

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Hampshire 2050 and Corporate Services
Date:	25 September 2023
Title:	Corporate Services Savings Programme to 2025 – Revenue Savings Proposals
Report From:	Director of Corporate Operations Director of People and Organisation

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Purpose of this Report

1. The purpose of this report is to outline the detailed savings proposals for Corporate Services that have been developed as part of the Savings Programme to 2025 (SP2025) Programme.

Recommendation(s)

2. To approve the submission of the proposed savings options contained in this report and Appendix 1 to the Cabinet.

Executive Summary

3. This report outlines the detailed savings proposals for Corporate Services that have been developed as part of the Savings to 2025 (SP2025) Programme. The report also provides details of the Equality Impact Assessments (EIAs) that have been produced in respect of these proposals and highlights where applicable, any key issues arising from the public consultation exercise that was carried out over the summer and how these have impacted on the final proposals presented in this report.
4. The Executive Member is requested to approve the detailed savings proposals for submission to Cabinet in October and then full County Council in November, recognising that there will be further public consultation for some proposals.

Contextual Information

5. In February 2023, Cabinet and Council were updated on the budget gap position and the early work undertaken by the Corporate Management Team to identify the available options to balance the budget to 2025/26. The Council expects to face a budget gap of at least £132m after taking account of annual Council tax increases at the maximum permitted level of 4.99% and additional grant funding expected to be provided by the government in 2024/25.
6. The early publication of a government policy paper on local authority funding for 2024/25 was welcomed. However, with 2024/25 representing the last year of the current parliament and spending review period, there remains considerable uncertainty as to the resources available to the Council from 2025/26 onwards. It is clear, however, that the landscape for the public finances remains challenging following the pandemic, considering current economic and geopolitical factors. Given the lack of any certainty from 2025/26, the County Council has had no choice but to assume that savings required to meet a gap of at least £132m will be required by April 2025, as we cannot take the risk of assuming further government financial support will be forthcoming. Furthermore, the financial constraints on the Council mean that there will be no funding available to cash flow a savings programme beyond April 2025.
7. In recognition of the size of the financial challenge, coming after a decade of savings totalling £640m, directorates were not issued with 'straight line' savings targets as per previous savings programmes but were instead instructed to review what savings might be achievable if we were to move towards a 'bare minimum' provision of services. This approach aimed to maximise the potential for savings across the organisation whilst ensuring that the Council can continue to target resources on the most vulnerable adults and children and deliver other vital core services.
8. The early work undertaken by directorates consisted of a detailed review of each budget line to understand where:
 - Further efficiencies could be achieved, for example due to changes to working practices following the pandemic or through changes to service management arrangements following the Fit for The Future organisational structure review.
 - Investment in new equipment or IT technology could enable us to deliver services differently.
 - Income generation could be increased through expanding the scope of existing sales, fees and charges or introducing new charges for some services.
 - Non-statutory or discretionary services could be scaled back or ceased.

9. Following the initial scoping exercise undertaken at directorate level, the savings options were subject to a detailed and robust scrutiny process, consisting of peer reviews within the Corporate Management Team and scrutiny by Executive Members, the Leader and Deputy Leader. The review process aimed to ensure that:
- The available savings opportunities for each key service line have been maximised and directorates have considered how the implementation of savings can be accelerated where possible to maximise early delivery.
 - There is a shared understanding across directorates of any risks or dependencies linked to savings in other areas to eliminate any unintended consequences of savings delivery, for example possible cost and/or demand increases for other services.
 - The cumulative impacts of savings across all directorates on specific service user groups have been assessed and minimised as far as possible.
10. This detailed work has identified a total of £90.4m savings across all directorates, of which £75.0m are expected to be delivered by 2025/26, leaving an unmet budget gap of £57.0m in 2025/26. It is not surprising that this position has been reached given the £640m savings already removed from the budget since 2010. In the absence of any further government funding to 2025/26, the Council will be reliant on reserves to temporarily bridge the budget gap pending fundamental reform to the funding system and legislative framework for local government. Additionally, a budget shortfall of £86m is currently expected for 2024/25 which will also need to be met from reserves.
11. A review of the Council's reserve balances was undertaken at the end of the 2022/23 financial year and the results were reported to Cabinet and Full Council in July. The review identified most of the additional funding required to bridge the gap for 2024/25, albeit a small deficit of £2.4m still remains in addition to the significant shortfall of £57.0m in 2025/26. It is therefore not possible to continue with the Council's usual financial approach of allowing directorates to retain any early achievement of savings for reinvestment in service delivery. All savings delivered in 2023/24 and 2024/25 will instead be transferred to the budget bridging reserve to help balance the budget in 2025/26.
12. As part of the Council's Fit for The Future Programme, a series of detailed reviews of key functions which are common across all directorates will be undertaken with the aim of maximising consistency, efficiency and effectiveness in the following areas:
- how the Council engages with its customers when they contact the County Council directly.
 - how transformation and business support activity is defined and delivered.

- how senior management structures, roles and responsibilities align between directorates.
 - how the Council provides core enabling services such as Finance, IT and HR; ensuring these are delivered from the centre of the organisation.
13. As well as delivering operational benefits for the Council, these reviews are expected to help reduce costs through removing duplication, enabling more effective prioritisation of resources and improving retention of specialist skillsets. Whilst the financial benefits are expected to supplement the £90.4m savings identified by individual directorates, they will not be sufficient to meet the remaining budget gap to 2025/26.
14. As we seek to establish a long-term sustainable funding solution through on-going lobbying and discussions with central government, our options to meet the predicted annual budget shortfall (of at least £132m) by 2025 are limited. It is considered that there will be very few ways in which the County Council can continue to meet the legal duty to balance the budget without any impact on the residents of Hampshire. To help understand how people could be affected by the proposals being considered, the County Council undertook an open public consultation '*Making the most of your money*', which ran for six weeks between 12 June and 23 July. The consultation was widely promoted to residents and stakeholders, and asked for views on a range of high-level options that could help to address the shortfall, so that the County Council could take residents' needs in to account when considering the way forward.
15. The consultation provided an overview of the anticipated budget gap by 2025, and explained the range of options likely to be needed to enable the County Council to continue to deliver statutory service obligations.
16. The consultation feedback confirmed that a number of approaches are likely to still be needed to meet the scale of the financial challenge. Consequently, the County Council will seek to:
- **continue with its financial strategy**, which includes:
 - **targeting resources** on the most vulnerable adults and children
 - **using reserves carefully** to help meet one-off demand pressures
 - **continue to lobby central government** for fundamental changes to the way local government is funded, as well as a number of other ways to help address the funding gap including increasing funding for growth in social care services and for highways maintenance, and allowing new charges to be levied for some services;
 - **help to minimise reductions and changes to local services** by raising council tax by 4.99% in line with the maximum level permitted by government without a public referendum;
 - **generate additional income** to help sustain services;

- **introduce and increase charges** for some services;
 - consider further the opportunities for **changing local government arrangements** in Hampshire.
17. Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of the final savings proposals for this report, and a summary of these is provided at appendix 3. Responses to the consultation will similarly help to inform the decision making by Cabinet and Full Council in October and November of 2023 on options for delivering a balanced budget up to 2025/26, which the Authority is required by law to do.
18. In addition, Equality Impact Assessments have also been produced for each savings proposal, and these together with the broad outcomes of the consultation and the development work on the overall SP2025 Programme have helped to inform and shape the final proposals presented for approval in this report.

Savings Programme to 2025 – Directorate Context/Approach

19. The Savings Programme to 2025 for Corporate Services amounts to **£7.123m**. This comprises of **£5.116m** for the Corporate Operations directorate and **£2.007m** for the People and Organisation directorate. The Corporate Services directorates predominantly provides an organisation-facing range of services and support to the public-facing directorates.
20. In addition to providing these services to the County Council, the two Corporate Services directorates also share a number of strategic and operational services with our shared services partners. The Shared Services Partnership includes the Hampshire Fire and Rescue Service, Hampshire Constabulary, Oxfordshire County Council, London Borough of Hammersmith and Fulham, Westminster City Council and Royal Borough of Kensington and Chelsea.
21. Following on from the successful delivery of the Transformation to 2019, 2021 and 2023 programmes of efficiency savings, Directorate Management teams in Corporate Services have identified a number of proposals that make up the Savings Programme to 2025, against a backdrop of continued and challenging funding reductions.
22. These proposals have been developed with the intention of creating maximum efficiency of service support functions to the wider organisation, through seeking ways to further improve and rationalise systems and processes and reduce duplication. In addition, where appropriate to do so,

Corporate Services 'sold services' functions will expand opportunities to generate increased and sustained income from external organisations.

23. The proposed savings programme for Corporate Services will identify efficiencies through further reviews of service operating and business model reviews. This will enable services to be re-designed and structured as appropriate, to provide reduced but continued necessary support to internal services, whilst reducing demand and encouraging self-service where necessary. Greater service efficiencies will also include general housekeeping, further reducing (and where appropriate eliminating as far as possible) training, printing and travel costs.
24. A proportion of the savings for Corporate Services will be delivered through a reduction in staff workforce within services. However, it is envisaged many of these reductions will be achievable through natural turnover and other voluntary measures. As a result, a number of the savings proposals are likely to result in a further change to the way in which other directorates receive support from Corporate Services.
25. Whilst in relative terms Corporate Services directorates are currently in quite a strong financial position, continued demand and wider organisational pressures have continued to build in these areas. The recent budget reductions in 2023/24 have already impacted the extent of support that can be provided. As a result, these further reductions will see the directorates focusing all remaining resources on providing the absolute minimum level of support required for the wider organisation, with some areas or types of service needing to significantly reduce or cease.

Corporate Operations Directorate

26. The Corporate Operations directorate comprises the following service areas, all of which have been selected for proposed savings:
 - Finance;
 - Pensions, Investments and Borrowing;
 - Integrated Business Centre (IBC) - providing transactional services such as payroll, payments to suppliers, and resourcing services;
 - Information Technology;
 - Internal Audit;
 - Strategic Procurement.
27. The directorate has identified a savings of **£5.116m**. A large proportion of this will be achieved through system and process efficiencies, expanding use of new technologies, but will also require a reduction in the provision of services

to other directorates. Additionally, some of the savings will be achieved through increasing commercial opportunities for our sold services to generate further income from new and existing clients and partners. It is expected that a reduction in staff workforce in some areas will also be required, to be achieved through natural turnover, as far as possible.

28. Further information on the specific initiatives and proposed changes to deliver the overall savings is provided in the following paragraphs.

Information Technology Services

29. A range of proposals are proposed to deliver savings within IT services. These include:

- Continuing the consolidation and rationalisation of technology, including removal of redundant technology, consolidating technology, and reviewing the future business and technical specification requirements for new equipment;
- Further savings from the rationalisation and re-use of licenses and contract renegotiations with external suppliers;
- Operating model efficiencies, including restructure, consolidation of teams and a reduction in workforce, to drive out further savings, and to more efficiently manage demand into IT;
- Other operational efficiencies including reducing training and travel costs, and reducing contingency budgets;
- Reduction in data retention period, removing non-essential telephony services and removal of subsidy for public to contact via telephone.

30. Overall, IT services expect to contribute £2.819m toward the directorate's savings.

Shared Services - Integrated Business Centre (IBC)

31. Further on-going savings are anticipated through further automation of existing manual processes, and the removal of other non-standard business processes. This includes a reduction in staff workforce, which is not expected to impact on front-line service delivery.

32. Through managing demand into the service, as well as ensuring appropriate partnership contributions to support service development programmes of work, it is expected that savings of £446,000 will be made toward the directorate's savings programme for 2025.

Internal Audit

33. The onboarding of additional local authorities into the Southern Internal Audit Partnership is expected to provide additional income through the provision of service to more external clients. It is expected that £210,000 will be contributed towards the directorate's savings programme for 2025.

Finance

34. Changes will be made to the Finance service operating model to drive out further efficiencies, and to continue to reduce internal demand on the service through greater automation, standardisation and self-service for budget managers. Overall, these changes are expected to contribute £1.018m towards the directorate's savings programme for 2025.

Pensions, Investments and Borrowing

35. The cumulative impact of previous on-boardings and the further expansion of existing sold services delivered by the Pensions administration and Treasury Management service should enable increased income generation and contributions to overheads for the service. It is expected that £373,000 will be contributed towards the directorate's savings programme for 2025.

Strategic Procurement

36. By increasing the amount of procurement work the team undertakes with existing external clients and through securing new external clients, this will increase income generation for the service. The Strategic Procurement service is expected to contribute £250,000 towards the directorate's savings programme for 2025.

People and Organisation Directorate

37. The People and Organisation directorate comprises the following service areas, all of which have been selected for proposed savings:
- Communications and Engagement, which also includes corporate communication, marketing, and insight and engagement services to HCC directorates;
 - Emergency Planning and Resilience;
 - Democratic and Member Services, and Information Compliance;

- HR and Organisational Development – including Leadership and Management Development, Education Personnel Services and Corporate Health and Safety;
- Legal Services.

38. The directorate has a total savings programme of **£2.007m** by April 2025, a large proportion of which is expected to be delivered through re-designs of service operating models. This will include reduced provision of some services to directorates across the organisation and a reduction in workforce in some areas. However, it is expected that staff reductions will be achieved through natural turnover, as far as possible. A smaller proportion of savings are expected through income generating activity, and through the implementation, by services, of more efficient systems and processes.

Communications and Engagement

39. The savings for this service will be achieved through a re-design of the operating model across the professional areas of Communications, Marketing and Insight and Engagement, alongside efficiencies achieved through a further review (and automation where possible) of current systems and processes. The future operating model will predominately focus on supporting delivery of the organisation's strategic objectives and priorities. This proposal is expected to contribute £410,000 towards the directorate's savings programme for 2025.

Emergency Planning and Resilience

40. The savings for this service will be achieved through the introduction of system and process efficiencies, resulting in a small reduction in the overall level of resource across the team. These changes will be supported through further strengthening business resilience skills and knowledge across the wider organisation. This proposal is expected to contribute £20,000 towards the directorate's savings programme for 2025.

Democratic and Member Services, and Information Compliance

41. The savings for this service will be achieved through a review of the operating model across the wider service, resulting in a reduction in the overall management capacity in the team. This is expected to contribute £50,000 towards the directorate's savings programme for 2025.

HR and Organisational Development, including Education Personnel Services and Corporate Health and Safety

42. **HR and Organisational Development (OD)** – A review of the operating model across these functions will seek to drive out further efficiencies, and to continue to reduce internal demand on the service through greater automation and standardisation of processes, and self-service by managers, leading to a reduction in overall capacity in the service. Changes are expected to achieve savings of £1.162m towards the directorate's savings programme for 2025.
43. **Education Personnel Services** – An increase in income generation activities to extend the Education Jobs Platform offer more widely to other local authority areas, is expected to contribute £100,000 towards the directorate's savings programme for 2025.
44. **Corporate Health and Safety** – A review of the services' operating model will seek to reduce internal support to directorates, through greater automation and standardisation of processes, and opportunities for managers to self-serve support. In addition, the service will seek an increase in income generating opportunities to recover the cost of providing Health & Safety advice and support to Hampshire schools, and to grow additional income e.g., from Districts. These changes are expected to contribute £75,000 towards the directorate's savings programme for 2025.
45. In total, it is expected that a contribution of £1.337m in total will be made across these service areas.

Legal Services

46. The savings for this service will be achieved largely through reducing internal support and demand for legal services that, in turn, releases capacity for generating external income. A review of the operating model will also rationalise staff structures and increase the size and scope of managers' roles. This is expected to contribute £190,000 towards the directorate's savings programme for 2025.

Key challenges, risks, issues and interdependencies

47. As with other directorates within Corporate Services, the proposed staff reductions are likely to impact the broader County Council with managers being asked to make greater use of self-service and do more for themselves, where this is considered appropriate.

48. It is important to note that Corporate Services directorates will continue to provide internal services that are critical to supporting the wider County Council key objectives and priorities, during the delivery of the wider organisational savings programme to 2025. This includes supporting services to strengthen their business knowledge and skills, and to further embed efficient and consistent ways of working.

Summary Financial Implications

49. The total value of the savings opportunities identified for the directorates is **£7.123m**. The expected cashflow profile for implementation of the savings is set out in the table below.

2024/25 £'000	2025/26 £'000	Full Year Impact £'000
5,239	7,123	7,123

50. Of the £7.123m total savings, £0.946m will be achieved through additional income generation by expanding the scope of existing fees and charges or introducing new fees and charges. A total of £6.177m will be achieved through reductions to expenditure budgets as a result of service efficiencies and reductions.

51. The detailed savings proposals that are being put forward by the directorate are contained in Appendix 1.

Workforce Implications

52. Appendix 1 also provides information on the estimated number of reductions in staffing as a result of implementing the proposals.

53. Of the 62.5 Full Time Equivalent (FTE) posts that may be affected, it is anticipated that savings for the majority of these will be achieved through natural turnover and voluntary measures within the relevant services and the ending of short-term contracts. The remainder would need to be managed down between now and the implementation date of any changes.

54. The County Council's approach to managing down staff levels in a planned and sensitive way through the use of managed recruitment, redeployment of staff where possible and voluntary redundancy where appropriate, will be continued.

Climate Implications

55. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
56. Given that this report deals with savings proposals it is difficult to assess any specific climate change impacts at this stage, but assessments will be undertaken for individual proposals, if appropriate as part of the implementation process.

Consultation, Decision Making and Equality Impact Assessments

57. As part of its prudent financial strategy, the County Council has been planning since March 2022 how it might tackle the anticipated deficit in its budget by 2025/26. As part of the MTFs, which was last approved by the County Council in September 2022 and updated as part of the budget setting process for 2023/24, initial assumptions have been made about inflation, pressures, council tax levels and the use of reserves. Total anticipated savings of £132m are required and directorates were tasked with reviewing all possible opportunities to contribute to bridging this gap.
58. The County Council undertook an open public consultation '*Making the most of your money*' which ran for six weeks from 12 June to 23 July 2023. The consultation was promoted to residents and stakeholders, and asked for views on a range of high-level options that could help to address the shortfall, so that the County Council could take residents' needs into account when considering the way forward.
59. The consultation explained that given the considerable size of the budget gap by 2025, it was likely a combination of the potential options being considered would be needed, given the limited ability the County Council has to generate income and the need to continue to deliver statutory service obligations. For example, the supporting Information Pack explained that the £132m budget forecast took into account an assumed increase in council tax of 4.99% (of which 2% must be spent on Adult social care services), and illustrated the amount of savings that would still be required even if council tax was increased by up to 10%. The Pack also explained that if central government were to support a change to the structure of local government in Hampshire, it would still take several years to fully realise any savings. Residents were similarly made aware that the use of the County Council's reserves (which are retained for service investment and to help manage financial risk) would not

provide a sustainable solution to address ongoing financial pressures. The Pack further explained that if these were used to meet service delivery these would be used up very quickly, and so only temporarily delaying the point at which other savings would need to be found.

60. Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of the final savings proposals. As the consultation feedback confirms, a number of different approaches are likely to be needed to meet the scale of the financial challenge. Consequently, the County Council will seek to:

- **continue with its financial strategy**, which includes:
 - **targeting resources** on the most vulnerable adults and children
 - **using reserves carefully** to help meet one-off demand pressures
- **continue to lobby central government** for fundamental changes to the way local government is funded, as well as a number of other ways to help address the funding gap including increasing funding for growth in social care services and for highways maintenance, and allowing new charges to be levied for some services;
- **help to minimise reductions and changes to local services** by raising council tax by 4.99% in line with the maximum level permitted by government without a public referendum;
- **generate additional income** to help sustain services;
- **introduce and increase charges** for some services;
- consider further the opportunities for **changing local government arrangements** in Hampshire.

61. Individual Executive Members cannot make decisions on strategic issues such as council tax levels and use of reserves and therefore, these proposals, together with the outcomes of the *Making the most of your money* consultation exercise outlined in appendix 3, will go forward to Cabinet and County Council and will be considered in light of all the options that are available to balance the budget by 2025/26.

62. The proposals set out in Appendix 1 represent suggested ways in which directorate savings could be generated to maximise the contribution to the SP2025 Programme and have, wherever possible, been developed in line with the principles set out above. For example, maximising our opportunity to grow our sold and traded services, by extending services to existing and new clients (e.g within Legal Services, Strategic Procurement and Southern Internal Audit Partnership) or extending our partnership arrangements (e.g. Pensions, Investment and Borrowing Services).

63. Following the Executive Member Decision Days, all final savings proposals will go on to be considered by the Cabinet and Full Council in October and

November – providing further opportunity for the overall options for balancing the budget to be considered as a whole and in view of the consultation findings. Further to ratification by Cabinet and Full Council, some proposals may be subject to further, more detailed consultation.

64. In addition to the consultation exercise, Equality Impact Assessments (EIAs) have been produced for each of the savings proposals outlined in Appendix 1 and these have been provided for information in Appendix 2. These will be considered further and alongside a cumulative EIA by Cabinet and Full Council. The cumulative assessment provides an opportunity to consider the multiple impacts across proposals as a whole and, therefore, identify any potential areas of multiple disadvantage where mitigating action(s) may be needed.
65. Together the *Making the most of your money* consultation and Equality Impact Assessments have helped to shape the final proposals presented for approval in this report.

REQUIRED CORPORATE AND 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>
Developing a Medium Term Financial Strategy Template County Council Part I report (hants.gov.uk)	Cabinet - 19 July 2022 County Council – 29 September 2022
Revenue Budget and Precept 2023/24	Cabinet – 7 February 2023 County Council – 23 February 2023
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	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

A full Equalities Impact Assessment has been undertaken for each of the savings options and these are included as a separate appendix to this report (Appendix 2).

Corporate Services – Proposed Savings Options (Subject to consultation where appropriate)

Ref.	Service Area and Description of Proposal	Impact of Proposal	2024/25 £'000	2025/26 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
Corporate Operations						
IT01	IT - Technology Consolidation & Rationalisation - Removal of redundant technology, consolidating technology to remove duplication and reviewing the future business and technical specification requirements for new equipment.	Minimal impact for the most part, although the lower specifications for some kit may impact some staff, but these can be dealt with on a business case by business case basis.	1,155	1,380	1,380	0.0
IT02	IT - Supply Chain Efficiency - Rationalisation and re-use of licenses and contract renegotiations.	Minimal impact although savings may be dependent on global economy.	325	325	325	0.0
IT03	IT - Operating Model Efficiencies - Restructuring and consolidation of teams to remove posts.	There will be a reduction in posts, but these will be handled through normal turnover wherever possible.	575	695	695	6.0
IT04	IT - Other Efficiencies - Reduction in training, travel and contingency budgets.	A large proportion of the savings relate to changed ways of working post Covid. Impact of training budget reduction will need to be monitored to ensure it does not affect service delivery longer term.	369	369	369	0.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2024/25 £'000	2025/26 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
IT05	IT - Reduction in data retention period, Removal of non-essential telephony services, removal of subsidy for the public to contact via telephone.	Removal of subsidy for external telephone contact may impact some members of the public but this is in line with industry practice.	50	50	50	0.0
IBC01	IBC - Automation and Rationalisation - Further partnership efficiencies are anticipated in relation to automation and rationalisation of internal processes. Savings will be captured through vacancy management and released as part of the partnership's annual budget setting process.	No impact on service provision but there will be staffing reductions which will be managed through natural turnover as far as possible.	166	238	238	7.5
IBC02	IBC - Removal of HCC Legacy Activities linked to replacement of the Adult's and Children's social care IT systems. New processes will be aligned to the self-service principles of the standard operating model.	No impact but subject to successful implementation of new systems but there will be staffing reductions which will be managed through natural turnover as far as possible.	100	100	100	3.5

Ref.	Service Area and Description of Proposal	Impact of Proposal	2024/25 £'000	2025/26 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
IBC03	IBC - Reduced headcount in the HCC General Enquiries team due to ongoing digital channel shift of the contact model reducing volumes of telephone contact.	No impact on service provision but there will be staffing reductions which will be managed through natural turnover as far as possible.	68	108	108	2.0
IA01	Internal Audit - Income generation - Onboarding additional local authorities into the Southern Internal Audit Partnership to provide an increased contribution to overhead costs.	There may be an impact on the audit days available for HCC which will need to be monitored to ensure that appropriate assurance is being given in the annual plan.	210	210	210	0.0
Fin01	Finance - Changes to the operating model to drive out further efficiencies and reduce demand on the service through increased automation, standardisation and on-going self-service for budget managers.	Professional finance support will be focused on statutory requirements and higher risk matters and there will be reduced flexibility and capacity to respond to new demand. Some budget managers may receive less direct support and will need to place greater reliance on self service support. Staff reductions will be achieved through natural turnover as far as possible.	1,018	1,018	1,018	15.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2024/25 £'000	2025/26 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
PIB01	Pensions, Investments and Borrowing - Income Generation – The cumulative impact of previous on-boardings together with the further expansion of existing sold services in Pensions administration and Treasury Management to provide an increased contribution to overhead costs.	In order to meet the income levels, Pension Services and Treasury Management would need to onboard further partners by April 2025.	223	373	373	0.0
SP01	Strategic Procurement - Income generation - Further expansion of existing sold services in Strategic Procurement to provide an increased contribution to overhead costs.	Reduction in operational flexibility within the service to accommodate additional external clients and an increased focus on managing customer relationships and complex projects outside of HCC.	250	250	250	0.0
Sub-total - Corporate Operations			4,509	5,116	5,116	34.0

People and Organisation						
CE01	Communications and Engagement - A re-design of the operating model to include necessary changes to structure, systems and processes.	Internal impact across the organisation in relation to how we support Directorates as well as an external impact in relation to our approach to public consultation. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	100	410	410	7.0
EP01	Emergency Planning - A re-design of the operating model to include necessary changes to structure, systems and processes.	Internal impact across the organisation in relation to how we support Directorates. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	20	20	20	0.5
D01	Democratic Services - A re-design of the operating model to include necessary changes to structure, systems and processes.	Internal impact across the organisation in relation to how we support Directorates. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	0	50	50	1.0
HR01	HR - A review of the operating model to include necessary changes to structure, systems and processes.	Internal impact across the organisation in relation to how we support Directorates. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	238	696	696	13.0

OD01	Organisation Development - A review of the operating model to include necessary changes to structure, systems, and income.	Internal impact across the organisation in relation to how we support Directorates. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	289	466	466	6.0
EPS01	Education Personnel Services - A review of the business model with a view to increasing income.	Income generation is dependent on investment in Education Jobs technology platform. No negative impact expected to the current service provided to schools, as it's likely to involve growing (rather than reducing) the service.	0	100	100	0.0
HS01	Health and Safety - A re-design of the operating model to include necessary changes to structure, systems and processes, and with a view to increasing income.	Internal impact across the organisation in relation to how we support Directorates. Any reduction in staffing required is expected to be achieved through natural turnover as far as possible.	69	75	75	1.0
L01	Legal Services - A review of the operating model and business model to include necessary changes to structure, systems and processes, and with a view to increasing income.	Internal impact across the organisation in relation to how we support Directorates.	15	190	190	0.0
Sub-total - People and Organisation			730	2,007	2,007	28.5
Total - Corporate Services			5,239	7,123	7,123	62.5

Corporate Services Equality Impact Assessments (EIAs) – see accompanying Appendix 2 attachment to this report.

***'Making the most of your money'* public consultation feedback**

1. The County Council undertook an open public consultation *'Making the most of your money'* which ran for six weeks from 12 June to the 23 July 2023. The consultation was promoted to residents and stakeholders through a range of online and offline channels including, but not limited to: the County Council's website, social media channels, Hampshire Perspectives residents' forum and Your Hampshire e-newsletter; in County Council libraries and buildings, at bus stops, and on electronic noticeboards, in countryside parks and Hampshire County Council care settings; via media releases to the local TV, radio and written press; via targeted social media advertising; via direct email contact, and the Leader's Stakeholder (email) newsletter – between which cover a wide range of individuals, groups and organisations across Hampshire (such as Hampshire MPs, district and parish councils, businesses and the education sector, voluntary and community sector groups and organisations, and service providers), which promoted onward dissemination, as well as response. Information Packs and Response Forms were available on-line and in hard copy as standard and Easy Read, with other formats available on request, and a short animation was produced to help people understand the financial context. Comments could also be submitted via email or by letter, and comments on County Council corporate social media posts were also taken into account.
2. The consultation sought residents' and stakeholders' views on a range of proposals that could contribute towards meeting the expected revenue budget shortfall by 2025, as well as the potential impact on residents of the proposals being considered, and any suggestions not yet considered by the County Council. The consultation explained that due to the considerable size of the estimated budget gap by 2025 of £132m, it was likely a combination of the potential options being considered would be needed, given the limited ability the County Council has to generate income and the need to continue to deliver statutory service obligations. For example, the Information Pack illustrated the amount of savings that would still be required even if council tax was increased by up to 10%.
3. The options were:
 - Lobbying central government for legislative change;
 - Using the County Council's reserves;
 - Generating additional income;
 - Introducing and increasing charges for some services;
 - Reducing and changing services;
 - Increasing council tax; and
 - Changing local government arrangements in Hampshire.

4. Information on each of the above approaches was provided in an Information Pack. This set out the limitations for the County Council of each option, if taken in isolation, to achieving required savings. For example, supporting information explained that the £132m estimated budget shortfall took into account an assumed increase council tax of 4.99%, of which 2% must be spent on adult social care services. The Pack also explained that if central government were to support changing local government arrangements in Hampshire, savings would still take several years to be realised. Residents were similarly made aware that the use of the County Council's reserves (which are retained for service investment and to help manage financial risk) would not provide a sustainable solution to address ongoing financial pressures. The Pack further explained that if these were used to meet service delivery these would be used up very quickly, and so only temporarily delaying the point at which other savings would need to be found.
5. Therefore, whilst each option offers a valid way of contributing in-part to meeting the budget shortfall, addressing the estimated £132m gap would inevitably require a combination of approaches.
6. A total of 2,935 responses were received to the consultation – 2,806 via the provided Response Forms and 129 as unstructured responses through email, letter and social media.
7. The key findings from consultation feedback are as follows:
 - Agreement that the County Council should carry on with its **financial strategy** now stands at 60%, compared with 45% in 2021, 52% in 2019, and 65% in 2017. This involves targeting resources on the most vulnerable people; planning ahead to secure savings early and enable investment in more efficient ways of working; and the careful use of reserves to temporarily help address funding gaps and plug additional demand pressures (e.g., for social care).
 - The data suggests that respondents are concerned about the implications of further service changes and charges and increasingly feel that the solution lies with central government.
 - Both data and verbatim comments indicate the respondents want the County Council to continue to lobby central government for a longer-term funding solution for local government, and to allow additional charging in a number of areas:
 - 90% agreed with lobbying for additional funding to deliver social care services for adults and children.
 - 83% agreed profit margins for providers of children's homes should be capped.
 - 81% agreed the underlying funding model for county councils should change

- 81% agreed that there should be national consistency in the approach to residential placement fees for children’s social care.
- 79% agreed that there should be an increase in central government funding for highway maintenance and major road and structural repairs.
- 78% agreed that there should national rules on engagement of agency resource to support children’s social work.
- 75% agreed to enable local circumstances to be taken in to account when determining adult social care provision.
- 68% agreed to allow a move to locally devised policies and means testing for Home to School Transport.
- 66% agreed that a review should be undertaken of the range of statutory functions that must be carried by qualified social workers.
- 59% agreed to allow for a deferred payment option for adults’ domiciliary (home) care provision.
- 55% agreed that a small charge should be applied to concessionary travel.
- 52% agreed that a fee should be charged for issuing an Older Person’s Bus Pass.
- 48% agreed that there should be greater council tax setting freedoms (29% disagreed, with the remainder neither agreeing nor disagreeing).
- However, there were exceptions, namely that:
 - Most respondents (68%) did not agree that a nominal fee should be charged for using household waste recycling centres.
- The majority of respondents agreed that the County Council should explore:
 - Changing services to support achievement of savings (69% of respondents).
 - The possibility of changing local government arrangements for Hampshire (62% of respondents).
 - Increasing existing charges for services (54% of respondents).
- The majority of respondents disagreed with the proposal to reduce services (63% disagreed vs 23% who agreed).
- Opinion was divided on the use of reserves and the introduction of new service charges:
 - 45% agreed that reserves should not be used, vs 42% who disagreed.
 - 47% agreed that new service charges for currently free services should be introduced, vs 42% who disagreed.
- 46% of respondents first preference was for the County Council to raise **Council Tax** by less than 4.99%. This compared to 38% of respondents whose first choice was to raise council tax by 4.99% and 18% who would choose an increase of more than 4.99%.

- Suggestions were made by respondents for generating additional income, including making money from unused buildings and land, introduction of charges to service users, selling services to other organisations, and parking charges. Other suggested for alternatives to the budget options presented included improving council efficiency, reducing expenditure, and prioritising spending where it was most needed.
- Just under half of respondents (48%) specified impacts that they felt would arise should the County Council continue with its financial strategy and approve the proposed options. Almost half of these related to financial impacts on household budgets, both due to potential increases in Council Tax (25%) and rising service charges (11%), alongside the broader financial impacts or rises in the cost of living (12%) and other ongoing day-to-day costs (2%).
- More generally, 36% of respondents considered that the proposals would impact on the level of service provided, with particular mention made to service reduction, worsening road conditions, and rising service demand. Social impacts, including poorer mental wellbeing and physical health, as well as a reduced quality of life were also referenced by 19% of respondents.
- Just under half of respondents felt that impacts could arise for the protected equalities characteristic of age (49%), with further impacts on poverty (35%), disability (34%), and rurality (25%) also commonly mentioned. The potential environmental impacts were also noted in around a third of the comments submitted (31%).
- The 129 unstructured responses to the consultation, submitted via letter / email or on social media, primarily focussed on the perceived impacts of the proposals, stating concern about reductions to services and potential impacts on vulnerable groups, and the financial impact on other organisations, but recognising the budgetary pressures and the need to reduce some services. A smaller number of respondents noted that services were underfunded, and the need to lobby central government for additional funding.