



Hampshire County Council

Policy & Resources Select Committee

Transformation to 2019 - Revenue Savings Proposals

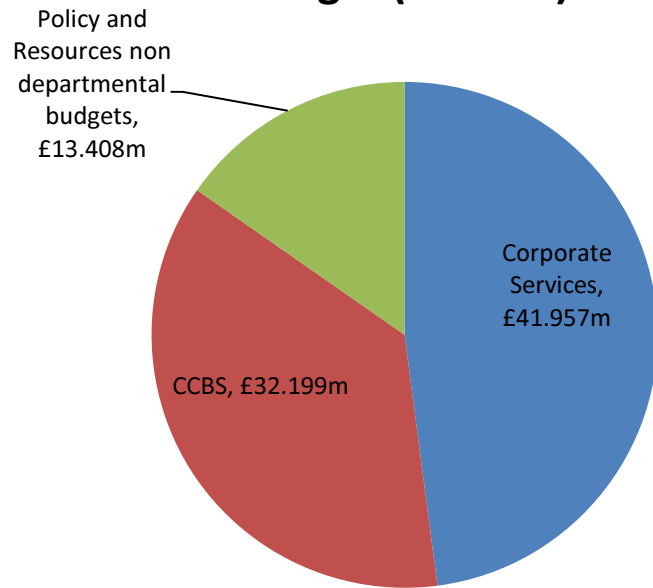
Rob Carr – Head of Finance

Summary

- Current budget and Transformation to 2019 (Tt2019) savings target for departments within Policy & Resources
- Key services and associated costs
- Savings already delivered as part of Transformation to 2017
- Approach to developing proposals for Tt2019
- Proposed savings for Tt2019
- Key points identified within Equality Impact Assessments
- Highlights from recent '*Balancing the Budget*' public consultation

2017/18 Budget and Tt2019 savings targets

Policy and Resources - 2017/18 Original Budget (£87.6m)



Savings Target £'000

Corporate Services	7,817
CCBS	6,304
P&R non-departmental budgets	808
Total savings target for Policy and Resources	14,929

Policy & Resources - Key services

- Corporate Services:
 - Corporate Resources - includes IBC Shared Services, Finance, HR, IT and Internal Audit (£31.6m)
 - Transformation & Governance – includes Law and Governance, the corporate Transformation Practice, and Strategic Procurement (£5.609m)
 - Customer Engagement Service – includes Hantsweb (the County Council's web service); Hantsdirect (the County Council's contact centre); Insight & Engagement (including public consultation and engagement, policy, performance and strategic partnerships); Marketing and Advertising; and Corporate Communications (£4.744m).
- CCBS :
 - Community – includes Library and Registration Service, Trading Standards, Scientific Service, Grants fund and Business Support (£15.4m)
 - Culture and Heritage – includes Countryside, Outdoor Centres, Sir Harold Hiller Gardens and Archives, Grant to the Cultural Trust and Archives and Records (£7.3m)
 - Property – including Office Accommodation and facilities Management (£8.8m)
 - CCBS also runs a number of income-generating Business Units with a turnover in excess of £57m

Values as per 2017/18 original budget

Policy & Resources - Key services –

- Policy & Resources non-departmental budgets – includes:
 - Members expenses/support costs (£1.7m)
 - Members Devolved Grants budgets (£0.4m)
 - Grants to voluntary organisations and contributions to other organisations (£1m)
 - Repairs and Maintenance (£7.6m)
 - Strategy Asset Management (£1.5m)
 - Other corporate expenditure, including External Audit Fee, Former Direct Service Organisations (DSO) pension costs, salary sacrifice scheme, Corporate and democratic core, Rural Affairs, Southern Sea Fisheries and subscriptions (£2.7m)

Values as per 2017/18 original budget

Savings delivered as part of Transformation to 2017 programme:

	Savings Achieved £'000
Corporate Services	6,201
CCBS	4,875
P&R non-departmental budgets	625
Total savings for Policy and Resources	11,701

Savings delivered as part of Transformation to 2017 programme

	Full-year impact £'000
Corporate Services:	
Overachievement of previous savings targets	1,000
Review of Finance Service	400
Review of HR service	340
Refocus of Internal Audit assurance and controls	80
Redesign of Support Services functions supporting the department	220
Growth of Shared Services partnership	500
Review of IT services operating model and external spend	2,354
Restructure within Internal Audit	87
Review of Hantsdirect	360
Consolidation of Policy & Governance operating model, including increasing legal service traded service offer	547
Redesign of Communications services, and ceasing production of Hampshire Now publication	250
Review of policy activities	150
Sub-total Corporate Services	6,201

Savings delivered as part of Transformation to 2017 programme

Culture, Communities and Business Services:	Full-year impact £'000
Overachievement of previous targets	1,287
Library Service	947
Grants to community organisations	100
Trading Standards	301
Office Accommodation	376
Archives and Arts and Museums	242
Property Services	428
Countryside Service, Outdoors and Hillers	492
Facilities Management and Print Sign Workshop	430
Registration Service	75
Business Support	180
Other CCBS savings	273
Overachievement towards T19	-256
Sub-total CCBS	4,875

Savings delivered as part of Transformation to 2017 programme

Full-year impact £'000

Policy and Resources non-departmental budgets:

Review of P&R non-department expenditure, including grant funding provided to voluntary organisations, corporate expenses and other housekeeping savings

625

Sub-total Policy and Resources non-departmental

625

Total savings proposals for Policy and Resources

12,667

Approach to developing proposals for Transformation to 2019 (Tt2019)

- Initial Opportunity Assessments process identified potential areas for further savings across Corporate Services, CCBS and Policy & Resources non-departmental budgets
- Challenge within Corporate Management Team and further refinement of proposals
- ‘Balancing the Budget’ consultation completed
- Programme of proposals identified for consideration by Executive Member, Cabinet and County Council

Objectives of Tt2019

- Save £14.9m across Policy and Resources
- Maximise opportunities for transformation to achieve efficiencies – minimise service impact by doing things differently
 - Further refine and improve operating models to enable new ways of working
 - Continue to further reduce external spend
 - Replace budget funding with traded income, where appropriate
- Grow traded services
- Looking beyond 2019 – building a sustainable approach

Proposals for Tt2019

	Full-year impact £'000	Estimated FTE impact
Corporate Services:		
<i>Corporate Resources</i>		
Integrated Business Centre - improving efficiency of business processes, and maximising self-service	467	20 - 30
Finance – review of operating model	896	25 - 30
HR - review of operating model	729	16 - 20
HR Resourcing – redesign of resourcing function	287	12 - 16
IT - services - review of operating model and infrastructure	3,509	39
Internal Audit – implementation of assurance mapping to support targeting of Internal Audit services toward areas of greatest risk	147	3 - 5
General - reduction in non-service general expenses	92	0
Corporate Resources sub-total	6,127	115-140

Proposals for Tt2019

Corporate Services:

Transformation and Governance

Law and Governance - operational improvements and income generation

850

4

Transformation Practice - income generation from external clients

100

-

Sub-total Transformation and Governance

950

4

Customer Engagement Service

Customer Engagement Service - review of operating model and maximising income generating opportunities

460

8-12

Hantsdirect - encouraging customers to use lower cost contact channels, and improving process efficiency

280

18-25

Sub-total Customer Engagement Service

740

26-37

Sub-total Corporate Services

7,817

145-181

Proposals for Tt2019

	Full-year impact £'000	Estimated FTE impact
Culture, Communities and Business Services		
Registration Service - Increase in income through a review of the fee structure	195	0
Trading Standards - Generating efficiencies through different ways of working and growing income	407	0 - 10
Hampshire Scientific Service and Asbestos Management Service - Increase income surplus through business growth, supported by new systems	100	0 – 5
Countryside Service - Transformation of the Country Parks and of the Countryside Access and Estate	640	0 - 5
Library Service - Implementation of more efficient operating models, supported by self-service. A reduction in operating costs through a range of options e.g. reduced opening hours and increased use of volunteers	2,255	25 - 35
Property Services - A complete review of the operating model to reduce income and maximise income generation	866	15 - 25
Property Services Office Accommodation - Working environment changes to enable reduction in office accommodation	1,300	0
Archives and Records – Operating efficiencies and increased income generation	154	0 - 5
Hampshire Outdoor Centres - Efficiencies through product realignment and additional income generation	162	0 - 10
Sir Harold Hillier Gardens – Increase incoming generation	225	0 - 5
Sub-total CCBS	6,304	40 - 100

Proposals for Tt2019

	Full-year impact £'000	Estimated FTE impact
Other Policy and Resources non-departmental budgets:		
Reduction in the annual contribution to the Corporate Policy Reserve	808	-
Sub-total Policy and Resources non-departmental budget savings	808	-
Total savings proposals for Policy and Resources	14,929	185-281
Savings Target	14,929	
Potential over / (under) achievement of savings target	0	

Equality Impact Assessments

EIAs undertaken for all new proposals to ensure potential impacts on groups with protected characteristics are identified and considered in the decision-making process:

- **Corporate Services:**
 - No medium or high impacts identified
- **CCBS:**
 - No medium or high impacts identified
- **Policy and Resources non-departmental budgets:**
 - No impacts identified

Headline Findings from *Balancing the Budget* Consultation

- The majority of respondents (**65%**) **agreed** that the County Council should continue with its **financial strategy**.
- Responses were relatively evenly split between those who tended to support **changes to local services** and those who did not (**50% agreed**, 45% disagreed and 5% had no view either way).
 - Of all the options, this was respondents' **least preferred**.
- Two thirds of respondents (**67%**) **agreed** that the County Council should raise existing **charges** or introduce new charges to help cover the costs of running some local services.
- Over half of respondents (**57%**) **agreed** that the County Council should **lobby the Government** to vary the way some services are provided, and enable charging where the County Council cannot levy a fee due to statutory restrictions.
- Of all the options presented, generating **additional income** was the **most preferred** option.
- On balance, the majority of respondents (**56%**) **agreed** that the County Council should retain its current position not to **use reserves** to plug the budget gap.
 - Of all the options, this was respondents' **second least preferred**.
- Respondents would prefer the County Council to continue with its plans to raise **Council Tax** in line with Government policy (**50%** ranked this as their preferred approach to increasing Council Tax).
 - Of all the options, increasing Council Tax was respondents' **second most preferred**.
- More than half of those who responded (**64%**) **agreed** that the County Council should explore further the possibility of **changing local government structures** in Hampshire.

Net popularity of proposals when ranked

- Respondents were asked to rank the seven options for balancing the County Council's budget by order of preference. The image below shows how the options were ranked overall – from generating additional income as the most preferred option to reducing and changing services as respondents' least preferred option.
- The rankings are based on how many times each option was chosen by a respondent as one of their **top three** preferred options.



73%
Generating additional income



47%
Increasing Council Tax



45%
Introducing and increasing charges for some services



44%
Lobbying central Government for legislative change



43%
Changing local government arrangements in Hampshire



28%
Using the County Council's reserves



22%
Reducing and changing services

Next steps

- Decision taken by the Cabinet and Full Council on the strategic way forward to deliver the £140m savings requirement
- Decisions by Cabinet and Full Council on whether to agree the revenue savings proposals outlined
- Where decisions can be made by Chief Officers, proposals will move into implementation
- Further public consultation is proposed in 2018 on the options to reduce costs within the Library service
- Where further formal decisions required these will be taken back to Executive Members as appropriate.