

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture, Recreation and Countryside
Date:	18 September 2017
Title:	Transformation to 2019 – Revenue Savings Proposals
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Resources – Corporate Services

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1. Executive Summary

- 1.1. The purpose of this report is to outline the detailed savings proposals for Culture, Recreation and Countryside services that have been developed as part of the Culture, Communities and Business Services (CCBS) Department's Transformation to 2019 Programme.
- 1.2. 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.
- 1.3. The Executive Member is requested to approve the detailed savings proposals for submission to Cabinet and then full County Council in October, recognising that there may be further public consultation for some proposals.

2. Contextual information

- 2.1. Members will be fully aware that the County Council has been responding to reductions in public spending, designed to close the structural deficit within the economy, since the first reductions to government grants were applied in 2010/11 and then as part of subsequent Comprehensive Spending Reviews.
- 2.2. Reductions in government grant together with inflationary and service pressures, notably within social care areas, have created an average budget gap of around £50m per annum, meaning that circa £100m has needed to be saved every two year cycle.
- 2.3. This position has been exacerbated following the changes announced in the Local Government Settlement in February 2016 which provided

definitive figures for 2016/17 and provisional figures for the following three years to 2020. The settlement included a major revision to the methodology for distributing Revenue Support Grant (RSG) which had a major impact on Shire Counties and Shire Districts and also reflected a clear shift by the government in council tax policy.

- 2.4. Consequently, even after allowing for council tax increases over the settlement period, the forecast gap for the two years to 2019/20 is £140m, and after allowing for 'housekeeping savings' of £20m, targets were set for Departments based on a reduction of approaching 19% in cash limited spend.
- 2.5. One of the key features of the County Council's well documented financial strategy and previous savings programmes has been the ability to plan well in advance, take decisions early and provide the time and capacity to properly implement savings so that a full year impact is derived in the financial year that they are needed.
- 2.6. This approach has also meant that savings have often been implemented in anticipation of immediate need and this has provided resources both corporately and to individual departments to fund investment in capital assets and to fund further change and transformation programmes to deliver the next wave of savings. This approach has enabled the County Council to cushion some of the most difficult implications of the financial changes.
- 2.7. Whilst this has been a key feature of previous cost reduction programmes it was recognised without doubt that the Transformation to 2019 (Tt2019) Programme, the fourth major cost reduction exercise for the County Council since 2010, would be significantly more challenging than any previous transformation and efficiency programme against the backdrop of a generally more challenging financial environment and burgeoning service demands.
- 2.8. Departments have looked closely at potential opportunities to achieve the required savings and unsurprisingly the exercise has been extremely challenging because savings of £340m have already been driven out over the past seven years, and the fact that the sheer size of the 19% target requires a complete "re-look"; with previously discounted options having to be re-considered. It has been a significant challenge for all Departments to develop a set of proposals that, together, can enable their share of the Tt2019 Programme target to be delivered.
- 2.9. The opportunity assessment and planning work has confirmed the sheer complexity and challenge behind some of the proposals as a consequence of which in a number of areas significantly more than two years will be required to develop plans and implement the specific service changes.
- 2.10. The cashflow support required to manage the extended delivery timetable will in the most part be met from departmental cost of change reserves and further contingency options to cover any shortfall will be considered as part of the updated Medium Term Financial Strategy (MTFS) that will be reported in October.

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- 2.11. The County Council undertook an open public consultation called Serving Hampshire – Balancing the Budget which ran for six weeks between 3 July and 21 August. The consultation was widely promoted to stakeholders and residents and asked for their views on ways the County Council could balance its budget in response to continuing pressures on local government funding, and still deliver core public services.
 - 2.12. Responses to the consultation will help to inform the decision making by Cabinet and Full Council in October and November of 2017 on options for delivering a balanced budget up to 2019/20, which the Authority is required by law to do.
 - 2.13. In addition, Equality Impact Assessments have also been produced for all of the detailed savings proposals and these together with the broad outcomes of the consultation and the development work on the overall Transformation to 2019 Programme have helped to shape the final proposals presented for approval in this report.

3. Budget Update

- 3.1. The savings targets that were set for Departments were based on forecasts produced over the summer of 2016 and included a wide range of variable assumptions to arrive at the total predicted gap of £140m.
- 3.2. Last year the Local Government Finance Settlement provided definitive figures for 2016/17 and provisional figures for local authorities for the following three years to aid financial planning for those authorities who could ‘demonstrate efficiency savings’. We have now had our 2017/18 figures confirmed as part of the budget setting process and following acceptance by the Department for Communities and Local Government (DCLG) of the County Council’s Efficiency Plan for the period to 2019/20 the expectation is for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date.
- 3.3. The offer of a four year settlement provided greater but not absolute funding certainty. However, following the Queen’s speech to Parliament in June this year, the planned changes to implement 100% business rate retention by 2019/20 are effectively suspended with no indication of when this might be resumed, although the Government have just invited applications for pilots to operate during 2018/19, the detail of which will be considered in due course. Work to carry out a fair funding review is set to continue as it does not require legislation.
- 3.4. An updated MTFS will be presented to Cabinet in October and then the County Council in November and we will continue to review our assumptions on an ongoing basis in light of information that is made available.

4. Transformation to 2019 – Departmental Context

- 4.1. Following on from the successful delivery of previous transformation programmes, the CCBS Departmental Management Team have identified

additional transformational opportunities across the CCBS services. These opportunities were further developed as part of the Initial Opportunity Assessment process in line with the corporate approach. The opportunities have been further refined and a total of ten projects have been identified across the department, four of which are within the area of the Culture, Recreation and Countryside portfolio.

- 4.2. The proposed Transformation Programme focuses on the delivery of the 2019 savings target, but includes projects that will deliver savings beyond 2019 in order to ensure that services are resilient and sustainable for the future.
- 4.3. Undoubtedly, identifying further savings as part of this Transformation Programme has been even more challenging than in previous years given the transformation that services have already undertaken. The key projects are outlined below.
- 4.4. **The Library Service** is exploring options to achieve a saving of £2.25m by 2019. The Library Service Transformation Strategy to 2020 was approved in April 2016 and was developed to ensure that the Library Service can evolve to meet the changing needs of customers, whilst retaining traditional services. The proposals to deliver transformation to 2019 savings are therefore underpinned by this service strategy. Self service technology will be installed in all libraries and vacancy management will continue to be rigorously applied to all staff vacancies, reducing staff numbers as far as possible. It is proposed to undertake a public consultation in 2018 on options to reduce the operating costs of running the Service. The options could include reducing opening hours, transferring libraries to be run by their local community, making greater use of volunteers and making a permanent reduction to the Book Fund.
- 4.5. **Transformation of the Country parks and of the Countryside Access and Estate** – The Country Park Transformation Programme will create a modern and relevant suite of self-financing 21st century country parks, that encourage more people from Hampshire and beyond to visit more often and stay longer. This programme is already underway and work is ongoing across the parks. As part of this programme, Automatic Number Plate Recognition (ANPR) systems will be installed within car parks at the country parks to enable us to better enforce payments for parking, and therefore generate additional income. The service is also planning to change the way that it delivers the management of the Countryside access and estate to reduce the reliance on the cash limited budget, through the Countryside Operational Transformation programme. This will look to achieve savings through working differently, utilising skills more effectively, improving productivity, increasing traded services, and increasing volunteering. Additionally, it is proposed that a limited reduction to the revenue funding of the Basingstoke Canal may be made. Together these will deliver in the region of £640,000 of savings by 2019.
- 4.6. **Hampshire Outdoor Centres** will enhance their service provision to increase income generation and find efficiencies in working practices to reduce costs, both supported by new IT systems. A new income stream is

planned to be generated through installing camping pods at Calshot Activities Centre, following the success of similar pods at Tile Barn. An ANPR car parking system will be installed at Calshot Activities Centre to increase compliance with parking charges. In order to reduce costs the service is also exploring different delivery approaches that will generate workforce efficiencies. Together, these changes will deliver around £162,000 of savings by 2019.

- 4.7. **Hampshire Archives and Records** service is looking at options to generate additional income, as well as making further cost reductions to achieve a saving of around £154,000 for 2019. Additional income generation will be achieved through an increased commercial approach (for example, digitisation service, online pay-per-view access, building/facilities hire), introduction of contributions from depositors, and provision of paid-for professional services to partners. A charging framework based on full cost recovery will also be in place. The service is planning to make workforce reductions through staff turnover to achieve cost savings. The service is also exploring external partnership opportunities and considering potential alternative service delivery models.
- 4.8. In addition to these projects, a further £450,000 of savings will be met through previously agreed budget reductions and some over-achievement from Transformation to 2017. These reductions include reduced funding for Arts and Museums, which is enabled by the service management being transferred to Hampshire Cultural Trust in 2014 under a Management and Funding Agreement with the County Council. It also includes a reduction from the transfer of services and funding for Sport Hampshire Isle of Wight to a Charitable Incorporated Organisation in 2016.
- 4.9. A number of the projects within the CCBS Departmental 2019 Transformation Programme have a dependency on Digital and IT to support the delivery of efficiency savings. For example, the transformation of the Library service is very reliant on IT improvements, including the implementation of new self-service terminals across libraries. Additionally, the provision of a new memberships and bookings system, which is integrated with the corporate systems, is expected to deliver efficiencies in the way that we work, better customer intelligence, and ultimately a better experience for customers.
- 4.10. There is relatively high confidence in the CCBS 2019 Transformation Programme. A significant part of the savings would be dependent upon additional income generation, which carries a degree of uncertainty, and therefore contingency planning is essential. Marketing will play a vital role in attracting visitors to use our services and therefore generating increased income. An additional risk is that existing and developing partnership relations are critical to a number of opportunities, and therefore CCBS will need to work closely with partners to ensure savings can be achieved under the planned timescales. Contingency plans are being prepared in case specific aspects of opportunities cannot be progressed. Another significant risk for the Programme is the level of cultural change that the department will require to work differently to develop the services in a

sustainable way. Change Management planning will be integrated into project plans within specific services and departmentally.

5. Summary Financial Implications

- 5.1. The savings target that was set for the CCBS department was £6.304m. The detailed savings proposals from the Culture, Recreation and Countryside services totalling £3.661m by 2019/20 that are being put forward as part of this corporate target are contained in Appendix 1.
- 5.2. The department is seeking to identify early achievement where possible, and this will be added to the department's cost of change reserve. This reserve will be used to fund investment in transformation work.

6. Workforce Implications

- 6.1. Appendix 1 also provides information on the estimated number of reductions in staffing as a result of implementing the proposals.
- 6.2. Of the 25 - 55 Full Time Equivalent (FTE) posts that may be affected, it is anticipated that savings will largely be achieved through natural attrition within the relevant services and robust vacancy management.
- 6.3. The Department will seek to release capacity by further productivity improvements e.g. through effective use of digital tools and greater flexible deployment of staff with transferable skills on a matrix basis.
- 6.4. 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.

7. Consultation and Decision Making and Equality Impact Assessments

- 7.1. As part of its prudent financial strategy, the County Council has been planning since February 2016 how it might tackle the anticipated deficit in its budget by 2019/20. As part of the Medium Term Financial Strategy, which was last approved by the County Council in July 2016, initial assumptions have been made about inflation, pressures, Council Tax levels and the use of reserves. Total anticipated savings of £140m are required and of this sum, savings targets to the value of £120m were set for departments as part of the planning process for balancing the budget.
- 7.2. The proposals in this report represent suggested ways in which departmental savings could be generated to meet the target that has been set as part of the Transformation to 2019 Programme. 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 *Serving Hampshire - Balancing the Budget* consultation exercise outlined below, 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 2019/20.

- 7.3. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks from 3 July – 21 August. The consultation was widely promoted to stakeholders and residents through all available channels, including online, via the County Council’s website; Hampshire media (newspapers, TV and radio); and social media. Hard copies were also placed in Hampshire libraries and alternative formats, such as easy read, were made available on request.
- 7.4. The *Balancing the Budget* consultation asked for residents’ and stakeholders’ views on ways the County Council could balance its budget in response to continuing pressures on local government funding, and still deliver core public services. Specifically, views were invited on several high level options as follows:
- reducing and changing services;
 - introducing and increasing charges for some services;
 - lobbying central government for legislative change;
 - generating additional income;
 - using the County Council’s reserves;
 - increasing Council Tax; and
 - changing local government arrangements in Hampshire.
- 7.5. A total of 3,770 responses were received to the consultation. The key findings from consultation feedback are as follows:
- The majority of respondents (**65%**) **agreed** that the County Council should continue with its **financial strategy**.
 - Responses were relatively evenly split between those who tended to support **changes to local services** and those who did not (**50% agreed**, 45% disagreed and 5% had no view either way).
 - Of all the options, this was respondents’ **least preferred**.
 - Two thirds of respondents (**67%**) **agreed** that the County Council should raise existing **charges** or introduce new charges to help cover the costs of running some local services.
 - Over half of respondents (**57%**) **agreed** that the County Council should **lobby the Government** to vary the way some services are provided, and enable charging where the County Council cannot levy a fee due to statutory restrictions.
 - Of all the options presented, generating **additional income** was the **most preferred** option.
 - On balance, the majority of respondents (**56%**) **agreed** that the County Council should retain its current position not to **use reserves** to plug the budget gap.
 - Of all the options, this was respondents’ **second least preferred**.

- Respondents would prefer the County Council to continue with its plans to raise **Council Tax** in line with Government policy (**50%** ranked this as their preferred approach to increasing Council Tax).
 - Of all the options, increasing Council Tax was respondents' **second most preferred**.
 - More than half of those who responded (**64%**) **agreed** that the County Council should explore further the possibility of **changing local government structures** in Hampshire.
- 7.6. 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. In particular, as a result of the feedback on service issues, the County Council will seek wherever possible to:
- minimise reductions and changes to local services**, and continue to ensure that resources are prioritised on those who need them most, i.e. vulnerable adults and children;
- increase and introduce charges** to cover the costs of some local services. Where the County Council is unable to charge for services due to statutory restrictions, the County Council will continue to **lobby the Government for legislative change**;
- maximise further **income generation** opportunities.
- 7.7. The proposals set out in Appendix 1 have, wherever possible, been developed in line with these principles but inevitably the effect of successive reduction programmes over a 9 year period will begin to have an impact on the services that can be provided.
- 7.8. In some cases, the proposals in this report will be subject to further, more detailed public consultation if they are ratified by the Cabinet and Full Council in October and November respectively, at which the overall options for balancing the budget will be considered in light of the consultation results.
- 7.9. In addition to the consultation exercise, Equality Impact Assessments have been produced for all of the detailed savings proposals outlined in Appendix 1 and these have been provided for information in Appendix 2. This appendix excludes the Equality Impact Assessment for the ongoing Country Park Transformation Programme which was previously published on 1 November 2016. These, together with the broad outcomes of the consultation, have helped to shape the final proposals presented for approval in this report.
- 7.1. Within CCBS, EIAs have been completed to assess the expected impacts of the proposed savings. Further EIAs are expected on more detailed aspects of these proposals as they develop, once there is greater clarity.
- 7.2. While the impacts identified are generally neutral or low, appropriate mitigation has been identified where possible. There are some potential impacts as a result of changes within the Library service. Whilst there will

be fewer staff in the Library Service in the future, customers will be able to take and return books via the self service technology, seeking help from staff when needed. Volunteers will be trained to help and support staff. The introduction of ANPR within Country Parks and Calshot Outdoor Centre is also expected to have a low impact because parking charges are already in place.

8. Recommendation

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

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

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

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

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

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

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

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

1.2 Equalities Impact Assessment:

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

2. Impact on Crime and Disorder:

The impact of Crime and Disorder will be considered individually for each savings proposal.

3. Climate Change:

3.1 The impact of Climate Change will be considered individually for each savings proposal.

Proposed Savings Options

Reference	Service Area and Description of Proposal	Impact of Proposal	2018/19 £'000	2019/20 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CCBS-19.04	Countryside Service Transformation of the Country parks and of the Countryside Access and Estate	The overall impact of this project is likely to be low. The Country Park Transformation Programme will improve operational capacity of the park teams and provide a better offer and improved service to the public. Although there will need to be some increased charges to the public e.g. car parking, the anticipation is that the overall impact will be positive.	63	640	640	0 - 5
CCBS-19.08	Library Service Implementation of more efficient operating models to reduce costs.	It is proposed to undertake a public consultation in 2018 on options to reduce the operating costs of running the Service. The options could include reducing opening hours, transferring libraries to be run by their local community, making greater use of volunteers and making a permanent reduction to the Book Fund. Self service technology will be installed in all libraries and vacancy management will continue to be rigorously applied to all staff vacancies, reducing staff numbers as far as possible.	1,461	2,255	2,255	25 - 35

Reference	Service Area and Description of Proposal	Impact of Proposal	2018/19 £'000	2019/20 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CCBS-19.15	Archives & Records Workforce reductions and income generation	Potential for reduced service delivery in non-core areas. Online access and volunteer support will release some staff capacity and improve customer access, but there is likely to be increased charges for some services, and depositors will be expected to provide a contribution to the archives that we hold and store.	88	154	154	0 - 5
CCBS-19.17	Hampshire Outdoor Centres Workforce efficiencies to be achieved through product realignment. Additional income through camping pods at Calshot, and use of Automatic Number Plate Recognition for car parking enforcement	It is expected that efficiencies will be achieved through better use of systems and through changes to how services are delivered with some impact on staff, but a low impact on customers. Although car parking enforcement may have some impact on customers, it is expected that income generation through camping pods will have a positive impact by providing a new offer at Calshot Activities Centre.	162	162	162	0 -10

Reference	Service Area and Description of Proposal	Impact of Proposal	2018/19 £'000	2019/20 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CCBS-19.21	CCBS Cross-cutting Agreed budget reductions	These savings do not require projects to implement them and therefore there will be no impact to staff or customers.	456	450	450	0
Culture, Recreation and Countryside Services Total			2,230	3,661	3,661	25 - 55