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NOTICE OF MEETING

Meeting	Policy and Resources Select Committee
Date and Time	Monday, 22nd January, 2018 at 10.00 am
Place	Wellington Room, Elizabeth II Court South, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. MINUTES OF PREVIOUS MEETING (Pages 5 - 10)

To confirm the minutes of the previous meeting

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. 2018/19 REVENUE BUDGET REPORT FOR POLICY AND RESOURCES (Pages 11 - 42)

For the Policy and Resources Select Committee to consider a budget setting report considered by Cabinet on 11 December 2017 for background, and to pre-scrutinise the proposed revenue budget for 2018/19 for Policy & Resources (which is due for consideration by the Executive Member for Policy & Resources at the decision day on 22 January 2018 at 2:00pm).

7. CAPITAL PROGRAMME FOR 2018/19 TO 2020/21 (Pages 43 - 60)

For the Policy and Resources Select Committee to pre-scrutinise the proposals for the Policy and Resources Capital Programme for 2018/19 – 2020/21 (see report attached due to be considered by the Executive Member for Policy and Resources at 2:00pm on 22 January 2018).

8. ANNUAL IT UPDATE (Pages 61 - 68)

To receive an update from the Head of IT on behalf of the Director of Corporate Resources regarding IT activity over the past year, and priorities for the year ahead, including transformation to 2019 savings.

9. TRADING STANDARDS TRANSFORMATION TO 2019 SAVINGS

To receive a presentation on behalf of the Director of Culture Communities and Business Services regarding the transformation to 2019 savings requirements for the Trading Standards Service.

10. WORK PROGRAMME (Pages 69 - 76)

To review the work programme of topics to be considered by the Select Committee in future.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require

wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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Agenda Item 3

AT A MEETING of the Policy and Resources Select Committee of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Thursday, 23rd November, 2017

Chairman:
p Councillor Jonathan Glen

Vice Chairman:
p Councillor Keith Evans

p Councillor Ray Bolton
p Councillor Adam Carew
p Councillor Adrian Collett
p Councillor Judith Grajewski
a Councillor Edward Heron
a Councillor Keith House
p Councillor Roger Huxstep

p Councillor Peter Latham
p Councillor Anna McNair Scott
p Councillor Floss Mitchell
p Councillor Bruce Tennent
p Councillor Michael Westbrook

Also present with the agreement of the Chairman: Councillor Roy Perry, Executive Member for Policy and Resources, Councillor Patricia Stallard, Executive Member for Public Health, and Sir Jonathan Portal (invited to observe item regarding Supporting Families Programme)

17. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Cllr Heron and Cllr House. Cllr Carter attended as the conservative substitute Member. Cllr Thornton attended as the liberal democrat substitute Member.

18. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

19. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed.

20. **DEPUTATIONS**

No deputations were received at this meeting.

21. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements on this occasion.

22. **CRIME AND DISORDER ANNUAL SCRUTINY - HAMPSHIRE SUPPORTING (TROUBLED) FAMILIES PROGRAMME**

The Select Committee received a report and supporting presentation from the Lead for Hampshire Supporting (Troubled) Families Programme, on behalf of the Director of Children's Services, providing an update on Phase Two of Hampshire's Supporting Families Programme (see Item 6 in the Minute Book). The Chairman introduced the item, reminding Members that it was a requirement for this committee once a year to consider issues relating to how the County Council works in partnership with other bodies to prevent and reduce crime and disorder.

It was noted that, as requested by committee members, the Police and Crime Commissioner (PCC) for Hampshire and the Isle of Wight had been invited to attend the meeting. However, he had given apologies. It was noted that the County Council works with the PCC on a number of programmes. Members were reminded that scrutiny of the PCC was undertaken by the Hampshire Police and Crime Panel, on which the County Council was represented by Councillor Jan Warwick.

Members heard that the Supporting (Troubled) Families Programme in Hampshire had been independently evaluated and found to be successful in avoiding costs to public services. The County Council had submitted an Expression of Interest to the Department for Communities and Local Government for 'earned autonomy', which would provide funding in place of Payment by Results in the last two years of the programme.

Members heard that 5,540 families in Hampshire would be targeted for support in phase two of the programme, of which around 1,200 would receive intensive support. For phase two, multiple providers were involved in supporting the programme, which was anticipated to help ensure there would be enough capacity to meet demand.

Members asked questions and discussed the topic. Members heard that 'safetynet' software was used as a secure location that any agency working with a family could use to access relevant documentation, including Hampshire constabulary.

Members noted that a high number of the Supporting Families Programme cohort were identified as having mental health issues. It was reported that this may not mean a diagnosis by a mental health professional, but could be identified by those working with the family e.g. depression. For issues to be

recorded in the families Plan they would need to be agreed between the multi agency professionals involved and with the consent of the family member.

Members heard that when Children's Centres transitioned to the Family Support Service, there was a slow down in success rates on the Supporting Families Programme during the change over. However, now the Family Support Service was in place this was working well.

It was noted that a report on the impact of phase two was due to be provided by Southampton Solent University. An interim report was due in early 2018, the final report in early 2019. Current funding for the Supporting Families Programme runs until 2019/20 and at present further funding was not anticipated. It was considered that the programme running for eight years was a good amount of time to embed the principles in day to day working across the organisations involved.

It was confirmed that the voluntary sector formed part of the network of organisations involved in supporting families, and in some cases provided the lead professional. It was reported that support would continue to be offered to families beyond the point at which outcomes were reported to central government, where needed.

Cllr Stallard, as Executive Member whose portfolio the Supporting Families Programme sits with, thanked Members for their feedback, and encouraged Members to raise awareness of the programme and the opportunity to nominate families for support.

RESOLVED:

The Policy and Resources Select Committee:

- note the continuing work of the Supporting Families Programme
- consider the positive outcomes being achieved through the programme for families in Hampshire as a significant contribution towards preventing crime and disorder and associated risk factors
- note the future direction and next steps

23. **MEDIUM TERM FINANCIAL STRATEGY**

The Select Committee received a report and supporting presentation from the Head of Finance, on behalf of the Director of Corporate Resources – Corporate Services, regarding the Medium Term Financial Strategy (see Item 7 in the Minute Book). The report had been considered by Cabinet on 16 October 2017 and County Council on 2 November 2017, and was considered by the Select Committee as part of its role to scrutinise financial management.

Members were reminded of the background to the County Council's current financial position, and heard that the financial strategy was to apply the same percentage reduction to all departments to meet the savings target under the transformation to 2019 programme. However, additional funding was provided where there were particular pressures e.g. social care demand growth.

It was reported that a section on Commercialisation had now been added to the Medium Term Financial Strategy (MTFS). Members queried why the County Council did not invest in property. It was responded that advice had been received that in order to spread risk, a minimum portfolio of £400 million would be recommended. The County Council did not plan to invest in property on this scale. However, the County Council did invest some funds in pooled property funds.

A Member commented that in previous decades the County Council had invested in land which was later used for development. It was responded that this was still the case, however there were less opportunities available to do so.

It was noted that the feedback to the public consultation undertaken in the summer of 2017 showed 65% of those responding supported the current financial strategy.

Members heard that the Better Care Fund and Adult Social Care Council Tax precept were anticipated to cover adult social care pressures up to 2019/20. Pressures were now increasingly being experienced in children's social care and schools budgets.

Cllr Perry reported that the Cabinet had asked officers to consider alternatives to avoid making the savings that affect community transport. He had received notice that the Secretary of State was willing to meet to hear the County Council's proposals regarding concessionary travel. The County Council was lobbying for the opportunity to introduce a charge for concessionary passes and potentially a contribution to bus journeys, in order to subsidise community transport and bus subsidies. However it was not clear yet whether this approach would be acceptable.

It was discussed that the County Council was willing to devolve some tasks to parishes e.g. grass cutting, however not all areas are parished. Cllr Collett declared a non-pecuniary interest – that he was Chair of a Town Council and a member of another (he remained in the meeting). Cllr Collett reported that Fleet became parished seven years ago and it had been a success, and encouraged areas that aren't already to consider setting up parish or town councils. The Chairman suggested this was something that could be explored through HIOWLGA.

A Member queried why the County Council had not considered running bus services directly. The Chairman of the Economy Transport and Environment Select Committee reported that she had asked about this and received a briefing note on the topic, that could be circulated to members of the Policy and Resources Select Committee.

RESOLVED:

That the Policy and Resources Select Committee note the Medium Term Financial Strategy.

24. **APPROVAL OF TASK & FINISH GROUPS**

The Select Committee received a report on behalf of the Director of Transformation and Governance (see Item 8 in the Minute Book) regarding the approval of task and finish groups planned by the other Select Committees. Members noted that the Health and Adult Social Care Select Committee was planning to hold two task and finish groups.

RESOLVED:

That the Policy & Resources Select Committee support the proposed Task & Finish Groups being undertaken by the Health and Adult Social Care Select Committee:

- Working Group on Sustainability and Transformation Partnerships (STPs)
- Task and Finish Working Group on Social Inclusion Services

25. **WORK PROGRAMME**

The Chairman presented the proposed work programme for the Select Committee, as updated since the last meeting (see Item 9 in the Minute Book).

RESOLVED:

That the Work Programme is agreed, subject to any amendments agreed at this meeting.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Policy and Resources Select Committee
Date:	22 January 2018
Title:	2018/19 Revenue Budget for Policy & Resources
Report From:	Chief Executive, Director of Culture, Communities and Business Services, Director of Corporate Resources and Director of Transformation and Governance

Contact name: Rob Carr

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Purpose of Report

- 1.1. To enable the Select Committee to pre-scrutinise the budget proposals for the Policy and Resources budget for 2018/19. As background, the report considered by Cabinet on 11 December 2017 regarding Budget Setting and Provisional Cash Limits 2018/19 is provided, to provide context for how the budgets have been set for 2018/19. Then a report is attached which is due for consideration by the Executive Member for Policy & Resources at the decision day on 22 January 2018 at 2:00pm, regarding the proposed revenue budget for Policy & Resources for 2018/19.
- 1.2. For the Select Committee to consider the recommendations proposed in the Revenue budget report to the Executive Member for Policy and Resources, and to agree and make recommendations to the Executive Member accordingly.

2. Recommendations

That the Policy and Resources Select Committee:

Either:

- 2.1. Support the recommendations being proposed to the Executive Member for Policy and Resources: To approve for submission to the Leader and the Cabinet:
 - The revised revenue budget for 2017/18 as set out in Appendix 1.
 - The summary revenue budget for 2018/19 as set out in Appendix 1.

Or:

- 2.2. Agree any alternative recommendations to the Executive Member for Policy and Resources, with regards to the budget proposals set out in the attached report.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	11 December 2017
Title:	Budget Setting and Provisional Cash Limits 2018/19
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Rob Carr

Tel: 01962 847508

Email: Rob.Carr@hants.gov.uk

1. Executive Summary

- 1.1 The purpose of this report is to update Cabinet on the financial position in respect of the current financial year and set out the process and framework for the setting of the 2018/19 budget.
- 1.2 In line with the current financial strategy, there will be no new savings proposals presented as part of the 2018/19 budget setting process. Savings targets for 2019/20 were approved as part of the Medium Term Financial Strategy (MTFS) in July 2016 and detailed savings proposals have been developed through the Transformation to 2019 (Tt2019) Programme which were agreed by Cabinet and County Council during October and November this year. It should be noted that County Council agreed that officers would continue to explore all viable options to revise or refine these proposals with particular regard to service continuity in areas such as community transport, school crossing patrols and waste and recycling centres, while recognising that any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.
- 1.3 The Tt2019 Programme will look to deliver further savings of £140m, bringing the cumulative total of savings to £480m over a 10 year period. An update on the progress being made by departments is provided in the transformation report presented elsewhere on this agenda.
- 1.4 The updated MTFS referenced clearly the challenges associated with the Tt2019 Programme and made clear that delivery would extend beyond two years. The anticipated delay in the delivery of cash savings for some elements of the Tt2019 Programme was factored into the medium term forecasts to ensure that one-off funding was available both corporately and within departments to meet any potential gap over the period.
- 1.5 Due to the scale of the overall challenge and the increased risk to the timely delivery of the savings, the Corporate Management Team (CMT) have carried out a planned peer review over the early autumn of the higher risk elements of the programme. The financial implications of this review are a requirement for

up to £40m of corporate one-off cash support to enable the respective programmes to be safely delivered. This overall cash flow support figure is £4m more than the provision agreed within the MTFS but can be met from the Grant Equalisation Reserve (GER).

- 1.6 Taking up to four years to safely deliver service changes rather than being driven to deliver within the two year financial target requires the careful use of reserves as part of our overall financial strategy to allow the time to deliver and also to provide resources to invest in the transformation of services. This further emphasises the value of our reserves strategy.
- 1.7 The updated MTFS approved by the County Council in November 2017 included the working assumption that council tax will increase by the maximum permissible without a referendum in line with government policy. In addition, it set out that a significant draw from the GER is anticipated in order to balance the budget, recognising the scale of the transformation and the lead in times for achieving the savings themselves, in order to give the time and capacity to achieve the savings targets set for 2019/20.
- 1.8 This report sets the framework for developing the detailed revenue budgets and capital programme that will be presented to Executive Members, Cabinet and County Council during January and February next year.

2. Contextual information

- 2.1 Previous financial updates around this time of the year have been heavily influenced by the timetable of release of information from the Government either around Comprehensive Spending Review (CSR) figures or specific grant figures for the next financial year.
- 2.2 The CSR and Autumn Statement were published together on 25 November 2015, with the Spending Review covering the period from 2016/17 to 2019/20.
- 2.3 As part of the Local Government Finance Settlement, the Government announced that it would offer a four-year settlement to authorities who could 'demonstrate efficiency savings' over the period up to 2019/20. To apply for this offer local authorities were required to confirm acceptance by 5pm on Friday 14 October 2016 and provide a link to their published efficiency plan.
- 2.4 Following acceptance by the Department for Communities and Local Government (DCLG) of the County Council's Efficiency Plan for the period to 2019/20, the expectation is for minimal change for 2018/19 when the Provisional Local Government Finance Settlement is announced in December. However, it is still possible that there may be variations that need to be taken into account when setting the budget in February.
- 2.5 In his autumn statement in November 2016 the Chancellor announced that the government would move to a single major fiscal event each year. This means following the spring 2017 Budget and Finance Bill, budgets will be delivered in the autumn and the first was published on 22 November 2017.
- 2.6 The Autumn Budget sets out the Government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility (OBR). These forecasts revised down productivity forecasts, which in turn resulted in the GDP forecasts for every year being revised downward. However,

Whitehall departmental spending in 2019/20 will be higher than envisaged at Budget 2016 by £2.1 billion, due to no longer proceeding with some proposed reductions, and will grow in 2020/21 and 2021/22 in line with the profiles set out at Autumn Statement 2016 and Spring Budget 2017.

- 2.7 The Chancellor set out a range of proposals including the following:
- Business rates will increase by the lower CPI inflation measure (rather than the RPI currently used) from 2018 onwards; as opposed to 2020 as previously planned.
 - Local authorities will be able to increase the council tax premium on empty homes from 50% to 100%.
 - The Government intends to move away from the 1% public sector pay award policy although no further details on levels were provided. The Government has committed to fund pay awards for NHS staff in order to protect frontline services.
 - The National Living Wage will increase by 4.4% from £7.50 to £7.83 in April 2018.
 - Additional funding for the NHS, a range of measures targeted at the teaching of maths, computer science and IT and for transport and environmental priorities (including potholes and flood and coastal defence schemes).
 - The Government will lend English local authorities up to £1 billion at a discounted interest rate of gilts + 60 basis points accessible for three years to support infrastructure projects that are high value for money. Details of the bidding process will be published in December.
 - The Government's ambition is to build 300,000 new homes a year by the middle of the next decade and policy measures include plans to consult on a number of changes to developer contributions and to lift the Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. In addition, the Government will support more strategic and zonal planning approaches through housing deals in the South East and provide additional funding for the Housing Infrastructure Fund.
- 2.8 None of these announcements has an immediate impact on the setting of the budget for 2018/19 and any changes contained in the provisional Local Government Settlement which will be announced in December will be reported to Cabinet and County Council.
- 2.9 Despite impressively strong and consistent financial performance over many years, further to last year's finance settlement for local government, the County Council is facing a forecast budget gap of some £140m by 2019/20 that requires closing. This is after safely removing £340m of savings over the past seven years and within that, delivering in full on the Transformation to 2017 (Tt2017) Programme.
- 2.10 Savings proposals for 2019/20 have already been agreed, although it should be noted that County Council agreed that officers would continue to explore all viable options to revise or refine these proposals with particular regard to

service continuity in areas such as community transport, school crossing patrols and waste and recycling centres. An update on the progress being made is provided in the transformation report presented elsewhere on this agenda and the focus now is on implementation and delivery.

- 2.11 Given this position, the main focus in setting the budget for 2018/19 is the production of the detailed revenue and capital budgets and this report sets out the framework for the detailed budget preparation process for next year.

3 Revenue Financial Monitoring

- 3.1 The forecast revenue monitoring position for 2017/18 as at the end of August (Month 5) was presented to Cabinet in October. This forecast indicated that overall there was good delivery of savings and management within the budget and that where there were issues, these had mostly been anticipated and could be accommodated on a one-off basis from departmental cost of change (and other) reserves alongside approved corporate support.
- 3.2 The updated position as at the end of the October (Month 7) has not changed fundamentally and is summarised in the following table:

	Adults' Health and Care	Children's Services	ETE, CCBS & Corporate Services
	£'000	£'000	£'000
Investment / Cost of Change Used	7,909	6,076	19,708
Pressures	1,716	10,309	269
Tt2017 Late Delivery	8,442	989	2,170
Subtotal	18,067	17,374	22,147
To Be Met From:			
Tt2019 Early Delivery	(716)	(645)	(3,005)
Other Savings	(1,605)	(995)	(8,701)
Other Departmental Reserves	(4,183)		(1,388)
Unallocated Corporate Support		(1,965)	(3,245)
Departmental Cost of Change	(11,563)	(5,356)	(5,808)
Total (Under) / Over Spend	0	8,413	0

- 3.3 It is worth reiterating that at this point in the year the forecasts themselves still tend to concentrate on the more significant negative items without considering in depth other areas of potential under spend that could be used to offset them. Monitoring at this stage therefore still tends to the side of prudence and as the year progresses it is anticipated that this position may improve through a combination of continued positive management action in the pressure areas, under spends elsewhere in Children's Services and the use of corporate contingencies as appropriate.

- 3.4 The pressures within Children's Services and the exhaustion of the Department's cost of change reserves were anticipated in the medium term through the monitoring completed in 2016/17.
- 3.5 Nationally there is growing attention being focused on the pressures facing children's services and analysis by the Local Government Association (LGA) published in the summer highlighted that growing demand for support is leading to over spends in an increasing number of authorities.
- 3.6 Additional investment in a range of areas within Children's Services was approved as part of the updated MTFs, including funding to cover costs to grow social worker capacity through increased recruitment and improved retention. These amounts, together with funding for growth in Children Looked After numbers (and in turn the knock on impact for care leavers) already provided for and allocated, alongside continued management focus on the other pressure areas, will ensure that the Department operates from a firm financial base as attention turns to the next transformation programme.
- 3.7 Financial pressures on schools are increasing, both at an individual school level and within the overall schools budget. The overall schools budget will end in deficit this financial year and Schools Forum has agreed for this to be carried forward into the budget for 2018/19. The pressure predominantly relates to demand led budgets funding pupils with high levels of additional need, in particular where there are increasing numbers of pupils with Education, Health and Care (EHC) plans. A number of management actions are being developed to reduce this pressure.
- 3.8 There are an increasing number of schools in, or at risk of falling into deficit. Reasons vary and tailored support is being provided to individual schools facing financial difficulties along with appropriate challenge and intervention where required.
- 3.9 In September 2017, the Department for Education (DfE) announced the introduction of a National Funding Formula for Schools, High Needs and the Central School Services blocks. The Government's intention is that individual school budgets should ultimately be set on the basis of a single national formula (a 'hard' funding formula) however, no timescales have been set. For 2018/19 and 2019/20, funding for schools will be calculated on a national basis and then passed to the local authority for allocation.
- 3.10 By the end of the three year transition period Hampshire's schools budget should have gained £37m through the changes, subject to decisions made regarding the next Spending Review. The local implementation of the changes is complex with a great deal of external scrutiny requiring clear consultation and engagement. A series of briefings were provided open to all stakeholders and a three week consultation was undertaken with all schools to seek views on changes to the local formula.
- 3.11 As we move further through the financial year we will have a clearer picture of the likely outturn position for 2017/18 and each year we prepare a revised budget that is presented to Cabinet in January and which reflects the latest monitoring information as at the end of December. In addition, corporately a more detailed review of non-departmental budgets (including contingencies)

and reserves will be undertaken as part of the third quarter monitoring and in considering the 2017/18 revised budget position.

4 2018/19 Budget Setting

- 4.1 The deliberate strategy that the County Council has followed to date for dealing with grant reductions and unfunded demand and inflationary pressures is well documented. It involves planning ahead of time, in order to give departments the maximum time and capacity for implementation, making savings in advance of need and then using those savings to help fund transformational change to generate the next round of savings.
- 4.2 In line with this strategy, the Transformation to 2019 (Tt2019) Programme has been in place for some time to develop the £140m of savings required to balance the budget for 2019/20. Detailed savings proposals for each department were approved by the County Council in November 2017, in order to allow more time for delivery of the savings; including the requirement to undertake a second stage of service specific consultations where necessary. Subject to further consultation where required, the programme has now moved to formal implementation.
- 4.3 It should be noted that County Council agreed that officers would continue to explore all viable options to revise or refine these proposals with particular regard to service continuity in areas such as community transport, school crossing patrols and waste and recycling centres, while recognising that any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.
- 4.4 Since the transformation programme is already in place and the financial strategy that the County Council operates is on the basis of a two year cycle of delivering departmental savings, there are no new savings proposals to be considered as part of the 2018/19 budget setting process. However, it is still necessary for the County Council to go through the normal 'technical' process of setting provisional cash limits for departments, asking them to prepare detailed budgets within those cash limits and then securing approval through Executive Members, Cabinet and finally County Council.
- 4.5 The next section of this report sets out the details of provisional cash limits for departments for 2018/19, which take into account any base budget changes and the impact of inflation.
- 4.6 The MTFs approved by the County Council in November 2017 including the working assumption that council tax will increase by the maximum permissible without a referendum in line with government policy. This will mean a council tax increase of 4.99%, of which 3% will contribute towards the increased costs of adults' social care, in line with the government's amended approach which is built into their settlement calculations.
- 4.7 In addition, the financial strategy assumes a significant draw from the Grant Equalisation Reserve (GER) in 2018/19 to balance the budget, recognising the scale of the transformation and the lead in times for achieving the savings themselves.

- 4.8 Final details of the settlement for next year, plus information from district councils on collection fund surpluses and estimates of retained business rates is not currently available and will therefore be taken into account in setting the final budget in February next year.

5 Provisional Cash Limits

- 5.1 Provisional cash limits are set to enable departments to prepare their detailed budgets for the next financial year. These take account of changes in the base budget, for example as a result of grant changes or transfers between departments, approved growth and inflation for the year.
- 5.2 Inflation allowances are given each year for pay and price increases and the provisional cash limits detailed in this report include allowances for price inflation.
- 5.3 Historically no allowance has been given for step progression and departments have been expected to manage this within their bottom line, securing efficiencies if necessary. In view of the ongoing requirement to find savings to meet targets set to balance the budget, finding further efficiencies to absorb step progression is becoming increasingly challenging.
- 5.4 As a consequence for 2018/19 a contribution has been made towards meeting the cost of step progression as part of the allocation of corporate inflation to cash limited budgets. A general allowance of 1.5% of relevant employee budgets (directly employed staff) has been made – the difference between most steps is 3% but some staff will be at the top of the grade and so progression will not apply.
- 5.5 Allowances for pay increases are held centrally until any awards are agreed.
- 5.6 As part of the last pay deal (which was a two year deal covering 2016/17 and 2017/18) the LGA and trade unions committed to undertake a technical review of the National Joint Council (NJC) pay spine. The intention is to move to a new NJC pay framework in March 2019 as part of a negotiated two year pay deal with an interim increase for April 2018 based upon the existing framework.
- 5.7 The EHCC pay framework is different to the national NJC pay framework, in terms of both grades and salaries but the EHCC agreement requires the national pay award (percentage or monetary amount) to be applied to EHCC grades of A to G inclusive and so the outcome of the national pay award will be relevant.
- 5.8 Until the details of the two year pay deal are known it is not possible to quantify the impact for the County Council but the MTFS includes provision for a 1% per annum pay award (impact on cash limited budgets for each 1% increase is circa £2.5m) and an additional allowance rising to £5m by 2020 for the impact of the National Living Wage on the directly employed workforce within cash limited services.
- 5.9 In the Autumn Budget the Chancellor signalled that the Government intends to move away from the 1% public sector pay award policy although no further details on levels were provided.

- 5.10 The calculation of the provisional cash limits is shown in detail in Appendix 1. The figure for Schools will be updated once the provisional settlement is known, but for now, the 2017/18 position has been updated taking into account forecast changes, such as increases in respect of the pupil premium and other grant related changes.
- 5.11 Chief Officers, with Executive Members are asked to develop their detailed budgets within the guidelines that have been set so that the Leader and Cabinet can make the final budget recommendations for 2018/19 at the meeting in February 2018.

6 Transformation to 2019

- 6.1 Throughout the period since 2010 the County Council's financial performance has been very strong. Cumulative savings including the full achievement of Tt2017 targets have seen some £340m being removed from budgets since 2010. Year end outturn reports have consistently demonstrated that departments have continued to manage their resources, provide further for one-off investment to support the on-going transformation challenge and at the same time maintain and even improve service outcomes and performance.
- 6.2 Whilst this performance has been sustained to date, the cumulative impact of numerous savings programmes together with sustained pressure on all departments, but in particular social care spending, show a different picture beginning to emerge.
- 6.3 A separate report updating the Cabinet on the progress of the Tt2019 Programme is presented elsewhere on this agenda and highlights positive progress on the achievement of savings against the targets set.
- 6.4 Some savings may be implemented prior to April 2019 and therefore any early achievement of savings in 2018/19 can be retained by departments to meet cost of change priorities. However, as we progress through and beyond 2017/18, Children's Services are unlikely to remain within their cash limited expenditure position without central financial support, and both Children's Services and Adults' Health and Care are forecast to exhaust their cost of change reserves in the next two to three years.
- 6.5 It has always been acknowledged that the implementation of some proposals will be more challenging than others and may be subject to separate consultation exercises to fully understand the impacts of the proposals. Taking the time to get this right is very important for service users and the County Council and as such some savings may not be achieved in 2019/20 and will need to be supported on a one-off basis.
- 6.6 Cabinet has previously noted that each successive transformation programme over the past seven years has been harder than the previous one as the scope for early and easier savings is further diminished. The MTFS referenced clearly the challenges associated with the Tt2019 Programme and made clear that delivery would extend beyond two years. In the most part the cash flow support required to manage the extended delivery timetable will be met from departmental cost of change reserves, which will be boosted by some early delivery in 2018/19.

- 6.7 The MTFS set out that a further contingency would be held corporately to cover any remaining shortfall and at that point a sum to manage the potential risk of 20% in 2019/20 and 10% in 2020/21 (£24m and £12m) was provided for. However, it was confirmed that due to the scale of the overall challenge and the increased risk to the timely delivery of the savings, the Corporate Management Team (CMT) would carry out a peer review of the higher risk elements of the programme over the early autumn and would advise accordingly on any changes to the corporate financial support required.
- 6.8 The peer review exercise has been completed and focussed in particular on key risks and assumptions, the timescales for Stage 2 consultations and the lead in time for certain changes in staff and customer behaviour to become fully embedded.
- 6.9 Following this review, small changes were made to the profile for Economy, Transport and Environment (ETE), but the biggest movement was in Adults' Health and Care where greater time has been allowed for changes to take affect within the Living Independently work stream; particularly around the Strength Based Approach and managing demand and prevention.
- 6.10 The updated forecast cash flow position of savings in each of the years following the risk assessment and savings profile work is shown in the table below:

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Adults' Health & Care	8,269	41,780	52,106	55,756
Children's – Non-Schools	2,655	14,062	20,871	27,686
ETE	3,840	13,510	19,005	19,005
Policy & Resources (P&R)	4,271	14,304	14,929	14,929
Departmental Total	19,035	83,656	106,911	117,376
Early Achievement / (Shortfall)	19,035	(36,344)	(13,089)	(2,624)

- 6.11 The later delivery of certain projects is consistent with previous updates on Tt2019, reflecting the complex nature of different savings areas. Much of the later delivery relates to activity in Adults' Health and Care and Children's Services. Transforming front line services in these areas is notoriously difficult and requires time to be achieved safely and without significant disruption to service users and their families.
- 6.12 The financial impact of the planned later achievement of savings for the two social care departments (taking into account their existing levels of cost of change) is a requirement for up to £40m of corporate one-off cash support to enable the respective programmes to be safely delivered. This overall cash flow support figure is £4m more than was approved within the MTFS but can be met from the GER.

- 6.13 In line with previous major cost reduction exercises Tt2019 progress will continue to be closely monitored, and will be subject to monthly review by CMT and regular reporting to Cabinet throughout 2018 and beyond. This will ensure that issues, concerns and risks are dynamically responded to and dealt with. It will also mean that benefits realisation and the timely delivery of savings is consistently in focus, which for this programme, given its later cash flow support demands, is ever more important. Furthermore, it is almost certain that there will be a continued squeeze on public sector funding into the next decade. This puts an added premium on Tt2019 being delivered in full, and in the most timely manner possible, to ensure the County Council is in the best possible position at the commencement of any successor programme.
- 6.14 The MTFs contained details of significant investment in the Transformation Team and enabling IT and to supplement this additional resource in a number of support services may be required depending on the timing and complexity of the support required. At this stage of implementation, a total of £155,000 per annum for two years is being requested, for enabling support.
- 6.15 Whilst Tt2019 represents an immense challenge, the County Council does have significant capacity, capability and experience to tackle the task, highlighted by its track record to date. As tough as the forward agenda is, we know that the County Council is as well placed as any other local authority to deliver on the continuing financial challenges that apply in the sector and crucially to make the necessary investment required.

7 Capital Investment

- 7.1 The County Council's capital programme has been maintained and expanded over recent years, continuing the trend of ensuring that we invest wisely in sustaining our existing assets and delivering a programme of new ones.
- 7.2 The timeframe for capital planning moves on each year and for the 2018/19 budget process, the programme will be extended into 2020/21. The table below shows the provisional capital guidelines that are being allocated to each department:

	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Adults' Health & Care	481	481	481
Children's Services	100	100	100
ETE	11,929	11,929	11,929
P&R	4,692	4,692	4,692
Total	17,202	17,202	17,202

- 7.3 The capital guideline for ETE reflects the additional funding of £10m per annum for Operation Resilience (from 2017/18 for four years) that was added to the programme as part of the MTFs approved by the County Council in July 2016. For Policy and Resources, the guideline includes an additional £1m per annum to increase the ongoing provision for the replacement of and addition

to the vehicle fleet managed by Hampshire Transport Management (HTM) as agreed by County Council in November 2017.

- 7.4 Cabinet is requested to approve these provisional guidelines to allow departments to prepare their detailed capital programmes for approval as part of the budget setting process in January and February next year.
- 7.5 The figures in the table above represent the 'locally resourced' allocations to the capital programme, which supplement other capital resources that fund the overall capital programme, such as developers contributions, capital receipts, Government grant and borrowing. The total programme approved last February is shown in the table below and this will be updated as part of the budget setting process for 2018/19:

	Revised				Total
	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000
Adult's Health & Care	69,937	481	481	481	71,380
Children's Services	92,960	106,737	44,079	82,145	325,921
ETE	106,900	52,546	118,818	38,086	316,350
P&R	48,796	33,312	21,664	21,664	125,436
Total	318,593	193,076	185,042	142,376	839,087
		520,494			

- 7.6 Given the link with revenue, as part of the Tt2019 Programme a review of the capital programme (and associated funding) is underway to explore any avenues that would result in a positive impact on the revenue position and to ensure that any capital requirements to support the delivery of savings are provided for.
- 7.7 The review is being conducted by an existing cross departmental officer group called the Corporate Infrastructure Group (CIG) chaired by the Director of Economy, Transport and Environment and will also include consideration of the wider capital requirements facing the County Council. A summary of the review, together with a revised capital strategy, will be reported as part of the budget setting process to Cabinet and County Council during January and February next year
- 7.8 The County Council's ability to continue to provide significant resources to invest wisely in specific priorities (such as the significant Secondary School Places programme) in line with the County Council's focus on service improvement and to generate revenue benefits in future financial years, even in financial challenging circumstances, is a testament to the strong financial management and rigorous approach to planning and delivering savings that has been applied; and to the benefits that can be achieved from working at scale.

8 Recommendation(s)

It is recommended that Cabinet:

- 8.1 Approves the provisional cash limits for 2018/19 set out in Appendix 1.
- 8.2 Approves a one-off sum of £310,000 from the Invest to Save Reserve to fund additional resource for enabling support over the next two years.
- 8.3 Approves the capital guideline amounts for the next three years set out in paragraph 7.2.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes/No
People in Hampshire live safe, healthy and independent lives:	Yes/No
People in Hampshire enjoy a rich and diverse environment:	Yes/No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes/No

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Medium Term Financial Strategy and Transformation to 2019 Savings Proposals (County Council and Cabinet) http://democracy.hants.gov.uk/ielssueDetails.aspx?IId=5988&PlanId=0&Opt=3#A13196	2 November 2017 and 16 October 2107

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. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

Equality objectives are not considered to be adversely impacted by the proposals in this report but the County Council's budget and the services that it provides are delivered in a way that ensures that any impact on equalities issues are fully taken into account.

2. Impact on Crime and Disorder:

2.1 The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

3. Climate Change:

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

The revenue budget and capital programme contain measures that will assist in reducing our carbon footprint and changes to services are designed in such a way to also achieve this objective.

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

The County Council in designing and transforming its services will ensure that climate change issues are taken into account.

PROVISIONAL CASH LIMITS – 2018/19

	2017/18 Cash Limit £'000	Base Changes £'000	Inflation & Growth £'000	2018/19 Cash Limit £'000
Adults' Health and Care	355,587	17,437	22,959	395,983
Children's – Schools	786,892	(5,816)		781,076
Children's – Non Schools	150,067	(809)	17,283	166,541
ETE	108,014	201	4,291	112,506
P&R	87,564	(1,693)	5,650	91,521
Total	1,488,124	9,320	50,183	1,547,627

Notes:**Base Changes**

- Largely relate to changes in grants (notably the Improved Better Care Fund within Adults' Health and Care), movements between services and contributions to / draws from reserves.

Inflation & Growth

- In addition to general price inflation (much of which relates to care provision in Adult's Health and Care) this includes a 1% increase in the pension contribution rate and previously agreed increases in past service contributions and a general allowance of 1.5% of relevant employee budgets (directly employed staff) for step progression, along with inflation for the waste contract.
- Reflects the allocation of funding for growth (within the amounts set out in the MTFs) for both Adults' Health and Care and Children's Services in relation to demography and complexity.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	22 January 2018
Title:	2018/19 Revenue Budget Report for Policy and Resources
Report From:	Chief Executive, Director of Culture, Communities and Business Services, Director of Corporate Resources and Director of Transformation and Governance

Contact name: Rob Carr

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The revised revenue budget for 2017/18 as set out in Appendix 1.
- 1.2. The summary revenue budget for 2018/19 as set out in Appendix 1.

2. Executive Summary

- 2.1. The purpose of this report is to set out proposals for the 2018/19 budget for Policy and Resources in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017.
- 2.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity is well documented. It involves planning ahead of time, making savings in anticipation of need and using those savings to help fund transformational change to generate the next round of savings.
- 2.3. In line with the financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering departmental savings to close the anticipated budget gap, there is no savings target set for departments in 2018/19. Any early achievement of resources from proposals during 2018/19 as part of the Transformation to 2019 (Tt2019) Programme will be retained by departments to use for cost of change purposes.
- 2.4. The report also provides an update on the financial position for the current year. Overall the outturn forecast for Policy and Resources for 2017/18 is a balanced budget that uses early achievement of savings to fund one-off investment to deliver the transformation programmes.

- 2.5. The proposed budget for 2018/19 analysed by service is shown in Appendix 1.
- 2.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2017/18 and detailed service budgets for 2018/19 for Policy and Resources. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.

3. Context and Priorities

- 3.1. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Grant Equalisation Reserve (GER) with any early achievement of savings proposals retained by departments to use for cost of change purposes, cashflow the delivery of savings or offset service pressures.
- 3.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2018/19, giving itself the time and capacity to develop and implement the Tt2019 Programme to deliver the next phase of savings totalling £140 million. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community. Consequently there are no departmental savings targets built into the 2018/19 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
- 3.3. In 2016 the Local Government Finance Settlement provided definitive figures for 2016/17 and provisional figures for local authorities for the following three years to aid financial planning for those authorities who could 'demonstrate efficiency savings'. Following acceptance by the Department for Communities and Local Government (DCLG) of the County Council's Efficiency Plan for the period to 2019/20 the expectation was for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date and there remains uncertainty around the Fair Funding Review and the future of 100% Business Rate Retention.
- 3.4. The Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017 flagged that the Budget in November might contain some additional information that could impact our planning assumptions, for example around public sector pay and council tax referendum limits.
- 3.5. In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFS, although there were some welcome announcements in respect of the Community Infrastructure Levy and Section 106 Developer Contributions.

- 3.6. Since the Budget was announced there has been a two year pay offer for local government workers, which includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage. The overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFS. Depending on the final pay award that is agreed this could mean additional recurring costs of circa £5m will need to be met.
- 3.7. The offer of a four year settlement provided greater but not absolute funding certainty and the provisional Local Government Settlement announced on 19 December confirmed the grant figures for 2018/19 in line with the four year settlement. The other key elements of the provisional settlement were:
- The 'core' council tax referendum limit was increased from 2% to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept remain unchanged.
 - Ten new 100% Business Rate Pilots were announced, one of which was for the Portsmouth, Southampton and Isle of Wight Unitary Councils.
 - A Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
 - A potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
 - No new announcements of funding for social care above those that we are already aware of but the Green Paper for adult social care is due to be published in summer 2018 .
- 3.8. The key announcement related to the new referendum limit for council tax and this will be considered by Cabinet as part of the budget setting process in February.
- 3.9. Policy and Resources departments have been developing service plans and budgets for 2018/19 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the departments are set out below.

4. Departmental Challenges and Priorities

Corporate Services

- 4.1. The financial position for Corporate Services in the current financial year confirms the successful implementation of the transformation to 2017 programme. This provides a good position from which the Department is continuing to build on and further develop business processes and operating models alongside the transformation programme to 2019. In addition, it is important to note that Corporate Services teams will continue to provide critical support to other Departments during the delivery of their own Transformation to 2019 programmes.

Corporate Resources

- 4.2. The department continues to experience both opportunities and some challenges associated with partnership working as the portfolio of partners and the scope of services provided changes and develops over time. However, it is clear that the partnership model continues to bring economies of scale and resilience to ensure the delivery of more efficient and effective support services for all partners.
- 4.3. Investment in the Digital Project has introduced a range of new technology and business capabilities aimed at improving and modernising the way that residents, employees and suppliers interact with the County Council. At the heart of this, was a new Customer Relationship Management system which was initially rolled out to HantsDirect, and subsequently the IBC. This has enabled the County Council to offer improved self-service functions, around the clock, to help encourage more people to move towards the use of more efficient channels such as internet and web chat to access services and interact with the Authority.
- 4.4. Following the implementation of this digital platform, the County Council has been chosen as Gold winner in the Innovation category of the 2017 SAP Quality Awards; this prestigious award is recognition of our innovation, and the high standards by which the digital project has been delivered.
- 4.5. Further service enhancements are being developed including the implementation of a new e-recruitment solution. The department continues to be engaged in the corporate transformation programmes 'enabling productivity' and 'digital 2' ensuring that the whole County Council, its partners and service users maximise the benefit of the latest technology and modern ways of working. All of these developments better enable the delivery of the wider transformation programme.

Transformation and Governance

- 4.6. With the on-going period of austerity and the need for further transformation of services in order to achieve efficiency and effectiveness in the delivery of modern services, the organisation continues to require strong programme leadership and robust project management input. During 2017/18 the County Council has continued to develop its internal capacity in its transformation practice in order to support the organisation through its next transformation programme to 2019.
- 4.7. Robust support around governance of the County Council remains a key priority. Opportunities to streamline processes and modernise systems are being implemented across the various aspects of governance including procurement.
- 4.8. Legal Services has attracted new external customers in 2017 and will continue to look to broaden its offer and seek to support a wider range of external customers. This will enable the net cost of the service to be steadily and sensibly reduced, whilst we retain the highest quality capacity and capability to meet the varied needs of the County Council.

Customer Engagement Service

- 4.9. The Customer Engagement Service (CES) supports: the County Council's website – Hantsweb; Customer Contact Centre – Hantsdirect; insight and engagement activities including public consultations; marketing and advertising of a range of Council services and Corporate Communications.
- 4.10. Demand for support from the CES continues to grow, driven by both internal and external demands. Transformation agendas within the County Council have resulted in the need for additional support, especially in consultations, marketing and communications.
- 4.11. The ongoing delivering of efficient and cost effective ways of engaging with residents, particularly through the improved web pages, is enabling residents to access information more easily themselves and apply for services on-line. This 'channel-shift' is supporting a gradual reduction in the cost of CES services and enabling opportunities to further streamline the operating model for CES.

Non-Departmental Budgets

- 4.12. The Policy and Resources portfolio includes provision for a range of grants to the voluntary and community sector. This includes Members' devolved budgets which for 2017/18 were reduced by £234,000 (£5,000 per Member from £8,000) in line with the approved Transformation to 2017 Programme savings. However, a recommendation presented to the Policy and Resources Select Committee on 20 January 2017 to set the grant at £8,000 per Member was subsequently approved.
- 4.13. In the short term, pressure arising from the increase in the grant will be met from reserves pending a further review of the grants during 2018/19.
- 4.14. Policy and Resources also includes the revenue budget for repair and maintenance of the County Council's estate and is managed by the Director of Culture, Communities and Business Services.

Culture Communities and Business Services (CCBS)

- 4.15. The department delivers a wide range of services with gross expenditure in the region of £89 million a year and income streams of around £56 million, leaving a net cash limit of £33 million. In addition the department is responsible for managing the repairs and maintenance of the corporate estate (£7.8 million) and has Service level agreements with 524 schools, including 28 Academies (£16 million), the Coroners service (£1.7 million) and the relationship with various major Trusts including the Hampshire cultural Trust, together with responsibility for the delivery of the Broadband programme of £30 million and capital projects of £21 million.
- 4.16. The department is also responsible for 5 Business Units with a turnover of over £60 million. Hampshire Transport Management was successful in winning the contract with Skanska to maintain the highways fleet, a contract which has a value of £14 million.
- 4.17. HC3s (Catering) has agreed an increase to the price of a school meal from September next year which will help to cover the increase in food and labour costs. The combined surpluses of the business units amounts to £0.6 million and are held primarily for reinvestment in new technology, asset replacement

and contracts with new customers, which will generate a longer term return on investment through increased competitiveness, additional income or cost efficiencies. The accumulated surpluses have also provided contributions of £1.5m a year in both 2015/16 and 2016/17 to the County Council's T2017 programme.

- 4.18. Property Services continue to generate external income of £9.8 million through the provision of services to a number of external organisations and schools. A key piece of work known as Property Futures is nearing completion and will deliver a new, lower cost and more efficient operating model from April next year. A new strategy for the council's office estate is also nearing completion with the aims of achieving higher levels of utilisation and revenues.

5. 2017/18 Revenue Budget

- 5.1. Enhanced financial resilience reporting, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through regular reports to the Corporate Management Team (CMT) and periodic reports to Cabinet.
- 5.2. Overall, for Policy and Resources, the expected financial position at the end of 2017/18 is a balanced budget.
- 5.3. This net position results from a combination of factors including:
- early achievement of Tt2019 savings
 - one-off savings in 2017/18 including staff vacancies
 - off set by one off expenditure relating to the transformation programmes which will be funded from cost of change or other reserves at the end of the year.
- 5.4. The budget for Policy and Resources has been updated throughout the year and the revised budget is shown in Appendix 1.

6. 2018/19 Revenue Budget Pressures and Initiatives

- 6.1. Over this prolonged period of austerity, all departments have been required to deal with increasing work pressures at a time that staffing resources and other budgets are reducing significantly. Furthermore, as savings become harder and more complex to deliver (linked for example to changes in digital technologies) the cost and timeframes to deliver savings get higher and longer, placing additional strain on the resources available to deliver business as usual activity.
- 6.2. Whilst in relative terms, Policy and Resources Departments are in quite a strong financial position it is clear that pressure is building in these areas. Policy and Resources Departments have also been using their cost of change reserves to fund additional capacity in their transformation teams and the corporate Transformation Practice. The potential longer timeframes for delivering the County Council's Transformation to 2019 Programme will also

mean that these teams will be in place for longer, placing further pressure on available resources.

7. Revenue Savings Proposals

- 7.1. In line with the current financial strategy, there are no new savings proposals presented as part of the 2018/19 budget setting process. Savings targets for 2019/20 were approved as part of the MTFS to 2020 by the County Council in July 2016. Savings proposals to meet these targets have been developed through the Tt2019 Programme and were approved by Executive Members, Cabinet and County Council in October and November this year.
- 7.2. Some savings will be implemented prior to April 2019 and any early achievement of savings in 2018/19 can be retained by departments to meet cost of change priorities. It is anticipated that £4.3 million of savings will be achieved in 2018/19. These savings are retained within the overall cash limit and adjusted within individual budget lines in Appendix 1.

8. 2018/19 Revenue Budget Other Expenditure

- 8.1. The budget includes some items which are not counted against the cash limit. This includes business units whose costs are covered by customer income and also the Coroner's service which is budgeted for outside of the Policy and Resources cash limit, as the County Council has no direct control over service levels provided and costs incurred.

9. Budget Summary 2018/19

- 9.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Policy and Resources in that report was £91.521 million which was a £3.957 million increase on the previous year, largely reflecting inflation.
- 9.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Policy and Resources for 2018/19 and show that these are within the cash limit set out above.
- 9.3. In addition to these cash limited items there are further budgets within the responsibility of Policy and Resources, as shown in the table below:

	2018/19	
	£'000	£'000
Cash Limited Expenditure	207,932	
Less Income (Other than Government Grants)	(116,411)	
Net Cash Limited Expenditure		91,521
Trading Units Net (Surplus)		(584)
Coroners		1,747
Less Government Grants:		
• Local reform and community voice	(561)	
• Inshore fisheries and conservation	(204)	
Total Government Grants		(765)
Total Net Expenditure		91,919

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Policy and Resources) P&R Transformation to 2019	22 September 2017
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) Medium term financial strategy	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) Budget setting - provisional cash limits	11 December 2017
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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

The budget setting process for 2018/19 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2019 Programme were considered in detail as part of the approval process carried out in October and November 2017 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 7 in the October Cabinet report linked below:

[equality impact assessments](#)

2. Impact on Crime and Disorder:

2.1 The proposals in this report are not considered to have a direct impact on the prevention of crime, but the delivery of some services may have an indirect impact on crime and disorder and where this is the case it will be taken into account as part of the service delivery.

Climate Change:

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

The proposed budget contains measure that will assist in reducing the County Council's carbon footprint and changes to services are designed in such a way to also achieve this objective.

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

The delivery and transformation of services will ensure that climate change issues are taken into account where relevant.

Budget Summary 2018/19 – Policy and Resources

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
Legal Services	2,267	2,390	2,495
Transformation	893	1,771	1,012
Governance	2,449	2,458	2,463
Total Transformation and Governance	5,609	6,619	5,970
Finance	3,645	3,514	3,717
HR	4,106	4,310	4,366
IT	18,777	20,663	21,341
Audit	660	644	661
Customer Business Services	3,512	2,307	2,404
Corporate Resources Transformation	37	806	854
Corporate Resources Management	867	170	183
Total Corporate Resources	31,604	32,414	33,526
Communication, Marketing & Advertising	535	555	565
Corporate Customer Services	2,125	2,813	2,824
Web Team	641	593	563
Insight & Engagement	651	568	722
Chief Executive's Office & Leadership Support	792	801	764
Total Customer Engagement Service	4,744	5,330	5,438
Total Corporate Services	41,957	44,363	44,934
Corporate & Democratic Representation	66	66	66
Grants to Vol	222	222	227
Grants & Contributions to Voluntary Bodies	787	787	806
Southern Sea Fisheries	307	348	307
Members Devolved Budgets	390	624	390
Rural Affairs	200	110	200
Other Miscellaneous	221	221	221
P&R Non Departmental Budgets (Direct)	2,193	2,378	2,217
Members Support Costs	1,721	1,721	1,749
Corporate Contribution to Trading Units	105	0	0
Repairs & Maintenance	7,565	7,621	7,812
Strategic Asset Management	1,501	5,051	1,254
Other Miscellaneous	323	323	331
P&R Non Departmental Budgets (Central)	11,215	14,716	11,146
Total Other Policy and Resources	13,408	17,094	13,363
Transformation	57	507	210
Rural Broadband	243	244	250
CCBS IT Budget and Rural Funding	0	214	76
Transformation and Business Management	300	965	536

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
Regulatory Services	1,432	1,343	1,076
Business Support	774	766	833
Scientific Services	8	18	49
Asbestos	(1)	7	(21)
Total Community and Regulatory Services	2,213	2,134	1,937
Risk, Health & Safety	193	195	199
Sir Harold Hillier Gardens	312	220	87
Total Culture & Heritage	505	415	286
Corporate Estate	(189)	(196)	(194)
County Farms	(501)	(500)	(497)
Development Account	(417)	(417)	(415)
Sites for Gypsies and Travellers	54	54	55
Property Services	1,691	1,326	1,687
Office Accommodation/Workstyle	5,139	5,003	4,591
Facilities Management	3,037	3,065	3,337
Hampshire Printing Services	0	(139)	(136)
Caretaking & Cleaning Services	0	(11)	(11)
Segensworth Unit Factories	0	(12)	(12)
Print Sign Workshop	9	9	9
Total Property Services and Facilities	8,823	8,182	8,414
CCBS Planned contribution to Cost of Change	(168)	(261)	1,093
Total CCBS P&R Services	11,673	11,435	12,266
Total CCBS CRC Services	20,526	20,697	20,958
Total CCBS	32,199	32,132	33,224
Total Policy and Resources Cash Limited Budget	87,564	93,589	91,521
Coroners	1,650	1,817	1,747
Trading Units:			
School Library Service	0	0	0
River Hamble	(25)	(25)	(25)
Infrastructure & Partnership Procurement	(235)	0	0
Segensworth Unit Factories	(12)	0	0
County Supplies	(295)	(295)	(328)
HC3S	(9)	(258)	(115)
Hampshire Transport Management	(9)	(9)	(116)
Total Trading Units	(585)	(587)	(584)

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
Government grants:			
Local reform and Community Voice	(552)	(561)	(561)
Inshore Fisheries and Conservation	(204)	(245)	(204)
Library DOTS project	0	(178)	0
Corporate Digital Project	0	(911)	0
Total Government Grants	(756)	(1,895)	(765)
Total Net Expenditure Policy and Resources	87,873	92,924	91,919

HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Policy and Resources Select Committee
Date:	22 January 2018
Title:	Policy & Resources Capital Programme 2018/19 to 2020/21
Report From:	Chief Executive, Director of Culture, Communities and Business Services, Director of Transformation and Director of Corporate Resources

Contact name: Rob Carr

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Purpose of Report

- 1.1. To enable the Select Committee to pre-scrutinise the budget proposals for the Policy and Resources budget for 2018/19. A report is attached which is due for consideration by the Executive Member for Policy & Resources at the decision day on 22 January 2018 at 2:00pm, regarding the proposed Capital Programme for 2018/19 to 2020/21 under Policy & Resources.
- 1.2. For the Select Committee to consider the recommendations proposed in the Capital budget report to the Executive Member for Policy and Resources, and to agree and make recommendations to the Executive Member accordingly.

2. Recommendations

That the Policy and Resources Select Committee:

Either:

- 2.1. Supports the recommendations being proposed to the Executive Member for Policy and Resources: To approve for submission to the Leader and the Cabinet:

- The capital programme for 2018/19 to 2020/21 as set out in Appendix 1.
- The revised capital programme for 2017/18 as set out in Appendix 2.

Or:

- 2.2. Agree any alternative recommendations to the Executive Member for Policy and Resources, with regards to the budget proposals set out in the attached report.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	22 January 2018
Title:	2018/19 to 2020/21 Capital Programme Report for Policy and Resources
Report From:	Chief Executive, Director of Culture, Communities and Business Services, Director of Transformation and Director of Corporate Resources

Contact name: Rob Carr

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The capital programme for 2018/19 to 2020/21 as set out in Appendix 1.
- 1.2. The revised capital programme for 2017/18 as set out in Appendix 2.

2. Executive Summary

- 2.1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for Policy and Resources for 2018/19 to 2020/21.
- 2.2. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.
- 2.3. In accordance with the provisional capital guidelines approved by Cabinet in December 2017, the report considers the schemes which it is proposed to include in the capital programmes for 2018/19, 2019/20 and 2020/21 and also presents the revised programme for 2017/18.
- 2.4. The proposals contained in this report are derived from the departmental service plans which have been developed to support the priorities of the Corporate Strategy.

3. Contextual information

- 3.1. Executive Members have been asked to prepare proposals for:

- a locally-resourced capital programme for the three-year period from 2018/19 to 2020/21 within the guidelines used for the current capital programme including the third year, 2020/21, at a similar level to 2019/20
 - a programme of capital schemes in 2018/19 to 2020/21 supported by Government grants as announced by the Government.
- 3.2. The medium term financial strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.

4. Locally resourced capital programme

- 4.1. The cash limit guidelines for the locally resourced capital programme for the Policy and Resources portfolio service set by Cabinet are as follows:

	£'000
2018/19	4,692
2019/20	4,692
2020/21	4,692

- 4.2. Executive Members may vary the guidelines between years provided their total three-year guideline is not exceeded and bunching of payments in any one year or front-loading is avoided.
- 4.3. Executive Members may propose supplementing their capital guidelines under the 'prudential framework' agreed by Cabinet at its meeting on 24 November 2003, as amended by Cabinet in February 2006. From 2009/10, Hampshire Transport Management (HTM) has used prudential borrowing to fund the purchase of vehicles instead of leasing them to generate savings. The allocation for this scheme is included within the guidelines above.
- 4.4. Further details of the 2018/19 capital programme are provided in section 5.

5. Proposed capital programme 2018/19 to 2020/21 – locally resourced schemes

- 5.1. The programme proposed for 2018/19 to 2020/21 is largely based upon the allocation of resources between priorities in the current 2017/18 to 2019/20 capital programme. The programme is detailed in Appendix 1.
- 5.2. Capital investment by business units is also included in the capital programme. This includes an annual allocation of £3 million for vehicle purchases by Hampshire Transport Management (HTM). An increase of £1m per annum from 2017/18 was approved by Cabinet in October 2017 to enable HTM to respond to growing business especially with schools and colleges looking for an environmentally friendly fleet alongside an upsurge in customers reviewing their fleets again considering environmental credentials alongside potential efficiencies. The cost of these purchases is recovered through business unit charges to customers.

- 5.3. In addition, HTM plan to draw on their business unit reserves to fund vehicle workshop refurbishment works.
- 5.4. These movements are summarised in the table below:

	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Guideline set by Cabinet	4,692	4,692	4,692
HTM – use of business unit reserves	600	-	-
Proposed locally resources programme	5,292	4,692	4,692

6. Proposed capital programme 2018/19 to 2020/21 supported by Government allocations

- 6.1. The Government has allocated all of its support for the capital programme in the form of capital grants, and not as borrowing allocations.
- 6.2. The Secretary of State has not yet announced details of individual local authority capital allocations for 2018/19, 2019/20 and 2020/21. However, the Education and Skills Funding Agency (ESFA) has recently announced that the 2018/19 Schools Condition Allocation (SCA) will be allocated to Local Authorities based on the same criteria as 2017/18. For planning purposes, a continuation of 2017/18 allocations is being assumed.
- 6.3. In 2017/18, the Government announced a Schools Condition Allocation grant of £17,536,055 for local authority schools and Sure Start early years centres. This is similar to the allocation for 2016/17 and is indicative of future years allocations, although these will be adjusted for any changes in the size of the Hampshire school estate.
- 6.4. The full grant is added to the Policy and Resources cash limit to allow the funding to be managed flexibly between condition and suitability works. Priorities are jointly agreed with Children’s services.

6.5. The cash limit guidelines for this part of the capital programme are as follows:

Capital grant	
£'000	
2018/19 (Assumed)	17,536
2019/20 (Assumed)	17,536
2020/21 (Assumed)	17,536

6.6. Close working between Property Services and Children's Services staff ensures maximum impact is achieved from the Schools Condition Allocation funding. The detailed programme of work will continue to be reported to the Building, Land and Procurement Panel with any major schemes being reported to the Executive Member Policy & Resources for approval.

7. Capital programme summary

7.1. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2020/21 are:

	Schemes within locally resourced guidelines	Schemes supported by Government allocations	Total
	£'000	£'000	£'000
2018/19	5,292	17,536	22,828
2019/20	4,692	17,536	22,228
2020/21	4,692	17,536	22,228

Note: The above figures are net of developers' contributions and exclude the costs of land for programme schemes which are dealt with outside the guidelines

8. Revenue implications

8.1. The on-going service and maintenance implications of the proposed capital programme are funded from within the revenue budget. Some schemes are

of an invest to save nature and thus have a positive impact on the revenue budget.

- 8.2. In line with proper accounting practice, the asset value resulting from capital expenditure is depreciated over the expected life of the asset with a corresponding charge to the income and expenditure account. However, this accounting adjustment does not directly impact the cash limited budget of services. The estimated depreciation arising from the proposed capital programme is as follows:

	Full year cost
	£'000
2018/19	681
2019/20	669
2020/21	669
Total	2,019

9. Revised 2017/18 capital programme

- 9.1. The revised 2017/18 capital programme for Policy and Resources is shown in Appendix 2 and totals £75.5 million. The changes since the capital programme was approved in February 2017 are summarised below:

	2017/18
	£'000
Approved programme	32,272
Underspends and schemes carried forward from previous years	9,353
Approved additional prudential borrowing	10,500
Draw down of approved corporate funding	6,970
External funding	99
Future capital receipts	15,966
Developers contributions	256
Revenue contributions to capital	276
Transfers to other departments	-680

Technical adjustments

466

75,478

10. Conclusions

10.1. The proposed capital programme for Policy and Resources as summarised in section 7 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full. The main priority of the programme continues to be structural maintenance and improvement of the County's built and rural estate, cultural facilities together with planned investment in IT infrastructure. The programme supports the delivery of services countywide and contributes to the corporate aims:

- Hampshire maintains strong and sustainable economic growth and prosperity
- People in Hampshire live safe, healthy and independent lives
- People in Hampshire enjoy a rich and diverse environment
- People in Hampshire enjoy being part of strong, inclusive communities.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) Medium term financial strategy	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) Budget setting - provisional cash limits	11 December 2017
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. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

Equalities impact assessments will be considered when individual project appraisals are developed.

2. Impact on Crime and Disorder:

2.1 Crime prevention issues will be considered when individual project appraisals are developed.

Climate Change:

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

All relevant developments within the capital programme are subject to specific, detailed assessments. Energy conservation, and where applicable enhancing biodiversity, are priorities for all major building schemes.

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

Where appropriate capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling, solar shading, sustainable urban drainage and rainwater harvesting systems in building projects where technically feasible and deliverable within budget constraints.

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2018/19 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
1	Office Accommodation Schemes	350	58	-	408	-	8
2	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
3	Hampshire Transport Management Vehicle Workshop	515	85	-	600	-	12
4	Community Buildings and Village Halls	-	-	125	125	-	-
5	CCBS Minor Works	328	-	-	328	-	7
	Corporate Services						
6	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	1,378	143	3,125	4,646	-	330

Capital Programme - 2018/19

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	1
N/A	-	-	Continuing programme of replacing vehicles	2
N/A	-	-	Refurbishment of Petersfield HTM vehicle workshop	3
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	4
N/A	1	12	Provision of minor works across the department including Library and Countryside services	5
N/A	-	-		6
			# controlled on an accrued expenditure basis	

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2018/19 Schemes (continued)						
	Schemes Supported by the Government						
	Schools Condition Allocation (SCA)						
7	Alderwood School, Aldershot	800	132		932	-	19
8	Applemore School, Dibden Purlieu	900	148		1,048	-	21
9	Westgate School, Winchester	900	148		1,048	-	21
10	Schools Condition Allocation (costing less than £250,000)	12,453	2,055	-	14,508	-	290
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				22,182	-	681
	Advance and Advantageous Land Purchases				646	-	-
	Total Programme				22,828	-	681

Capital Programme - 2018/19

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
Owned	1	9	ROSLA block thermal upgrading, roof recovering and recladding	7
Owned	1	8	ROSLA block thermal upgrading, roof recovering and recladding	8
Owned	1	9	SCOLA recladding and window replacement	9
Owned	-	-	Major improvements to school buildings	10

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2019/20 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
11	Office Accommodation Schemes	350	58	-	408	-	8
12	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
13	Community Buildings and Village Halls	-	-	125	125	-	-
14	CCBS Minor Works	328	-	-	328	-	7
15	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	863	58	3,125	4,046	-	318
	Schemes Supported by the Government						
16	Schools Condition Allocation	15,052	2,484	-	17,536	-	351
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				21,582		669
	Advance and Advantageous Land Purchases				646		
	Total Programme				22,228		669

Capital Programme - 2019/20

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	11
N/A	-	-	Continuing programme of replacing vehicles	12
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	13
N/A	1	12	Provision of minor works across the department including Library and Countryside services	14
N/A	-	-		15
Owned	-	-	Major improvements to school buildings	16
			# controlled on an accrued expenditure basis	

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2020/21 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
17	Office Accommodation Schemes	350	58	-	408	-	8
18	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
19	Community Buildings and Village Halls	-	-	125	125	-	-
20	CCBS Minor Works	328	-	-	328	-	7
21	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	863	58	3,125	4,046	-	318
	Schemes Supported by the Government						
22	Schools Condition Allocation	15,052	2,484	-	17,536	-	351
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				21,582		669
	Advance and Advantageous Land Purchases				646		
	Total Programme				22,228		669

Capital Programme - 2020/21

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	17
N/A	-	-	Continuing programme of replacing vehicles	18
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	19
N/A	1	12	Provision of minor works across the department including Library and Countryside services	20
N/A	-	-		21
Owned	-	-	Major improvements to school buildings	22
			# controlled on an accrued expenditure basis	

Policy and Resources 2017/18 capital programme

1. Latest programme limit:	£'000
Total programme as per budget book	32,272
Carry forward schemes from 2016/17	9,353
HTM – Approved additional prudential borrowing	10,500
Additional approved capital allocations	6,970
Transfers to other departments	-680
School Condition Allocation funding change	-276
Priority Schools Building Programme additional funding	315
Technical Adjustment – prior year starts	466
Future capital receipts	15,966
External grant funding – Arts Council England	60
Developers contributions (Countryside Rights of Way projects)	256
Revenue contributions to capital	<u>276</u>
	<u>75,478</u>

2. Analysis of 2017/18 programme including carry forwards from 2016/17:	£'000
Vehicles for Hampshire Transport Management (HTM)	3,000
Vehicles for Hampshire Highways Services Contract	9,500
Havant Day Services access road	<u>55</u>
Schemes controlled on an expenditure basis:	<u>12,555</u>
Capital repairs - Schools Condition Allocation (SCA) works	17,536
Priority Schools Building Programme (PSBP2)	10,673
Property Services Funded School Projects	62
Office Accommodation	408
Facilities Management schemes	205
Workstyle schemes:	
- Capital House	440
- Lymington Hub	300
- Falcon House	300
Farnborough Hub remodelling	257
Gosport Community Hub	750
Investment in Hampshire	3,000
Market Town Fund	1,320
Advance and Advantageous Land	646
Botley – Infrastructure and Utility Works	15,695
Energy Performance Programme (EPP):	
- LED Relighting	20
- LED Lighting Replacement & Electric Vehicle (EV) Charging Points	1,720
- Electric Vehicles & Battery Storage Technology	1,000

IT Services:	
- Major replacement projects	382
- Replacement of Equipment	639
- SAP HANA	308
- Corporate Wi-fi Upgrade	1,500
Rights of Way/Byways	526
Countryside Storm Damage repair programme	282
Community Buildings and Village Halls investment	1,328
ICT Developments	120
Customer Access Improvements	80
CCBS Minor Works	3
Calshot:	
- POD Village	271
- Pay and Play Activity Development	275
Runway's End:	
- Camping Pods	50
Arts Centres	30
Library DOTS (Digital; Options, Training and Support) project - Purchase of iPads	60
Footway Improvements	15
Unallocated 25% of Capital receipts	<u>1,701</u>
Schemes controlled on a starts basis:	<u>61,902</u>
Unallocated	<u>1,021</u>
Policy and Resources Capital Programme 2017/18	<u>75,478</u>

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HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Policy & Resources Select Committee
Date:	22 January 2018
Title:	Annual IT Update
Report From:	Director of Corporate Resources

Contact name: Simon Williams, Head of IT

Tel: 01962 847491

Email: Simon.williams2@hants.gov.uk

1. Recommendation

1.1. The purpose of this report is to provide an annual IT update to committee members. It considers the main IT activity over the past year and summaries the priorities ahead. It is recommended that this report is noted by the Committee.

2. Contextual information

2.1. As well as underpinning day-today business operations, IT activity has focussed on supporting the major transformational programmes of the County Council. In particular, the Digital programme, the Enabling Productivity programme, and numerous projects to support Transformation to 2019.

2.2. IT Services has a Tt2019 savings target of £3.5m and has a portfolio of projects to deliver these savings.

2.3. IT Services successfully supported the move by Hampshire Fire & Rescue Services (HFRS) to take back responsibility for their IT services, and we continue to support Havant & East Hampshire District Councils (H&EH) as they progress with taking back responsibility for their IT services in 2018.

2.4. Delivery of IT to schools in Hampshire is a significant source of external income. Whilst we continue see increased market competition, renewals in 2017 have seen us largely retain our market share.

2.5. IT and Data Security remains a key focus and IT has achieved recertification against appropriate national and international standards

3. IT Finances

3.1. The following table summaries the main cost elements which make up the IT internal cash limit budget:

	2016/17 actuals	2017/18 budget
	£000	£000
Total Employee Costs	£18,935	£17,280
Premises Related Expenditure	£207	£245
Transport Related Expenditure	£113	£176
Supplies and Services	£16,475	£17,944
Support Services	£44	£40
Total Expenditure	£35,775	£35,685
External Income	-£4,130	-£3,790
Dept Income	-£1,324	£0
Trading Unit Income	-£1,070	-£756
Schools Income	-£9,729	-£9,234
Non-Schools HPSN Income	-£917	-£984
Other	-£122	-£150
Total Income	-£17,292	-£14,914
Net Expenditure = Cash Limit	£18,482	£20,771

3.2. Some key points of note on the variance between 16/17 actuals and 17/18 budget are:

- 17/18 Employee and Supplies budgets reflect both T17 savings and additional budget for supporting new Digital IT platforms.
- 16/17 Employee actuals reflects increased contractor spend, funded by early T17 savings and underspend elsewhere.
- £3m has been added to the cash-limit for this year to remove the need to charge for corporately prioritised projects. This is also reflected in 17/18 Department Income budget.
- 17/18 External Income budget has reduced as the hosted services for HFRS has ended. The budget will reduce further next year with the ending of the EHDC and HBC hosted services.

4. IT Performance Metrics

4.1. Traditional IT metrics are less and less relevant in a modern business where IT performance is measured by business outcomes more than unit costs of IT, system response times and availability of services. The following nonetheless give an indication of the underlying IT performance and scale of activity:

4.2. There are approximately 365 permanent FTEs, and at the time of writing, 84 contractors and fixed-term contracts. The resource utilisation between BaU and projects is approximately 55% to 45%

4.3. Service Desk is closing nearly 2,300 calls each week, with an average wait time for a call to be answer of approximately 90 seconds. 1,500+ calls are solved at

first point of contact and there has been a significant increase in take up of self service with almost 40% incidents raised this way.

- 4.4. There has been a reduction of 7.2 FTE support staff which will contribute to IT's T19 saving target.
- 4.5. Overall IT customer satisfaction levels are monitored through a regular automated and randomised electronic survey on a quarterly basis. Satisfaction levels for corporate IT systems remains high with all services receiving a rating of over 3 on a scale of 0–5. Satisfaction levels for school services also remain above 3. Overall satisfaction for the past year was 3.82 against a target of 3.7.
- 4.6. The number of projects in which IT are engaged has increased with over 60 projects in delivery and over 100 in planning at the end of 2017. Over 100 additional projects have been stopped during planning, demonstrating that rigorous checks are in place.
- 4.7. In the year to date, 95% of projects delivered and rated by the customer have been rated as 'Good' or 'Excellent'.

5. Main IT activities over the last 12 months

IT initiatives from the last 12 months are too numerous to list in detail. However the following are listed by way of examples:

- Phase 1 of the Digital Programme was successfully delivered, introducing 26 new technology services. Phase 2 is currently in flight which will include the delivery of new automation capability through the use of software robots, a transition of HR Operations onto our corporate case management system, and further system enhancements for our contact centres.
- A new iPad and iPhone IT service was rolled out to Members following the local elections in May 2017
- A new programme called 'Enabling Productivity' has been initiated as a key enabler for Transformation to 2019. The programme includes refreshing the device estate, with a shift to greater number of mobile devices. An early set of 500 hybrid laptop devices were deployed to Children's Services in the autumn, with a plan to refresh the remainder of the estate over the next 12-15 months.
- Good progress has been made in the implementation of a new Electronic Document and Records Management System (EDRMS), replacing the aging HantsFile with the cloud based SharePoint Online. This project is due to complete in the summer of 2018 and will bring productivity benefits, enhanced collaboration, and support greater mobility.
- A significant cost-saving (£1.6m) has been negotiated with Virgin Media Business (VMB) for the provision HPSN (external connectivity) as part of IT's Transformation to 2019 savings.
- IT Services has been re-accredited against the following national and international standards:
 - Public Service Network (PSN)

- ISO2000 – International standard for IT Service Management
- ISO27001 - International standard for Information Security Management
- Payment Card Industry Data Security Standard (PCI DSS)
- 35 projects have been completed in 2017 including some significant infrastructure upgrades.
- Good progress has been made on our continuous improvement initiative called 'mosaic' and we will now start to embed this into day-to-day ways of working.
- The Hosted Schools Service (HSS) has reduced slightly. However, significant reshaping of cost model, restructure & training of account management team has shown recent improvement in success rate of winning & retaining business. Buy back for other school services e.g. SIMS & HPSN remains high at well over 90%

6. Main Activities Looking Forward

6.1. The priorities for the coming year remain focussed on supporting the Council and its partners to deliver the maximum efficiency and productivity through the best use of IT. Key priorities will include:

- Executing projects on the delivery plan in support of departmental Transformation to 2019 initiatives
- Working towards the delivery of savings within IT to achieve Transformation to 2019
- Completing phase 2 of the Digital Programme
- Near completion of the Enabling Productivity Programme, including a complete device refresh
- Completing the implementation of a new corporate wireless network service
- Completing the implementation of SharePoint online as our new Electronic Document and Records Management System
- Completing the migration to HPSN 2.1

7. Transformation to 2019

7.1. IT must continue to support the organisation with its Transformation to 2019 initiatives whilst delivering its own savings.

7.2. Savings in IT will be made across hardware, software, supply chain and people with an estimated reduction of up to 20% of staff.

7.3. Achieving the saving will require a mix of operating model changes, technology shift to remove human effort, and contract renegotiation.

7.4. Staff reductions will be managed where possible via vacancy management and voluntary processes. Timings in staff reductions are being planned to occur as late as possible in the process to minimise the impact on other initiatives.

7.5. The headline initiatives in IT are as follows:

Operating Model

- Channel Shift frontline IT support. Significantly more automation and self-service
- Improve asset management to increase re-utilisation
- Redesign of schools IT team
- Project portfolio capped at £3m of internal IT resource
- Redesign project inception structures
- Review standby/OOH arrangements
- Replace long-term contractors with Permanent staff
- Reduce headcount to meet any budget delta

Technology shift

- Procure new backup solution
- Reduce back-up retention from 90 to 30 days in line with industry standard
- Move email infrastructure into the cloud
- Review and rationalise disaster recovery arrangements
- Consolidate data centre server technology
- Transition the Data Centre to be remotely managed
- Decommission redundant technologies
- Implement a new Desktop delivery model

Supply Chain

- Renegotiate HPSN contract
- Conduct review and renegotiation of software contracts

8. Consultation and Equalities

8.1. As this is an update report, no consultation has been undertaken.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. **Equalities Impact Assessment:** Not Applicable – This is an update report.

2. **Impact on Crime and Disorder:** Not Applicable – This is an update report.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not Applicable – This is an update report.

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HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Policy & Resources Select Committee
Date:	22 January 2018
Title:	Work Programme
Report From:	Director of Transformation & Governance – Corporate Services

Contact name: Marie Mannveille, Scrutiny Officer

Tel: 01962 845018

Email: marie.mannveille@hants.gov.uk

1. Summary

1.1. The purpose of this item is to provide the work programme of future topics to be considered by this Select Committee.

2. Recommendation

That the Policy & Resources Select Committee approve the attached work programme.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	yes

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.)

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Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

1.3. This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this report. The Committee will request appropriate impact assessments to be undertaken should this be relevant for any topic that the Committee is reviewing.

2. Impact on Crime and Disorder:

2.1. This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this report. The Committee will request appropriate impact assessments to be undertaken should this be relevant for any topic that the Committee is reviewing.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

This is a forward plan of topics under consideration by the Select Committee, therefore this section is not applicable to this report. The Committee will consider climate change when approaching topics that impact upon our carbon footprint / energy consumption.

WORK PROGRAMME – POLICY & RESOURCES SELECT COMMITTEE

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2018	19 April 2018	13 June 2018	1 Nov 2018
Overview/Pre-Scrutiny - <i>To maintain an overview of Policy and Resources issues, and to consider proposed scrutiny topics for inclusion in the work programme.</i>							
Pre-scrutiny	Revenue and Capital Budget	To pre scrutinise the budget proposals for the Policy & Resources portfolio, prior to approval by the Executive Member.	Budget considered annually in January. (in recent years this committee has also received the budget setting item at the January meeting for additional context)	✓			
Overview	Performance	To monitor how performance is managed corporately, and consider the performance information to support identification of areas to focus scrutiny.	Members requested to consider the performance report annually. Last received June 2017, next update expected summer 2018.			✓	
Overview	IT developments and issues (including Digital Strategy)	Monitoring contribution of IT to change programmes, major projects (e.g. rural broadband) and policy issues in relation to underpinning council services (e.g. disaster recovery plans)	Update has been considered annually. Last update received Jan 2017, next update due Jan 2018. At Sept 2017 meeting requested further detail on IT savings under T19 programme.	✓			

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2018	19 April 2018	13 June 2018	1 Nov 2018
Overview	Budget Monitoring	<p>(a) Final Accounts considered at summer meeting, to see how the budget was managed for the year compared to plan.</p> <p>(b) Medium Term Financial Strategy – considered when appropriate to provide longer term financial context.</p> <p>(c) Planning for the 2019/20 budget gap</p>	<p>(a) Last considered June 2017</p> <p>(b) MTFS last considered Nov 2017.</p> <p>(c) ‘transformation to 2019’ update received June 2017.</p>		(c) ✓?	(a) ✓	

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2018	19 April 2018	13 June 2018	1 Nov 2018
Scrutiny Review - <i>to scrutinise, in-depth, priority areas agreed by the Committee</i>							
None at this time							
Real-time Scrutiny - <i>to scrutinise light-touch items agreed by the Committee, through working groups or items at formal meetings.</i>							
Consultation Policy	Whether improvements could be made to how the County Council engages with the public.	Members were aware of examples of consultations that had not been well received by the public, and wanted to review corporate guidance on consultations.	Working group reported to July 2014 meeting and recommended to Cabinet. Cabinet agreed new policy Feb 2015. Review of implementation April 2016. To retain for future update, timing tbc				

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2018	19 April 2018	13 June 2018	1 Nov 2018
Crime & Disorder	Duty to review, scrutinise, and report on the decisions made, and actions taken by 'responsible authorities' under the Crime and Disorder Act.	This duty passed from the Safe & Healthy People Select Committee to this committee in May 2014	Introductory item on crime and disorder received at Oct 2014 meeting. Update on crime & disorder work (domestic abuse focus) received at Nov 2015 meeting. Update (with Prevent focus) Nov 2016 and short introduction from PCC. Supporting Troubled Families focus Nov 2017.				✓
Trading Standards	Further detail on savings being made to this service under T19 programme	Requested when T19 for Policy & Resources outline proposals considered at Sept 2017 meeting.	To consider when further detail is available, expected Jan 2018.	✓			

Topic	Issue	Reason for inclusion	Status and Outcomes	22 Jan 2018	19 April 2018	13 June 2018	1 Nov 2018
Monitoring Scrutiny Outcomes - <i>to examine responses to the Committee's reports or comments and check on subsequent progress.</i>							
Collation of Annual Report of Select Committee activity	To support oversight of the scrutiny function, and the role of this committee to ensure scrutiny activity is having impact and being evaluated.	The constitution requires that this committee report to full Council annually providing a summary of the activity of the select committees	In recent years this has been prepared by financial year. Report for 2016/17 presented to July 2017 full Council.		✓		