

AT A MEETING of the POLICY AND RESOURCES SELECT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on Monday, 25 January 2016.

**PRESENT**

Chairman:  
p Councillor Elaine Still

Vice-Chairman  
p Councillor Keith Evans

Councillors:

p Ray Bolton	p Anna McNair Scott
p Adrian Collett	p Andy Moore
p Criss Connor	p Mark Staplehurst
p Keith House	p Bruce Tennent
p Roger Huxstep	p Ken Thornber
p Robin McIntosh	p Sharyn Wheale

108. **BROADCASTING ANNOUNCEMENT**

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

109. **APOLOGIES FOR ABSENCE**

Apologies for absence were tendered on behalf of Cllr Roy Perry, Executive Member for Policy & Resources (the Executive Member has a standing invitation to observe the meetings of the Select Committee).

110. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 4 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

111. **MINUTES**

The Minutes of the Policy & Resources Select Committee meeting held on 26 November 2015 were confirmed as a correct record and signed by the Chairman.

112. **DEPUTATIONS**

No deputations were received at this meeting.

113. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make on this occasion.

114. **BUDGET SETTING**

The Committee considered a report from the Director of Corporate Resources – Corporate Services (see Item 6 in the Minute Book) regarding budget setting and provisional cash limits for 2016/17. The report had been considered by Cabinet on 7 December 2015 and the recommendations agreed. This was presented to the Select Committee for information, following a request from a Member to assist with scrutiny of management of all resources as per the Select Committee's remit.

Members heard that:

- The agreed Medium Term Financial Strategy sets out the Council's approach to a two year cycle of budgets. Under this strategy, no savings were required in 2016/17 and the grant equalisation reserve would be used to balance the budget, with savings to be achieved over the coming year in order to balance the budget in 2017/18. Savings to be implemented in time for April 2017 had been agreed through County Council in October 2015
- This report had been produced prior to the local government grant settlement being notified, therefore the financial position had changed since this report, which would be picked up under the next item on the agenda regarding the proposed budget for 2016/17

Following questions, Members heard:

- That the estimated budget gap included calculations of inflation (including in staff salaries, costs of materials etc)
- Due to tightening of rules regarding capital spend, some repair and maintenance programmes were being moved from the capital budget to the revenue budget
- That the evidence suggested the pressure in adult social care was now coming from the 18 to 64 age group rather than older people

RESOLVED:

That the Select Committee note the report.

115. **PRE-SCRUTINY: REVENUE BUDGET – POLICY AND RESOURCES FOR 2016/17**

The Committee considered a report and supporting presentation from the Director of Corporate Resources – Corporate Services, Director of Culture, Communities and Business Services, and the Director of Transformation, Policy and Governance (see Item 7 in the Minute Book) regarding the proposed Policy and Resources revenue budget for 2016/17. The report was due to be considered by the Executive Member for Policy & Resources on 26 January 2016.

Members heard that:

- The government was phasing out the Revenue Support Grant (RSG), so the Council would receive no RSG by 2019/20
- Loss of RSG was claimed by the government to be fiscally neutral, as Councils would in future retain Business Rates instead. However, changes were being made to the business rates top up grant, and the government were indicating retaining business rates would also come with more responsibilities
- Reductions would be made to the New Homes Bonus so that this funding could be diverted into a new Better Care Fund, to support integration of health and social care
- The Community Infrastructure Levy would be allocated based on a formula agreed by District Councils, based on recognised infrastructure needs
- The settlement indicated RSG figures for the Council for the next four years. However, due to a change in distribution methodology, Hampshire County Council would receive significantly less than had been planned for under the Medium Term Financial Strategy
- The government had introduced a measure referred to as ‘core spending power’, taking account of how much Councils are able to raise through Council Tax. Reductions to RSG were then made to various extents to different groups of authority, in order that the overall reduction in ‘spending power’ would remain the same.
- Under this methodology, Shire Counties would receive an average 30% reduction in RSG, although for Hampshire the reduction came to 37.4%. The County Council had forecast a reduction of 15.9%, therefore the budget gap would be significantly wider than expected
- It had been signalled that the new Better Care Fund would be paid directly to Local Authorities rather than the National Health Service, however there was also a revised

distribution method for this funding, which would reduce the amount received in Hampshire

- The County Council had also calculated the impact of implementing the national living wage, in particular for staff in the care sector

- Considering all grant reductions and cost pressures, it was now estimated that the County Council would be £10million worse off in 2016/17 even with increasing Council Tax by the maximum allowable without a referendum

- A budget gap of £50million had been expected in 2016/17, but due to the reduction in RSG and other factors the gap had increased to £80million. However, this gap could be met in 2016/17 through use of the Grant Equalisation Reserve and increasing Council Tax

- The proposed use of the Grant Equalisation Reserve in 2016/17 (£54.5million) would leave only £0.5million in this reserve for future years

- The savings from the Policy & Resources revenue budget would mainly be achieved through staff reductions rather than service reductions, including use of voluntary redundancy and holding vacancies

- There had been a reduction to the public health grant in year in 2015/16 and a reduction in this grant for future years, however this largely reflected underspends on this budget in many authorities

- The overall workforce picture was mixed as there had been increases in some areas e.g. the Integrated Business Centre, in order to provide services to additional partners

Following questions, Members heard:

- That the Medium Term Financial Strategy would need to be reviewed now that the settlement indicated greater reductions in future years than had been anticipated. This review would consider the reserves strategy

- That the report on the budget published in advance of the 5 February 2016 Cabinet meeting would include the reserves strategy which explains what reserves were held for. The officer acknowledged that a simple, one page explanation of reserves would be useful for communicating this message to the public

**RECOMMENDATION:**

That the Policy and Resources Select Committee support the recommendations being proposed to the Executive Member for Policy and Resources in section 9 (page 10) of the Revenue Budget report.

One page summary of reserves strategy to be provided

Recommendation notified to Executive Member

116. **PRE-SCRUTINY: CAPITAL PROGRAMME – POLICY AND RESOURCES FOR 2016/17 TO 2018/19**

The Committee considered a report and supporting presentation slides from the Director of Corporate Resources – Corporate Services, Director of Culture, Communities and Business Services, and the Chief Executive (see Item 8 in the Minute Book) regarding the proposed capital programme for Policy and Resources for 2016/17 to 2018/19. The report was due to be considered by the Executive Member for Policy and Resources on 26 January 2016.

Members heard:

- That the largest spend on the Policy and Resources Capital Programme was on schools condition works

RECOMMENDATION:

That the Policy and Resources Select Committee support the recommendations being proposed to the Executive Member for Policy and Resources in section 10 (page 7) of the Capital Programme report.

Recommendation notified to Executive Member

117. **ANNUAL IT UPDATE**

The Committee considered a report from the Director of Corporate Resources – Corporate Services (see Item 9 in the Minute Book) regarding the annual update on Information Technology (IT).

Members heard that:

- Over the past year a change programme had been undertaken across the IT section to ensure the operating model was correct to support the Council's transformation priorities and the Digital Strategy
  - Costs in IT had been reduced by £2.5 million in 2015/16 compared to 2014/15, however additional spend was likely to be required in future years in order to deliver the digital strategy
  - The workforce in IT had reduced by around 50 FTE in the re-organisation, mostly through voluntary redundancy, and the management team had been re shaped including recruitment of a manager for strategy and resource management
  - IT had piloted a 'grow your own' programme working with A level students and graduate trainees, most of whom had been given permanent jobs at the Council following a training period
  - Software was being procured to deliver key elements of the Digital Strategy, including Customer Relationship Management software
  - The Digital Programme had three key strands – a

new hantsdirect (call centre), a new Hantsweb (with improved customer interface), and a new analytics centre – bringing together capabilities from across the organisation in order to improve decision making based on data

Following questions, Members heard:

- That the IT service provided to schools was also available to academy schools, however there was competition with other providers in provision of IT for schools
- That the IT section was forward looking and would be able to respond to transformation opportunities across the organisation, such as opportunities to provide technology to support self service in libraries
- That the programme of transformation of Children’s Services IT was continuing, including a project to move on from use of SWIFT for children’s social care. Work was ongoing with Capita to develop alternative software, with the ambition to make the software more user friendly. Members requested information on the agreement with Capita, regarding a beneficial arrangement about the costs of the end product
- The Digital Strategy aimed to provide reusable digital products – tools that were not specific to one task but could be applied to different needs in different departments
- That contractors were used in IT when needed, as the IT workload could be in peaks and troughs, and there was a healthy contractor market
- The cloud services the County Council would be using were based in Germany, and met government security requirements
- Government security requirements meant that the County Council’s email service could not be integrated with other applications on an individual’s local device

Children’s IT and Capita information to be emailed to members

Members commented:

- A Member suggested that a user survey be undertaken regarding the ‘Good’ app for accessing emails on mobile devices
- That it would be helpful to have access to an organisational chart of senior manager positions across the Council

Pass on request for org chart

RESOLVED:

That the Select Committee note the update.

118. **WORK PROGRAMME AND ONGOING WORK ACROSS ALL SCRUTINY COMMITTEES**

Members noted the work programme for the Committee and the overview of scrutiny activity across all Committees (see Item 10 in the Minute Book).

Cllr Wheale requested consideration be given to a future item on the Community Infrastructure Levy.

Add CIL to work programme

RESOLVED:

That the work programme is agreed, subject to any amendments arising from this meeting.

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Chairman, 21 April 2016