

**HAMPSHIRE COUNTY COUNCIL****Decision report**

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date of Decision:</b>	24 January 2013
<b>Decision Title:</b>	Revenue budget report for Policy and Resources for 2013/14
<b>Decision Reference:</b>	4571
<b>Report From:</b>	The Chief Executive, Director of Culture, Community and Business Services and Director of Corporate Resources – Corporate Services

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## **1. Executive Summary**

- 1.1. The County Council's decisive action over the last two financial years has meant that it has broadly achieved its goal of responding to four years worth of Government grant reductions in two years. This has enabled the County Council to return to a process of Annual Efficiency Targets (AETs) for at least the last two years of the current Comprehensive Spending Review (CSR) period.
- 1.2. The grant settlement that was released just before Christmas confirmed further reductions in Government funding for the next two years but these were broadly within the range of forecasts that the County Council had been predicting. Assuming that Council Tax levels are in line with the overall Medium Term Financial Strategy (MTFS), this means that no further savings will be necessary above the 2% AETs set for each Department in order to balance the budget for the next two years, leaving the County Council in a very strong financial position and providing sufficient time and capacity to plan for more challenging times from 2015/16 onwards.
- 1.3. This report proposes a budget for Policy and Resources for 2013/14 in accordance with the Council's Medium Term Financial Strategy reported to Cabinet last Summer. The budget includes proposals for the 2% reduction in spending to meet the AET for the year.
- 1.4. The report also provides an update on the financial position for the current year. At the current time, monitoring information for Quarter 3 is not available but for the second Quarter, the projected outturn for Policy and Resources for 2012/13 is an under spend of £2.7 million. Further detail is provided in section three of this report.

- 1.5. The 2% AET for Policy and Resources for 2013/14 is £0.8 million. The savings proposals to meet this amount are explained in section five of this report and are set out in Appendix 1.
- 1.6. The report also reviews the level of charges for the provision of services in section six and provides a summary of charges in Appendix 2.
- 1.7. The proposed budget for 2013/14 analysed by service is shown in Appendix 3 and the workforce implications of the budget proposals are set out in Appendix 4.
- 1.8. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2012/13 and detailed proposals for the 2013/14 revenue budget 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 8 February 2013 to make final recommendations to County Council on 21 February 2013.

## **2. Context and Priorities**

- 2.1. Following the CSR announcement in 2010 local government was anticipating an average 28% reduction in Government funding across the Country. The impact of changes to the distribution methodology meant that the County Council's share of this reduction is relatively much greater, with a 25% reduction in the first two years alone.
- 2.2. The Local Government Provisional Finance Settlement was announced on 19 December and after allowing for technical adjustments in respect of transfers of functions and changes to the grant system, the County Council has received equivalent grant reductions over the two year period of 8.7%, and 9.6%, which is in line with the reductions contained in the medium term forecast although the cumulative impact is slightly worse than previously predicted.
- 2.3. Cabinet have already confirmed that for planning purposes it should be assumed that we will accept the Council Tax Freeze Grant for 2013/14, which is equivalent to a 1% increase and will provide one off funding of £5.3M in each of the years 2013/14 and 2014/15.
- 2.4. Now that these grant figures have been released and assuming that future Council Tax increases are within the range contained in the previous Medium Term Financial Strategy it is anticipated that as long as Departments meet their total of 20% savings (two lots of 8% and two lots of 2%) over the four year period then the County Council will achieve a balanced budget by the 2014/15 financial year, albeit that it may be necessary to use a small amount of one off funding to balance the budget in 2014/15.
- 2.5. This means that the County Council will have achieved its aim of meeting four years worth of grant cuts in the first two years of the current CSR period and has put itself in a very strong position to deal with the further grant reductions from 2015/16 onwards. Initial indications are that with

further funding cuts on the horizon, there will be a significant gap to be closed in 2015/16 and future years, but through the current financial strategy, the County Council has given itself the time and capacity to deliver these savings over the next two years through further transformation workstreams.

- 2.6. The Chief Executive has already reported to Cabinet plans for a new set of Corporate Efficiency Workstreams to start to address the financial challenges from 2015/16 onwards. This work will begin in earnest in this new calendar year with a view to identifying further efficiencies, cost reduction options and organisational responses that meet the forecast budget gap in 2015/16. The Council will also want to plan how to meet increases in demand, inflation and demographics that will ultimately translate into increased expenditure.
- 2.7. During the current CSR period, the County Council has been developing its 'Open for Business' priorities, underlining the fact that despite the reductions in Government funding the County Council remains a large influential organisation committed to providing high quality services to the residents of Hampshire.
- 2.8. Departments within the Policy and Resources portfolio have been developing their service plans and budgets for 2013/14 and future years in keeping with the 'Open for Business' priorities and the key issues, challenges and priorities for the departments are set out below.

### **Departmental Challenges and Priorities**

#### **Culture, Community and Business Services (CCBS)**

- 2.9. The department's diverse portfolio of services and reliance on both business to business and business to consumer income creates an equally diverse range of challenges and priorities as outlined below.
- 2.10. **Income** - The department aims to maintain and enhance income and, where relevant, the number of visitors to a range of venues. A number of these venues are weather dependent and a future focus will be on developing all weather facilities such as the play barn at Staunton Country Park. All of the pay on entry venues will remain under pressure due to the economic climate thus requiring innovative marketing and the development of new offers using existing resources. The use of volunteers to undertake operational duties is helpful in allowing managers to focus on service development.
- 2.11. The department's business units are zero budgeted and face similar economic pressures to those noted above. These conditions create some uncertainty around demand forecasts, but there are areas of growth and the Hampshire County Council Catering Service (HC3S) is successfully increasing meal uptake. Consequently, business plans need to be able to adapt swiftly to both an upturn and downturn in business. Property Services has been expanding its business and this is planned to continue requiring external recruitment including senior level programme managers.

- 2.12. **Funding capital repairs of school buildings** - The government looks set to increase the amount of funds delegated to schools to include, for the first time, capital funding which is currently a centrally managed Policy and Resources budget of £11 million. The budget is used to fund major health and safety and condition liabilities for the benefit of all schools. This funding generates fees of over £1 million which in turn supports around 35 staff. A proposal was recently made to Schools Forum to ask for their approval to continue to pool the funding on behalf of all schools and have it managed centrally by the Director of CCBS. This was approved at their meeting in October. It is important to note that the funding is available to all schools, including Academies, and therefore an arrangement to enable the non-SLA schools to access the funding on a bidding/priority basis will be created. This approach is strong evidence of the long-standing excellent relationship with schools and their ability to see the benefits of a strategic approach to building, repair and maintenance issues.
- 2.13. **Countryside Infrastructure and access** - The County Council has nearly 2,900 miles of footpaths. The public have a great desire to access the countryside and with declining sources of revenue and capital funding it is becoming increasingly challenging to be able to meet this expectation. The department is responding by exploring external funding opportunities, as in the example of Lepe, and other partnership approaches to service delivery.
- 2.14. **Fully Integrated Merger (FIM) of arts and heritage services** - In response to the financial context faced by Arts and Museums more radical approaches to service delivery such as potential trust models are being considered. The loss of Arts Council (formerly MLA) funding for arts and heritage services has formed a backdrop to strong collaborative working between Hampshire County Council and the City Councils of Southampton and Winchester. A potential FIM is being developed across the three organisations in order to:
- Achieve savings that can be reinvested into arts and heritage
  - Create a bold and exciting brand and programme designed to be more attractive to external funders
  - Establish fundraising capacity and a culture of attracting inward investment
  - Create operational efficiencies through joint collection, storage and organisational review
- 2.15. Work to establish the FIM is well advanced including the option of creating a Trust to achieve this. The partners are currently considering the available options within the context of their own financial planning. A decision is expected in early summer and, whatever direction is taken, the close and successful collaborative work achieved so far will be continued to maximise the resilience of these services in the future.
- 2.16. **Workstyle and One Public Sector Estate Project (OPSE)** - The Workstyle programme is due to complete in 2013 and is on target. The greater challenge will be to consolidate this work through wider public

sector opportunities, the One Public Sector Estate, project. The County Council is realistically the only organisation in a position to deliver this but progress is slow and most potential partners are not able to support the work financially.

- 2.17. **Customers and innovative customer access methods** - The department continues to explore new approaches to meet the increasing expectations of customers within reducing budgets. The Library service has demonstrated that the move to self-service has reduced running costs and in the main been accepted by its customers. Online appointments, bookings and borrowings are increasing and faster progress is planned through reprioritising existing funding for greater IT investment and customer engagement.
- 2.18. **Volunteers** - All community museums rely on volunteers to remain open. Volunteers are increasingly involved in supporting day-to-day operations from visitor services to administration and volunteers themselves come from all walks of life. In addition within Libraries, volunteers are being used to increase opening hours (Hedge End and West End libraries). Responsibility for running two libraries is being transferred to a volunteer group in North Baddesley and a registered charity in Stanmore, Winchester. The volunteer model requires volunteers to commit to receiving training and to undertake regular duties. The volunteer response has been excellent but the challenge of sustaining this degree of engagement, and the professional support required to achieve it, is not being under-estimated.

### **Corporate Services Department**

- 2.19. The newly created Corporate Services department has made a significant contribution to the County Council's efficiency targets. In addition to the planned savings of 8% in 2012/13, Corporate Services is forecast to achieve the required further 4% target reduction of £1.5 million. These savings are being delivered in 2012/13 through a combination of recurring reductions in budget (from voluntary redundancies) and short term actions around strong budgetary control and robust vacancy management designed to generate one-off savings. These additional savings over 2012/13 and 2013/14 are required to support the Corporate Service change programme, but will be available as recurring savings from 2014/15 onwards.
- 2.20. The new integrated structure of Corporate Services is designed to deliver more efficient support services to the County Council and focus on the development of shared and sold services to other public sector organisations. Further comments on the challenges and priorities facing the functions within Corporate Services are given below.
- 2.21. **Corporate Resources** - On 1<sup>st</sup> August, existing staff were transferred to the new structure, covering Finance, Information, Human Resources and the Integrated Business Centre (IBC).
- 2.22. The majority of the early activity has been focussed on developing the new IBC model and significant work has been undertaken on high level and detailed design processes for the new IBC. This will be underpinned by

investment in and re-design of the essential technology platform to drive efficiency through consistent, streamlined and automated processes. Significant work has already been undertaken on assessing the options for accommodating the IBC staff, which is now planned to be within EII Court.

- 2.23. For the other areas of Corporate Resources, work has commenced looking at options for changing the strategic and advisory aspects of the businesses, that will also need to dovetail with the changes arising from the implementation of the IBC.
- 2.24. All of this work is being integrated with the proposals for joint working with Hampshire Constabulary and the Fire and Rescue Service as part of a vision to create a single entity providing high quality, standardised and efficient support services to all three organisations.
- 2.25. **Policy, Governance and Strategic Procurement** - Teams have been successfully 'lifted and shifted' into the Policy and Governance function, with senior management arrangements due to be finalised in the near future.
- 2.26. One of the priority areas of work is the implementation of the Health and Wellbeing reforms. The Health and Wellbeing Shadow Board met for the first time in July 2012 and will be established as a County Council committee from April 2013. Colleagues from Policy and Communications are contributing to the development of a Health and Wellbeing Strategy and the associated communications, web pages and promotion. The Strategy will, in time, influence programmes and spend in the region of £2 billion per annum.
- 2.27. The County Council is also preparing for the transfer of Public Health from April this year. This is a significant transition programme and a comprehensive project plan is in place and being delivered by staff across Corporate Services and Public Health.
- 2.28. Strategic Procurement is a new function within Corporate Services and the aim is to introduce a new approach to the way that the County Council assesses whether spend is necessary and if it is, how it goes about procuring those goods and services.
- 2.29. The key focus over the next few years will be the generation of new Corporate Efficiency Workstreams that are being developed to deliver the anticipated savings required for the next Comprehensive Spending Review that will impact from 2015/16 onwards.

### 3. 2012/13 Budget

- 3.1. The 2012/13 savings target for Policy and Resources was £9.398 million as shown in the table below:

<b>Departments</b>	<b>Savings target £'000</b>
Culture, Community and Business Services	4,724
Corporate Services	2,252
Non-departmental Policy and Resources	2,422
<b>Total</b>	<b>9,398</b>

- 3.2. All Departments are monitoring achievement of savings as part of the normal budget monitoring process for the year. At the end of November £9.101 million of these savings had been fully delivered and £0.297 million were still on target to be delivered by the end of the year.
- 3.3. The monitoring position for Quarter 3 is not yet available and will be reported in due course, at Quarter 2, the position for Policy and Resources was a forecast under spend of £2.657 million as shown in the table below:

<b>Departments</b>	<b>Current budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>	<b>Variance as a % of budget</b>
	£'000	£'000	£'000	%
CCBS	47,161	46,804	-357	- 1
Corporate Services	35,163	33,663	-1,500	- 4
Non-departmental Policy and Resources	8,576	7,776	-800	- 9
<b>Grand Total</b>	<b>90,900</b>	<b>88,243</b>	<b>-2,657</b>	<b>- 3</b>

- 3.4. The under spend for CCBS has arisen through tight expenditure control in Business Services and Community alongside higher than anticipated income in particular for Registration. These more than offset smaller spending pressures in other CCBS directorates. The planned under spend in Corporate Services is required to support the corporate change programme and has been achieved through voluntary redundancies, strong budgetary control and robust vacancy management. The under spend by non-departmental budgets in Policy and Resources arises in a number of areas including:

- the apprenticeships budget, £400,000 forecast under spend in the first year of this scheme following lower initial take-up, although increased participation is expected in the future.

- the external audit fee, £157,000 forecast under spend reflecting the lower contract fee secured by the Audit Commission
- members' support costs, £94,000 forecast under spend in training and technology expenditure.

3.5. The budget for Policy and Resources has been updated throughout the year and the revised budget is shown in Appendix 3. The main changes to the budget are:

	<b>£'000</b>
Transfers from other services mainly reflecting the centralisation of legal and IT budgets into Corporate Services	8,199
Transfers from central contingency and capital to cover specific costs such as workstyle and business rates	1,760
Transfers from cost of change and designated under spending reserves	1,454
Community Safety grant	524
<b>Total</b>	<b>11,937</b>

### **Budget 2013/14**

#### **4. Revenue Pressures and Initiatives**

- 4.1. County Council elections will take place in May 2013 and a separate central contingency will be created to meet the associated costs. At the moment, based on returns from District Councils, the estimated costs are in the region of £1.5 million.
- 4.2. Public health responsibilities transfer from the NHS to local authorities from 1 April 2013, as a key part of the Government's health reforms. This change is designed to give local authorities, who already hold many of the levers for promoting wellbeing, greater responsibility in shaping improvements in public health. Establishing the public health team within Hampshire County Council will enable greater health influence on decision-making for local communities. A ring-fenced Government Grant of £36.753 million has recently been announced for public health in 2013/14. This will enable a smooth transition of public health responsibilities and options are being developed to target this funding to reduce health inequalities and to improve significantly the health and wellbeing of residents in Hampshire. A



report on the transfer issues will be submitted to EHCC on 13th March 2013 and the Council will become the public health authority from 1st April 2013.

## **5. Revenue Savings Proposals**

- 5.1. Each Department is required to deliver a 2% saving to contribute towards the Annual Efficiency Target in 2013/14. The target for Policy and Resources for 2013/14 is £798,000 and Appendix 1 summarises the savings proposals to meet this sum and also shows the estimated impact on workforce levels. The AET for Policy and Resources has been exceeded by £200,000 as a result of additional savings being identified in non-departmental budgets bringing the total savings identified to £998,000.
- 5.2. Corporate Services was set an additional savings target for 2012/13 of 4% (£1.5 million) bringing the total required saving for Corporate Services to 12% in 2012/13, an overall 20% over two years. This additional 4% target represents the early achievement of the AET for 2013/14 and 2014/15 for the new department. Corporate Services is forecast to achieve this additional 4% target saving in 2012/13 as planned and therefore Corporate Services savings proposals for 2013/14 are not discussed in this report. The remaining Policy and Resources savings proposals relate to CCBS and non-departmental budgets as explained further below.

### **Culture, Community and Business Services (CCBS)**

- 5.3. These savings proposals mainly focus on achieving efficiencies without the need to impact on service delivery. The main themes of the 2013/14 saving programme build on the principles set out in the current budget which have already delivered £4 million savings.
- 5.4. Within Business Support and Business Services, efficiency savings and additional income can be delivered within non-front line services.
- 5.5. Within Community, the library service is planning an extension of the successful self-service approach to further libraries within the service and further staff reductions will be achieved through vacancy management. Efficiency savings within registration and sport are also planned but not expected to impact on service delivery.
- 5.6. Within Culture and Heritage, all services are contributing broadly equally to the savings target and these will be delivered through a range of synergies, efficiencies and income generation. The Arts and Museums service has also been examining the business case for a Fully Integrated Merger (FIM) with other local authorities to create a joint Arts, Museums and Heritage trust. The business case is being developed for consideration by the Spring of 2013 and if approved by partner authorities it would deliver service efficiency savings over the longer term.
- 5.7. The Countryside service plans to continue the strategy of pursuing efficiency savings alongside introducing innovative approaches to income generation. These have proved successful at meeting income targets in the first half of 2012/13 despite the inclement weather conditions.

- 5.8. Within Property Services, savings are planned on repairs and maintenance which it is anticipated will be accommodated without adverse impact on the estate due to planned growth in capital investment in the medium term.

**Policy and Resources non-departmental budgets**

- 5.9. The target for Policy and Resources non-departmental budgets for 2013/14 is £74,000. This will be achieved by a reduction in the external audit fee. Following the recent tender exercise by the Audit Commission to outsource the work of its in-house audit practice, a new five year contract has been awarded starting in 2012/13 which provides a saving of £157,000 p.a. This results from the Commission's bulk purchasing power together with the Commission's own internal efficiencies. This saving will be sufficient to meet the 2% AET for Policy and Resources non-departmental budgets for 2013/14 and 2014/15.
- 5.10. In addition to the audit fee saving additional savings of £200,000 have been identified within Policy and Resources non-departmental budgets which take estimated spend below the cash limit by this amount. These include a reduction in the budget for grants to voluntary organisations (-£50,000) and a reduction of contingency budgets relating to subscriptions and contributions to other bodies and Members' expenses.
- 5.11. In line with the approach taken in 2012/13, a central contingency will be maintained to mitigate risks in achieving savings and will provide for any slippage to programmes in case full delivery cannot be achieved until 2014/15.
- 5.12. Appendix 1 also provides information on the type of savings proposals categorised over Efficiencies, Income Generation or Service Reductions. The table below summarises the split of savings between these categories :

	<b>£'000</b>
Efficiencies	875.9
Income Generation	72.1
Service reductions	50.0
<b>Total</b>	<b>998.0</b>

- 5.13. These proposals will result in a further workforce reduction of 14.0 full-time equivalent (FTE) positions. It is anticipated that the majority of this reduction can be met through the deletion of vacant posts and future staff turnover with a limited need for redundancies within specific services.
- 5.14. During 2011/12 Policy and Resources achieved significant planned savings in advance of 2012/13, mainly as a result of staff savings. This continued the trend in recent years of achieving savings in order to provide funding for the implementation of the Corporate Services Review, in particular, the

investment required for the Integrated Business Centre and the procurement of the Private Sector Partner input. This strategy of under spending was designed to ensure that the implementation costs resulting from the Corporate Services Review will not require any additional revenue or capital funding to support the costs of change. The anticipation is that the investment will result in additional efficiency savings and / or attract additional business which will contribute to the Council's overall budget.

- 5.15. In accordance with the revised financial management policy, the under spends have been held in an earmarked reserve and are available to offset any costs associated with implementation of the savings in the current and future financial years. This includes the cost of redundancy payments to be met by departments, and the cost of the further workforce reduction included in Appendix 1 is expected to be contained within the remaining funding available.

## **6. Review of Charges**

- 6.1. For Policy and Resources, the 2013/14 revenue budget includes income of £10.5 million from fees and charges for services to the public. This is an increase of £0.3 million (3%) on the revised budget for 2012/13.
- 6.2. There are some mandatory and national charges which the County Council is not able to vary. The main examples relate to the statutory Registration fees and Trading Standards licenses.
- 6.3. Discretionary charges are reviewed annually except when they are subject to agreements which cover longer periods when the review takes place at the end of the period of the agreement. Examples of charges not subject to annual review are rental and letting agreements for County Farms and Office Accommodation which are instead reviewed on a rolling 3 year basis.
- 6.4. Details of current and proposed fees and charges (where these are specifically defined) for 2013/14 are outlined in Appendix 2. This does not necessarily cover all of the different income sources for Policy and Resources and in particular excludes income from professional services provided to other organisations. Charges are set with regard to the full cost of providing the services and all proposed charges included in the appendix take in to account a central inflation allocation which for 2013/14 was set at 1.5%.

## **7. Other Expenditure**

- 7.1. 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 the Policy and Resources cash limit, as the County Council has no direct control over service levels provided and costs incurred.
- 7.2. The overall budget includes other items which are not counted against the cash limit. This includes adjustments for pension and early retirement costs

in accordance with International Accounting Standard 19 (IAS 19). Budgets to cover repair and maintenance of buildings, depreciation on the assets used to deliver Policy and Resources services and the recharge of central support services to direct services will be included for presentation of the budget to the County Council in February.

## 8. Budget Summary 2013/14

- 8.1 The MTFS 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 £94.583 million. This will be updated to £133.235 million reflecting the Government grant for public health and supporting troubled families.
- 8.2 Appendix 3 sets out a summary of the proposed budgets for the service activities provided by Policy and Resources for 2013/14 and shows that these are below the cash limit set out above, reflecting savings in excess of the AET.
- 8.3 In addition to these cash limited items there are further budgets which fall under the responsibility of this department, which are shown in the table below :

	<b>2013/14</b>
	<b>£'000</b>
Cash limited expenditure	133,035
Coroners	1,331
Trading Unit net surplus	(379)
Government Grants:	
Inshore Fisheries and Conservation	(204)
Public Health	(36,753)
Support for Troubled Families	(1,599)
<b>Total Net Expenditure</b>	<b>95,431</b>

- 8.4 This net position excludes central items such as repairs and maintenance, support service recharges and capital charges which will be added as part of the overall budget reported to Cabinet and County Council in February.

## 9. Workforce Implications

- 9.1. The workforce implications of the proposed budget for 2013/14 are set out in Appendix 4. At the end of 2013/14 the planned workforce for Policy and Resources is 3,684 full time equivalent (FTE) staff including 839 FTE staff

in trading units. This compares with the original estimate at the end of 2012/13 of 3,659 FTEs which is a net increase of 25 FTEs as summarised below:

	<b>FTEs</b>
FTE staff as at 31 March 2013	3,659
Revised changes as at 31 March 2013	29
Transfers and other changes	10
Changes relating to savings targets	(14)
<b>FTE staff as at 31 March 2014</b>	<b>3,684</b>

- 9.2. The revised changes are the net effect of a number of different changes including additional posts funded by external income in Property Services, IT and HC3S offset by a reduction in posts linked to the implementation of the Corporate Services Review and reduced external funding in other areas. The transfers and other changes relate to the transfer of public health staff from the NHS, changes in posts funded by external income and a reduction in posts linked to the implementation of the Corporate Services Review. The changes relating to savings proposals are set out in Appendix 1.

## **10. Conclusion**

- 10.1. This report outlines the key issues and proposals for the Policy and Resources budget for 2013/14, including savings proposals to meet the 2% AET.
- 10.2. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. A high level equalities impact screening assessment has been carried out on the proposed savings outlined in this report. Many of the savings proposals have low or no impact identified, and relate to efficiency savings which will have minimal effect on service users or staff or the level of service. Fuller assessments of the impacts for the protected characteristic groups for customers and staff will be made where appropriate prior to the implementation of actual changes necessary to deliver these savings.
- 10.3. There are two significant proposals requiring a full equality impact assessment. The proposals for achieving the saving in the Library budget and the proposals for the Arts & Museums budget relating to the establishment of a charitable trust. Appropriate actions have been identified in the equality impact assessment to mitigate any disproportionate impact and the impact assessment actions will be monitored and reviewed during the year.

- 10.4. There are no significant risks associated with the savings proposals. The Departmental Management Teams will monitor progress against all savings proposals on a regular basis, and highlight issues with the Executive Member where appropriate.

## **11. Recommendations**

To approve for submission to the Leader and Cabinet:

- 11.1. The proposals for savings totalling £998,000 (as set out in Appendix 1) which exceeds the 2% target set for Policy and Resources in 2013/14.
- 11.2. The annual review of income and charges (as set out in Appendix 2).
- 11.3. The revised budget for 2012/13 totalling £99.317 million (as set out in Appendix 3).
- 11.4. The proposed budget for 2013/14 totalling £95.431 million (as set out in Appendix 3).
- 11.5. The workforce implications of the proposed budget for 2013/14 (as set out in Appendix 4).

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Business plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> None	<u>Reference</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u> None	<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. Equalities Impact Assessment:**

- 1.1. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. A high level equalities impact screening assessment has been carried out on the proposed savings outlined in this report. Many of the savings proposals have low or no impact identified, and relate to efficiency savings which will have minimal effect on service users or staff or the level of service. Fuller assessments of the impacts for the protected characteristic groups for customers and staff will be made where appropriate prior to the implementation of actual changes necessary to deliver these savings.
- 1.2. There are two significant proposals requiring a full equality impact assessment. The proposals for achieving the saving in the Library budget and the proposals for the Arts & Museums budget relating to the establishment of a charitable trust. Appropriate actions have been identified in the equality impact assessment to mitigate any disproportionate impact and the impact assessment actions will be monitored and reviewed during the year.

**2. Impact on Crime and Disorder:**

- 2.1. As this is a general report covering the whole of the budget for Policy and Resources it cannot set out detailed crime and disorder implications. However, crime and disorder implications of specific issues raised in the budget would be reflected in individual service plans and project reports where appropriate

**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?

As this is a general report covering the whole of the budget for Policy and Resources it cannot set out detailed climate change implications. However, climate change implications of specific issues raised in the budget would be reflected in individual service plans and project reports where appropriate



## Policy and Resources

### Expenditure Reduction Options – New Savings Proposals to Meet 2% Target for 2013/14

Ref.	Savings Type	Risk To Delivery	Service Activity	Description	Impact / Issues	2013/14		Full Year	
						£'000	FTE	£'000	FTE
E = efficiency I = income generation R = service reduction									
<b><u>Culture Community and Business Services</u></b>									
CCBS1	E	Low	Business Services	Service efficiencies and consolidation	None	(16.1)		(16.1)	
CCBS2	I	Low	Business Services	Additional income from increased chargeable work	None	(11.8)		(11.8)	
CCBS3	E	Low	Business Support	Restructuring and rationalisation within support services – Equalities and Diversity	None	(58.2)	(1.0)	(58.2)	(1.0)
CCBS4	E	Low	Community - Libraries	Libraries – Staff reductions via vacancy management and introduction of self-service in more libraries.	None	(307.5)	(11.0)	(307.5)	(11.0)

Ref.	Savings Type	Risk To Delivery	Service Activity	Description	Impact / Issues	2013/14		Full Year	
						£'000	FTE	£'000	FTE
	E = efficiency I = income generation R = service reduction								
CCBS5	E	Low	Community – Other	Service efficiencies and consolidation	None	(24.2)		(24.2)	
CCBS6	E	Low	Culture and Heritage	Countryside and Outdoors Centres service rationalisation Arts and Museums – savings delivered through a range of measures including phase 2 integration of Arts and Museums	None	(131.8)	(2.0)	(131.8)	(2.0)
CCBS7	I	Low	Culture and Heritage	Countryside, Outdoors Centres and Archives & Records – increased income	None	(60.3)		(60.3)	
CCBS8	E	Low	Property Services	Property Services – Reduced spend on building maintenance linked to increased capital investment	None	(114.1)		(114.1)	
<b>CCBS Total Savings</b>						<b>(724.0)</b>	<b>(14.0)</b>	<b>(724.0)</b>	<b>(14.0)</b>

**Policy and Resources non-departmental budgets**

PR1	E	Low	External audit fee	Reduced fee following a tender exercise by the Audit Commission to outsource the work of its in-house audit practice	None	(74.0)	(74.0)		
PR1	R	Low	Grants to voluntary organisations	Historic underspend due to the wider availability of grant funding due to the introduction of members devolved grants		(50.0)	(50.0)		
PR1	E	Low	Other	Various reductions across non-departmental budgets to reflect reducing expenditure in recent years – including reductions in member travel costs and subscriptions and contributions to other bodies.		(150.0)	(150.0)		
<b>Policy and Resources Grand Total</b>						<b>(998.0)</b>	<b>(14.0)</b>	<b>(998.0)</b>	<b>(14.0)</b>

**Policy and Resources****Review of income 2013/14**

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Mandatory/National charges:</b>							
<b>Culture, Communities &amp; Business Department</b>							
Statutory Registration Fees	various	677,100	Statutory fee set nationally	Statutory fee set nationally	n/a	n/a	n/a
Trading Standards Licenses	various	57,400	Statutory fee set nationally	Statutory fee set nationally	n/a	n/a	n/a
<b>Corporate Services Department</b>							
Blue Badge disabled parking scheme	£10 per badge	246,000	01/01/2012	Set nationally	n/a	n/a	n/a

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Discretionary charges:</b>							
<b>Culture, Communities &amp; Business Department</b>							
<b>Business Support</b>							
Great Hall	various	116,600	01/04/2012	01/04/2013	not yet due	no	yes
<b>Trading Standards</b>							
Buy with confidence	various	70,000	2012/2013	2013/2014	none	yes	no

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Registration Service</b>							
Fees for marriage or civil partnership in approved premises	various	1,193,700	September 2011	January 2013 (review of 14/15 charges)	4.5% (based on August 2011 CPI)	yes	yes
Approved premises license fees	1,910	87,000	September 2011	January 2013 (review of 14/15 charges)	none	yes	yes
Citizenship fees	130	154,900	September 2011	January 2013 (review of 14/15 charges)	4.5% (based on August 2011 CPI)	yes	yes
Alternative ceremonies	various	33,800	September 2011	January 2013 (review 2014/2015 charges)	4.5% (based on August 2011 CPI)	yes	yes
Nationality Checking Service	60 Adult, 30 Children	74,600	September 2011	January 2013 (review 2014/2015 charges)	4.5% (based on August 2011 CPI)	yes	yes

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Community</b>							
Training Courses	various	2,500	2012/13	2013/14	none	yes	no
Rent	various	35,000	2011	Rolling 5 year programme	none	yes	yes
<b>Library Service</b>							
Fines	various	208,200	October 2012	October 2013	none	no	n/a
Other income (rental, sales, room hire, etc)	various	1,139,100	October 2012	October 2013	Various	no	yes

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Culture &amp; Heritage</b>							
<b>Countryside Service</b>							
Admission	various	292,000	December 2012	July 2013	Dependant on site, local demographics and market conditions	yes	yes
Car parking	various	458,500	December 2012	July 2013	Various - £1.50 increase per visit to Manor Farm; and £10.00 for season ticketholders at RVCP	no	yes
Other income (rent, catering, activities)	various	574,000	November 2012	November 2013	Various	no	yes



	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Outdoor Centres</b>							
Outdoor Activities	various	472,200	October 2012	October 2013	none	no	yes
Shop	various	1,100	October 2012	October 2013	none	no	yes
<b>Arts</b>							
Admissions	various	206,000	Ongoing	Ongoing	none	yes	yes
Other income (retail, catering, lettings, etc)	various	304,600	April 2012	April 2013	various	yes	yes
<b>Museums</b>							
Admissions	various	35,700	2012/13 site dependent	2013/14 site dependent	none	yes	yes
Other income (retail, lettings, etc)	various	141,100	2012/13 site dependent	2013/14 site dependent	various	no	yes

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Hampshire Wardrobe</b>							
Costume Rental	various	37,000	2012/13	2013/14	3%	no	Yes
<b>Activity Centres</b>							
Calshot Activities Centre	various	2,243,400	September 2011	September 2013	none	no	yes
<b>Archives</b>							
Sales, Services & Events	various	33,100	April 2012	April 2013	not yet due	no	yes
<b>Milestones</b>							
Admissions	various	401,000	September 2012	September 2013	2.50%	yes	yes
Other income (retail, lettings, etc)	various	333,200	November 2011	January 2013	not yet due	no	yes

	Current charge	Total income (13/14 Budget)	Date of last review	Planned date for next review	Proposed increase (if proposed now)	Is charge subject to an assessment scale determined locally?	Is charge set to recover full cost?
	£	£					
<b>Property Services</b>							
<b>County Farms</b>							
Agricultural lettings	various	550,000	rolling 3 year review	rolling 3 year review	various	no	yes
<b>Sites for Gypsies &amp; Travellers</b>							
Rents	various	211,200	2012	2013	Linked to RPI	no	yes
Utilities	various	85,900	2012	2013	Linked to utility costs	no	yes

**Policy and Resources**  
**Budget summary 2013/14**

	<b>Original Budget 2012/13</b>	<b>Revised Budget 2012/13</b>	<b>Proposed Budget 2013/14</b>
<b>Service Activity</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Culture, Communities and Business Services:</b>			
<b>Community:</b>			
Library Service	13,419.6	13,608.3	12,921.0
Sport	363.3	323.0	210.4
Community	487.6	487.4	340.3
Trading Standards	2,716.7	2,556.1	2,608.4
Accredited Community Support Officers	1,486.2	1,484.1	1,484.0
Corporate Community Safety	59.0	99.0	56.9
Registration Service	(207.0)	(113.3)	(270.0)
Culture and Recreation Policy Fund	457.0	446.7	1,680.3 *
* £1,267k of the 2013/14 budget is budget that in 2012/13 was within Sport (£110k), Community (£133k), Countryside (£72k), Outdoor Centres (£144k), Arts (£715k) and Museums (£93k).			
<b>Culture &amp; Heritage:</b>			
Countryside	3,218.5	3,287.7	3,017.8
Rural Funding	200.0	-	-
Archives	961.2	1,002.8	944.3
Arts & Museums	3,121.3	3,452.7	2,436.8
Milestones	279.5	348.1	338.5
Outdoor Centres	655.1	560.0	401.4
Calshot Activities Centre	118.3	69.1	64.7
<b>Property:</b>			
Property Services	1,394.7	1,239.1	1,222.4
Repair and Maintenance	4,180.8	3,743.5	3,629.5
County Farms	(355.7)	(356.4)	(357.7)
Sites for Gypsies & Travellers	61.2	61.2	60.4
Development Account	(413.4)	(413.4)	(414.7)
Corporate Estate	(146.2)	(144.5)	(144.9)
Maintenance of Grounds - Chilcomb	15.7	-	-
Adult Education Properties	0.6	0.6	0.6

	<b>Original Budget 2012/13</b>	<b>Revised Budget 2012/13</b>	<b>Proposed Budget 2013/14</b>
<b>Service Activity</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Business Support:</b>			
Business Support	1,687.2	1,789.1	1,356.5
Risk, Health & Safety	206.5	206.5	206.5
Workstyle	5,019.3	7,111.8	6,917.8
Facilities Management	3,084.8	2,782.3	2,788.6
Great Hall	21.6	24.8	24.6
IT for CCBS	761.2	-	-
CCBS IT	1,662.6	26.6	26.6
<b>Business Services:</b>			
Scientific Services	10.1	6.6	3.6
Asbestos	(19.7)	(20.7)	(23.6)
Sir Harold Hillier Gardens	444.2	471.9	471.9
Print Sign Workshop	259.7	259.2	231.0
Rural Broadband	-	102.5	92.5
<b>Other Direct Services:</b>			
Public Health	-	-	36,753.0
Grants to Voluntary Organisations	332.0	1,031.4	312.3
Grants/contributions to Councils of Community Service and other bodies	1087.0	1070.6	1013.6
Members Devolved Budgets	624.0	624.0	624.0
Supporting Troubled Families	-	1,889.4	1,899.0
Other Direct and Corporate Services	1,588.3	1,707.9	1,453.0
<b>Corporate Services:</b>			
County Treasurers Department	9,872.1	-	-
HR Department	4,270.0	-	-
Chief Executive's Department	9,513.4	-	-
IT	11,272.1	-	-
Other Direct and Corporate Services	934.8	-	-
Other Central Support Services	575.1	-	-
Policy and Governance	-	6,816.5	6,123.5
Strategic Business Development	-	528.2	596.7
Corporate Resources	-	37,610.8	36,467.3
Other Corporate Services	-	1,559.1	2,868.1

	<b>Original Budget 2012/13</b>	<b>Revised Budget 2012/13</b>	<b>Proposed Budget 2013/14</b>
<b>Service Activity</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Members Support Costs	1,882.7	1,805.8	1,750.8
Other Central Support Services	1,278.5	1,232.0	847.4
<b>Total P&amp;R Cash Limited Services</b>	<b>88,441.5</b>	<b>100,378.1</b>	<b>133,035.1</b>
Coroners	1,331.0	1,331.0	1,331.0
<b>Transfers (to) / from reserves:</b>			
School Library Service	-	(182.6)	(53.4)
Hampshire Wardrobe	(1.0)	-	-
River Hamble	(54.0)	(66.6)	(60.5)
Caretaking and Cleaning Support Service	(9.0)	(8.9)	(8.9)
Segensworth Unit Factories	(25.0)	(12.0)	(12.0)
Hampshire Printing Services	(47.0)	(51.0)	(61.0)
Corporate Procurement County Supplies	(29.0)	(89.0)	(31.0)
HC3S	(122.0)	(128.0)	(68.0)
Hampshire Transport Management (HTM)	(68.0)	(15.0)	(29.0)
Information Technology Services	792.9	-	-
EFS	79.3	-	-
EPS	-	-	(55.0)
<b>Government Grants:</b>			
Inshore Fisheries and Conservation	(204.0)	(204.0)	(204.0)
Community Safety Grant	-	(46.0)	-
Public Health	-	-	(36,753.0)
Supporting Troubled Families	-	(1,589.0)	(1,599.0)
<b>Total net expenditure</b>	<b>90,085.7</b>	<b>99,317.0</b>	<b>95,431.3</b>

**Policy and Resources  
Workforce implications**

<b>Service Activity</b>	<b>Original Estimated Staff Numbers 31.3.2013</b>	<b>2012/13 Revised Changes as at 31.3.2013</b>	<b>2013/14 Transfers &amp; Other Changes</b>	<b>2013/14 Impact of Savings Proposals</b>	<b>Estimated Staff Numbers 31.3.2014</b>
<b>CCBS Department</b>					
Community	571 *	-3	-2	-11	555
Culture and Heritage	319 *	-6	-2	-2	309
Property	288	37	4	0	329
Business Support	227 *	-11	-5	-1	210
Business Services	45	0			45
CCBS Trading Units	818	22	-1	0	839
<b>Total CCBS Department</b>	<b>2,268</b>	<b>39</b>	<b>-6</b>	<b>-14</b>	<b>2,287</b>
<b>Corporate Services</b>					
Central Budget and Chief Executive's Office	21	-9	-1		11
Corporate Resources:					
- Audit	25	1			26
- Finance	192	-13	-4		175
- Hantsdirect	116	-5			111
- IBC	329	4	-6		327
- HR	139	-5	-2		132
- IT	368	19	4		391
Strategic Business Development	9	6			15
Policy and Governance:					
- Governance	90	-1			89
- Policy and Democratic Services	67	-11			57
<b>Total Corporate Services</b>	<b>1,356</b>	<b>-14</b>	<b>-9</b>	<b>0</b>	<b>1,333</b>
<b>Other</b>					
Public Health	0	0	25		25
Sir Harold Hillier Gardens	32	1			33
Coroners	3	0			3
Supporting Troubled Families	0	3			3
<b>Total Other Staff</b>	<b>35</b>	<b>4</b>	<b>25</b>	<b>0</b>	<b>64</b>
<b>Overall Total Policy and Resources</b>	<b>3,659</b>	<b>29</b>	<b>10</b>	<b>-14</b>	<b>3,684</b>

\* figures reported last year have been corrected