

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	25 October 2010
Title:	Efficiencies and Expenditure Reductions: Transforming the County Council – Report 3
Reference:	2206
Report From:	Chief Executive

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1. Executive Summary

1.1. The purpose of this paper is to

- a) Report on progress on the Efficiency Expenditure Reduction and Transformation Programme;
- b) Recommend a change to existing policies with regard to underspendings; and
- c) Report further on the senior management reduction programme.

2. Introduction

2.1. The Cabinet at its meeting on the 26 July and 27 September approved the Cost Reduction, Efficiency and Transformation programme. At the meeting in September, Training and Learning provision, IT costs and Joint Commissioning were added to the programme. Overall progress is very good across all 25 workstreams.

3. Programme for Decision on Workstreams

3.1. Sufficient work has been done on each workstream to provide a schedule of decision dates which is indicated below. This schedule is critical to both decision making and quantifying the contribution the programme will make to the budget planning process which takes place in November and December.

3.2. On the basis of current work Cabinet would be expected to deal with:

Reports to Cabinet 29 November 2010

- PBRS-CCRA Merger, “sign off” and reduction programme

- Integration of professional functions
- Reducing Senior Management costs – sign-off
- Impact of the recruitment moratoria
- Contract negotiations & supply chain management cost reductions
- Business services (including “IT costs”)
- Further asset rationalisation activity
- Impact of capital expenditure reductions

Reports to Cabinet 20 December 2010

- Broader departmental 8% savings – progress on budget discussions
- Democratic infrastructure
- Grant expenditure
- Support & administrative costs
- Learning, training & development
- Communications, marketing & publications
- Reduced costs associated with inspection & regulation
- Income & charging
- Continued impact of the “Recruitment moratoria”

During October and November a financial target will be established for each workstream, together with an implementation plan.

4. Moratorium

4.1 The recruitment moratorium has begun to bite with the number of unfilled vacancies rising by about “twenty a week” which would be consistent with annual turnover of about 1,500 posts per year allowing for the filling of about one third of vacancies for frontline and other roles. The moratorium will also be putting downward pressure on our “pay budgets”. To further incentivise the approach and the benefits from a moratorium it is proposed below to alter for 2010/11 and 2011/12 our financial policies with regard to underspending so that all underspending (planned and windfall) is retained by departments as contributions to the 8% financial reductions. This would be consistent with allowing departments to get the benefits of their local action and enhance flexibility to meet the reduction programme.

Financial Policy Change

For 2010/11 and 2011/12 all underspends in cash limited budgets will be carried forward within the cash limit to be used to contribute to and support the change agenda and the efficiencies and expenditure reduction programme. All carryforwards will be utilized for this purpose to support the delivery of the budget reductions over this period, such expenditure and action will be in consultation with the County Treasurer and reported to Executive Members and Cabinet in the normal way.

5. Senior Manager Reductions

5.1. Members were strongly committed to seeing a reduction in senior management costs. So far the preliminary review of the opportunity and issues suggests that departments will all be able to make reductions of the order of 25%. Once again this is consistent with an 8% reduction in cash limits. Some departments may exceed the target. The impact of the voluntary redundancy arrangements will facilitate this exercise. The obvious issue that flows from this part of the exercise is a loss of capacity (professional, technical and managerial) while at the same time redesigning senior management structures and accountabilities. Each Chief Officer is now in that process and will advise Executive Members as part of the budget briefing process, of proposed changes. By the time Cabinet meets most Chief Officers will have begun the implementation of the voluntary redundancy programme by initially establishing interest from senior staff.

6. Integration Proposals – Central Services

6.1. Integration proposals are being worked up for Chief Executive's functions with the Treasurer and Human Resources. This integration is planned to begin to look at ways that posts and services can be shared, duplication removed, centralised functions enhanced particularly around transactions, payments and business processes which currently involve several hundred staff. External delivery options may also be appropriate if they would bring sustained cost reductions. This "bottom up" approach to business transformation will be planned and implemented over the next 12 months, in addition to meeting the corporate cost reduction exercise and senior management reductions.

7. Timetable and Future Planning

7.1. During November and December the efficiency and cost reduction programme will merge with the budget discussions for 2011/12. Once Cabinet has "signed-off" the relevant reports responsibility will be assigned to a senior manager to deliver the outcome. In particular where costs have to

be removed before the beginning of the new financial year. It is therefore likely that further redundancies would occur early in the new calendar year.

- 7.2. Following the Council's budget setting process in February 2011, the March Cabinet meeting would receive the next phase (4) of the programme for implementation in 2012/13.

8. Recommendation(s)

- 8.1 That Cabinet note the impact from the staff moratorium and the progress on the senior management reduction programme.
- 8.2 That Cabinet approve the proposal to develop the integration programme for the Council's 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 agree and note the progress on the workstreams associated with the efficiencies and expenditure reductions within the County Council:	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Efficiencies and Expenditure reductions: transforming the County Council – report 1	1926	26 July 2010
Efficiencies and Expenditure reductions: transforming the County Council – report 2	2088	27 September 2010
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
N/A		

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. It is to be expected that the efficiency reviews will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties each work stream has been asked to consider potential differential impacts on people and communities. More detailed Equality Impact Assessments will be carried out on the implementation plans.

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