

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Efficiency Panel
Date:	1 November 2010
Title:	Progress update on Phase 1 Corporate efficiency savings
Reference:	2137
Report From:	County Treasurer

Contact name: Nick Gibbins

Tel: 01962 847544

Email: Nick.gibbins@hants.gov.uk

1. Introduction

1.1. The County Council's provisional budget for 2011/12 and 2012/13 approved in February 2010 contained provision for Corporate Efficiency Savings of £15m per annum, in order to enable cuts in service spending to be avoided, while enabling the council tax increase to be limited to 1.9%. Much bigger reductions in Government Grant in 2011/12 and 2012/13 are now envisaged as the Government's plans for eliminating the structural element of the public sector deficit have emerged in successive budgets. As a result, further efficiency work streams have been put in place, representing Phase 2 and 3 of the Efficiency Programme, to deliver further spending reductions beyond the original £15m annual target, in order to protect front line services. Savings from these work streams will be incorporated in the budget for 2011/12 and later years.

1.2. The purpose of this report is to provide an update on progress in achieving the original Phase 1 efficiency savings target of £30m over the period 2011/12 and 2012//13, as this is a critical element in the budget strategy.

2. Progress in achieving savings

2.1. The confidential appendix details the savings proposals over the four main corporate work streams – pay and productivity, procurement, income generation and facilities efficiencies. In addition some additional corporate efficiencies were incorporated in the programme during the 2010/11 budget process. The table below summarises the position.

	Year in which savings expected to be achieved					
	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000	£000
Pay and productivity	2,295	3,363	-	-	-	5,658
Procurement	942	3,105	3,539	2,467	198	10,251
Income generation	445	2,878	2,437	-	-	5,760
Facilities efficiencies	-	2,500	-	-	-	2,500
Other corporate efficiencies	5,201	1,080	-	-	-	6,281
	8,883	12,926	5,976	2,467	198	30,450

2.2. The 2010/11 budget contained proposals for achieving efficiency savings to the value of £8.6m in 2010/11 in advance of 2011/12, now revised to £8.9m. As a result of the achievement of these savings in 2010/11, a substantial part of the £15m target for 2011/12 has been achieved in advance of the beginning of the year. The majority of the remaining savings (£19.5m) have implementation plans in place for the achievement of the relevant savings mainly in 2011/12 and 2012/13. As the projected savings achieved in either 2010/11 or 2011/12 are estimated at £21.8m, current plans would also achieve some of the savings required in 2012/13 in advance of the relevant year.

2.3. Of the savings of £2m for which implementation plans are not yet in place, work is progressing on the facilities efficiencies programme and on extending the HPSN contract. The overall savings achievable within the purchase to pay process from reducing the numbers of transactions, originally forecast at £1m is now forecast at £0.5m as existing processing costs are not as high as had been assumed when the initial forecast was made. However the remaining savings in the overall Phase 1 efficiency programme are forecast to be within £50,000 of the £30m target, so that the target can still effectively be achieved if all the other current savings plans achieve their targets. This would then allow any new areas for efficiency savings to be incorporated within the Phase 3 programme agreed by the Cabinet.

3. Recommendation

- 3.1. That the Panel note the progress in achieving Phase 1 efficiency savings in line with the targets in the budget strategy.

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

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

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.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality and diversity objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

- 2.1. Crime and disorder objectives are not considered to be adversely affected by the proposals in this report.

3. Climate Change:

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

No impact.

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

No impact.