

Policy and Resources Transformation to 2021 (Tt2021) Revenue Saving Proposals

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Summary

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- County Council Context
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SR2019

- 2019/20 represented final year of the current SR period.
- Four year SR originally planned for summer 2019 but impacted by Brexit and the national political situation.
- One year SR announced on 4th September. We still have no certainty beyond 2020/21 but this was not unexpected.
- Content of settlement mirrored key issues we have been raising for some time with government.

SR2019

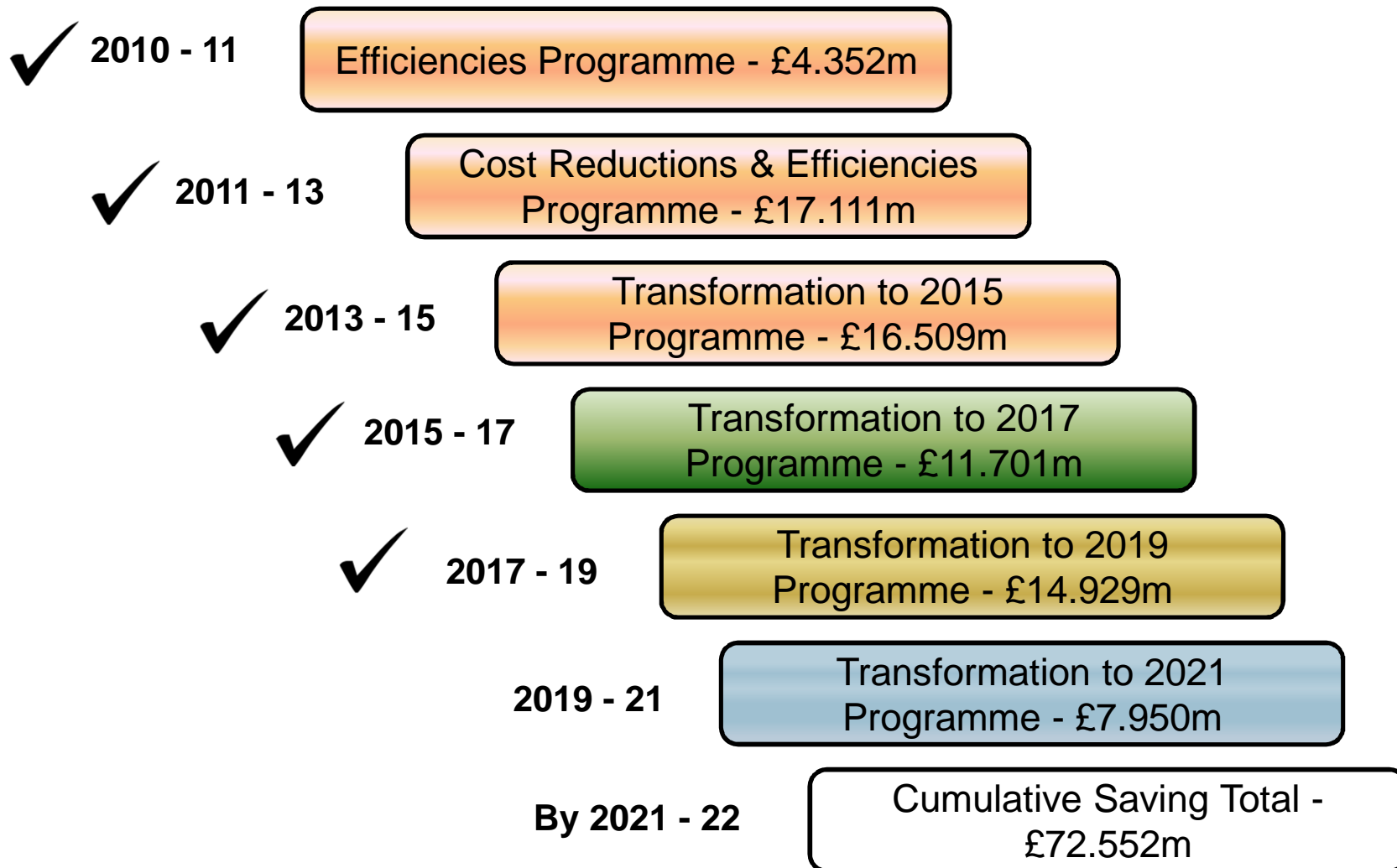
- Key issues for the County Council:
 - ✓ £2.5bn nationally for continuation of existing one off grants across social care - HCC allocation circa £38.5m, majority already assumed in MTFS.
 - ✓ Extra £1bn for adults' and children's social care - HCC allocation £15m - £20m depending on distribution methodology (to be consulted upon).
 - ✓ Core council tax 2% and continuation of a 2% adult social care precept. Below assumptions in the MTFS - loss to HCC circa £12m of recurring income over the two years of the Tt2021 Programme.
 - ✓ Additional funding for schools, including £700m for SEND
- Overall position broadly neutral.

County Council Context

- £480m removed from budgets over nine years.
- £80m forecast budget gap for the two years to 2021/22.
- Tt2019 was significantly more challenging than previous programmes and so Tt2021 will be even more difficult.
- Extended delivery and overlapping programmes increases risk and complexity.
- County Council public consultation undertaken over the Summer.
- Medium Term Financial Strategy update to Cabinet in October and County Council in November.



Departmental Transformation Journey



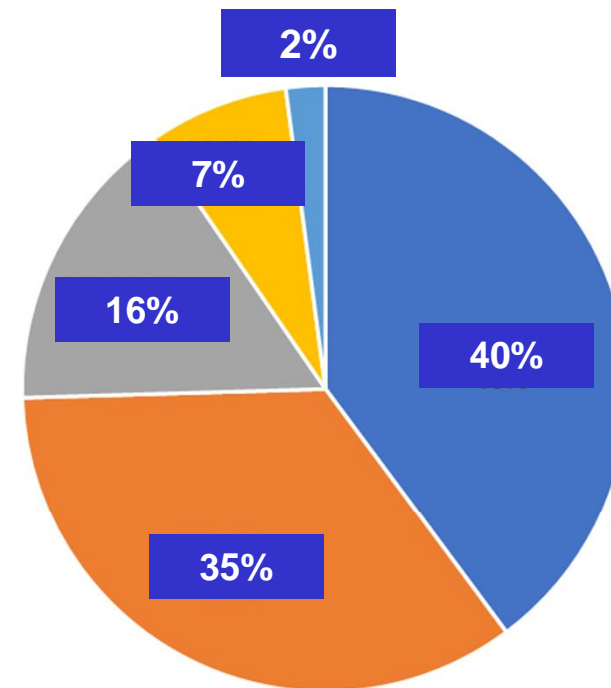
Tt2021 Approach

- Departments identified potential savings opportunities across each area of service within Corporate Services and CCBS;
- These opportunities sought to build on previous efficiencies delivered as part of Tt2017 and Tt2019 programmes which have concluded;
- Opportunities identified challenged by Corporate Management Team;
- 'Balancing the Budget' consultation completed;
- Savings opportunities further reviewed and refined;
- Programme of proposals identified for consideration by Executive Member, Cabinet and County Council.

Policy and Resources cash limited budget 2019/20

– by service

Service	£'000
Corporate Resources	35,121
CCBS	30,598
P&R other (non departmental budgets)	13,988
Transformation and Governance	6,607
Customer Engagement Services	1,849
TOTAL P&R cash limit	88,163



- Corporate Resources
- CCBS
- P&R other
- Transformation and Governance
- Customer Engagement Services

Departmental Context

Corporate Services

Corporate Services covers three directorates, each providing services to the wider county council, and to our shared services partners:

- **Corporate Resources** – services provided by Corporate Resources include Finance and Pensions, HR and Workforce Development, IBC Shared Services, Hantsdirect, IT and Internal Audit;
- **Transformation & Governance** – includes Law and Governance, the corporate Transformation Practice, and Strategic Procurement;
- **Customer Engagement Service** – includes Marketing and Advertising, Corporate Communications and Insight & Engagement (including public consultation and engagement, policy, performance and strategic partnerships).

Policy and Resources T2021 Savings

Corporate Services:

Corporate Resources

	Full-year impact £'000	Estimated FTE impact
Finance and Pensions – increased partnership contributions and efficiencies	338	3.0 – 5.0
HR and Workforce Development – further changes to operating models and business processes	278	2.0 – 4.0
Integrated Business Centre – Increased partnership contributions	314	0.0
Hantsdirect – Improvements to on-line services and improved query management	336	10.0 – 12.0
Information Technology – review of contract management, rationalisation and modernisation of desktop and data services, and increased partner contributions	2,188	10.0 – 12.0
Internal Audit – Additional partner contributions	63	0.0
Transformation & Programme Management – Support to Shared Services development priorities, funded by contributions from partners	300	0.0
Corporate Resources sub-total	3,817	25.0 – 33.0

Policy and Resources T2021 Savings

	Full-year impact £'000	Estimated FTE impact
Corporate Services:		
<i>Transformation and Governance</i>		
Law and Governance – Further efficiencies, renegotiation of contracts, building on sold service opportunities	411	0.0
Strategic Procurement – Growing existing and new income opportunities	170	0.0
Transformation Practice – Increasing sold services offer to other public sector organisations	49	0.0
Sub-total Transformation and Governance	630	0.0
<i>Customer Engagement Service</i>		
Customer Engagement Service - Income generation and efficiencies	121	4.0
Sub-total Customer Engagement Service	121	4.0
Sub-total Corporate Services	4,568	29.0 – 37.0

Departmental Context

Culture, Communities and Business Services (CCBS)

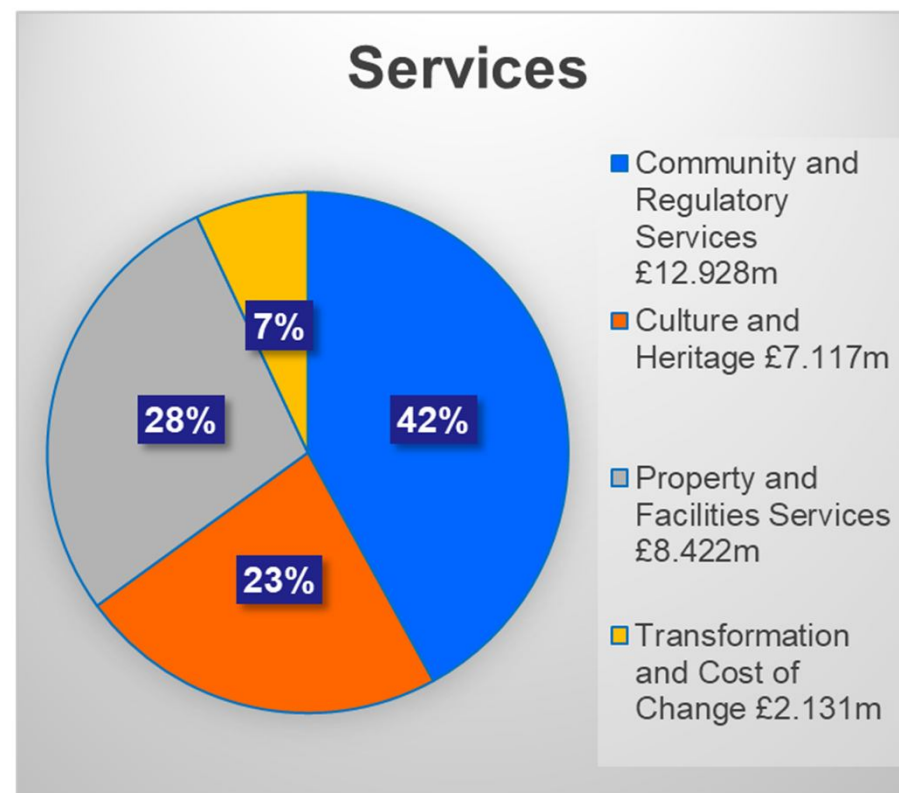
These are the services included in CCBS' T21 programme:

- **Libraries**
- **Regulatory Services** - includes Registration Service; Trading Standards; Asbestos Management; Hampshire Scientific Service
- **Countryside Service**
- **Archives and Records Service**
- **Property Services**
- **Efficiencies** – includes areas of grant funding

CCBS also runs a number of income-generating Business Units with a turnover in excess of £57m.

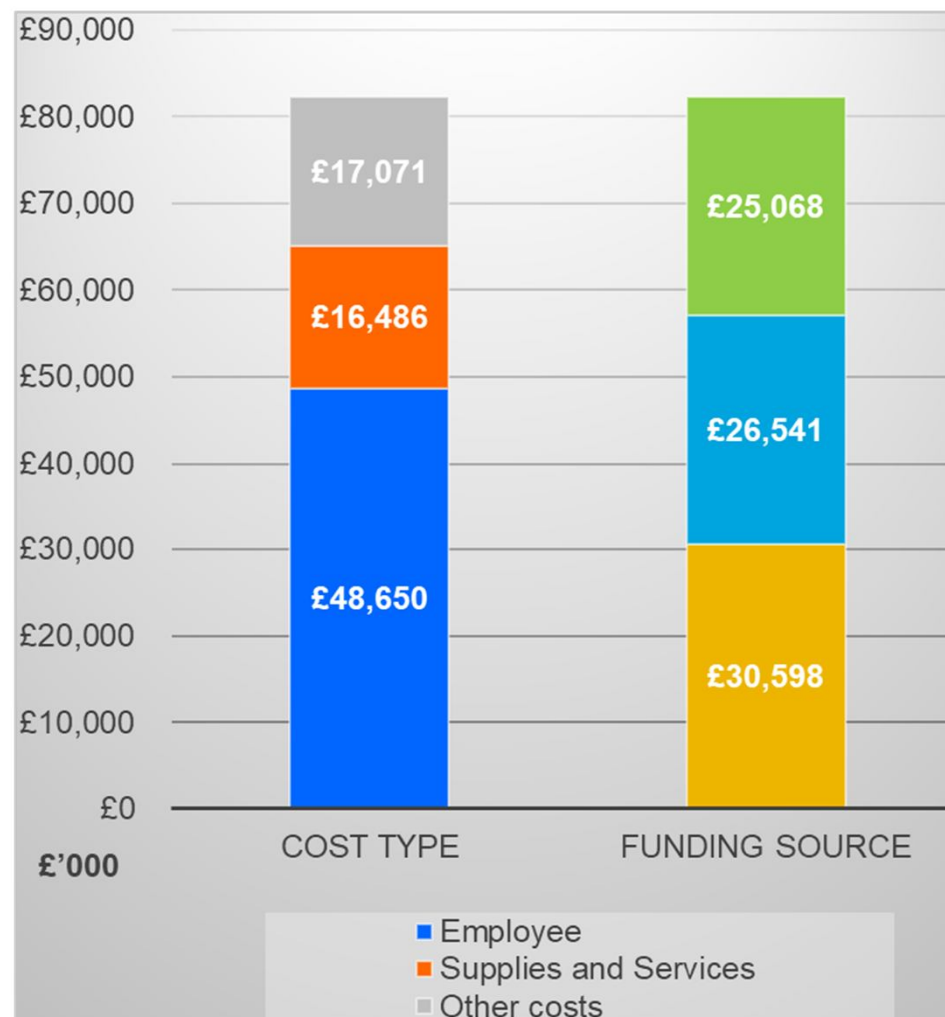
CCBS cash limited budget 2019/20 – by service

Service	£'000
Library Services	11,013
Regulatory/Community	1,915
Countryside	2,582
Arts & Museums	2,619
Other Culture & Heritage	1,916
Property Services	2,787
Office Accommodation	3,439
Facilities Management	3,318
Other Property Services	(1,122)
Transformation, Broadband & Cost of Change	2,131
TOTAL CCBS cash limit	30,598

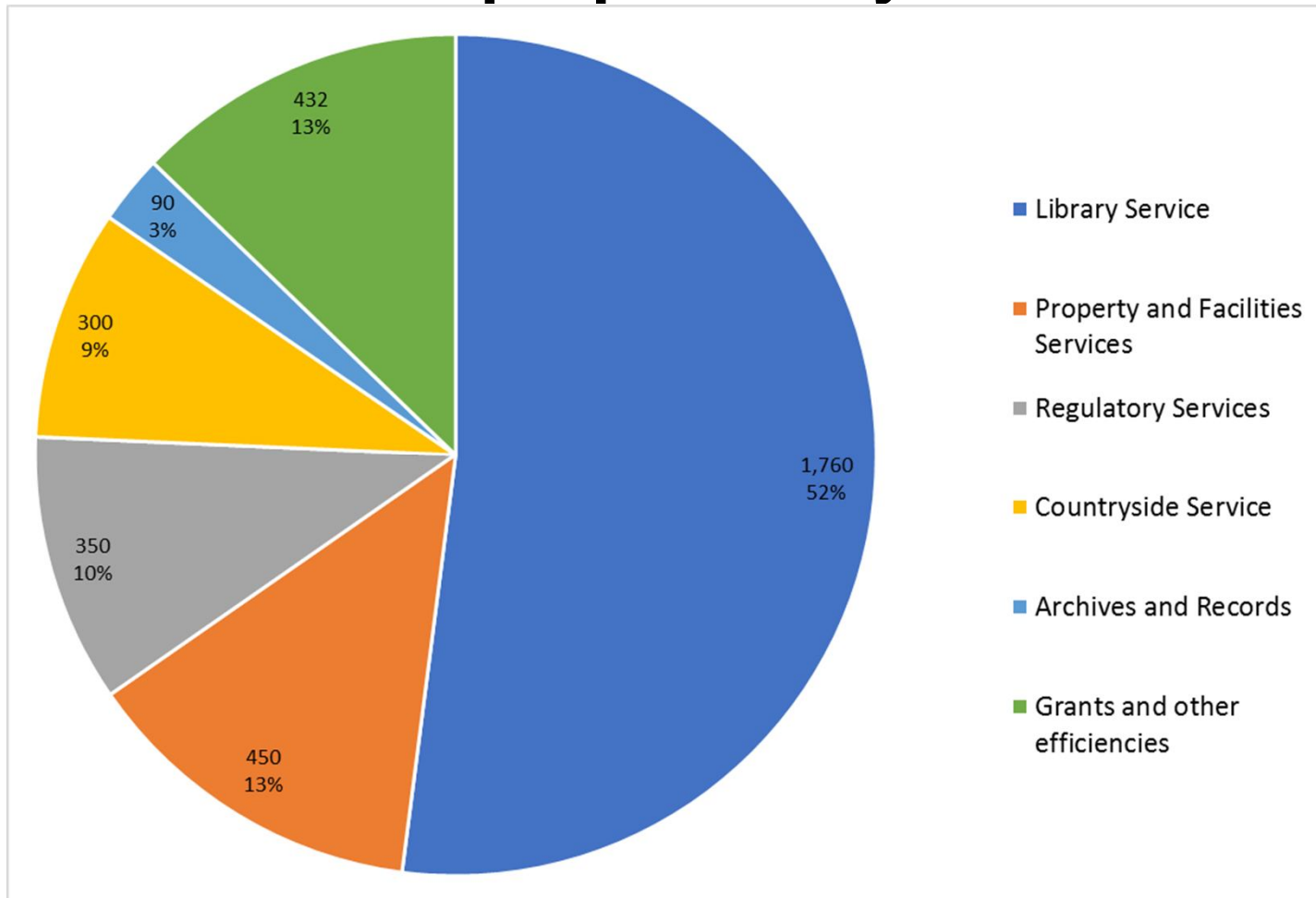


CCBS cash limited budget 2019/20 – cost type and funding sources

Cost type / Funding source	£'000
Employee	48,650
Supplies and Services	16,486
Premises	11,133
Support Services	3,960
Transport & Other Costs	1,978
Recharges	25,068
Fees and Charges	19,135
Rental Income	3,560
Grants and Contributions	1,488
Other Income	2,358
CCBS Net Cash Limit	30,598



CCBS Tt2021 proposals by workstream



Policy and Resources T2021 Savings

	Full-year impact £'000	Estimated FTE impact
Culture, Communities and Business Services:		
Property Services - increased income and operational efficiencies	450	6.0 – 12.0
Regulatory Services – income from increased charges and new services; savings from changes to operating models	350	0.0 – 10.0
CCBS services considered in other Executive Member reports		
Library Service – This budget is within the Executive Member for Recreation and Heritage portfolio and further details are in the budget decision paper considered by the Executive Member on 19th September 2019.	1,760	40.0 – 50.0
Countryside Service - This budget is within the portfolios of the Executive Member for Recreation and Heritage and the Executive Member for Countryside and Rural Affairs. Full details are in the budget decision papers considered by the Executive Members on 19th September 2019.	300	1.0 – 5.0
Archives and Records - This budget is within the Executive Member for Recreation and Heritage portfolio and further details are in the budget decision paper considered by the Executive Member on 19th September 2019.	90	1.0 – 3.0
CCBS Cross Cutting Efficiencies – budgets sit within the portfolios of the Executive Member for Recreation and Heritage and the Executive Member for Countryside and Rural Affairs. Full details are in the budget decision papers considered by the Executive Members on 19th September 2019.	432	0.0
Sub-total CCBS	3,382	48.0 – 80.0
Total savings proposals for Policy and Resources	7,950	77.0 – 117.0

Risks to Highlight

- There is likely to be a further reduction in the level of direct support available for key support services, for example for Financial planning, HR casework, and IT Programme Management;
- Changes to operating models will require a greater reliance on self-service;
- The extension of our sold services and our shared services partnership arrangements bring positive benefits, but do also increase delivery risk;
- For CCBS over 50% of our savings target sits within the library service, a service about which the public have previously been resistant to change;
- Generating increased income represents a challenge for all services, on top of sustaining existing levels of income in challenging operating environments. For some services the financial constraints of customers, such as schools and other Local Authorities, represents a further risk to their trading opportunities. This is further compounded in some areas by Brexit uncertainty which may negatively impact costs, supply chains and funding sources;
- Services implementing new operating models have dependencies on the delivery of technology solutions and on staff adopting new ways of working ;

Equality Impacts to Highlight

Equality Impact Assessments have been undertaken for all savings proposals to ensure potential impacts on groups with protected characteristics are identified and considered in the decision-making process:

- **Corporate Services:**
 - No medium or high impacts identified
- **CCBS:**
 - CCBS recorded 82% of impacts as neutral;
 - Low negative is the worst impact recorded;
 - All other categories are neutral, with Property Services and Asbestos recording entirely neutral impacts for their savings programmes;
 - More detailed EIAs will be undertaken once more detail is available, this may mean some impacts are recorded as higher further along in the process.

Serving Hampshire – **Balancing the Budget 2019 Consultation**

Headline Findings



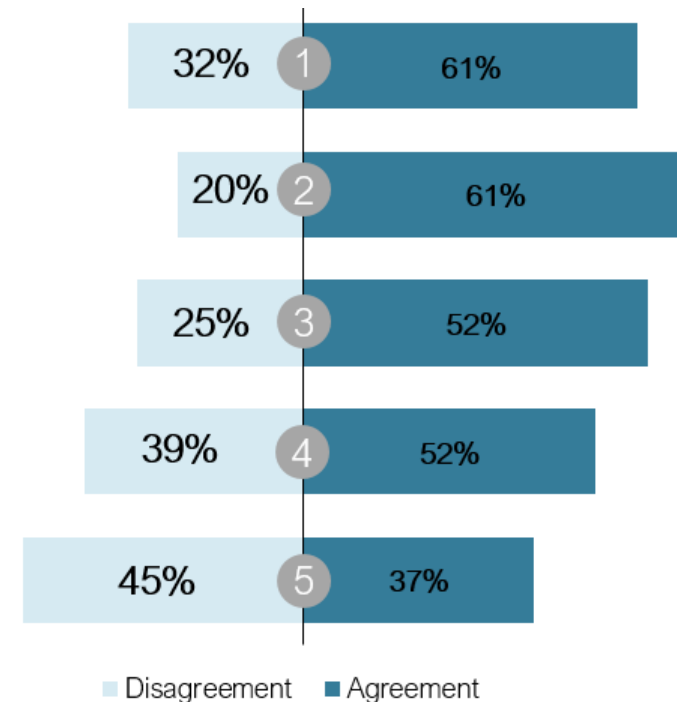
Consultation context

- The ***Serving Hampshire - Balancing the Budget*** 2019 consultation was designed to give all Hampshire residents and stakeholders the opportunity to have their say about ways to balance the County Council's budget.
- The consultation ran from midday on 5 June to 11.59 on 17 July 2019 and was widely promoted through a range of online and offline channels.
- Information Packs and Response Forms were made available both digitally and in hard copy in standard and Easy Read formats, with other formats available on request. Unstructured responses could be submitted via email, letter or as comments on social media.
- The **consultation received 5,432 responses** – 4,501 via the consultation Response Forms and 931 as unstructured responses via email/ letter (22) or social media (909).
- Of the responses submitted via the consultation Response Forms, 1,491 were from individuals and 28 from democratically elected representatives. Including the unstructured responses 44 groups, organisations or businesses responded.

Level of agreement with proposed options

1. Six out of ten respondents (61%) agreed with the position that reserves should not be used to plug the budget gap.
2. The same proportion (61%) felt that consideration should be given to changing local government arrangements in Hampshire.
3. Just over half of respondents (52%) agreed that the County Council should continue with its current financial strategy.
4. This was also the number that agreed with the principle of introducing and increasing charges for some services.
5. Just over one in three respondents (37%) agreed with the principle of reducing or changing services - but the proportion who disagreed was slightly higher (45%).

Agreement or disagreement as to whether the County Council should. . . (Base: 4264)



Tt2021 Key Messages

- A significant proportion of Policy and Resources expenditure is staffing. To achieve the level of savings required for Tt2021, there is a need to further review and streamline our operating models.;
- Across all areas we will continue with previous themes of reducing demand for services, increasing self service through improved systems and processes, and generating new external income through our successful sold services and partnership working;
- Exploiting the technical capability invested in through the County Councils Digital Strategy, will be key to our services maximising opportunities to generate improved efficiency and effectiveness ;
- Developing our workforce strategy to ensure that we continue to attract the right people and skills, as well as being able to ensure the continued resilience of our teams;
- A targeted approach has been taken which defines the strategic direction for services looking at longer term service sustainability beyond T21.
- Given the importance of income as a proportion of CCBS' overall funding, the department is embedding core commercial values to ensure maximum public value is delivered from all our assets and services.