

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	27 September 2010
Title:	Efficiencies and Expenditure Reductions: Transforming the County Council – Report No. 2
Reference:	2088
Report From:	Chief Executive

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1. Introduction

1.1. The Cabinet at its meeting on 26th July 2010 approved a report from the Chief Executive setting out the programme for efficiencies, expenditure reductions and how the County Council might be transformed to meet the financial constraints being set by the Coalition Government's Emergency Budget and the likely outcome from the Spending Review for the funding of Local Government which is anticipated on the 20th October 2010. While the Spending Review will help shape the direction of travel it is anticipated that it will be some weeks or longer before the County Council sees the detail of any grant reductions specific to 2011/12 and beyond.

1.2. As agreed at the last Cabinet meeting it is important to use the coming months to design, plan and implement different strategies for efficiency, cost reduction and transformation in the Council. This report updates Cabinet and identifies good progress.

1.3. In approving the report Cabinet agreed that:

1. The Chief Executive bring forward to Cabinet the relevant financial and progress reports on each of the workstreams including further enhancements to the programme
2. A recruitment moratorium be implemented with effect from the 1st September and that the Chief Executive report further on proposed organisational changes.

1.4 This is the first of the progress reports updating Cabinet on the workstreams (see Appendix 1) and highlighted within the report are the key issues for decision and progress.

2. Efficiency, cost reduction and transforming the Council

2.1. Reducing Senior Management Costs

2.1.1 The programme for reviewing senior management costs including Chief Officers has begun and each Chief Officer is in the process of reviewing their senior management arrangements from Grade H and above. The Chief Executive has requested each Chief Officer to submit revised senior management arrangements by the end of the calendar year. These would need to be approved by Cabinet and factored into the 2011/12 budget. Subject to EHCC decisions on the 24th September it will be possible to prepare a senior management reduction programme alongside a corporate redundancy policy.

2.2. Recruitment moratoria

2.2.1 The recruitment moratoria have been implemented across departments with effect from 13th September 2010. Chief Officers have been given the task of ensuring that only specific and essential groups of staff are replaced and that other temporary and flexible arrangements are implemented to bring downward pressure on the filling of vacancies. It is anticipated that this will have an immediate impact and as a consequence begin to slow down our expenditure in the current financial year. Closely associated with the recruitment moratoria is the development of redeployment proposals and relevant redundancy arrangements. The interaction of these three management activities are critical to the success of our efficiency programme, minimising the number of redundancies, reducing the cost and creating the opportunity for transformation in the redesign of our services. Future reports to Cabinet will provide further specific detail on the recruitment moratoria and its impact.

2.3. Redundancy arrangements

2.3.1 The Terms and Conditions relating to the County Council's employees generally and specific aspects of the Council's role as an employer are determined by Employment in Hampshire County Council (EHCC). At the time of writing EHCC has yet to meet to consider how voluntary redundancy and other retirement arrangements would operate. An oral update will be given at the meeting following EHCC's discussion at its meeting on the 24th of September. This may require a further recommendation to be added to this report.

2.3.2 Subject to the decision of EHCC, Cabinet will need to determine suitable funding arrangements for any changes made to the redundancy and retirement arrangements. The County Treasurer will report on the financial implications of EHCC's decision and the use of existing resources.

2.3.3 It is also proposed to submit revised governance arrangements to manage redundancies for different levels of staff involving Chief Officers and Executive Members which will be reported further at the Cabinet meeting. In anticipation of EHCC coming to a conclusion on this matter, it is proposed to

operate voluntary redundancy alongside other arrangements as each part of the Council goes through restructuring. This would mean that the arrangements could be time limited to different departmental restructurings and transformation work in the Council and considered as part of individual business cases.

2.3.4 The work associated with senior management reduction, the 'in year grant' cuts in Children's Services and their impact, and the proposed merger of CCRA and PBRS all require early decision so that suitable notices can be given to staff. This will happen immediately following Cabinet on 27th September 2010.

3. Additions to the efficiency and expenditure programme

3.1. Members can see from the appendix the scope and extent of the programme. Significant work has begun on all the workstreams and progress is good. It is anticipated that Cabinet reports in October, November and December will contain specific measures and identify the outcomes from the programme. In addition to the published programme it is recommended that three further activities be added to the workstreams. These are:

- a review of learning, training and development provision (both its funding and organisation)
- the opportunities associated with joint commissioning of services within the County Council and with partners
- the opportunities to further reduce IT costs (as opposed to a reorganisation of their management arrangements and structure).

In addition the County Treasurer is exploring the benefits from developing a shared service for the management and delivery of the Audit function.

4. Departmental reorganisations

4.1. Culture, Communities and Rural Affairs and Property, Business and Regulatory Services & IT

4.1.1 During July and August the opportunity has been taken to look at the potential of a merger between these two departments. Some detailed work has now been undertaken which indicates that there would be significant benefits to a merger which focused on opportunities to reduce senior management costs, reduced support and back office costs, integration of different activities and businesses and recognise some of the natural synergies in the management of visitor and heritage functions and make significant progress on a number of the workstreams in the efficiency programme. On the basis of the work done so far it is recommended that more detailed work be undertaken and that the proposed merger take place subject to the appropriate management arrangements being signed off and approved, the relevant business plans being viable and the merger generally making sense in terms of the expenditure reduction programme and our ability to protect and develop frontline services in these two important

departments. A detailed report is being prepared for Cabinet in November 2010.

- 4.1.2 The merger would have obvious implications for the number of Chief Officers. As a result it is recommended also that the Chief Executive bring forward a report on the future shape and roles of the Chief Officers on the Corporate Management Team. This report should also explore the benefits of the merger of corporate departments and functions.

5. Recommendation(s)

- 5.1. It is recommended that Cabinet notes the report and approves
- i. the addition of learning, training and development, joint commissioning and IT costs as part of the overall programme of cost reduction;
 - ii. that detailed work proceed on the merger of CCRA & PBRS subject to any merger proposals meeting the relevant business, financial and service related issues
 - iii. that subject to the decision of EHCC, Cabinet approve amendments to the Council's budget strategy and medium term financial strategy to fund the relevant redundancy arrangements
 - iv. that the Chief Executive report further on the management arrangements for departments, the shape and format of the Corporate Management Team and other proposals for the integration of corporate and central functions

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

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to ensure that actions are progressed associated with efficiencies and expenditure reductions, and transformation within the Council.	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Efficiencies and Expenditure Reductions: Transforming the County Council	<u>Reference</u> 1926	<u>Date</u> 26 July 2010
Direct links to specific legislation or Government Directives		
<u>Title</u>	<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:

1. Equalities Impact Assessment:

1.1. N/A

2. Impact on Crime and Disorder:

2.1. N/A

3. Climate Change:

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

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