

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services and Young People
Date:	18 September 2019
Title:	Transformation to 2021 – Revenue Savings Proposals
Report From:	Director of Children's Services and Deputy Chief Executive and Director of Corporate Resources

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Purpose of this Report

1. The purpose of this report is to outline the detailed savings proposals for Children's Services that have been developed as part of the Transformation to 2021 (Tt2021) 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 Children's Services that have been developed as part of the Transformation to 2021 (Tt2021) Programme.
4. 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.

5. The Executive Lead 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

6. 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 (CSRs).
7. Whilst the County Council understands the wider economic imperative for closing the structural deficit, the prolonged period of tight financial control has led to significant reductions in government grant and the removal of funding that was historically provided to cover inflation, coupled with continued underfunding for demand pressures. At the same time the County Council has also had to respond to inflationary and growth driven increases in costs across all services, but in particular adults' and children's social care.
8. 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.
9. 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 County Councils, with Surrey previously considering a referendum for a 15% council tax increase and the well publicised financial issues facing Northamptonshire whose Director of Finance issued a Section 114 notice in February 2018, imposing spending controls on the council.
10. This approach has also meant that savings have often been implemented in anticipation of immediate need providing 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.
11. Whilst this has been a key feature of previous cost reduction programmes it was recognised that the Transformation to 2021 (Tt2021) Programme, the fifth major cost reduction exercise for the County Council since 2010, would be even more challenging than any previous transformation and efficiency programme against the backdrop of a generally more challenging financial environment and burgeoning service demands.

12. Unsurprisingly, the Tt2021 Programme is building seamlessly on from the Transformation to 2019 (Tt2019) Programme, with projects and programmes of work set to go further and harder in a number of areas as the search for an additional £80m of savings (combining cost reduction and income generation) develops.
13. The Tt2021 work has been taken forward without any impacts for Tt2019 delivery with the Corporate Management Team (CMT) setting appropriate time aside for the Tt2021 planning process whilst maintaining a continued strong grip on Tt2019.
14. What is different to previous years however is the fact that the profile of delivery for the Tt2019 Programme is back loaded, with some changes not being delivered at all until well after 2019/20. Secured savings exceeded the £100m mark in the first quarter of 2019 which represented another major milestone for the Programme. However, this leaves £40m to deliver and as we move ahead we know that the remaining savings areas will be the most difficult to secure.
15. Whilst sufficient resources have been set aside to cover this delayed implementation the need to commence the successor programme does therefore mean that there will be overlapping change programmes which is another significant difference. This does increase the overall risk in the budget going forward and there is clearly no room for complacency especially as implementation and delivery of Tt2021 will begin to run alongside the Tt2019 Programme and strong focus will be required to ensure simultaneous delivery of both.
16. Departments have looked closely at potential opportunities to achieve the required savings and unsurprisingly the exercise has been extremely challenging because savings of £480m have already been driven out over the past nine years, and the fact that the size of the target (a further 13% reduction in departmental cash limited budgets) 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 Tt2021 Programme target to be delivered.
17. The opportunity assessment and planning work has confirmed the sheer complexity and challenge behind some of the proposals, which means in a number of areas more than two years will be required to develop plans and implement the specific service changes.
18. The cashflow support required to manage the extended delivery timetable for the Tt2021 Programme will in the most part be met from departmental cost of change reserves but further funding of £32m to provide for necessary

investment and the later delivery has already been factored into the requirements for the Grant Equalisation Reserve going forward. This provision will be considered as part of the updated Medium Term Financial Strategy (MTFS) that will be reported in October.

19. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks between 5 June – 17 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.
20. The consultation was clear that a range of options would be needed to deliver the required £80m of savings by 2021. 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 4.99% in both 2020/21 and 2021/22. 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 reserves would only provide a temporary fix, providing enough money to run services for around 27 days.
21. 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 4.99%;
 - consider further the opportunities for **changing local government arrangements** in Hampshire.
22. Executive 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 2019 on options for delivering a balanced budget up to 2021/22, which the Authority is required by law to do.

23. 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 Tt2021 Programme have helped to shape the final proposals presented for approval in this report.

Budget Update

24. Members will be aware that 2019/20 represented the final year of the current Spending Review period and that no indication has previously been provided by Government about the prospects for local government finance beyond this time. Although a further 4 year Spending Review had originally been planned for the summer of this year, this was impacted by Brexit and the national political situation.
25. 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 position beyond 2019/20 to aid medium term financial planning and to address the more immediate issue of budget setting for 2020/21. Whilst the news of a single year settlement was not welcome, it was not unexpected and was partly balanced by the promise of an early indication of the 'settlement' for local government.
26. The Spending Round announcement took place on 4 September and the key issues from a Hampshire perspective were :
- £2.5bn nationally for the continuation of existing one off grants across social care services (worth around £38.5m to Hampshire) most of which had already been assumed in the MTFS.
 - An extra £1bn for adults' and children's social care services, representing between £15m and £20m to Hampshire depending on the distribution methodology, which will be consulted upon.
 - Core council tax of 2% and the continuation of a 2% adult social care precept. This is below our assumptions in the MTFS and would lose the County Council around £12m of recurring income over the two years of the Tt2021 Programme.
 - Additional funding for schools, which includes extra funding for Special Educational Needs of £700m. If this was distributed on the same basis as previous additional grant, our share would be around £16.8m and would help to address the future growth in this area, but does not provide a solution to the cumulative deficit position schools will face at the end of 2019/20.

27. The content of the proposed settlement and the issues it addressed were pleasing to see as they mirrored the key issues that we have been consistently raising for some time directly with the Government and through our local MPs.
28. In overall terms, there is a net resource gain to the County council, albeit that is only for one year at this stage. However, the cost pressures we face, particularly in adults and children's social care services are significantly outstripping the forecasts that were included in the original Tt2021 planning figures.
29. Without the additional injection of funding, the County Council would have faced a revised deficit position well in excess of £100m by 2021/22, but the additional resources bring us back to a broadly neutral position.
30. More detail will be provided in the update of the MTFS and as part of the Member briefings that will take place as part of the Tt2021 decision making process.

Transformation to 2021 – Departmental Context

31. Children's Services delivered over £80m recurring cost reductions from June 2010 to 2017. Tt2019 identified savings to deliver a further £30.1m over an extended four year period enabled by additional corporate support.
32. 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, statutory business and meeting the needs of the most vulnerable. The Departmental Management Team has reviewed these principles and updated them in consultation with the wider management team to ensure they remain valid for the future challenges of Tt2021.
33. The principles for the department's Transformation to 2021 programme were confirmed as:
 - ensure a safe and effective social care system for children;
 - ensure sufficient capacity to lead, challenge and improve the education system to help ensure high quality educational outcomes for all but particularly more vulnerable groups;
 - continue to recognise that our workforce is our strength and that we will further develop and maintain a strong, diverse workforce which is adaptable and flexible and which has succession planning built in;

- tightly target limited resources according to the needs of children and families;
 - secure and sustain targeted and co-ordinated early help provision; and
 - maximise the opportunities to create efficiencies and maintain and enhance services through partnership and sold service arrangements.
34. The savings proposals for our Transformation to 2021 programme have looked at every aspect of Children's Services activity to ascertain where savings could be found. Three major issues recur regularly:
- Expenditure on Children's Services in Hampshire is relatively low reflecting funding arrangements for Shire Counties. It also reflects the developing evidence to show that good and outstanding authorities deliver children's social care services at a lower cost to the taxpayer than those which have failed. Hampshire has been rated 'Outstanding' under the current Ofsted framework, with all 3 underlying categories also outstanding. This award is only matched by one other local authority in the UK and also demonstrates the financial imperative to maintain high standards of social work practice;
 - 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 family's 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).
35. Where we have found savings in our proposals for Tt2021, 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.
36. The savings target set for the Department is £17.2m which has been split across eight workstreams.
37. An outline of the proposals in each workstream is given in the following paragraphs, with savings proposals summarised in Appendix 1. These proposals are subject to consultation where appropriate.

Proposal 1 Government Funding

38. Additional funding of £8.1m was announced by the Government to support social care in 2018/19. The County Council agreed to allocate this in full to Children's services. The spending review confirmed the continuation of this funding. The Medium Term Financial Strategy has budgeted for this income to recur and this funding is being used towards the Department's total Tt2021 target.

Proposal 2 Home to School Transport (HtST)

39. The HtST workstream covers £31.6m of spend on services and proposes savings of £3m.
40. This workstream has eight key strands for potential savings.

Strand a – Special Educational Need (SEN) Transport Eligibility.

41. This strand would review the application of the transport eligibility policy for new requests to deliver a proposed saving of £282k.
42. The policy dictates that transport must be provided to the nearest suitable school with a place.

Strand b – External Contractor Spend

43. There are approximately 550 operators providing transportation for children across 1,305 routes.
44. Developing a broader commissioning strategy delivering a wider range of procurement approaches with more flexible contractual terms, complemented by a focus on market management and market development in areas of low competition. This proposal would deliver £1m saving.

Strand c – Route Planning Software

45. The introduction of new route planning software is expected to provide insight to optimise routes and deliver transport cost efficiency. There would also be an associated time saving which would enable the service to alter routes in a more responsive way. The proposed savings target is £200k.

Strand d – Spend to Save Minibus Scheme

46. This strand would aim to expand an existing approach to facilitate more schools organising their own transport through offering a leased vehicle. This proposal would save £250k.

Strand e – Mileage Allowances

47. This strand focuses on those parents who indicate that they are able to take their own (eligible) children to school. The County Council may provide a mileage allowance to enable them to do so as these allowances are always more cost effective than solo contracted transport (i.e. a taxi).
48. Savings of £530k are anticipated, supported by the Social Marketing (customer insight) survey that indicated some parents have the desire and motivation to transport their own children to and from school.

Strand f – Process and Team Efficiencies

49. The impact of other workstreams (i.e. redesigned processes, the introduction of route planning software, a shift from tendering to contract management) and the resultant reduction in demand has the potential to reduce the staff workload, enabling a restructure of the service.
50. It is estimated that this proposal would reduce the budget by £100k.

Strand g – School Escort Provision

51. There are approximately 600 Hampshire County Council employed school escorts who accompany SEN children where necessary to ensure the welfare of the child while on the journey.
52. The introduction of six monthly reviews of school escort provision would support children to become safe and independent travellers. In addition, these reviews would ensure the most effective and efficient deployment of resource. The proposed savings for this strand is £220k.

Strand h – Service Review

53. This final workstream would evaluate opportunities to deliver invoicing and financial processing efficiencies, consider the introduction of more choice into the transport application process and analyse potential capital investment opportunities to create safe walking routes to deliver a proposed target of £418k.

Proposal 3 Children and Families Transforming Social Care £3.304m

54. The social care transformation workstream proposed target of £3.304m is the further development of the new operating model, under the framework of the Hampshire Approach, and further development of multi-disciplinary working targeted at the most vulnerable families. There is good early evidence that the transformation is successfully reducing the numbers of children coming into care; since March 2019, the start of the new ways of working, we have consistently seen a small, but important, reduction in our total number of children in care. Numbers are now lower than any time since September 2018. This should be seen in the context of rising numbers, month on month,

since 2010. This promising early reduction gives further confidence in the long-term impact of the transformation programme.

55. An embedded 'whole family focus' will allow us to continue to increase the numbers of children who can remain safely at home. Alongside this, our work promoting resilience in families, utilising new technologies and community-based supports will allow more of our children with complex disabilities to move into supported/independent accommodation at an earlier stage, promoting best outcomes for them whilst reducing reliance on high cost placements. Specific savings proposal lines are as follows:
56. Within the proposal there would be a £0.554m saving from Children with Disabilities services. The efficiencies would be achieved by working with our foster carers to step down children with less complex disabilities from higher cost residential placements into family settings, to enable as many children as possible to live in family settings. Additionally, we would be working more closely with Adults' Health and Care to allow older children to access semi-independent long-term accommodation at an earlier stage. This would ensure they are better prepared for this form of living as they move into adulthood.
57. There is also £0.35m proposed from further sustainable reduction in admin staff after implementation of the admin review, introduction of a new social care system and further use of productivity tools i.e. mobile devices, Office 365, SharePoint. The proposed reduction in admin staff would be achieved through vacancy management, rather than redundancies.
58. Finally, a further £2.4m would be achieved from the safe further reduction of children looked after using the above social work model. These savings would be profiled beyond the Tt2019 CLA savings. It should be noted that across the south east there is a shortage of placements for children in care, over and above what local authorities provide themselves. This has led to significant price increases when placing children with independent foster care agencies, or independent residential providers. A case of demand outstripping supply. High level work is underway to better manage the market locally but the continued increased placement costs for children in care, are a significant challenge.

Proposal 4 Administration Efficiencies

59. A review and reduction in administrative support to the Department would make a proposed reduction of £42k on that staffing budget.

Proposal 5 Short Breaks

60. This workstream would involve a further review of the short break activities grant allocation to deliver a proposed saving of £596k.

61. Changes to the short break activities offer would be subject to a separate public consultation.
62. The proposals are to reduce funding to the Hampshire Parent Carer network and to review short break activity funding to focus on core activities in each district.

Proposal 6 Education and Inclusion Efficiencies

63. This workstream proposal would deliver £210k towards the Tt2021 target.
64. The first strand would review the processes and structures around the early years service with a view to creating efficiencies of £60k.
65. In addition, there would be a review of high needs admin to deliver £50k efficiencies across the range of inclusion services.
66. Finally, Hampshire Futures would maximise income streams while ensuring the structure is efficient to deliver £100k.

Proposal 7 Health Contributions

67. Working closely with the Clinical Commissioning Group, we would seek to more effectively jointly commission and fund packages of care for children with disabilities, SEND and challenging behaviour. This proposal would result in an increase in income of £1.8m through contributions to care packages that may previously have been solely funded by the County Council.

Proposal 8 Youth Offending Service Efficiencies

68. This workstream would focus on delivering an efficient and effective Youth Offending Service that is both compliant with quality measures and achieves its targets to deliver a proposed £150k saving. It is important to note that the Youth Offending Service is now working with fewer children than at any time previously, a reflection of the high quality service it offers. However, this does allow us to consider how we might create further efficiencies within the service.

Key challenges

69. Alongside the three major issues which regularly recur through all of the workstreams set out in section 34, the transformational changes proposed for social care, and the proposed remodelling of other services, are as in previous programmes unavoidably challenging.
70. There are common themes and key risks involved with the Department's Tt2021 savings approach:

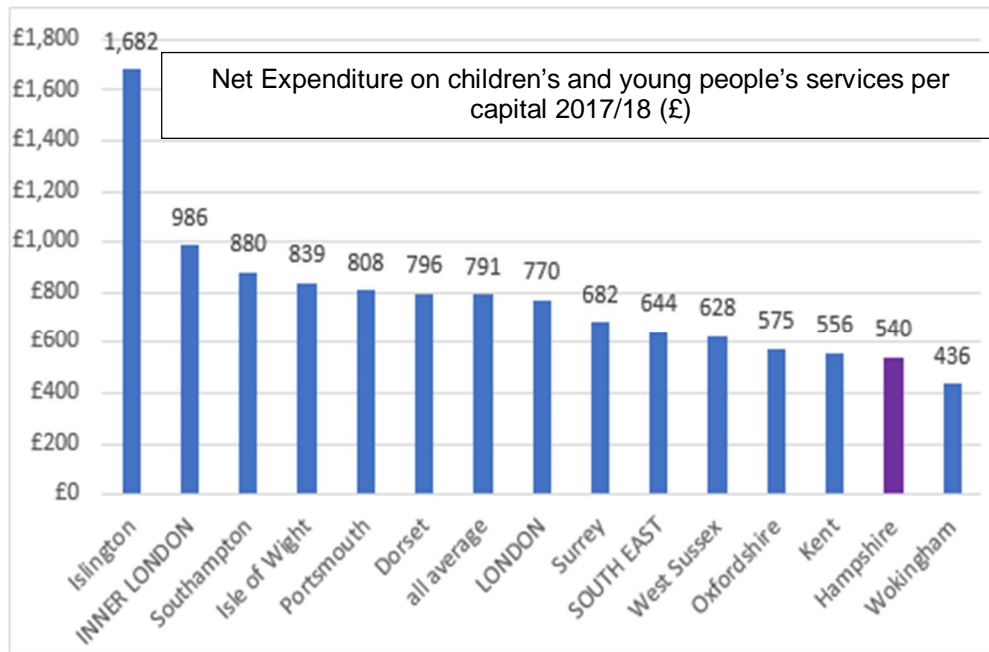
- If changes to the social care operating model, including the Hampshire Approach, are not fully adopted and embedded within social work practice, then the expected change in families will be reduced and placement savings not achieved. Similarly, the need to address new and emerging forms of abuse or neglect, or new policy areas tend to create increases in demand. Recent examples of this are 'county lines' and unaccompanied asylum-seeking children. The next risk is not yet known but there will be one;
- If there is challenge to any of these proposals, savings would have to be found from other areas;
- If the required capacity and capability is insufficient to both transform and sustain the changes, then savings are unlikely to be achieved and service quality will suffer, potentially leading to increased expenditure.

71. The Department's principal dependencies are:

- A range of IT enablers and support, including the replacement social care system that will begin implementation in the Autumn. This system is expected to increase the amount of productive time available for social workers to spend with families. The system is also expected to enable a 'digital by default' approach to working practices.
- Inextricably linked to this programme is a department wide programme (supported by the extended digital programme) to improve the use of data and analytics in reporting and decision-making. The ambition is to introduce near-to-real-time performance dashboards that provide managers with a 'finger on the pulse' of their services.
- Introduction of route planning software in HtST, which is expected to provide analytical insights that will shape a different approach to the market and contracts.
- A good flow of appropriately qualified social work staff through the Graduate Entry Training Scheme (GETS) and Connect2Hampshire that together will ensure we get the right people doing the right level of work, at lower cost
- Our relationship with Public Health is key and there is a risk that the cumulative savings associated with the Transformation Programmes in both departments could have an adverse impact on reducing escalation of need and the number of looked after children in Children's Services. This risk will be mitigated through collaborative working between Public Health and Children's Services to design pathways and specifications to support children and families to have the best possible outcomes

72. The single biggest challenge the Department faces is having sufficient capacity and capability to transform and to sustain the operating model changes.

73. The Department's funding, whilst benefitting from much needed and valued corporate support, continues to offer excellent value for money compared to other LAs, as shown in the graph below.



Summary Financial Implications

74. The savings target that was set for Children's Services was £17.2m and the detailed savings proposals that are being put forward to meet this target are contained in Appendix 1.

75. Significant funding for growth in CLA numbers and costs (and in turn the knock on impact for care leavers), has been provided for in recent years. However, the spending on Children Looked After (CLA), has continued to rise since the baselining exercise was last updated and further corporate funding was agreed in the MTFS in 2018.

76. As reported to Members previously, the projections of the growth in the costs of CLA used to baseline corporate funding, were based on a wide range of assumptions and predictions and given the volatile nature of these areas, a requirement to continue to monitor activity and spend closely was recognised. This continued monitoring undertaken by Finance staff and Children's Services colleagues has informed a further review of the recurring funding previously agreed. Updated projections indicate that there will be growing financial pressure over and above that previously anticipated which in 2019/20 is currently forecast to reach £4.6m if the growth continues at the same rate for the remainder of the year.

77. Looking ahead to 2020/21 and forecasts for the MTF5, it is predicted that an additional ongoing base budget increase of £6.8m on top of the £11.6m that had already been allowed for in the forward forecasts will be required and this will be followed by further annual increases of £1.9m in 2021/22 and £1.2m in 2022/23 (on top of the £13.3m and £15.6m that had already been provided for in those years). The MTF5 which will be presented to Cabinet in October will contain more detail of the work completed and seek approval for this additional corporate funding.
78. The nature of the Tt2019 programme was transformational and it was agreed that it would be delivered over a 4 year period, with provision made for appropriate cash flow support. However, there remain concerns about the future financial impact of the continued growth in CLA, particularly with the added complexities of the Tt2019 Programme which includes a workstream that seeks to significantly reduce the number of children in care over the next three years.
79. The workstream is still in its early stages but there is good evidence that it is having an impact on the overall numbers of children in care, supported by comments in the latest Ofsted report that were positive about the direction of travel and the staff engagement with the programme. Whilst these signs are positive there continues to be significant growth in the average costs of placement across the market to the extent that costs are not reducing in line with the numbers of children in care, particularly in the Independent Fostering Agency (IFA) sector. A recent BBC report highlighted the fact that private equity firms are buying up smaller IFA's, consolidating them and then selling the companies on. It was also highlighted that three firms now account for 45% of all spend with local authorities in this sector. The impact of this together with greater demand for placements nationally may help to explain part of the cost pressure that we are seeing.
80. The Tt2021 savings proposals are planned to be delivered within the 2 year timeframe, so would run in parallel with the extended Tt2019 programme. The monitoring of savings delivery and any growth, particularly in relation to CLA, would continue in order that appropriate funding is available.

Workforce Implications

81. Appendix 1 also provides information on the estimated number of reductions in staffing as a result of implementing the proposals.
82. Of the 0 to 15 potential Full Time Equivalent (FTE) posts that may be affected, it is anticipated that most savings would be achieved through natural turnover within the relevant services. Any balance would need to be managed down between now and the implementation date.

83. The County Council's approach to managing down staff levels in a planned and sensitive way using managed recruitment, redeployment of staff where possible and voluntary redundancy where appropriate would be continued.

Consultation, Decision Making and Equality Impact Assessments

84. As part of its prudent financial strategy, the County Council has been planning since June 2018 how it might tackle the anticipated deficit in its budget by 2021/22. As part of the MTFS, which was last approved by the County Council in September 2018, 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.

85. 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 Tt2021 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 2021/22.

86. The County Council undertook an open public consultation called *Serving Hampshire – Balancing the Budget* which ran for six weeks from 5 June to the 17 July 2019. The consultation was widely promoted to stakeholders through a range of online and offline channels including: the County Council's website; local media and social media channels; the County Council's residents' e-newsletter *Your Hampshire*; direct mail contact to a wide range of groups and organisations across Hampshire; posters and adverts in County Council libraries, Country Parks, at Hillier Gardens and Calshot Activity Centre; in residential and day care settings, on electronic noticeboards in GP surgeries and healthcare settings. 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.

87. 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 2021. 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%.

88. 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.

89. 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 4.99% in both 2020/21 and 2021/22. 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 reserves would only provide a temporary fix, providing enough money to run services for around 27 days.

90. 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.

91. A total of 5,432 responses were received to the consultation – 4,501 via the Response Forms and 931 as unstructured responses through email, letter and social media.

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

- The majority of respondents (52%) agreed that the County Council should continue with its current **financial strategy**. 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.
- Achieving the required savings is likely to require a multi-faceted approach. However, respondents would prefer that the County Council seeks to explore all other options before pursuing proposals to reduce and change services – in particular, opportunities to **generate additional income** and **lobby central government for legislative change**.
- Just over one in three respondents (37%) agreed with the principle of **reducing or changing services** - but the proportion who disagreed

was slightly higher (45%) - Of all the options, this was respondents' **least preferred**.

- Around half of respondents (**52%**) **agreed** with the principle of **introducing and increasing charges** to help cover the costs of running some local services, but over one-third (39%) felt that additional charges should not be applied.
- Respondents were in favour of **lobbying central government** to allow charging in some areas:
 - 66% agreed with charging for issuing Older Person's Bus Passes.
 - 64% agreed with charging for Home to School Transport.
 - 56% agreed with diverting income from speeding fines or driver awareness courses.
- However, in other areas, opinions were more mixed:
 - 42% agreed and 43% disagreed with recouping 25% of concessionary fares.
 - most did not feel that it would be appropriate to lobby for charges relating to library membership (60% disagreement) or HWRCs (56% disagreement).
- Overall, lobbying for legislative change to enable charging was respondents' **second preferred option**.
- Of all the options presented, generating additional income was the **most preferred option**. Suggestions included:
 - Improving the efficiency of council processes.
 - Increasing fees or charges for services.
 - Using council assets in different ways.
 - Implementing new, or increasing existing, taxes.
 - Lobbying central Government for more funding.
- Six out of ten respondents (61%) agreed with the position that **reserves should not be used** to plug the budget gap.
- Most respondents (55%) preferred the County Council to raise **council tax** by less than 4.99%. This compared to 34% of respondents whose first choice was to raise council tax by 4.99%. There was limited support for a rise in council tax above this level (14%).
- More than half of those who responded (**61%**) **agreed** that consideration should be given to **changing local government arrangements in Hampshire**.
- One in three (36%) respondents noted **potential impacts** on poverty (financial impacts), age (mainly older adults and children), disability and rurality.
- Staffing efficiencies were the most common focus of **additional suggestions** (31%).

- The 931 unstructured **other responses** to the consultation primarily focused on ways to reduce workforce costs (26% of comments), the impact of national politics on local government (8%), the need to reduce inefficiency (6%) and both support and opposition to council tax increases (7%).

Proposals following consultation feedback

93. Executive 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 4.99%;
 - consider further the opportunities for **changing local government arrangements** in Hampshire.
94. The proposals set out in Appendix 1 have, wherever possible, been developed in line with these principles.
95. The transformation of children’s social care specifically addresses the principle of targeting resources at the most vulnerable children. The same principle applies to the efficiency programme in the Youth Offending Service. A further example of the principles being applied is working more closely with colleagues in the Clinical Commissioning Group to jointly commission and fund packages of care for children with complex needs to generate income for Hampshire County Council’s Children’s Services.
96. 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.

97. 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.
98. Together the *Balancing the Budget* consultation and Equality Impact Assessments have helped to shape the final proposals presented for approval in this report.
99. Analysis has been undertaken across Adults Health and Care, Children's Services and Public Health to evaluate impact of savings proposals on particular groups/service users. Mitigation of impacts has been developed collectively and is reflected in the Equality Impact Assessments for projects across all departments.
100. The Short Breaks consultation is likely to be published in Spring 2020. Based on the findings of the consultation, analysis of data, and stakeholder input, recommendations for how to achieve savings under this workstream would be submitted to the Executive Lead Member at decision day on winter 2020.
101. Following this date, stakeholders would be made aware of any proposals agreed at the decision day and any required changes to service(s) would be implemented to ensure that savings are realised by April 2021.

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> Looking Ahead - Medium Term Financial Strategy https://democracy.hants.gov.uk/ielssueDetails.aspx?Ild=10915&PlanId=0&Opt=3#A18687	<u>Date</u> Cabinet - 18 June 2018 County Council – 20 September 2018
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).

Children's Services – Proposed Savings Options (Subject to consultation where appropriate)

Ref.	Service Area and Description of Proposal	Impact of Proposal	2020/21 £'000	2021/22 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CSD001	Government Funding - Additional Central Government Funding provided for Children's Social Care	<p>Staff: Positive insofar as it ensures that services are more sustainable.</p> <p>Service Users: Maintenance of services and quality that might otherwise have to be reduced or removed.</p> <p>Partners: Some targeted services will remain removing demand increases on universal services.</p>	8,100	8,100	8,100	0
CSD002	<p>Home to School Transport - A programme of whole service transformation that includes:</p> <ul style="list-style-type: none"> - Applying SEN transport eligibility policy, reducing exceptions. - Reducing external contractor spend through reduced number of suppliers and more flexible contracts. - Extend roll-out of spend to save on mini-buses. - Greater use of mileage allowances. - School Escort Provision Review - Team efficiencies through redesigned processes, revised contact model and front door 	<p>Staff: Cultural change related to ways of working, including increased use of technology and data insights to make decisions on transport routes and contract configurations. Potential some roles redundant from efficiency gains.</p> <p>Service Users: Those previously falling under an exception could have service removed or changed.</p> <p>Partners: Pressure on schools to meet reduced transport arrangements.</p>	1,340	3,000	3,000	0 - 5

Ref.	Service Area and Description of Proposal	Impact of Proposal	2020/21 £'000	2021/22 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CSD003	<p>Children & Families - Transforming Social Care - A continuation and enhancement on the Transforming Social Care programme that will see further development of the new operating model, including Hampshire Approach and Multi-Disciplinary Working with partners, enabling more children to remain safely at home and supporting Children with Disabilities.</p> <p>Specific elements include:</p> <ul style="list-style-type: none"> - Reduced placement costs from CWD to Adulthood transition pathway integration with AHC/ SEN - Reduction in unit cost of placements - Reduced administration costs and increased social worker capacity from system replacement efficiencies. 	<p>Staff: Positive for staff in terms of reduced caseloads and more time to spend working with families.</p> <p>Service Users: Positive through the reunification of children and young people with families and more CYP staying safely at home.</p> <p>Partners: Increased expectation that they will engage fully in multi-disciplinary working, potentially diverting their resources away from universal services.</p>	431	3,304	3,304	0
CSD004	<p>Administration Efficiencies - Efficiencies from a review and reconfiguration of administrative support to the Children's Services Department</p> <p>Resulting in a reduction in the staff establishment</p>	<p>Staff: A post redundant. Some additional workload for staff remaining.</p> <p>Service Users: None at this stage</p> <p>Partners: None at this stage.</p>	42	42	42	0 - 5

Appendix 1

Ref.	Service Area and Description of Proposal	Impact of Proposal	2020/21 £'000	2021/22 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
CSD005	<p>Short Breaks - A range of service reductions including:</p> <ul style="list-style-type: none"> - Reduce funding to Hampshire Parent Carer Network - Reduce funding for short break activities 	<p>Staff: Additional, time limited resource will be required to deliver the savings</p> <p>Service Users: Reduced offer; potentially reduced access to opportunities for a short break, potentially increased travel time to access</p> <p>Partners: Increase in demand on statutory and/or partner services.</p>	0	596	596	0
CSD006	<p>Education and Inclusion Efficiencies - A range of service efficiencies including:</p> <ul style="list-style-type: none"> - The service delivery processes and staffing structures around early years to release cashable efficiencies from staffing - To exploit the opportunities to increase income around Hampshire Futures by expanding the offer around outdoor education. - The administrative processes within Inclusion to ensure overheads are properly costed in the charging models. 	<p>Staff: Potential roles redundant, but potential increase in Hampshire Futures.</p> <p>Service Users: Increased opportunities for different access to broader range of outdoor education offers</p>	0	210	210	0 - 5
CSD007	<p>Health Contributions - Improved business processes, governance and joint commissioning to increase</p>	<p>Staff: Capacity needed to coordinate and drive health contributions.</p> <p>Service Users: Increase in fulfilled packages,</p>	0	1,800	1,800	0

Appendix 1

Ref.	Service Area and Description of Proposal	Impact of Proposal	2020/21 £'000	2021/22 £'000	Full Year Impact £'000	Estimated Staffing Impact FTE
	contributions from Health for Continuing Care and S117 After Care eligible cases.	potential consent issues relating to sharing information across CCG and CSD. Partners: Increased funding pressures on the CCG.				
CSD008	Youth Offending Team Efficiencies - An increase in team efficiency and productivity benefits, that will be released as cash also to improve service quality.	Staff: Some roles will not be replaced through vacancy management. Service Users: Removal of previous key worker leading to concerns over support and having to build new relationships/trust. Partners: Availability of reduced HCC workforce.	0	150	150	0
Children's Services Total			9,913	17,202	17,202	0 - 15