

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
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Title:	Transforming the Council 2012 - 2015
Reference:	3789
Report From:	The Chief Executive

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1. Introduction

- 1.1. Cabinet have for some time now received regular reports, usually on a monthly basis, on the Cost Reduction, Efficiency and Transformation programme. Reports on the 2012/13 programme are elsewhere on the agenda.
- 1.2. This report begins to look beyond the current financial issues and to how the transformation of services can be delivered across the Council and beyond 2012. The success of our efficiency and cost reduction programmes, allied with our continued high levels of performance, make it essential that we:
- i) Build on the platform of delivering public services with less resources and fewer people;
 - ii) Create momentum throughout the organisation to work within a change framework which makes sense departmentally and at the level of the whole Council; and
 - iii) Develop the potential, capacity and competence to grasp opportunities which may now become open to the most able public sector organisations.
- 1.3. Using the current programme management approach, which has been successful in coordinating and delivering Council wide performance, there are several themes and strands of work that could be considered. These relate to a Transformation Programme which:
- improves the outcomes that we deliver and maximises our influence from the partnerships we work with;
 - ensures the people of Hampshire receive effective, low cost and high value public services;

- looks to build further efficiencies and reduce costs;
- builds management and leadership capacity; and
- grows our business and services strategically

1.4 This paper therefore argues that now is the time to build on the emerging financial platform and to embed a series of transformational processes that increase the probability of the Council being effective, successful and able to provide sustainable public services for children through to adults, with different levels of achievement and vulnerability, in a safe and prosperous Hampshire. Two years ago we recognised we were in a unique position to change for the future. Once again we are in a position to continue our development and contribute to and lead the provision of services to the Hampshire community.

2. Becoming More Efficient

- 2.1. The Council's costs are 'located' in the organisation in different ways. The cost of accommodation and offices has, and is being tackled by our 'Workstyle Programme'. The cost of our corporate overheads are being tackled through the implementation of the Corporate Services Review. The cost of our services and their management are the focus of our senior management reduction programme, our redesigning of some of those services and our selective use of the recruitment moratorium. The tables in Appendix 1 indicate the significant progress.
- 2.2. In other words, the focus has been on reducing 16 – 20% of our costs. A great deal of future transformation and cost reduction will therefore have to come from a sustained approach to transforming how we do things and work, and getting greater efficiency and outcomes from 'the 80% or so' that remains.
- 2.3. These costs are tied up in how we work, what we focus on or target, our productive time, and in service outcomes. In the past, 'growth' in budgets and services has come from increases in national funding workstreams, central government initiatives and local priorities. In the future, service, departmental and Council growth will increasingly come from competing to win 'market share', being cost and qualitatively competitive and using talent and leadership in the organisation in a different and more entrepreneurial way. Growth may also come from 'partnerships' creating a powerful influence on new organisations, for example Clinical Commissioning Groups, and new business. Retaining existing market share becomes critical to sustaining economies of scale, not only but especially with schools. These fundamental shifts in the public services landscape need to be driving our response to future transformation. The focus also needs to move to what remains after our deficit reduction programme.
- 2.4. Increasing community engagement, working with a radically changing schools environment and the new 'Heath System', building partnerships with organisations for example Police and Fire, and re-thinking how we deliver our high priority outcomes for young people and vulnerable adults

suggest a change in the balance of our approach. That balance should shift from one which concentrates on the management of inputs, to one which ensures we maximise outcomes for the people who live in Hampshire from public services delivered by ourselves and our partners, including Government. This is a markedly different and more assertive approach than the pure commissioning models currently being favoured by some authorities. Effective commissioning, particularly of the voluntary sector should play a future part.

3. Transformation - Major Themes

3.1. In recent years the change programmes have been developed around a 'modern business delivering public services'. Our new narrative about being 'Open for Business', if properly interpreted, has signalled a progression in our intent. Both of these descriptions lay the basis for our future transformation programmes.

3.2. In terms of themes, the following programmes could be developed:

- further phases of our efficiency programmes
- developing managerial and leadership capacity
- reviewing opportunities for increased growth
- identifying service redesign opportunities
- exploring new business models and assessing risk for corporate, shared and sold services
- developing new ways to recruit, retain, develop and share staff
- identifying early and emerging trends in public services and being quicker to market
- building a new generation of commercial and asset backed opportunities and partnerships
- consideration of a new generation of commissioning opportunities for the Council and its partners
- further refinement to our customer insight and access strategy

4. The Horizon – Learning a Lesson

4.1. The future for public services is inevitably both uncertain and different from the past. The next Comprehensive Spending Review (CSR) in 2014, less than two years away, defines a short and medium term time horizon of 4 – 5 years, (past the next County Council elections and the next General election). Our success in dealing with CSR 2011, however evaluated, was derived from beginning early and planning strategically. This seems a simple revelation but again one that should stand us in good stead as we develop the Council, our services and staff, and learn how to exploit the themes mentioned above. These new opportunities can be grasped more confidently because of our emerging financial position, our performance

record and the new Strategic Change Capacity we have identified in the Corporate Services Review and at Cabinet.

- 4.2. The report from Deloitte, approved by Cabinet in October 2011, indicated that we were financially resilient, high performing and had strong professional expertise. It also suggested that we needed to consider capacity for the future and build greater commercial acumen in the organisation. Cabinet have also considered and commented on the importance of beginning the process that recognises the cultural change needed for the future delivery of efficient public services and that time is at a premium. The second lesson that can be drawn from the Deloitte report is that even beginning from a strong and resilient financial platform the process of change will take longer than the time we needed to respond to the deficit reduction impacts. Being realistic the future may well be more about different leadership and capacity and adapting people's behaviour than the processes which we have embedded to deal with our financial position.

5. Next Steps

- 5.1. In thinking about transformation on the themes mentioned in 3.2 above there are several issues that require work to begin.
1. Maintaining a low or zero Council Tax increase and finding 2% efficiencies in 2013 and 2014
 2. Developing our Shared Services operations (not planning for the business case!) and the redesign of business process it requires
 3. Developing new leadership capacity and specific skills (e.g. commercial acumen)
 4. Consolidating on good and improving performances and identifying areas for improvement
 5. Building on a model of the Private Sector Twist and its application
- 5.2. The organisation needs to begin these tasks now to ensure the benefits of planning and implementation and to position the organisation to strongly respond to emerging markets and opportunities and a programme of change that meets the outcome from the review of Local Government Resources and CSR 14.
- 5.3. This transformation also requires the organisation to build capacity for internal challenge to sit alongside the contribution from the private sector twist. By working in a disciplined way two things will happen: being more efficient and creative where we need to be will mean more money gets to the frontline. The transformation process mentioned above would therefore sit alongside the Efficiency and Cost reduction programme but extend beyond their successful completion.

6. Recommendation

- 6.1. It is recommended that the Chief Executive develops a County-wide approach to the transformational themes in paragraph 3.2 above and the next steps in paragraph 5.1 above and report on a quarterly basis to Cabinet on progress and issues.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable a series of transformational processes to be considered and implemented within the County Council.

Other Significant Links

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 objectives are not considered to be adversely affected by the proposals in this report.

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

APPENDIX 1.

Becoming More Efficient – Workstyle Programme

Table 1 Reduction of office estate

Year	2008	Jan 2012	Jan 2013	Jan 2014	Jan 2015
Floor Area	76,721	69,865	60,929	56,451	53,952
No. of buildings	54	42	32	22	20

Table 2 Hub office projects completed

Location	Office Floor Area Reduction	Office Running Costs reduction (per person)
Winchester – Elizabeth II Court	20%	15%
Eastleigh – Hampshire House	33%	20%
Havant – Public Service Village	34%	27%

Table 3

Year	2010/11	2012/13	2014/15	2016/17	2018/19
Annual Average Revenue Cash Savings (£'000)	282	-1,204	1,357	2,062	2,313
Cumulative position by 2018/19 (£'000)	282	-1,838	-671	3,436	8,009
25 years					49,366

Becoming more Efficient – workforce reduction

Table 4

