

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date:</b>	20 September 2017
<b>Title:</b>	Transformation to 2019 – Revenue Savings Proposals
<b>Report From:</b>	Director of Children's Services and Director of Corporate Resources – Corporate Services

**Contact names:** Steve Crocker, Director of Children's services

Carolyn Williamson, Director of Corporate Resources

**Tel:** 01962 846400  
01962 847400

**Email:** [steve.crocker@hants.gov.uk](mailto:steve.crocker@hants.gov.uk)  
[carolyn.williamson@hants.gov.uk](mailto:carolyn.williamson@hants.gov.uk)

#### 1. Executive Summary

- 1.1. The purpose of this report is to outline the detailed savings proposals for the Children's Services Department that have been developed as part of the 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 will 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.
- 2.11. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks between 3 July – 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 successive programmes which have delivered over £80m cost reductions since June 2010 the Children's Services department started work in October 2016 to identify potential opportunities for further savings to meet the £30.1m departmental savings target for 1 April 2019.
- 4.2. The department has worked to a set of principles which have guided the successive budget reduction decisions since 2010. These have evolved to reflect the tightening economic circumstances and therefore the ever tighter focus needed in the department on its core business and meeting the needs of the most vulnerable. The Departmental Management Team has reviewed these principles and is convinced that they remain valid for the future challenges of T19.
- 4.3. The principles for the department's Transformation to 2019 programme were confirmed as:
- ensure a safe and effective social care system that continues to manage the risks between protecting and caring for the most vulnerable children and providing support to families in need;
  - ensure sufficient capacity to lead, challenge and improve the schools system to help ensure improved outcomes for all but particularly the more vulnerable groups;
  - tightly target limited resources according to the needs of children whether that be support to children and families or to schools;
  - secure targeted and co-ordinated early help provision where it demonstrably reduces escalation of need;
  - sustain and develop high quality and financially competitive sold services when doing so contributes to our responsibilities to Hampshire; and
  - maximise the opportunities to create efficiencies and maintain and enhance services through partnership arrangements.
- 4.4. Our savings proposals for our Transformation to 2019 programme have looked at every aspect of Children's Services activity in order to ascertain where savings could be found. Three major issues recur regularly:
- funding for Children's Services in Hampshire is relatively low reflecting funding arrangements for Shire Counties. Despite this, Hampshire has been the third highest performing authority under the current Ofsted framework;
  - the majority of the Department's spend is external, primarily relating to the placement costs of Children Looked After (CLA). In order to realise

cashable savings on external spend it is not rational to reduce staffing resource beyond a certain point as this reduces our ability to work with vulnerable families to prevent the children coming into care and the subsequent external spend or, worse, opens the door to more significant additional spend if families unmet needs escalate; and

- some areas of potential savings would have a profound impact on our statutory duties including, most significantly, our statutory duty to safeguard children or because they would mean that we could not fulfil existing legislative duties in other areas (for example, home to school transport).
- 4.5. Where we have found savings in our proposals for T2019, these have been through paring back to the minimum the service provision that we think we can offer across the full range of Children's Services, whilst meeting our statutory duties and running a safe and effective service.
- 4.6. The proposals for savings developed as part of this overall programme are outlined below. Some of these proposals would then be subject to a detailed engagement and consultation process which would culminate in service specific public consultation, where appropriate, from November 2017.

## **5. The main workstreams**

- 5.1. The savings target set for the Department is £30.1m which has been split across seven workstreams. Table 1 below shows the full year savings proposals for each workstream together with the original base budget (2017) for all the activities that are being considered within that workstream. In most cases that is a blend of a number of different services.
- 5.2. The social care transformation represented by the Partners In Practice programme is in recognition that for T19 the external spend on placements would necessarily need to form a significant part of the burden of reductions as it is not possible to make deeper compensating reductions elsewhere. For that reason the work on the new social work model for children is genuinely transformational and far reaching – see below.
- 5.3. Due to the transformational nature of this work, and linked to the 4 year Partners in Practice programme, a significant amount of the £30.1m savings would be delivered beyond the 2019/20 timeframe. This would enable the department to ensure that any changes to services provided to vulnerable people are well thought through, planned, communicated and coordinated. Current estimations are that £13.5m will be delivered by the end of 2019/20.
- 5.4. An outline of the proposals in each workstream is given in the following sections, with savings proposals summarised in Appendix 1. These proposals are subject to consultation where appropriate.

**Table 1. Children’s Services workstreams and savings targets**

<b>Workstream</b>	<b>Total Budget</b>	<b>Full Year Savings Proposals</b>	<b>Savings Proposals as % of Budget</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>
Children’s Social Care Transformation	87,282	21,890	25.1
Children with Disabilities	17,514	3,000	17.1
School Improvement Services	1,368*	59	4.3
Education High Needs	6,695	979	14.6
Home to School Transport	28,241	2,800**	9.9
Support Services	7,813	904	11.6
Maximising Efficiencies/ Enabling Productivity	NA	500	NA
<b>TOTAL</b>	<b>148,913</b>	<b>30,132</b>	<b>20.2</b>

\*The majority of this funding now comes from direct Government School Improvement Grant (£940k in 2017/18) and has to be used on school improvement activities. Therefore savings cannot be taken from this element of the budget.

\*\* Savings planned total £4.05m. An element of this will be required to address the underlying business pressure with the remaining £2.8m contributing to the Tt2019 programme.

### **Children’s Social Care Transformation**

5.5. The social care transformation workstream covers £87.3m of services and external spend including our direct support to child protection and children in care. Savings proposals for this workstream amount to £21.890m the majority of which is expected to come through the safe reduction of the number of children in care.

- 5.6. It is made up of four strands which together combine to offer the opportunity to achieve a whole system change that will meet children and young people's needs earlier and in a different way. Savings would be made through a reduction in the number of children whose needs escalate in severity and cost within the system.
- 5.7. The four strands are:
- reducing the number and cost of Children Looked After;
  - infrastructure and organisation redesign;
  - review of Swanwick Lodge; and
  - reduction in the 0-19 grants.
- 5.8. These strands would aim to safely reduce the number of children in care, especially teenagers, preventing the escalation of demand and building resilience in families, schools and communities. This would lead to a reduction in cost to the department whilst improving outcomes for children and families and increasing the capacity of social workers in social work led multi-disciplinary teams to intervene in the most effective, targeted and evidence based way to create lasting change.
- 5.9. The change would be enabled by a pathway led approach that redefines the way we interact and intervene with families and children and in turn, redefines the role of the social worker. Our future social workers would be more mobile, supported effectively by technology that provides a single view of the child (enabled by Capita One Social Care), able to use data and analytics to inform their decision making, freed from bureaucracy and unnecessary regulatory demands and supported by an underpinning social work methodology. These changes would provide them with the capacity to provide meaningful interventions with lower associated support and costs.

#### **Strand 1 - Reducing the number and cost of Children Looked After**

- 5.10. Hampshire, along with six other local authorities, became a Partner in Practice (PiP) with the Department for Education (DfE) in 2016. Hampshire's proposal set out how the Children's Services department would deliver radical change and reshape children's social care by 2021. It also set out our ambition for sector led improvement and the role Hampshire could play nationally.
- 5.11. This proposal sets out a reduction of 410 children in care by 2021 which it is estimated would make a savings contribution of £17.9m to the social care transformation workstream. With regards to children's social care and children looked after, the proposed reduction would take Hampshire down to a rate of 31 children looked after per 10,000 children in the local population, ranking us as the 7th lowest nationally on this ratio.
- 5.12. The savings opportunities for this strand are based upon the costs of the current mix of placements (in-house foster care; independent fostering agency; HCC and other providers residential homes).
- 5.13. This proposal is also premised upon a complete shift in the children's social care operating model which enables social workers to be more effective in

enabling families to stay together and helping families be more resilient whilst also promoting rehabilitation – particularly of the troubled and troublesome teenager group. It is important that there are enough social workers who have enough time to carry out the tasks to divert or rehabilitate families – see below.

### **Strand 2 - Infrastructure and Organisation redesign**

- 5.14. This strand of activity would assess different organisation design options for the new service, facilitate agreement on the preferred structure option, design the preferred option (subject to consultation) and prepare for the implementation of a new structure that best meets the needs of the service and its users.
- 5.15. The organisation design would be primarily undertaken by a working group made up of representatives of different levels of the organisation and the agencies that would be centrally involved with the multi-disciplinary teams of the future.
- 5.16. This proposal is dependent on remodelling social work teams. The opportunities for savings proposals of £3m are staff reductions, which based on current thinking, could include:
- work to reduce the number of referrals from schools and then restructure our staffing in our ‘front door’ services;
  - reduction in senior management structure (1 grade or above);
  - a small reduction in the number of team managers in social care by increasing the spans of control;
  - reduction in administrative support based on the introduction of the new social care IT system. The final opportunity will be influenced by the outcome of mobile working delivery and may enable us to lessen the reduction in team managers and reduce operational risk;
  - restructure of our family placement staffing mix in line with statutory guidance;
  - reduction of area teams as a result of reducing CLA and remodelling activity; and
  - reduction of the Youth Offending Team (YOT) remand budget.
- 5.17. The proposals for remodelling social work teams is based on the current establishment and structure which has in the past few years come under significant pressure, as the number of referrals and children in care has increased.
- 5.18. The County Council has seen a continued steady rise in demand across social work services in line with the national picture, which is increasing the caseloads of our social workers and they are now at the point where they are higher than Ofsted would recommend.

- 5.19. Ofsted describe what they consider to be manageable caseloads as between 15 and 20 and consider there is a direct correlation between the average caseload of a social worker and the quality of social work practice offered. The new framework for the inspection of social care being introduced in early 2018, will focus almost entirely on the quality of social work practice with the leadership, management and governance aspect looking at whether senior leaders 'create the conditions' so that social workers are enabled to perform to their optimum.
- 5.20. These changes together with the need to release social worker capacity to achieve the reduction in Children in Care highlight the need for additional resources in this area, similar to the increases provided in 2013/14, which will be considered by Cabinet at its meeting in October.

### **Strand 3 - Review of Swanwick Lodge**

- 5.21. This strand of the social care transformation workstream savings proposals has a contribution amount of £0.470m. This strand is examining the viability of potential options for Swanwick Lodge as a secure welfare provision.
- 5.22. The proposal is to review current charges for Swanwick Lodge to identify opportunities to maximise income alongside reducing the existing management structure.
- 5.23. The proposal is aiming in most cases for the service itself not to change from a user perspective, but would be offered at a revised price.

### **Strand 4 - Reduction in the 0-19 grant**

- 5.24. This strand of the social care transformation workstream savings proposals has a potential contribution amount of £0.5m.
- 5.25. The department currently provides around £750K of grant funding to voluntary and charitable providers to provide youth and support services targeted to children and young people at Levels 2 and 3 on the Children's Partnership Threshold Chart. These grants are allocated against priorities identified by the Local Children's Partnership (or equivalent) groups. The services provided by this grant funding are non-statutory.
- 5.26. This strand is proposing that the department would reduce all youth related grant funding awarded to organisations to deliver community services for children and families across Hampshire to around £250,000. The Council will continue to deliver high quality statutory services but would be unable to fund non-statutory services.

### **Children with Disabilities (CWD) Remodelling**

- 5.27. The Children with Disabilities remodelling workstream covers £17.5m of services. Savings proposals amount to £3.0m.
- 5.28. The aim of this workstream is to reshape and develop a service for children and young people with disabilities and their families that builds resilience, independence and self reliance in families and communities in order to

reduce the demand for crisis intervention and move away from long term arrangements (where appropriate).

- 5.29. The transformation of CWD services would form part of the Partners in Practice (PiP) programme. The proposed opportunities identified which would contribute to the savings target would sit under two main strands of work.

#### **Strand 1 – Continuation of Transformation to 2017 projects**

- 5.30. Work within this strand would include:

- reducing reliance on residential care for respite services;
- prioritising Telecare and 'step down' from residential services;
- developing a toolkit for personal budgets;
- reviewing the information, advice and support service to ensure the right information is available in the right way for children, young people, families and communities;
- reviewing the Short Break Activities Service; and
- implementation of improvements to services identified from the PIP process activity.

#### **Strand 2 – Operating model redesign and implementation**

- 5.31. Work within this strand would include:

- appraising operational design options and agree the preferred model;
- implementing journey and intervention work (which will be underpinned by the resilience methodology and children and family toolkit);
- undertaking a redesign of end to end processes;
- designing an analytics tool; and
- implementing new ways of working.

- 5.32. This service has had a strong history of engagement with service users through our transformation programmes and this approach would continue for Transformation to 2019.

#### **School Improvement Services**

- 5.33. The school improvement services workstream covers £1.4m of services. The majority of the funding now comes from direct ringfenced Government School Improvement Grant (£940k in 2017/18) and cannot be subject to cuts for T19. There is a small amount of core funding consisting of a £59k contribution to the Hampshire Music Service. This proposal would see the removal of the remaining contribution so that the Music Service receives no subsidy from the County Council.

#### **Education High Needs Remodelling**

- 5.34. The Education High Needs workstream covers £6.7m of services. Savings proposals amount to £0.979m. It is made up of three strands:

### **Strand 1 - Reducing the Early Years Administrative Function**

- 5.35. The early years' administration team undertakes the termly headcount of early years' providers to ensure they are funded accurately, they organise the communications to providers and ensure that performance planning cycles are adhered to. £100k of savings would be achieved by transforming working practices to reduce staffing.

### **Strand 2 – Review of Hampshire Futures**

- 5.36. The Youth Investment Programme will cease in 2019 and the proposal is to therefore cease this budget from 2019 with a saving of £125k. The department would aim to continue investment in youth employment opportunities, which will be created through the application of the apprenticeship levy.
- 5.37. A further £150k reduction in funding to Hampshire Futures on staffing to manage the County Council's apprenticeship scheme and the support for those not in employment, education and training (NEET).

### **Strand 3 - Reform the SEN and Inclusion Service**

- 5.38. This strand proposes to transform the work of the SEN and Inclusion teams to create a unified High Needs service giving a saving of £150k. The future High Needs service needs to address the growing demand and budget pressures but most of all needs to continue to deliver better outcomes for Hampshire children.
- 5.39. The proposed opportunity would see a restructuring of the service, with savings being contributed through a reduction in senior management posts (I grade and above) and a reshaping of the staffing teams following the introduction of a new digital system which should streamline the production of Education, Health and Care Plans. This would be a very significant reduction in staffing and would place our ability to meet statutory timelines under pressure. Much will depend on how much administrative time will be saved by the new on-line system. The County Council will be the first users of the system which we are developing in partnership with a software company.
- 5.40. The proposals include a further £100k reduction in staffing in the Inclusion service – which supports pupils who are excluded, who are at risk of exclusion or who are for other (mostly medical) reasons unable to attend mainstream school. These reductions would result in a reduction in the levels of support that can be offered to schools and these vulnerable pupils.
- 5.41. The proposals include a commitment to cease to undertake any quality assurance work of expensive out of County placements and other quality assurance work yielding a saving of £90,000.
- 5.42. In addition to the above the savings include a sum of £64,000 that is currently used to undertake home visits to electively home educating families. EHE families currently request home visits to secure advice on educational matters and these would cease if this proposal was taken forward. The final reduction in this strand (£200k) would be to reduce the staffing in the Virtual School for Children Looked After to the statutory

minimum of the post of 'Virtual School Headteacher'. This would continue to meet our statutory minimum duties but would reduce the added value that can be achieved through pro-active working with schools, social care and children looked after and their foster families and the collection of service specific data.

### **Home to School Transport (HtST) Remodelling**

5.43. The HtST workstream covers £28.2m of services. Savings proposals are £4.05m with £2.8m contributing to the Transformation to 2019 plan. The balance of savings is required to address the underlying business pressures, along with additional corporate funding that will be granted as part of the update of the Medium Term Financial Strategy to address demographic pressures in this area

5.44. This workstream has five key strands for savings.

#### **Strand 1 - Reviewing policy to deliver to the statutory minimum.**

5.45. The HTST policy is currently close to, but not at, the statutory minimum. The proposal is to reduce the policy to the statutory minimum and apply that with few exceptions. That would give savings in the region of £1.95m.

5.46. Changes to the Home to School Transport policy require statutory consultation approval for which will be sought in due course...

5.47. The County Council currently provides transport to the following groups under discretionary powers and, subject to consultation, these could be removed or amended under the proposed policy revisions:

- Post 16 pupils with learning difficulties and/or disabilities. We currently offer transport and the parents pay an annual contribution. Under a revised policy this offer of transport could be withdrawn. This would deliver savings of £1m. The authority would still provide support, by way of exception to policy, when students could not attend the placement named in their plan without transport support. This would bring the policy for post-16 SEN pupils in line with mainstream and is the statutory minimum.
- Rising 5s in Reception classes. We currently transport pupils from their start in Reception when still aged 4 (the statutory duty for HTST begins when the child is of statutory school age – in the term following their 5<sup>th</sup> birthday). The proposed policy changes would begin the offer of free transport from the term following their 5th birthday. This would deliver approximately £250k savings.
- Free transport provided as an exception to policy. There will always need to be some exceptions to policy to offer limited support in certain family circumstances. When an exception to policy is agreed this is currently provided free of charge. (The approach for agreeing exceptions would be reviewed alongside the policy review). The proposal is to charge where transport is provided as an exception delivering approximately £300k of savings.

- Nursery children with SEN. As they are under 5 this is not a statutory duty. The proposal is to withdraw that offer of free transport. This would deliver approximately £340k savings.
- We currently transport 8 year olds who live over 2 miles but under 3 miles from their school until the end of the academic year in which they turn 8. (The law is for statutory HTST provision if the pupil lives over 2 miles from school until they are 8 and then for over-8s over 3 miles from school). The proposed policy review would bring entitlement in line with statute and remove provision if appropriate on a pupil's 8<sup>th</sup> birthday. This should deliver £60k of savings

### **Strand 2 – Transport for Education & Inclusion**

- 5.48. This strand would review the provision of transport for pupils attending education centres and other alternative provision. Most pupils placed in alternative provision, in agreements with their schools, go there because they are at risk of exclusion. The proposal is to transport to alternative provision only those who are permanently excluded if they meet the other normal transport criteria. This is the statutory requirement. The risk of this approach is that, if the provision of transport to alternative education provision becomes the financial responsibility of the school (which it would do), then schools will move to permanently exclude much more quickly. Potential savings attached to the proposal are £500k.

### **Strand 3 – Sole provider tendering**

- 5.49. This would investigate the benefits of sole provider or contract block tendering to procure large volumes of contracts under a sole operator to manage contracts exclusively, with the aim of reducing costs by £300k.

### **Strand 4 – Spend to save minibus scheme expansion**

- 5.50. This strand would aim to expand an existing approach to facilitate more schools providing their own leased vehicles and organising their own transport to their school. This aims to save in the region of £300k.

### **Strand 5 – Infrastructure improvement**

- 5.51. Work is underway to identify potential infrastructure improvements such as improving unsafe walking routes and carrying out footpath assessments which would then enable a review of eligibility due to a change in these circumstances (i.e. a safe walking route now exists). This aims to save in the region of £1m.

### **Support Services Review**

- 5.52. The support services review workstream covers £7.8m of back office and support function budgets, some of which, such as the legacy premature retirement commitments could not be reduced other than through a gradual reduction. These budgets are subject to continuous review and downwards pressures where possible. Savings proposals across all these budgets amount to £0.904m.

- 5.53. The review includes reductions in printing, photocopying and postage, reductions in administration support and review of all accommodation usage. These are part of ongoing efficiencies drivers and, combined with increasing use of e-communications will be achievable. These savings amount to £0.584m
- 5.54. A further £66k of these savings will be very difficult to achieve. However having looked across all parts of the department to achieve the full £30.1m required these services have to be considered as part of the saving proposals. Part of the proposals are a reduction of one complaints officer and one officer undertaking the Subject Access Request work which would increase the risk of Ombudsman or Data Protection rulings against the council. .
- 5.55. Further efficiencies would also be sought by reducing the staffing levels in the procurement team (£154k) and the childcare sufficiency team (£100k). A reduction in the procurement team may make it difficult for us to effectively manage procurement processes and the monitoring of contracts that will be essential to ensure that major frontline spend around fostering and out of county placements for social care and SEN is providing value for money. The childcare sufficiency team fulfils a statutory duty to ensure sufficiency of childcare. A reduction would mean that we can offer only a reduced level of support when new settings are required in an area or where a setting is in difficulty.

#### **Maximising Efficiencies and Enabling Productivity**

- 5.56. As part of the corporate Enabling Productivity and Digital 2 workstreams (see below) the department aims to save a further £0.5m through various efficiencies and more effective working practice enabled by new technologies. The rollout of mobile devices will be part of the programme, and will drive changes to working practice, travel and office accommodation usage that it is anticipated will enable this saving to be achieved.

#### **Corporate workstreams**

- 5.57. The department has been fully engaging with the various corporate workstreams. The Digital 2 workstream is the next step on the County Council's Digital journey. Digital by default is the continued strategic approach for Transformation to 2019 and Digital 2 is aiming to build upon and enhance those platforms and tools implemented as part of Digital 1 as well as introduce new platforms and capability. Once the Digital 2 Programme has been completed it will enable Departments to drive efficiency and performance initiatives as part of Transformation to 2019.
- 5.58. The department has also been strongly engaged with the corporate Enabling Productivity Programme (EPP), which will see the department act as the early adopter for the roll out of the new Windows 10 Hybrid solution providing additional functionality and flexibility in the delivery of mobile working for flexible and field based workers.

## **Key challenges**

- 5.59. Alongside the three major issues which regularly recur through all of the workstreams set out in section 4.4, the transformational changes proposed for social care, and the remodelling of other services, are as in previous programmes unavoidably challenging. The process of re-modelling services such as social work and home to school transport will be dynamic and will need to be adaptive and responsive to risks and challenges as they emerge. A clear factor in this will be strong leadership and frontline capacity to implement the changes effectively and this mitigation is outlined above.

## **6. Summary Financial Implications**

- 6.1. The savings target that was set for the Children's Services Department was £30.1m and a summary of the savings proposals that are being put forward to meet this target are contained in Appendix 1.
- 6.2. The nature of the programme is transformational and it has been agreed that it would be delivered over a 4 year period and the department will therefore need to agree cashflow funding to address the shortfall in savings delivery within the Tt2019 timescale. Any cost of change available to the department will be the initial source of funding. It is, however, anticipated that additional corporate support will be required.
- 6.3. It is currently anticipated that the department's cost of change funding will be fully utilised during 2017/18 to support one off transformational costs and partly to address the current pressures in the system arising from the growth in children looked after and home to school transport.
- 6.4. Normal County Council policy requires Departments to meet any shortfall in their savings, together with the costs of transformation activity, from their cost of change reserves. Given Children's services position, this is not possible and therefore the update of the Medium Term Financial Strategy which will be presented to Cabinet in October will need to provide for corporate support of around £17m in 2019/20, and £11m in 2020/21 to meet the impact of the delayed delivery of the Children's' Services savings programme.

## **7. Workforce Implications**

- 7.1. These saving proposals would result in changes to the workforce and its structure.
- 7.2. Detailed workforce implications for all relevant aspects of the proposals will be developed, and will take into consideration feedback from the consultation.
- 7.3. 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.

## 8. Consultation and Decision Making and Equality Impact Assessments

- 8.1. 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.
- 8.2. 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.
- 8.3. 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.
- 8.4. 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.
- 8.5. A total of 3770 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 the respondents' **least preferred**.
  - Two thirds of respondents (**67%) agreed** that the County Council should raise existing **charges** or introduce new charge 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 the 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.
- 8.6. 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.
- 8.7. 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.

- 8.8. 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.
- 8.9. 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. These, together with the broad outcomes of the consultation, have helped to shape the final proposals presented for approval in this report.

## **9. Recommendations**

- 9.1. 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**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	<b>No</b>
<b>People in Hampshire live safe, healthy and independent lives:</b>	<b>Yes</b>
<b>People in Hampshire enjoy a rich and diverse environment:</b>	<b>Yes</b>
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	<b>Yes</b>

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<b><u>Title</u></b>	<b><u>Date</u></b>
<b>Direct links to specific legislation or Government Directives</b>	
<b><u>Title</u></b>	<b><u>Date</u></b>

**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.)

**Document****Location**

None

## **IMPACT ASSESSMENTS:**

### **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 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; and
- 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; and
- 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.

### **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.

### **3. Impact on Crime and Disorder:**

Within the Children's Social Care Transformation workstream, the approach will aim to reduce domestic and child abuse.

### **4. Climate Change:**

Within the Home to School Transport workstream, proposals would see a potential reduction in the amount of transport entitlements being supplied through activity such as improvements to infrastructure, leading to a reduction in the number of buses or taxis on the road.