected to generate additional income in the region of £200,000 per annum by April 2017.
- 4.33. **Policy and Programmes** – a review of current policy activities supported by the Council (for example Healthwatch, locality and partnership working), including those delivered through contracts with external providers, is expected to identify efficiencies in current operating costs and release recurring savings achieved during previous years. By ensuring that remaining available resources are focused toward delivering key corporate policy objectives and priorities, it is expected that this review will release efficiency savings of £150,000 by April 2017.

Public Health:

- 4.34. The savings targets that were set for Transformation to 2017 were based on departments' net budgets that were not funded by specific grants. Within Corporate Services, the whole of the Public Health budget is met from a ring-fenced specific grant and there are no indications that this is likely to change in the future. In effect therefore, the Public Health budget does not have a savings target for 2017/18. However, building on the work completed already as part of the 'Transforming the Council to 2015 Programme', the Council will continue to explore how Public Health is able to contribute toward maximising

¹ 79% of respondents to the 'Shaping Hampshire – Spending Review Consultation' telephone survey indicated a preference to cease production of *Hampshire Now*.

further opportunities for Health and Social Care integration through the 'Transforming the Council to 2017' programme of work.

- 4.35. The need to control and reduce current levels of demand for County Council services, such as adult and children's social care, will be critical during the coming years and Public Health has a crucial role in minimising this demand through helping the residents of Hampshire to remain healthy and well for a greater proportion of their lives. With this in mind the Council's Public Health strategy will include a focus on reducing the risk of dementia and long term conditions impacting adults, supporting the health and wellbeing of families in Hampshire and improving workplace health, through delivery of some targeted initiatives.
- 4.36. There is a requirement for a budget reduction for Public Health in the current financial year. As part of the wider Government action on deficit reduction, the 2015/16 public health grant to local authorities will be reduced by £200 million. At the end of July, the Government launched a consultation on how to determine each local authority's share of the £200 million. The options included a flat rate of 6.2 per cent applied to all authorities, or a process that differentiates between authorities, for example allowing for evidence of hardship or accumulated reserves or taking account of variations from target allocations per the needs assessment formula. The consultation closed on 28 August 2015.
- 4.37. Until the outcome is known, Hampshire is planning on the basis of a reduction in the region of £3 million in 2015/16. This doesn't significantly change the focus of the transformation programme and if necessary could be funded from unspent grant from previous years.

Culture, Communities and Business Services

- 4.38. The proposed Transformation Programme for the Culture, Communities and Business Services Department 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.
- 4.39. **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, 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.

- 4.40. 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.
- 4.41. **Countryside Transformation Programme** – The main element of the Programme, is to create a modern suite of self financing 21st 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 voluntary redundancy savings that are achievable as a result of streamlining the services.
- 4.42. **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, which is also being considered by the Executive Member for Culture, Recreation and Countryside.
- 4.43. 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.
- 4.44. **Libraries Transformation Programme** – the 2017 savings target for the Libraries Service will be achieved through voluntary redundancy. The Library Service has approved voluntary redundancy 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 voluntary redundancy was accepted on the basis of a new interim structure.

- 4.45. A new over-arching strategy for the Library Service is further expected to deliver savings beyond 2017. This strategy 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 Equality Impact Assessment'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.
- 4.46. **Hillier's** - Supplementary to the income generated by the Sir Harold Hillier Gardens through admissions, membership fees, events, courses, retail and catering etc., the Council currently provides funding to the Gardens as the sole trustee of the charity. In order to be able to reduce this funding by £50,000 per annum for the next two years to achieve a total £100,000 reduction in Council funding, the Gardens are seeking to both develop their offer to attract additional visitors and members, and investigate other changes that will increase income levels, including pricing policies. The project will consider a number of potential capital developments (i.e. new elements or structures within the gardens) that will enhance the Gardens as a visitor attraction, thereby increasing visitor numbers. These will be at least partially funded by the sale of an existing asset (valued at £875,000), and potentially through other funding routes (grants, sponsorship, donations etc.) depending on their nature and scale. It is recognised that without new development, significant numbers of new visitors will be difficult to attract. Approximately 17,000 additional visitors are required to maintain the status quo financially following a £100,000 reduction in funding, representing around a 10% increase in visits. There is evidence showing that previous developments have increased visitor numbers that have been sustained.
- 4.47. **Trading Standards** – The vision for Hampshire Trading Standards is that it 'will be a national centre of excellence in the provision of consumer protection, by supporting businesses to comply with legislation and preventing illegal, unsafe and unfair trading practises'. In order to achieve this, and as recommended as part of the Traded Services Assessment, undertaken with our Private Sector Partner, the service offer needs to be refined and delivered in such a way that new partners are attracted to the service. This potentially presents an opportunity for joint service delivery. In the first instance the service will be subject to a Strategic Review, of which the outcomes will be used to inform how the service should be shaped and operated in future. The ultimate goal is to reduce operating costs and create a more cost effective service, whilst developing resilience, flexibility and adaptability, making it better able to manage changing demands and diminishing resources. The savings target of £300,000 will be met through the recent voluntary redundancy process (giving scope to reshape and upskill

the remaining workforce). The wider transformation of the service may deliver further savings beyond 2017.

- 4.48. **Workstyle** - This programme was initiated six years ago, and has achieved in excess of a £2m reduction in revenue costs. The programme through to 2017 is expected to achieve further savings of £677,000 for the Council through rationalisation of the Council's office portfolio. The activities will include achieving savings through the purchase of buildings currently leased by the Council to achieve savings on rental costs, more efficient and effective use of vacant space within buildings (which may also include moving out of some buildings). The programme is linked in with the cross cutting Community Hubs programme, achieving better use of the customer facing facilities, including sharing facilities with partners where appropriate. Ultimately, Workstyle reduces the number of Council occupied office buildings, improves occupancy levels, integrates back office services and improves flexible, smarter working.
- 4.49. In addition to the transformation projects being undertaken within CCBS, there will **other efficiency savings** delivered. Within Property Services, work is underway to explore how to increase income generation from areas including the County Estate, County Farms and the Development Account Portfolios, whilst also managing expenditure down. An opportunity has arisen to provide the County Council with service improvements, efficiencies and savings (£186,000) through the transformation of the Sign Workshop service to a fully managed solution as part of the Hampshire Printing Service (HPS). This will bring the Sign and Display service together with the HPS Customer Service Team. Savings will be realised through reduced staff numbers and by outsourcing the production and installation elements of the service to the private sector.
- 4.50. **Voluntary Redundancy** - Of the total savings target of £4.875m, approximately £2.7m will be delivered through the recent voluntary redundancy process. Areas of the business that this will impact on (in addition to those detailed above) include Facilities Management (£253,000), Scientific Services (£8,000), Archives and Records (£103,000), Risk, Health and Safety (£27,000), Business Support (£180,000), Registration £75,000), Sport (£55,000), Community Services (£74,000) and Property Services (£296,000). Applications have been approved taking into consideration the future vision of the department and the resource and skills requirements for the various services. Reshaping the remaining workforce will now need to take place in order to support this vision and to ensure that services are resilient for the future.

Policy and Resources – non departmental budgets

- 4.51. A range of smaller savings will be achieved across a number of Policy and Resources non-departmental budgets.
- 4.52. **Corporate Procurement Team** – the running costs of the Corporate Procurement team are currently funded through a combination of revenue budget and income generated from Traded Services.
- 4.53. In future a higher proportion of these running costs will be met from external income, enabling budget savings of £86,000 to be released.

- 4.54. **Grant funding to voluntary and community organisations including Hampshire Councils of Voluntary Services (CVS)** – as part of the Transformation to 2015 savings programme, savings have been achieved against this grant programme, through organisations reviewing their operations to reduce costs.
- 4.55. Whilst the changes that were agreed have enabled an early contribution to be secured towards the Transformation to 2017 target of £120,000, a further review of spending in this area will take place in 2016 to enable future support from 2017/18 to be met from a reduced budget.
- 4.56. **Corporate Expenses** – the budget for Corporate Expenses will be reduced by £30,000 to reflect the average level of expenditure incurred in previous years.
- 4.57. **Members Devolved grant budgets** – a reduction from £8,000 per annum to £5,000 per annum with effect from 2017/18 in the value of the annual budget allocated to each County Councillor (to award to local projects, initiatives or organisations in their Division), will deliver savings of £234,000 per annum.
- 4.58. **Housekeeping savings** – an assessment of the future budget requirement for number of Policy and Resources non-departmental budgets has identified savings in the region of £155,000 by April 2017 (for example budgets held for former Direct Service Organisations (DSO) pension costs, salary sacrifice scheme, and external audit fees).

Alignment of proposals to other Corporate Programmes

- 4.59. **Digital Programme** - the Hantsdirect proposal within Corporate Services has a high dependency on the delivery of the digital strategy since maximising opportunities through the development of the website and the introduction of a new customer relationship management technical solution will be a key element of future service delivery. For other proposals, 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.
- 4.60. **Business Support and Activities Review** - the outputs of this review will support and enable the delivery of efficiency savings from back-office functions across a number of areas of the business. Departments are fully engaged with this programme of work, and the methodology used will support the identification of efficiency savings and opportunities to create additional capacity within the existing workforce including through the use of new technology (for example to support the analysis and reporting of core data held within the various systems used across the County Council).

Key risks, issues and other dependencies

- 4.61. The key risks associated with the delivery of the Transformation to 2017 programme for departments within Policy and Resources relates to the availability of resources to deliver the various proposals, whilst continuing to deliver a high quality 'business as usual' service.
- 4.62. Whilst the proposals contained within this report do not fall within the 'top 19' projects, there is a heavy dependency across a number of services and

teams within Corporate Services and Culture, Communities and Business Services, to support delivery of these projects, in addition to supporting the delivery of the departments programme of work.

- 4.63. In order to support this effectively, resource requirements are being reviewed and where appropriate expanded (funded from the departments cost of change) to ensure the successful delivery of the transformation agenda, whilst continuing to provide high quality 'business as usual' services.
- 4.64. Where appropriate, further engagement and consultation will also be undertaken.

5. Summary financial implications

- 5.1. As noted in section 4, the savings target set for Policy and Resources for 2017/18 was £11.701m (£6.201m for Corporate Services, £4.875m for Culture Communities and Business Services and £0.625m for Policy and Resources non-departmental budgets). The savings proposals that are being put forward to meet this target are outlined in Appendix 1.
- 5.2. It is currently envisaged that the proposals for CCBS outlined could over achieve against this savings target by £0.966m by 2018/19. These additional savings will support the delivery of future savings programmes beyond 2017/18, as well as providing one-off cost of change revenue funding to support the costs associated with implementing transformation across the departments.
- 5.3. In addition, early achievement of savings from the proposals (i.e. ahead of April 2017 - for example as a result of the recent voluntary redundancy exercise), will also provide one-off cost of change revenue funding to support transformation activity.

6. Workforce Implications

- 6.1. The estimated number of reductions in staffing as a result of implementing the proposals, 175 full time equivalent posts (FTE), is set out in Appendix 1. A significant proportion of this is expected to have been achieved through the recent voluntary redundancy process. However, new operating models are still being developed and as such the final reduction in FTEs will not be known until this further work has been completed. In addition some new operating models will also require staff with different skills to be appointed (for example within Culture, Communities and Business Services this is expected to be approximately 53 FTEs), or for existing staff to develop new skills and capabilities to ensure that they are able to support new ways of working.
- 6.2. As part of the recent voluntary redundancy process that was undertaken earlier in the year a reduction of 210 FTEs has been agreed (79 FTEs within Corporate Services and 131 FTEs within Culture Communities and Business Services). The County Council's approach to managing down staff levels in a planned and sensitive way through the voluntary redundancy process, continues to generate significant savings (£18m from the last exercise) whilst ensuring that staff make their own personal decisions about when they leave the organisation.

- 6.3. For departments within Policy & Resources, a significant element of the required saving needed by 2017/18 has been achieved through this recent voluntary redundancy process. Furthermore, it is anticipated that further reductions in posts will be achieved through staff turnover within the relevant services. As a result there will be minimal requirement to manage down further posts between now and the implementation date of these proposals.
- 6.4. It should also be noted that in some areas of the business (for example, within the Integrated Business Centre, in Corporate Services and Property and HC3S within Culture, Communities and Business Services), the number of FTEs is growing as a result of these areas of business expanding by generating external income.

7. Equality Impact Assessment, Consultation and Decision Making

- 7.1. Equality Impact Assessments (EIAs) have been completed for each proposal included in this report, with the exclusion of any savings already secured through existing transformation initiatives previously implemented. These EIAs are attached at appendix 2.
- 7.2. Whilst the impacts identified in the EIAs for the savings proposals included within this report are generally low or none, and appropriate mitigation has been identified where possible, some potential impacts have been identified. Further information on the main impacts identified for each department within Policy and Resource is provided in the following paragraphs.

Corporate Services

- 7.3. The vast majority of the proposals for Corporate Services are expected to have no or a low impact on members of the public as the majority focus on the provision of support services for the wider County Council, or through transforming the way in which we interact with our customers.
- 7.4. The majority of these savings will be delivered through a reduction in staff numbers (mostly achieved through the recent voluntary redundancy process or staff turnover), and as such careful consideration has been given to the impact on staff within the organisation. This has helped to ensure that in developing the proposals appropriate mitigations could be made to address any potential issues. Any such particular considerations have been identified within the individual EIAs.

Culture, Communities and Business Services (CCBS)

- 7.5. 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.
- 7.6. The proposals to manage this impact will be subject to further consultation where required and subsequent Executive Member approval.

Policy and Resources non-departmental budgets

- 7.7. The proposals for Policy and Resources non-departmental budgets are considered to have either low or no impact on staff or the residents of Hampshire.
- 7.8. Potential impacts exist for proposals relating to further reductions in funding for grants to Community and Voluntary Sector organisations, and to mitigate these impacts consultation will continue to be undertaken with those organisations potentially affected by further reductions (beyond that already achieved from the Transformation to 2017 programme). Final decisions on future grant allocations to the Community and Voluntary Sector will be subject to future decision by the Executive Member ahead of April 2017.
- 7.9. In addition the proposed reduction in the annual grant allocations provided to County Councillors may also impact the financial support available to local projects, initiatives and organisations in their divisions. Decisions on the value of these grants are managed and approved locally by County Councillors, in line with the criteria and governance arrangements set out in the ['Protocol for Individual Budgets for Members of Hampshire County Council'](#).

Consultation

- 7.10. 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.
- 7.11. 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.
- 7.12. 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.
- 7.13. 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.

- 7.14. 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.
- 7.15. 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.
- 7.16. In relation to the options on which the County Council consulted, for savings in service areas for Corporate Services, respondents preferred that the County Council focused on making savings through ceasing production of the County Council's Hampshire Now magazine for residents.
- 7.17. 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.
- 7.18. The proposals to manage the impact of the reduction in Community Grants within CCBS are subject to Executive Member approval and the Investment grant awards for 2016/17 will be decided by the Executive Member in September 2015.
- 7.19. 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.

8. Recommendations

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

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> N/A	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u> None	<u>Date</u>	

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 EIA has been undertaken for each workstream and copies are provided at Appendix 2.

Impact on Crime and Disorder:

The proposals in this report are not considered to have any direct impact on the prevention of crime and disorder.

Climate Change:

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.

Proposed Savings Options

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
Corporate Services							
CS1.1	Corporate Resources - Finance Service	Changing the way that professional Finance services are provided to the County Council and its partners, focusing on those activities that add greatest value.	The required level of professional Finance support will still be available to managers within the partner organisations, via refocused delivery supported by an increased use of self-service tools for less complex queries and activities (e.g. maximising the use of technology to improve access to on-line information and tools).	300	400	400	10.0
CS1.2	Corporate Resources - Human Resources	Changing the way that professional Human Resources (HR) services are provided to the County Council and its partners, focusing on those activities that add greatest value.	The required level of professional HR support will still be available to managers within the partner organisations, via refocused delivery supported by an increased use of self-service tools for less complex queries and activities (e.g. maximising the use of technology to improve access to on-line information and tools). In addition, a review of the Council's Workforce Development function has delivered savings by reducing workforce numbers, whilst providing an opportunity to re-invest in more targeted externally commissioned services which will better meet the organisations' workforce needs.	340	340	340.0	22.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
CS1.3	Corporate Resources - Internal Audit Service	Re-focusing the way in which Internal Audit assurance is targeted within the County Council, enabling existing capacity to be directed toward expanding the current traded services offer, thereby generating additional revenue.	Directing Internal Audit resources toward those activities and services which require the greatest levels of assurance and control will result in the current scope of the Internal Audit function reducing for the County Council. This approach will be underpinned by an assurance framework that assesses the service areas/activities which are of greatest risk.	80	80	80	0.0
CS1.4	Corporate Resources - Support Services functions	Re-designing how existing support services functions and activities will be supported and/or provided in the future.	Through re-designing the way in which existing support services activities will be undertaken/supported in the future (e.g. through greater promotion of self-service), it is envisaged that the current levels of staff currently supporting Corporate Services managers and their teams can be reduced.	220	220	220	6.0
CS1.5	Corporate Resources - Shared Services	On-boarding of new customers to the Corporate Resources shared service offer to generate additional revenue (e.g. the operational partnership with Oxfordshire County Council).	To ensure that the Corporate Resources shared service offer remains competitive and attractive for the future to secure new operational partners, it will be imperative that the County Council continues to invest in building on and improving its current operations and service offer.	500	500	500	0.0
CS1.6	Corporate Resources - IT services	Changing the way in which Information Technology services will be provided to the County Council and its partners in the future, and through reviewing contracts with external suppliers and providers.	A fit for purpose IT operating model, aligned to the digital programme, which better meets the needs of internal customers, adheres to regulation and compliance requirements and keeps pace with technology advancements. Savings will be driven through reduced headcount and reduced external spend through more effective market management of contracted services.	1,000	2,354	2,354	32.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
CS1.7	Corporate Resources – Hantsdirect	Changing the way in which Hantsdirect provides access to the County Councils front-line services.	Through the use of latest technology (which will be delivered through the digital programme), it will be possible to modernise and improve on the current channels available to the residents of Hampshire to (more easily) access front-line services of the Council. This will lead to a reduction in the current workforce levels in Hantsdirect, which is currently expected to be managed through turnover.	0	360	360	20.0
N/A	Corporate Resources - all services	Overachievement of previous savings programmes within Corporate Resources.	No impact.	1,000	1,000	1,000	0.0
CS2.1	Policy & Governance - all services	Consolidation of the Policy and Governance operating model as a result of staff leaving the County Council on VR, and identification of other housekeeping savings.	A reduction in the number of staff providing support to the County Council in respect of a range of services / activities delivered through Policy & Governance (e.g. Legal Services, Policy teams, Communications, Emergency Planning). This reduction will be managed through re-designing team structures, ensuring that remaining service provision adds value, and through the identification of remaining housekeeping savings.	347	347	347	6.0
CS2.2a	Policy and Governance - Communications	Reviewing the way in which the County Council manages and provides Communication and other related services.	Re-designing the operating model for the delivery of communication (and other related services) for the County Council will further improve integration and enable processes to be streamlined. This will include considering the opportunities for improving the way in which specialised services such as marketing (e.g. in support of income generation and recruitment), and graphic design are provided and, where appropriate, procured for the organisation.	50	50	50	1.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
CS2.2b	Policy and Governance - Communications	Ceasing production of the Hampshire resident's publication 'Hampshire Now'.	<i>Hampshire Now</i> is currently published three times a year, and is distributed to 600,000 households in the county. It provides people with information about County Council activities. As residents would no longer receive the periodic magazine directly to their homes, access to general information would be via other established channels of communication e.g. Village Agents, the County Council's website, guides to residential care, and other publications.	200	200	200	0.0
CS2.3	Policy and Governance - Legal Services	Increasing the Legal Services traded service offer by growing existing and new capacity and specialisms.	Generating additional revenue through expanding and enhancing the County Council's existing traded services offer to external customers.	-	200	200	0.0
CS2.4	Policy and Governance - Policy and Programmes	Review of Policy related activities (for example Healthwatch, locality and Partnership working).	The release of existing recurring savings, further efficiencies including the review of contracts with external suppliers/providers and focusing remaining resources on key corporate policy objectives and priorities will enable service outcomes to be maintained.	50	150	150	0.0
Total for Corporate Services				4,087	6,201	6,201	97.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
Culture, Community and Business Services							
1. CC6 2. CC3.3, CC3.6	Culture and Heritage	Transformation of Calshot Activities Centres and 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 voluntary redundancy (VR) within the Archives and Records and Risk and Health and Safety services. Savings achieved from the year on year reduction in the contribution to the Hampshire Cultural Trust.	Consultation may be required for any recommendations as a result of the Strategic Review for Calshot and the 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.	184	437	693	3.0
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 focusing 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	6.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
CC3.7	Business Support and Community Services	New operating models are being developed following VR of a number of staff within Business Support, Community Services, Registration and Sport. In addition a re-focusing of the discretionary Policy Fund and Grants Budget, with the emphasis on grants allocation based on outcomes, will enable a reduction to be made in these two areas.	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.	384	611	611	14.0
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. 2016/17 VR savings have been offset by £270,000, which is the one-off investment required to enable digital enhancements and self-service technology.	639	947	947	30.0
CC3.2	Business Services	Increased income generation at Sir Harold Hiller Gardens, operational efficiencies to ensure the Print Sign Workshop is cash limit neutral and restructuring within the Scientific Service following VR.	Soft market testing will be undertaken for changes to the pricing structure at Sir Harold Hiller Gardens.	244	294	294	2.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
CC4	Trading Standards	As part of the transformation of Trading Standards, a number of staff have been accepted for VR, which will deliver the savings for 2017. Full Transformation will deliver further savings beyond 2017.	Roles and priorities are being reviewed to ensure service continues to focus on the highest priorities to safeguard the community.	280	301	301	5.0
CC5	Property Services	The delivery of Workstyle 2017/18 will see the more efficient and effective fit for purpose estate which supports new and flexible ways of working, whilst delivering savings.	Limited public impact. Some staff may need to relocate and will benefit from more flexible ways of working, e.g. via drop-in centres and improved accessibility, e.g. consistent office format and specialist furniture and equipment where needed.	38	677	677	1.0
CC3.5	Property Services	Additional income and cost efficiencies are to be made within the County Estate, County Farms and the Development Account.	VR has been managed without impact on customers or clients as a result of efficiencies created within the Corporate Estate.	296	428	428	9.0
CC3.1	Facilities Management	Changing the way services are provided, focusing on those that add value.	Internal impact will be managed through changes to existing service specifications.	253	253	253	8.0
N/A	CCBS - various	Overachievement of previous savings programmes across CCBS.	None.	566	566	1,276	0.0
Total for CCBS				3,169	4,875	5,841	78.0

Corp. Prog. Ref	Service Activity	Description	Impact / Issues	2016/17 £'000	2017/18 £'000	2018/19 £'000	Est. FTE Impact
Policy and Resources Non-departmental budgets							
P&R1	Policy and Resources - non-departmental expenditure	Reducing the revenue budget contribution to the Corporate Procurement Team.	Running costs for the Corporate Procurement Team to be funded from a higher proportion of Traded Services external income, thereby releasing revenue budget savings.	0	86	86	-
P&R2	Policy and Resources - non-departmental expenditure	Reductions to the level of grant funding available to voluntary organisations including Councils of Voluntary Services.	Voluntary organisations, including Councils of Voluntary Services, will be expected to achieve reductions in their operating costs, for example through sharing resources, making efficiencies and working in consortium, and thus reduce their reliance on County Council grant funding.	76	120	120	-
P&R3	Policy and Resources - non-departmental expenditure	Reducing the amount spent on corporate expenses.	A reduction of approximately 34% (in 2017/18), of the Corporate Expenses budget, to reflect average spend in previous years.	0	30	30	-
P&R4	Policy and Resources - non-departmental expenditure	Reducing the annual devolved grant budget provided to Members.	A reduction from £8,000 per annum to £5,000 per annum in the value of the annual budget allocated to each County Councillor to award to local projects, initiatives or organisations in their Division.	0	234	234	-
P&R5	Policy and Resources - non-departmental expenditure	Housekeeping savings against a range of Policy and Resources non-departmental budgets.	A range of smaller budget savings where it is envisaged future expenditure will reduce in future (e.g. former DSO pension costs, salary sacrifice scheme, and the external audit fee).	60	155	155	-
Total for P&R Non-departmental budgets				136	625	625	0.0
Total for Policy & Resources				7,315	11,701	12,667	175.0