

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	28 September 2021
Title:	Savings Programme to 2023 – Revenue Savings Proposals
Report From:	Director of Corporate Operations, Director of HR, OD and Communications & Engagement, and Head of Law and Governance

Contact name: Stephanie Randall, Head of Corporate Services Transformation

Tel: 03707 791776

Email: Stephanie.randall@hants.gov.uk

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 2023 (SP2023) 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 departments that have been developed as part of the Savings to 2023 (SP2023) 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. Members will be fully aware that the County Council has responded 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 (CSRs).
6. Whilst in more recent years there have been no reductions in government grant to deal with, what small increases there have been have not been sufficient to cover inflationary increases, coupled with a continued (and growing) underfunding for social care demand pressures.
7. 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 albeit elements of more recent programmes have taken longer to deliver as they become more complex.
8. This strategy has enabled the County Council to cushion some of the most difficult implications of the financial changes which have affected the short-term financial viability of some Councils, with eight authorities having been granted exceptional financial support packages by Government in response to unmanageable pressures arising in 2020/21 and 2021/22. Furthermore, the County Council is accounting for the specific financial challenges arising as a result of the Coronavirus pandemic on a non-recurrent basis and expects to meet these challenges within the existing support package from Government, together with funding already set aside for this purpose. This is testament to the strength of the Council's underlying financial position owing to the success of its service transformation agenda and prudent financial management approach.
9. However, Covid-19 has impacted delivery of both the Transformation to 2019 (Tt2019) and Transformation to (Tt2021) programmes, with £45m of outstanding savings still to deliver. Whilst sufficient resources have been set aside to cover this delayed implementation, the need to commence the successor programme will require twin-tracked delivery of change programmes, presenting a significant challenge for services. SP2023 will seek to achieve an additional £80m of savings, bringing the total savings to be delivered over the next two years to £125m and cumulatively to £640m in total.

10. It is recognised that each successive transformation programme is becoming more difficult to deliver as the potential to achieve further permanent cost reductions through early intervention and demand management and prevention approaches is reduced. Given the level of savings already achieved and the shortened timescales for delivery, the SP2023 programme will focus primarily on services that may be reduced or stopped rather than on driving further transformative change, although opportunities for transformation, efficiencies and income generation will of course continue to be pursued.
11. The ongoing impacts of the pandemic continue to present capacity challenges for operational teams and their ability to support transformation programmes has been limited as a result. However, with the acute impacts of the pandemic beginning to recede, existing change programmes in Economy, Transport & Environment, Adults and Children's social care will continue to be progressed alongside delivery of the SP2023 programme.
12. The announcement of a further single year Spending Review covering the period to March 2022 has placed the County Council in a very difficult position in terms of future financial planning. Given the lack of any certainty after this period, the County Council has had no choice but to assume that savings required to meet a two-year gap of at least £80m will be required by April 2023 as we cannot take the risk of delaying the programme until 2024. Furthermore, the financial constraints created by Covid-19 mean that there will be no funding available to cash flow a savings programme beyond April 2023.
13. The business as usual deficit in 2022/23, forecast to be £40.2m, has been provided for and will be drawn from the Budget Bridging Reserve in line with our normal strategy. However, given the current medium-term deficit due to Covid-19 pressures and the resulting financial response package, which uses up all available financial flexibility and still requires significant additional government funding, it is critical that SP2023 is delivered by 1 April 2023.
14. Departments have looked closely at potential opportunities to achieve the required savings and unsurprisingly the exercise has been extremely challenging because savings of £560m have already been driven out over the past eleven years, and the fact that the size of the target (a further 10% reduction in departmental cash limited budgets) requires a complete "re-look"; with previously discounted options potentially 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 SP2023 Programme target to be delivered.
15. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks between 7 June and 18 July. 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.

16. The consultation was clear that a range of options would be needed to deliver the required £80m of savings by 2023. Therefore, whilst each option offers a valid way of contributing in part to balancing the budget – plugging the estimated £80m gap in full will inevitably require a combination of approaches. 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%. It explained that the £80m estimated budget shortfall took into account an assumed increase in ‘core’ council tax of 1.99% and an increase in the Adult Social Care Precept of 2% in both 2022/23 and 2023/24. 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 ‘spare’ reserves would only provide a temporary fix, providing enough money to run services for around 14 days.
17. As the consultation feedback confirms, a number of different 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
 - **maximise income generation** opportunities;
 - **lobby central government** for legislative change to enable charging for some services;
 - **minimise reductions and changes to local services** wherever possible, including by raising council tax by 3.99%;
 - consider further the opportunities for **changing local government arrangements** in Hampshire;
 - Consider further the opportunities around **devolution of financial powers** in response to the Government’s County Deal and levelling up agenda.
18. 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. Responses to the consultation will similarly help to inform the decision making by Cabinet and Full Council in October and November of 2021 on options for delivering a balanced budget up to 2023/24, which the Authority is required by law to do.

19. 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 SP2023 Programme have helped to shape the final proposals presented for approval in this report.

Budget Update

20. Members will be aware that 2019/20 represented the final year of the previous multi-year Spending Review period. Single year Spending Reviews were undertaken for 2020 and 2021 due to the significant levels of economic and fiscal uncertainty associated with the UK's departure from the European Union and impacts of the Coronavirus pandemic respectively. The Government's decision to suspend multi-year budget planning and revert to annual spending rounds for most departments means that the prospects for local government finance beyond 2021 remain uncertain.
21. In recent years, significant lobbying of the Government has been undertaken by Hampshire and the wider local government sector in order to ask them to address the financial pressures we are facing and to convince them to provide an early indication of the financial resources available to local authorities over the medium term.
22. At the time of writing, there has been no announcement from the Government regarding the 2021 Spending Round. Members will be briefed on the detail of the Spending Round as part of the updated Medium Term Financial Strategy when available.

Savings Programme to 2023 – Departmental Context/Approach

23. The savings target for Corporate Services is **£4.468m**.
24. Following on from the successful delivery of the Transformation to 2019 and 2021 programmes of efficiency savings, Departmental Management teams have identified a number of further opportunities that will seek to deliver this target.
25. These opportunities have been developed with the intention of further building on previous efficiencies delivered, but also to explore where departments can deliver new savings (and maximise income generation), considering continuing and challenging funding reductions.
26. The proposed savings programme for Corporate Services will focus on the delivery of efficiency savings required by April 2023, but will also continue to build on, and further improve where possible, changes to the delivery of key

support services implemented as part of the Transformation to 2019 and 2021 programmes.

27. However, it is important to note that Corporate Services departments will continue to provide critical support to the wider County Council during the delivery of their own savings programmes.
28. Whilst in relative terms Corporate Services Departments are in quite a strong financial position, pressure continues to build in these areas, especially following the further reduction in the budget for 2021/22.
29. In addition, as a proportion of the savings for Corporate Services will be delivered through a reduction in staff, many of the proposals are likely to result in a change to the way in which other departments receive support from Corporate Services teams.

Corporate Operations:

30. The Corporate Operations department comprises:
 - 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.
31. The department has a savings target of **£3.585m**, a proportion of which is expected to be delivered through changes to service operating models which will lead to a reduction in workforce. This could impact the broader County Council through expecting managers to make greater use of self-service and do more for themselves, where this is considered appropriate.
32. However, in addition to providing these services to the County Council, Corporate Operations also shares a number of these with our partners Hampshire Constabulary, Hampshire Fire and Rescue Service, Oxfordshire County Council, and the London Borough of Hammersmith & Fulham, Westminster City Council and Royal Borough of Kensington & Chelsea. Delivering efficiencies within these shared services will benefit all partners including the County Council and remains therefore a focus for the department's future savings strategy along with the potential for the expansion of shared services.

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

34. **Finance and Pensions** - Further changes will be made to the Finance Service operating model to drive out additional efficiencies, and reduce demand on the service through greater automation, standardisation and self-service for budget managers.

35. In addition, further contributions from new partnerships for pension administration services are expected to further contribute to the delivery of the savings target.

36. Overall, these changes are expected to contribute **£394,000** towards the department's savings programme target for 2023.

37. **Shared Services - Integrated Business Centre (IBC) and Shared Services Transformation** – The County Council will receive a share of the efficiency savings already achieved within the IBC for the Shared Services partnership. Further on-going efficiencies are anticipated through reductions in failure demand, further automation of internal processes, and the removal of non-standard business processes.

38. Through managing demand into the service, as well as maximising potential partnership contributions to support service development programmes of work, it is expected that savings in the region of **£597,000** will be made toward the department's savings programme for 2023.

39. **Information Technology** – A further range of proposals are proposed to deliver savings within the IT service. These include:

- Continuing the consolidation and rationalisation of technology, including asset sweating and reviewing specifications of hardware;
- Further savings from management of IT's 3rd party supply chain and removal of redundant services and unused software licences;
- Changes to operating models to drive out further savings, and to more efficiently manage demand into IT;
- Other operational efficiencies including reducing travel costs, power consumption, accommodation costs.

40. Overall, IT expect to contribute **£2.348m** toward the department's savings target.

41. **Internal Audit** – Through ongoing reviews of the operating model and by optimising available technology to build on the current 'virtual audit' approach

adopted during the pandemic, together with growth of the Southern Internal Audit Partnership, a further **£74,000** will be contributed towards the department's savings target.

42. **Strategic Procurement** – By increasing the amount of income generating work the team undertakes for other local authorities, without the need to increase the size of the team, Strategic Procurement is expected to contribute **£172,000** towards the department's savings programme for 2023.

HR, Organisational Development (OD), Communications and Engagement:

43. The HR, OD and Communications and Engagement department comprises:

- HR Policy & Casework, and Occupational Health;
- Organisation Development and Design – including Leadership and Management development;
- Communications and Engagement, which also includes marketing, advertising, and insight services – e.g., public consultation and engagement, behaviour change research, and corporate performance.

44. The department has a total savings target of **£421,000** by April 2023, a proportion of which is expected to be delivered through changes to service operating models which will lead to a reduction in workforce in some areas. As with other departments within Corporate Services, this is 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.

45. **HR Policy & Casework, and Occupational Health** – Changes in the operating model will result in support no longer being provided by the HR Casework team for stage 1 formal absence cases, reducing the demand on the HR helpdesk. In addition, the thresholds for Occupational Health referrals will be reviewed, increasing the use of self-diagnoses and early triage of cases.

46. Together with a small amount of efficiency savings already achieved, and a minor reduction in the HR Organisational Change team, it is expected that savings of **£140,000** will be achieved for these service areas.

47. **Leadership and Management Development** – Changes to the operating model for this service area will drive out further efficiencies and reduce demand on services. This will include streamlining business process and systems and the removal of duplication across the wider department. These

changes are expected to contribute savings in the region of **£148,000** for the department's 2023 savings programme.

48. **Communications and Engagement** – the savings target for this service will be achieved through re-distributing historically unallocated funding from Policy & Resources Grant budget to support core Communications and Engagement expenditure. This will contribute **£133,000** towards the department's savings programme for 2023.

Law and Governance:

- 48.1. The Law and Governance department comprises:

- Legal Services
- Governance and Democratic services.

49. The department has a savings target of **£462,000**. The savings proposals continue with a strategy started in previous cost reduction programmes insofar as it combines further efficiencies from changes to service operating models and increased levels of income from traded services.

50. **Legal Services** – Changes which will reduce demand into Legal services, together with a planned increase in external income and changes to rates charged to external clients and other housekeeping efficiencies, is expected to deliver savings of **£437,000** for the departments savings programme for 2023.

51. **Governance** – savings are expected to be achieved through the further management of demand and increasing capacity to sell services externally. This is expected to contribute a further **£25,000** to the department's savings programme.

Summary Financial Implications

52. The savings target that was set for Corporate Services was £4.468m and the detailed savings proposals that are being put forward to meet this target are contained in Appendix 1.

53. The work already completed to develop these proposals has demonstrated that these are complex in nature and challenging to deliver. Departments will be required to fully develop plans and implement the necessary service changes and ensure that they fully exploit the technical capabilities already invested in through the County Councils Digital strategy.

54. In addition, it is recognised that many of the support services will be required to continue to provide support to other departments across the County Council (for example by Corporate Services to support the delivery of broader Savings Programme 2023) whilst progressing the delivery of their own savings. This consideration is expected to further influence the timing for when some of these proposals will be fully implemented.
55. Departments expect however to be able to support the cost of implementation through cost of change reserves generated from early planning and delivery of savings, including over achievement of Tt2021 savings. As such, the risk of not delivering is considered to be relatively low.

Workforce Implications

56. Appendix 1 also provides information on the estimated number of reductions in staffing as a result of implementing the proposals.
57. Of the **48.0 to 52.0** 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 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.
58. 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

59. 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.
60. 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

61. As part of its prudent financial strategy, the County Council has been planning since June 2020 how it might tackle the anticipated deficit in its budget by 2023/24. As part of the MTF5, which was last approved by the County Council in September 2020, initial assumptions have been made about inflation, pressures, council tax levels and the use of reserves. Total anticipated savings of £80m are required and savings targets were set for departments as part of the planning process for balancing the budget.
62. 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 SP2023 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 2023/24.
63. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks from 7 June to the 18 July 2021. The consultation was promoted to residents and stakeholders through a range of online and offline channels including: the County Council's website, social media channels, Hampshire Perspectives residents' forum and Your Hampshire e-newsletter; in County Council libraries and buildings and on electronic noticeboards in GP surgeries and healthcare settings; via media releases to the local TV, radio and written press; via targeted social media advertising; and through direct mail contact to a wide range of groups and organisations across Hampshire (such as district and parish councils, schools, voluntary and community sector groups and organisations, service providers), which promoted onward dissemination, as well as response. Information Packs and Response Forms were available in hard copy in standard and Easy Read, with other formats available on request. Comments could also be submitted via email, letter or as comments on social media.
64. The consultation sought residents' and stakeholders' views on several options that could contribute towards balancing the revenue budget, and any alternatives not yet considered – as well as the potential impact of these approaches. The consultation was clear that a range of options would be needed to meet the required £80m savings by 2023. 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%.
65. The options were:
- 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.

66. Information on each of the above approaches was provided in an Information Pack. This set out the limitations of each option, if taken in isolation, to achieving required savings. For example, supporting information explained that the £80m estimated budget shortfall took into account an assumed increase in 'core' council tax of 1.99% and an increase in the Adult Social Care Precept of 2% in both 2022/23 and 2023/24. 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 'spare' reserves would only provide a temporary fix, providing enough money to run services for around 14 days.

67. Therefore, whilst each option offers a valid way of contributing in-part to balancing the budget – plugging the estimated £80m gap in full will inevitably require a combination of approaches.

68. A total of 2,027 responses were received to the consultation – 1,931 via the Response Forms and 96 as unstructured responses through email, letter and social media.

69. The key findings from consultation feedback are as follows:

- Agreement that the County Council should carry on with its **financial strategy** now stands at 45%, compared with 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 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 nation Government.
- Both data and verbatim comments indicate the respondents want the County Council to **lobby central Government** for further funding and to allow additional charging in a number of areas:
 - 87% agreed with lobbying for additional funding to deliver social care services for adults and children;

- 69% agreed with lobbying for increased central government grant funding for libraries;
 - 66% agreed with updating the 1964 Public Libraries and Museums Act to enable service modernisation;
 - 62% agreed with means testing/ charging for Home to School Transport (HtST);
 - 60% agreed with charging £10 for issuing an Older Person’s Bus Pass;
 - 51% agreed with making change to the charging approach for non-residential social services.
- However, there were exceptions, namely that:
 - Most respondents (52%) did not feel that it would be appropriate to lobby for charges relating to Household Waste Recycling Centre’s (HWRCs);
 - 47% disagreed (compared to 38% who agreed) that councils should be permitted to charge a 25% per journey fare for concessionary travel.
 - A clear majority of respondents (63%) agreed that the County Council should explore further the possibility of changing local government arrangements for Hampshire.
 - No majority view was achieved for any of the other proposals, but the weight of opinion veered slightly towards agreement with:
 - The position that reserves should not be used (48% agreement vs 42% disagreement);
 - That existing service charges could be raised (45% agreement vs 33% disagreement).

And towards disagreement with:

- Introducing new service charges (47% disagreement vs 41% agreement);
 - Reducing or changing services (49% disagreement vs 36% agreement).
- A slight majority of respondents (52%) preferred that the County Council raise **Council Tax** by less than 3.99%. This compared to 21% of respondents whose first choice was to raise council tax by 3.99% and 27% who would choose an increase of more than 3.99%.
 - Suggestions for income generation most commonly related to charges that the County Council could apply. There was also frequent mention of changes to how Council Tax is collected, delivering efficiencies in Council services, ways that the Council could save costs to its operational budget, and suggestions that the County Council could

improve its return on investments and adopt more commercial practices.

- Around half of respondents 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 the protected equalities characteristic of age (47%) – most often the effect on children and young people – with impacts on poverty (33%), disability (30%), and rurality (23%) also commonly mentioned. The potential environmental impacts were also noted in a third of the comments submitted (34%). The specific nature of the perceived impacts primarily related to reduction in service quality or availability and the personal financial impacts of increased taxation or charging.
- Efficiency savings were the most common focus of additional suggestions, incorporating staffing, contractor and Member costs, process efficiencies and more effective use of building space.
- The 96 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 the need to focus on reducing costs and lobbying national government for additional funding in preference to raising local taxes.

Proposals following consultation feedback

70. 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 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
- **maximise income generation** opportunities;
- **lobby central government** for legislative change to enable charging for some services;
- **minimise reductions and changes to local services** wherever possible, including by raising council tax by 3.99%;
- consider further the opportunities for **changing local government arrangements** in Hampshire;
- Consider further the opportunities around **devolution of financial powers** in response to the Government's County Deal and levelling up agenda.

71. The proposals set out in Appendix 1 have, wherever possible, been developed in line with these principles. For example, maximising our opportunity to grow our sold and traded services (e.g. within Legal Services and Strategic Procurement), or extending our partnership arrangements (e.g. Shared Services – IBC, Pension Services and within Internal Audit).
72. 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.
73. In addition to the consultation exercise, Equality Impact Assessments (EIAs) have been produced for all 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.
74. Together the *Balancing the Budget* 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> Medium Term Financial Strategy Update https://democracy.hants.gov.uk/documents/s53375/MTFS%20-%20Cabinet%20FINAL.pdf	<u>Date</u> Cabinet - 14 July 2020 County Council – 16 July 2020
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<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	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
Corporate Operations						
FIN-01	<p>Finance and Pensions</p> <p>Changes to the operating model to drive out further efficiencies and reduce demand on the service through greater automation, standardisation and self-service for budget managers. Pursuit of increased partnership contributions through the provision of pension administration services to new partners.</p>	<p>This continues changes the operating model started as part of the previous transformation programmes, and which may have an impact on budget managers across departments. However, the phased rollout ensures that there is support available over an extended period to minimise the impact as far as possible, and staff reductions will be managed through natural wastage.</p>	200	394	394	1.0 to 4.0
IBC-01	<p>Shared Services - Integrated Business Centre</p> <p>HCC's share of efficiency savings already achieved and to be released across the Shared Services Partnership in 2021/22.</p> <p>Further on-going partnership efficiencies are anticipated in relation to reductions in failed demand and further automation of internal processes. Savings will be captured on an on-going basis through vacancy management and released as part of the partnership's annual budget setting process.</p>	<p>Release of efficiencies achieved due to on-going automation and compliance with self-service operating model reducing failed demand. HCC receive a proportional share of the overall savings delivered for the partnership (approx. 37%).</p>	230	342	342	0.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	Maximising draws on available partnership contributions to support service development activities, currently underwritten by HCC.					
IBC-02	Shared Services – Integrated Business Centre Ringfenced reduction of 1 FTE in HCC General Enquiries team, delivered through on-going demand management.	Reduced headcount in the HCC General Enquiries team due to demand reduction associated with optimisation of call routing on Touch Point (automatically directing contact to Service Departments) and on-going digital channel shift of the contact model reducing volumes of telephone contact.	19	19	19	1.0
IBC-03	Shared Services - Integrated Business Centre Removal of HCC Legacy Activities not aligned to the IBC standard operating model. 3 key process areas to be addressed in 2021/22: i) Members Grants ii) Energy Payments iii) Care Payments (Foster Care Payments to be addressed in 2022/23).	Planned reduction in the size of the payments team overseeing legacy processes for Hampshire County Council. New processes will be aligned to the standard operating model for payments through standard interfaces with Line of Business Systems, or through the existing 'one-time vendor / No-PO App' as appropriate, utilising the self-service principles of the standard operating model.	50	150	150	13.0
TT-01	Shared Services - Transformation Changes to the operating model reflecting a reduction in demand. Maximisation of available partnership contributions, where	Potential reduction in resources could result in inability to respond flexibly to changing requirements or priorities for support for Shared	0	86	86	1.0 - 2.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	supporting added value programmes and projects to drive delivery of efficiency savings. Additional funding contributions will be sought to support HCC Corporate programmes, as appropriate.	Services, the department or across HCC for Corporate programmes.				
IT-01	IT - Technology Consolidation and Rationalisation Various consolidation, asset sweating, removal of technology and reduced technology specification.	Various consolidation and removal of technology. Some opportunities rely on sweating assets to reduce RCCOs, for example sweating the display screen estate.	293	993	993	0.0
IT-02	IT - Supply Chain efficiency Delivering savings from our 3rd party suppliers through negotiation, removal of redundant services and harvesting of unused software licences.	Reducing external spend with our supply chain through efficiencies, removal of redundant services and driving greater value.	0	270	270	0.0
IT-03	IT - Operating Model Changes Changes to the operating model to drive out further efficiencies and reduce demand on the service. This will include consolidating teams and removing posts automation, chatbots on the Service Desk, and ceasing to take 'How do I' calls.	Various changes to the operating model resulting in staff redundancies. vacancy management will be used wherever possible and appropriate.	361	850	850	22.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
IT-04	IT - Other efficiencies Reducing various budget line as a result of efficiencies and different ways of working. For example, Travel & Subsistence, Data Centre power, alternative lower cost training/digital learning.	Reduced incidental budgets though trend analysis supports the reductions as being achievable and sustainable.	235	235	235	0.0
IA-01	Internal Audit Review of operating model, optimising available technology and building on the virtual audit approach adopted during the pandemic. Supplemented by additional organisations joining the Partnership or realising existing vacancies in the structure.	Cultural change for Partners and SIAP staff of new operating model.	74	74	74	0.0
SP-01	Strategic Procurement Increase the amount of income generating work the team undertakes for other local authorities, without any increase to the size of the team.	Business process efficiencies would enable Strategic Procurement to accommodate the additional workload.	0	172	172	0.0
Sub-total - Corporate Operations			1,462	3,585	3,585	38.0 – 42.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
HR, Organisation Development, Communications and Engagement						
HR-01	<p>HR Casework Team</p> <p>Cease providing HR support for absence cases up to stage 1 formal absence cases (the first formal stage after informal action has concluded and has not led to the required improvement in attendance) which will require the manager to undertake any stage 1 absence cases activities without HR support. The majority of formal cases managed by the helpdesk are absence related. Manager to utilise online resources and guidance to be able to undertake the end-to-end process themselves.</p>	<p>Reduced requirement for HR Advisor support on the HR Helpdesk. Managers required to increase their level of competence and confidence to manage formal stage 1 cases without HR support. This may result in increased senior manager support to less experienced managers.</p>	32	32	32	1.0
HR-02	<p>Occupational Health (OH)</p> <p>Raise threshold for OH referrals with increased self-diagnose, triage and utilisation of the duty line - such that individuals do not always need to be seen by an Occupational Health Adviser (OHA).</p>	<p>Reduced demand on OHAs. Less staff will be seen by OH therefore managers will reduce the opportunity they have for professional input on absence/health management issues in lower risk cases. Individuals may feel that the organisation is less concerned about their well-being than previously, and managers may feel less supported by the organisation to manage absence effectively and well.</p>	38	38	38	1.0

Appendix 1

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
HR-03	HR general Savings already delivered through existing efficiency programmes.	No impact - savings have been achieved.	32	32	32	0.0
HR-04	HR Organisational Change Reduction of 1.0 F grade post within the HR Organisational Change team, on completion of the SP23 programme.	Smaller (by one post) org change team on completion of SP23 HCC programme by Depts.	0	38	38	1.0
HR-05	Leadership and Management Development Changes to operating model to drive out further efficiencies and reduce demand on services. This will include streamlining business processes and systems supporting Workforce Development activities, and removal of duplication across HR more widely.	Minimal impact expected, although there will be a requirement for some new ways of working across the wider team.	148	148	148	5.0
CE-01	Communications and Engagement Redistribute historically unallocated funding from P&R Grant budget to CES core funding.	Use of historically unallocated funding will mitigate against minimal levels of core service levels being reduced.	0	133	133	0.0
Sub-total - HR, Organisation Development, Communications and Engagement			250	421	421	8.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
Law and Governance						
LG-01	Legal Services – Commercial Contracts Raise contract value which requires legal advice under the Constitution to either reduce capacity to make savings or increase income.	Departments would not have to seek legal advice on fewer contracts and Legal would administer fewer contracts. The released capacity could be used to generate external income.	0	50	50	0.0
LG-02	Legal Services - Commercial Contracts Manage demand to allow a vacant post not to be filled. Capacity generated through on-going closer working with Strategic Procurement.	Less capacity to scale up external income generation.	40	80	80	2.0
LG-03	Legal Services - general Reduce printing and other general expenditure costs.	No impact	10	25	25	0.0
LG-04	Legal Services - general Increase external income through generation of new business.	Less capacity available for the County Council.	0	130	130	0.0
LG-05	Legal Services - general Increase charging rates to external clients (current charges of around £1.5 million) and to externally funded projects (current charges	External clients and externally funded projects will be charged more for work delivered by Legal. This will include charges to developers.	77	152	152	0.0

Ref.	Service Area and Description of Proposal	Impact of Proposal	2022/23 £'000	2023/24 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	or around £ 200k) to reflect the true cost of delivering Legal services as a result of a more sophisticated analysis of cost.					
LG-06	Governance - Risk & Information Management of demand to increase capacity to sell services externally. In particular to consider offering a DPO service for schools and Parish Councils.	Day to day resource of the County Council would be reduced but capacity would be retained for emergencies.	0	25	25	0.0
Sub-total - Law and Governance			127	462	462	2.0
Total - Corporate Services			1,839	4,468	4,468	48.0 – 52.0

EIAs – see separate document