

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	6 January 2020
<b>Title:</b>	Transformation to 2019: Report No. 8
<b>Report From:</b>	Chief Executive

**Contact name:** John Coughlan

**Tel:** 01962 846400

**Email:** [john.coughlan@hants.gov.uk](mailto:john.coughlan@hants.gov.uk)

### 1. Recommendations

#### 1.1 It is recommended that Cabinet:

- a) Notes the latest Tt2019 programme risk assessment, including the early securing of £107m of savings - section 5.
- b) Notes the update on the outcome of the further work in relation to the future of Orchard Close Learning Disabilities Respite Care Centre and the agreement of the Executive Member for Adult Social Care and Health for a further service user and public consultation on proposed changes to the service - section 5.
- c) Notes the continued progress and strong contributions being made by the three enabling projects to the programme; Digital, Productivity and Procurement – section 6.
- d) Notes that programme progress will continue to be monitored closely with quarterly updates to be provided to Cabinet during 2020 – section 5 and 8.
- e) Notes the update on the implementation of the successor £80m Tt2021 programme, including the early achievement of £15m of savings and the likelihood of 7 service specific public consultations being required – section 7.
- f) Agrees to continue to work closely with sub-regional strategic forums and Hampshire MPs to make the case for changes to funding formulas and/or new charging powers aimed specifically at improving grant funding levels or raising income that will be used to protect important services into the future e.g. the Schools high needs block, Home to School Transport, the ability to charge for Household Waste Recycling Centres.

## **2. Executive Summary**

- 2.1 This is the eighth dedicated Transformation to 2019 (Tt2019) report to Cabinet setting out the latest programme position. In November 2017 Full Council approved a set of savings proposals put forward to enable a predicted budget gap of £140m by April 2019 to be closed against a then overall cash limited budget provision (excluding schools) approaching £767m.
- 2.2 Full Council approval of the savings proposals and the budget envelope for 2019 followed a summer 2017 public consultation exercise that provided an opportunity for residents and stakeholders to express their views on how best the County Council should go about the challenge of balancing a forecast £140m future budget gap. Further to the public consultation process and informed by it, Departments took their specific savings proposals to Select Committee meetings and Executive Member Decision Days in September 2017. In the October, Cabinet approved a Medium-Term Financial Strategy and Transformation to 2019 Savings Proposals report, which included the outcome of the public consultation exercise.
- 2.3 The October 2017 Cabinet report referenced clearly the challenges associated with the Tt2019 programme and made clear that delivery would extend beyond two years but that this would be supported financially by cost of change reserves held by Departments with the exception of Children's Services who would require central support. The report confirmed that due to the scale of the overall challenge and the increased risk to the timely delivery of the savings, CMT would be carrying out a peer review over the early autumn of 2017 of the higher risk elements of the programme and would advise accordingly on any changes to the financial support requirements for Tt2019.
- 2.4 The peer review exercise was duly completed and as reported in December. Cabinet were updated on work to explore all viable options to refine the October 2017 proposals with particular regard to service continuity in areas such as school crossing patrols, community transport, bus subsidies and household waste and recycling centres. These savings options accounted for some £5.3m of the overall programme proposals. The culmination of this work and the development of £2.1m of alternative savings proposals combined with Government allowing local authorities to increase Council Tax by a further 1% (valued at £5.7m of which £3.2m is being used to allow the universal service savings to be withdrawn in full) were reported to Cabinet in early February and paved the way for Full Council to approve changes to the Tt2019 programme at their meeting later in the same month.
- 2.5 It was also reported that further one-off cash flow support would also be required to enable the safe delivery of the Adults element of the programme. This brought the overall Tt2019 cash flow requirement to £40m to support the savings programmes in Adults and Children's which was able to be accommodated from the Council's strong reserves position that has resulted from year on year strong and effective financial management. The Adults and Children's programmes, subject to the careful management of some key

risks, are still forecast to take four years to deliver. Given the on-going demand and delivery challenges in the two social care Departments, it is anticipated that the £40m cash-flow support will be required in full.

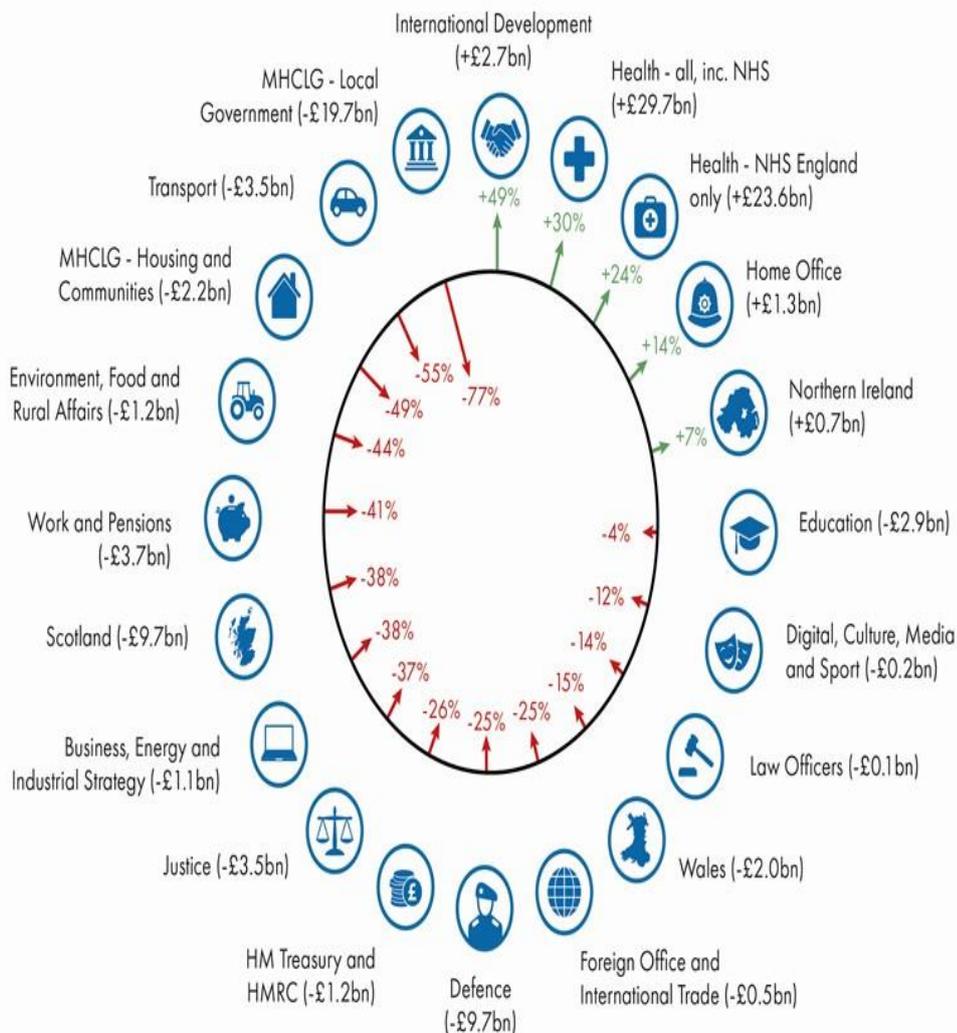
- 2.6 Members will be aware of the current focus, nationally and locally, on Children's social care pressures. These are described in more detail in Section 5 of this report but particularly include the continuing market challenges in relation to children in care placement costs. This is a national issue. To put this in context, the base budget for Children Looked After (CLA) in 2018/19 was £85m but after taking account of all the forecast increases in numbers and prices, it will be around £112m by 2021/22. Additionally, Members are also aware from the latest Medium-Term Financial Strategy report (October 2019) of the extent of re-emerging financial challenges in Adult Social Care linked to demand, complexity and price pressures.
- 2.7 Accordingly, upper tier authorities are having to re-calibrate their budgets, with the resultant negative impact upon other services of the County Council to meet the increasing demand and price pressures across Social Care. This is in advance of any potential recurrent national funding that it is hoped will be confirmed in late 2020 as an outcome of the now overdue Spending Review to ease some of the pressure. Delivery in the other Departments has been largely contained to two years or, where it has stretched beyond, most notably in ETE, the individual Departments are managing the later savings achievement through their own cost of change reserves.
- 2.8 The programme focus for the subsequent two years has been orientated to implementation and delivery with £107m of the £140m target secured to the end of September 2019. This includes the full achievement of the £23m of investment and borrowing savings (and a small element of additional council Tax Income) alongside £84m of delivery across the different Department programmes. Where appropriate, the implementation has included service specific public consultations where proposals and options for service change have been debated with service users and key stakeholders. All six stage-two public consultations have duly been completed with the last of these in respect of Learning Disabilities Respite Services concluding just prior to Christmas 2018. Further to consideration by HASC in early February 2019, the Executive Member for Adult Social Care and Health deferred the decision to close the Orchard Close service at her 27 February 2019 Decision Day and asked for further work to be progressed and to be overseen by a HASC working group. This work has duly been completed and is described in paragraph 5.6.
- 2.9 Resources for the programme remain in place and are focused on a number of the more significant programmes of work. This includes deployment of the in-house Transformation team to support Adults and Children's projects as well as specialist I.T input to drive forward the business critical Digital 2 work, which, as previously reported, is a key enabler for Tt2019. Strong progress continues to be made with other important enabling projects including 'Enabling Productivity' and 'Strategic Procurement'. These important contributors to Tt2019 are covered later in this paper.

2.10 In line with previous major cost reduction exercises, Tt2019 progress is being closely monitored and is subject to monthly review by CMT. This ensures that issues, concerns and risks are dynamically responded to and dealt with and also means that benefits realisation and the timely delivery of savings is consistently in focus, which for this programme, given its later cash flow support demands, is ever more important. Further, it is certain that there will be continued and additional demographic driven service demand pressures, particularly in the Social Care Departments into the next decade. This puts an added premium on Tt2019 being delivered in full, and in the timeliest manner to put the Council in the best position possible to push ahead and successfully implement the successor Tt2021 programme that Full Council approved at its recent November 2019 meeting. An update on Tt2021 process is included in section 7 of this report.

### **3. Financial Context**

- 3.1 Cabinet has previously noted that each successive programme of 'transformation' in itself is harder than the previous one as the scope for early and easier removal of spending lessens each time. To this end, Tt2019 is testing the Council like no other programme has up to this point.
- 3.2 Throughout the period since 2010 the Council's financial performance has been very strong. This is evidenced in each and every annual performance report and independently by the external auditor through the annual best value judgement on the Council's financial resilience. Council tax in Hampshire is amongst the lowest in the Country whilst performance across a number of key service areas is strong as evidenced in the performance report that was presented to Cabinet at the end of last calendar year.
- 3.3 In February this year, Full Council approved the budget for 2019/20 and as part of this were updated on the continuing strong financial position the County Council is in despite operating in a near decade of austerity and relentless service demand challenges. The budget for 2019/20 includes the full removal of the £140m Tt2019 savings meaning that some £480m has now been removed from budgets since 2010 across the consecutive cost reduction programmes. Whilst technically all savings have been removed from the budget for 2019/20, where further Executive Member decisions are still required, including post possible further service specific consultations, funding has been set aside within Departmental cost of change reserves or corporate contingencies to continue to fund the service pending the results of any further consultations and final Executive Member decision(s).
- 3.4 The scale and extent of the cost reduction efforts over the past decade is clearly very significant. During the austerity period, Local Government has consistently fared worse than all other parts of Government as the diagram over the page demonstrates. What is also very evident is the disparity in treatment between funding support for the NHS and Local Government which undoubtedly makes it more difficult for our external partners, Acute hospitals, CCG's and NHS provider organisations to understand the very clear challenges we uniquely face in terms of balancing increasing service demands against the backdrop of real reductions in spending ability.

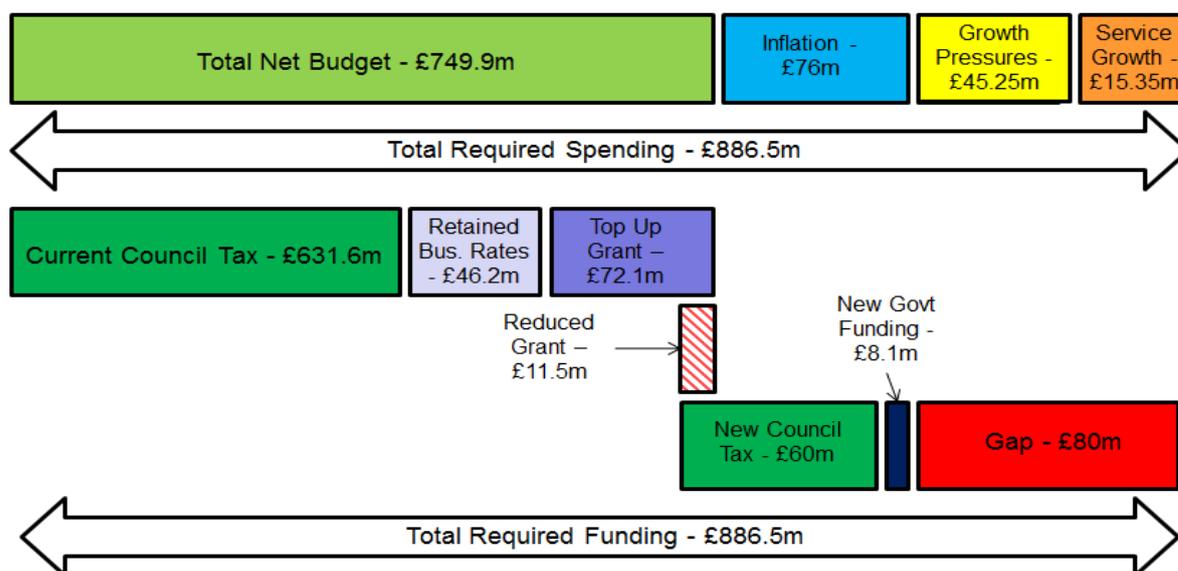
# Percentage change in Government Departmental revenue budget – 2009/10 to 2019/20



3.5 The achievement of early savings, the careful use of one-off monies and the additional recurring provisions to support social care demand and complexity have allowed for targeted re-investment back into services over the same period e.g. more social workers, operation resilience, Digital platforms etc. This has helped Departments to manage their resources, provide further for one off investment to support the on-going transformation (cost reduction) challenge and at the same time maintain and even improve service outcomes and performance. The chart in paragraph 3.6 highlights that growth pressures and service growth account for over £60m of the additions to the budget over the two-year period. Up to and including 2021/22 there has been total growth of £250m in the social care services alone.

3.6 The allocation of recurring provisions for growth alongside resources provided to Departments for the cost of pay and price inflation has been a key feature of the County Council's financial planning for many years. On top of this the County Council has also received less grant funding from the Government, to the point that Revenue Support Grant is reduced to nothing by 2019/20. The MTFs approved by Full Council at their September 2018 meeting, highlighted a further two year budget gap by 2021 of some £80m and after accounting for further Social Care service growth pressures and the outcome of the September 2019 Spending Round, the latest MTFs considered by Cabinet in October 2019 has reaffirmed this position. Whilst grant reductions represent only a small proportion of this overall gap in resources, the County Council must still find ways of meeting cost pressures in the form of inflation (on gross spend of c£1bn – averaging 3.6% p.a.), growth and new initiatives, which hitherto were also supported by increases in government grant.

3.7 Whilst some money is therefore added into Departmental budgets before the gap is met, this still requires a total reduction in net spend of £80m that must be delivered either by reducing activity, reducing the cost of the activity that is provided or generating additional income. This can be represented diagrammatically as follows for the two-year period 2020/21 to 2021/22:



**Notes:**

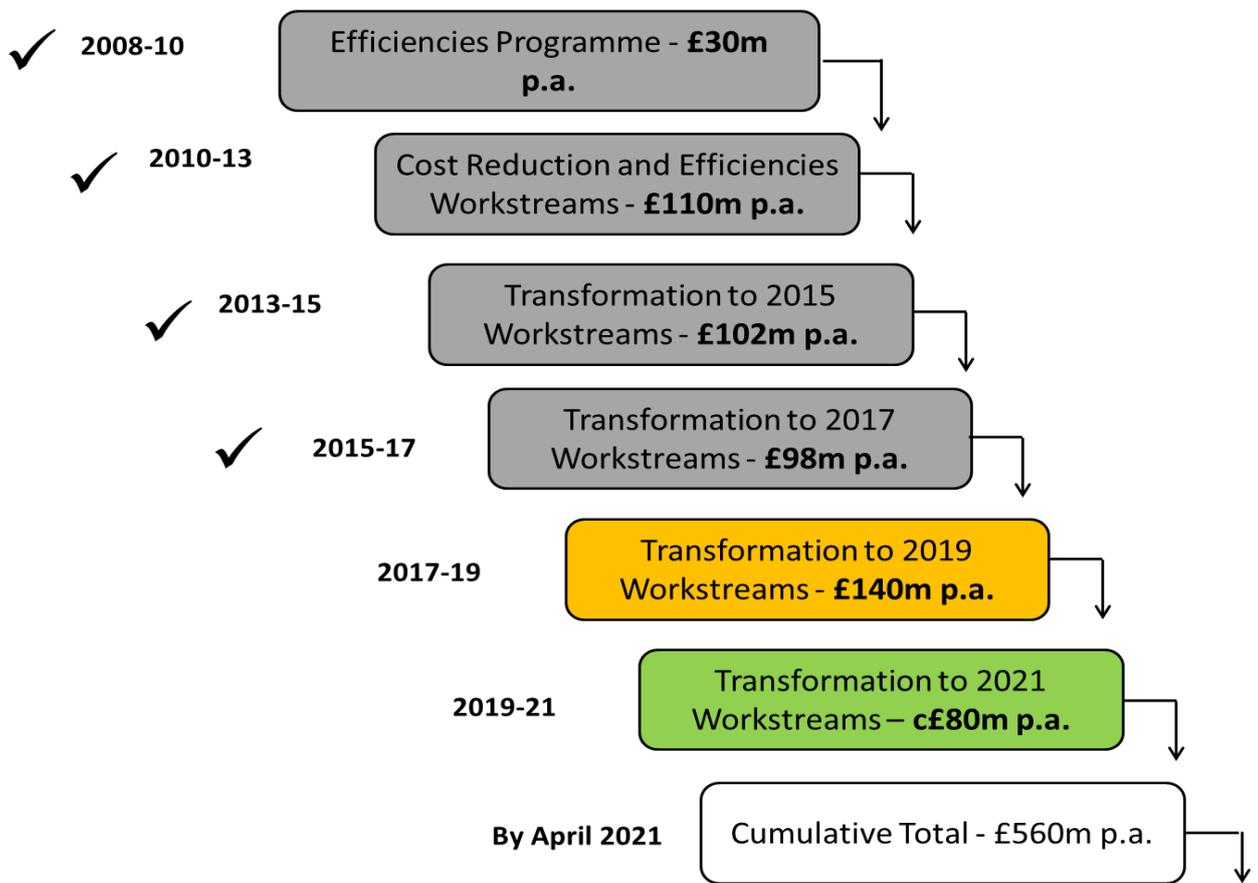
Blocks are not to scale. Inflation estimate covers a 2 year period. Growth pressures relate mainly to Adult and Children's Services demographics. Service growth includes new targeted investment e.g. into I.T.

3.8 Whilst performance has been sustained to date, the cumulative impact of numerous savings programmes together with sustained pressure on all Departments, but in particular Social Care spending, show a different and more challenging developing picture. As outlined to Cabinet in the latest MTFs report, additional recurring provision has been allowed for both Adults and Children's Services to better enable the Departments to accommodate the full range of service and price pressures being faced. Further, Children's

Services have exhausted their cost of change reserves and Adults are set to do likewise in the next year or so.

- 3.9 The latest MTFS confirms again the need for the Council to remain focused on fully closing the forecast budget gaps including the full delivery of Tt2019 and then Tt2021 over the coming three years from a cash limited overall budget (excluding schools) of some £767m, even after allowing for planned Council Tax rises. The inclusion of the Tt2021 Programme of £80m within successive savings programmes since 2008, takes the total requirement to £560m as outlined in Figure 1 below:

**Figure 1. Cost Reduction Exercises including the Tt2021 Programme Requirement**



**Note: The cumulative figure is made up of inflation, demand and reduced grant**

- 3.10 Alongside the necessary delivery of Tt2019 and the successor Tt2021 programme, officers and Members of the Council continue to work with sub-regional strategic forums, local MP's and the government direct to influence changes in funding arrangements, secure greater flexibility and freedoms regarding the use of resources and to press for new charging powers all of which can help to improve the overall financial position and better protect service areas. In the recent past input to Special Educational Needs and Disability work has led to positive changes in funding support levels and activity continues in other areas e.g. School's high needs block, Home to

School Transport and possible future charging for Home to School transport and Concessionary Fares.

#### **4 Tt2019 – Targets and Timeframe**

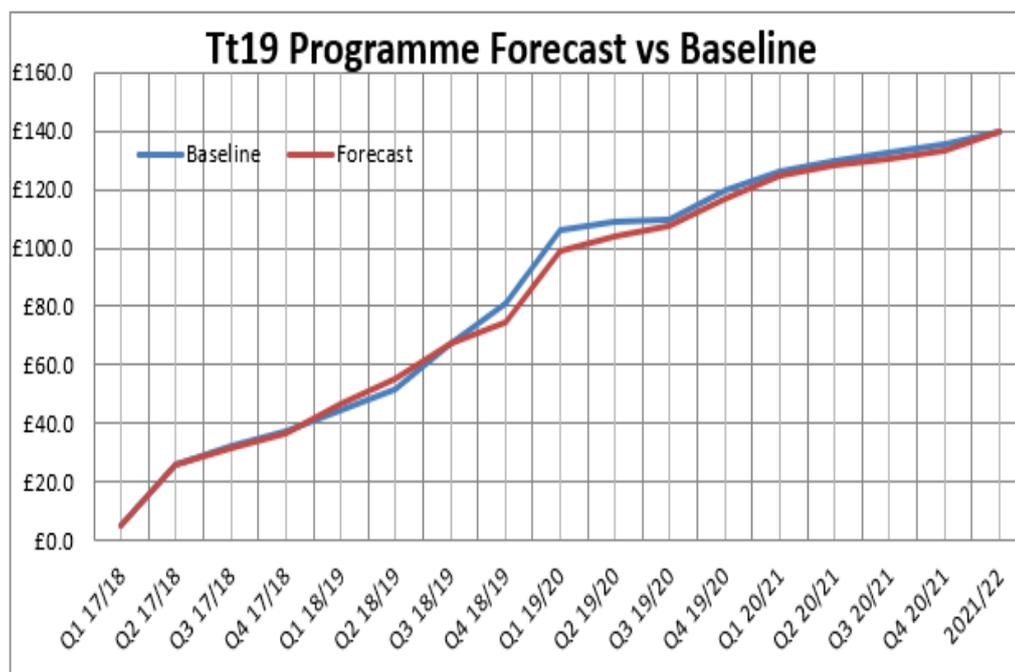
- 4.1 Cabinet approved the overall programme target of £140m and the breakdown of the programme, including Department targets when considering the MTFS report of the Director of Corporate Resources in June 2016.
- 4.2 It was agreed that £120m of the overall programme would be met by Departments, equating to a further cash limit reduction of some 19% against an overall Department budget provision approaching £767m. The cumulative Tt2019 challenge for the Departments being one third again, the size of what was asked of them for Tt2017. Per the approval of Full Council in February 2018 to remove savings proposals in respect of universal services, the £120m Departmental reduction was subsequently reduced to £117m.
- 4.3 The remaining £23m has been secured from increased investment and Council tax income and reduced borrowing costs. In the main this has resulted in a revision to the accounting practice in respect of the minimum revenue provisions (MRP) for depreciation, but this also covers management of debt and reserves and also includes part of the extra 1% increase for Council Tax in 2018/19. Positively, these savings have been delivered in full providing a very solid foundation for the programme overall. The programme breakdown and individual Department targets updated to take account of the February 2018 changes approved by Full Council are shown in Appendix 1.
- 4.4 At their June 2016 meeting, Cabinet also approved the headline programme timetable including an earlier budget setting process that commenced in early Autumn 2017. This has allowed the maximum possible time to plan, work on and implement the range of service changes required to enable the programme to be delivered. As outlined in paragraph 2.4, it is predicted that the entire programme will take up to four years for it to be delivered safely and with minimum disruption and impact to service users and communities.

#### **5. Tt2019 Programme Overview and Progress to Date**

- 5.1 Departments continue to work hard to ensure that their various projects and overall programmes are continually reviewed and appropriately resourced in order to provide the right conditions for the continued transformation of services and realisation of savings. This work includes regular updating of risk assessments for each of the remaining projects still to be delivered.
- 5.2 Further, CMT completed in early November 2017 (paragraph 2.4) a peer review of the higher risk projects and scrutinised the savings delivery profiles for each Department so that the corporate cash flow requirements for the programme overall could be updated and planned for. Further to regular on-going reviews of programme delivery since this time the latest programme (risk apportionment) position for the end of October 2019 is summarised in the table over page, and described in the following paragraphs.

Blue/Green	£107m
Amber	£ 15m
Red	£ 18m
<b>Total</b>	<b>£140m</b>

5.3 Pleasingly, the Blue and Green classifications continue to grow and now account for a healthy £107m, or over 76% of the overall programme requirement. The £107m includes the full £23m of the investment and borrowing component being secured with the remaining £84m covering the delivery of projects in each of the different Departments with savings ranging from £42.1m in Adults (includes the previously announced £18.9m additional 'Better Care Fund') to £5.4m in CCBS. The secured savings figure continues to track closely to the forecast savings profile developed by each of the Departments at the outset of the programme as demonstrated in the graph below.



5.4 As expected for what remains a very challenging overall programme, £33m or 24% of the savings still to be achieved over the final 18 months of the planned four year delivery, sits in the Amber and Red classifications. Given the complexity of any number of the savings areas, the reported position is not an unexpected one. Almost £30m of the cumulative Red and Amber totals relate to Adults and Children's. This equates to 35% of their combined programmes.

5.5 The risks for each of the aforementioned Departments are well rehearsed but numerous. The two social care Departments continue to experience growth in demand. Transforming these key front-line services is difficult and requires extra time for the changes to be safely implemented without significant disruption to service users and their families. For Adults the demand challenges are in different forms including higher numbers of younger adults with complex care needs, an increasing amount of people experiencing mental health problems and an ageing population that is set to

result in an increase of 10,600 in the 85 year plus population from 43,900 in 2017 to 54,500 in 2024. An added dimension of complexity, impacting on social isolation levels and service delivery, is the sheer scale and rurality of a County such as Hampshire, which is one of the largest in the Country with an urban/rural split in the order 20:80. Demand for Older Adults services has been rising faster than in previous years. Greater complexity is a challenge as is price pressures in the form of higher unit costs for care packages and residential and nursing care placements. Additional focus is being applied to these service areas, aided by improved, almost real-time management information. Taken together with the additional recurring financial support that was confirmed in the latest MTFs, every effort is being made to ensure service costs are contained within the available budget provision.

- 5.6 In the area of Learning Disabilities, the public consultation in respect of Respite Care services concluded in December 2018 and following analysis and evaluation of the consultation responses and scrutiny of the proposed service changes by the Health and Social Care (HASC) select committee, the Executive Member for Adult Social Care and Health deferred a decision to close the Orchard Close service at her 27 February Decision Day pending further work to be completed by the autumn of this calendar year. This outcome of this work was considered by HASC last month and earlier in December the Executive Member agreed recommendations to further consult service users and the public on proposals that included, but were not limited to, keeping Orchard Close open but with a reduction in bed numbers from 13 to 10. The consultation is set to run from 16<sup>th</sup> December 2019 to 9<sup>th</sup> February 2020 with a final report to the Executive Member in March 2020.
- 5.7 Alongside the demand and service challenges, the Department is working jointly with Health in response to the CQC led whole system review that focussed on hospital discharge performance. The review outputs were presented and debated at a summit meeting held in June 2018 and since then progress has generally been positive with improved performance over the past year. Delivery and achievements against the CQC action plan were presented to the recent Health and Wellbeing Board meeting and at their December meeting, the Board will hear jointly from system leaders and the Director of Adult Social Care regarding winter pressure planning and discharge performance over the recent very challenging period. Other integration work with the NHS is also in train and making good progress including in the areas of Integrated Intermediate Care, Mental Health and Learning Disabilities.
- 5.8 For Children's Services, corporate financial support has already been factored in, both in-year and continuing into 2019/20, to accommodate existing cost pressures in Home to School Transport and Children Looked After. The February 2019 Cabinet budget report provided more detail in terms of the current financial pressures impacting on the Department. Focused further work has been undertaken to better understand the demand pressures in Children Looked After and the higher unit costs being experienced, which is a national issue affecting all upper tier authorities.
- 5.9 Current forecasts are based on the growth in numbers and costs experienced from 2016/17 to 2017/18 but the trend for 2018/19 was above

this. This was partly due to the fact that many of the new placements were at the more expensive end of provision, because of the conditions of the external market where demand continues to out-strip supply. Price increases in some areas compared to a year or two ago are in the order of 15% or more.

5.10 The key factors driving the increased number of placements were reported previously to Cabinet. They centre around:

- A much better awareness and identification of child abuse and neglect from a range of partners.
- The better application of consistent thresholds to receive help as a result of government statutory guidance ('Working Together to Safeguard Children').
- A growing professional awareness of risk from partners driven by national child care scandals.
- The better identification of forms of abuse such as child sexual exploitation, child criminal exploitation and online abuse.
- The creation of a number of new policy initiatives such as 'staying put' which allow teenagers to stay in their foster care placements.
- Children remanded in custody being treated by law as children in care.
- A range of new legal processes such as the 'public law outline' which drive local authorities to put far more case decisions before the family courts.
- A drive by the courts for all application cases to conclude within 26 weeks.
- Policy drivers such as the national redistribution of Unaccompanied Asylum-Seeking Children (UASC) arriving from France.

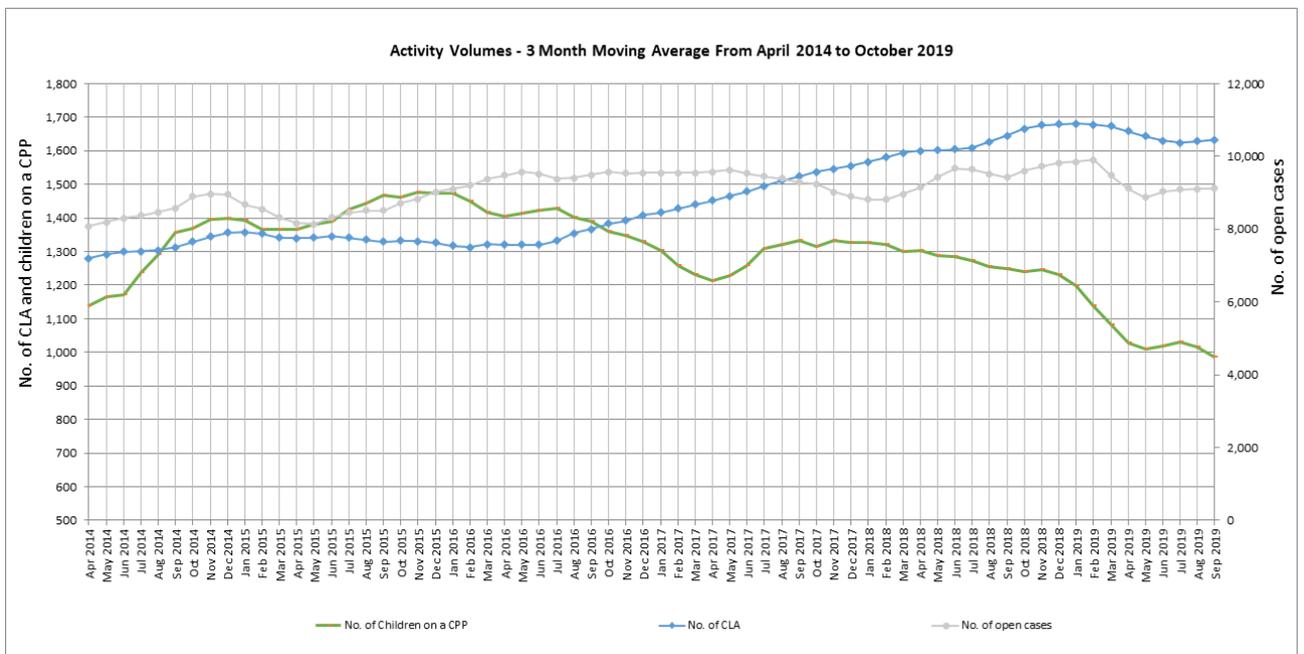
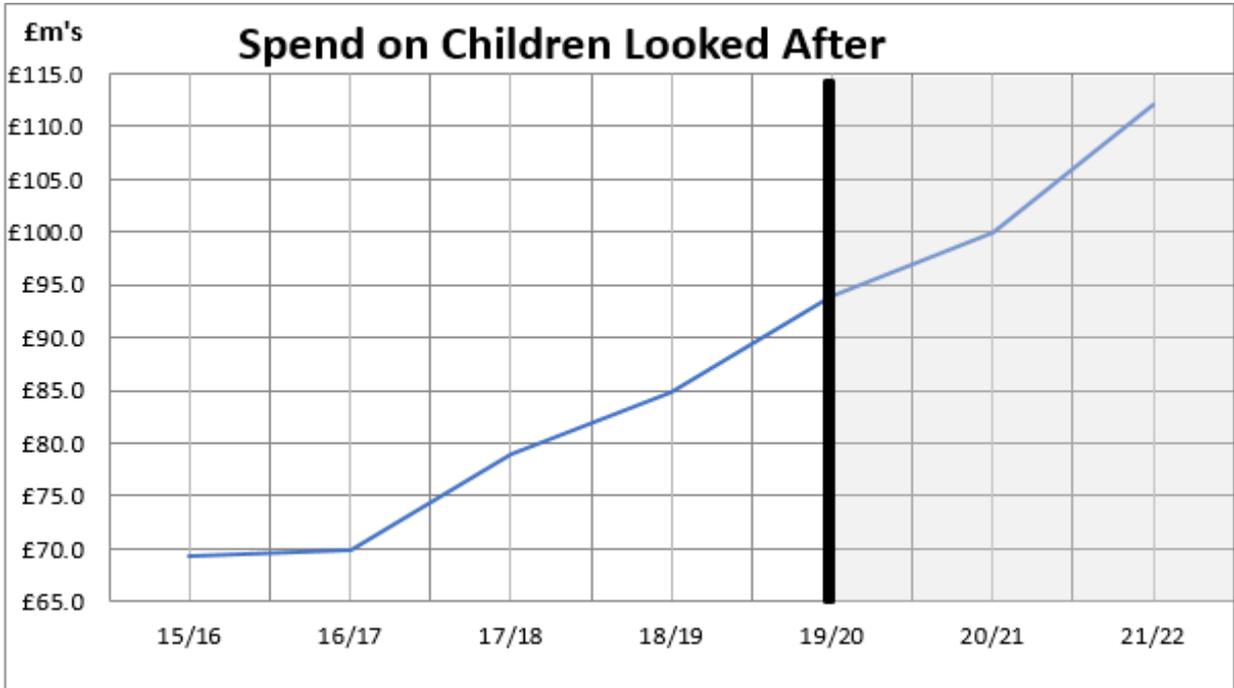
5.11 The increasing number and complexity of children needing to be placed in care is having an impact on the market for placements. Once capacity within in-house placements is full there is no choice but to look to independent fostering agencies and non-county placements, which are higher cost in any event and the increased national demand is forcing up prices even further.

5.12 Projecting the increase in numbers and costs forward based on the growth between 2016/17 and 2017/18, it is predicted that a further ongoing base budget increase of £13.5m on top of the £9.7m that had already been allowed for in the forward forecasts will be required and this will be followed by further annual increases of £11.6m in 2020/21 and £13.3m in 2021/22. The base budget for CLA in 2018/19 was £85m but after taking account of all the forecast increases in numbers and prices, it will be around £112m by 2021/22 (see the graph on the next page).

5.13 This additional corporate support was included in the MTFs update that was agreed by Cabinet in June 2018 and approved by Full Council in September 2018, but still represents the highest risk area in the budget at the current time. It is also inescapable that this necessary and planned strategy limits the scope for additional support to other areas of County Council services,

such as highway maintenance, which are also statutory responsibilities but where the risks to the vulnerable are less immediate and severe.

### Children Looked After Spend 2015/16 to 2021/22



5.14 For Home to School Transport, an eight-week public consultation exercise finished in March 2018 around proposed service changes. The consultation results were subsequently analysed and reported to the Executive Member in May 2018. The Executive Member agreed to a number of policy changes

that are being introduced over an 18 month period and will deliver some £1.5m of savings per annum for the Department when completed.

- 5.15 Containing and then reducing demand and thus cost in these two key areas is especially difficult. The work programmes being undertaken in this regard include attracting and maintaining higher number of Social Workers (an overall resource increase of 120 is on target to be achieved over the next 2 years). This ambition is being assisted by the new Agency arrangements that the County Council successfully entered into this April. In addition, the service made two key changes earlier this year to reduce demand; multi-disciplinary working (MDW) and the 'Hampshire Approach', the latter being a family centred, resilience focused approach to social work that together with MDW will keep more children safely at home.
- 5.16 Pleasingly, early signs from the changes and new approaches described above are positive with a growing sense that Children Looked After Numbers have (for the time being at least) stabilised and that the programmes of work are having a real impact. This view has been endorsed and confirmed by Ofsted who earlier this year completed a full inspection of Children's Services and awarded an 'Outstanding' judgement in all areas. Furthermore, the Inspectors provided specific feedback on the positive impact the Transforming Social Care Programme is having on Children and Families citing the deployment of Intensive Support Workers as a model of best practice. Such an overall inspection result is all but unprecedented with only North Yorkshire and more recently, the bi-borough arrangement of Kensington and Chelsea and Westminster achieving the same outcome.
- 5.17 Notwithstanding, nationally there is growing recognition that Children's Services are facing financial difficulties that now go beyond the very challenging environment in which Adult Services have been and are operating in. Further, and remaining appropriately cautious even with the excellent Ofsted outcome, safely removing the remaining £18m of the overall £30m Department target, from the service, even over an extended four-year programme period, remains the biggest challenge for the successful completion of the Tt2019 cost reduction exercise.
- 5.18 Alongside demand challenges, the Department will also need to manage or work with partners through a range of other key risks including Continuing Health Care funding with the NHS, the increasing budget challenges being faced by Schools', and the transition to a new I.T Care Management system for which the procurement process has recently been concluded.
- 5.19 Returning to the Ofsted judgement once more, it should be noted that Hampshire Children's Services continues to work effectively and successfully with other local authorities in support of their services and their improvement requirements, in line with the Department's long established and now reaffirmed exceptional status as a high performing service. That includes: the partnership with Isle of Wight now moving to an open-ended arrangement and the role as improvement partner with Torbay, now moving to its final stages as the formal partnership with Plymouth City Council has been brokered and established; the role as improvement partner with Buckinghamshire County Council now fully established under Secretary of

State Direction; and a range of smaller scale regional support initiatives under the DfE Partners in Practice programme. All of these arrangements generate helpful income to the Department but also offer invaluable learning to senior managers and extend the capacity and the reputation of the local authority.

- 5.20 For the other Departments, ETE, CCBS and Corporate Services, the Tt2019 programme has largely been completed. For ETE £3m remains to be delivered in respect of waste related savings for which options are being reviewed with collection authority partners aimed at improving recycling performance across the Hampshire waste partnership. Capital provision was approved by Full Council in February 2019 for future infrastructure investment to enable the recycling improvements to be realised and a business case is now being developed for consideration by the Executive Member later in the financial year. For CCBS the remaining focus centres around reducing (and at the same time modernising) the corporate office estate as part of the overall efforts to improve the Council's efficiency and reduce its business operating costs. For Corporate Services, changes and modernisation of the Council's HantsDirect call centre are still on track to be implemented in the coming year.
- 5.21 Positively, we are now one year in to the very successful on-boarding of the three London Boroughs (Westminster City Council, London Borough of Hammersmith and Fulham, and Royal Borough of Kensington and Chelsea) to the high performing shared service arrangements that the Council has successfully implemented and built upon over the past 6 years. The new service incorporates the delivery of core HR, Payroll and Finance systems. Operational performance over the past year has gone exceptionally well with the three London Boroughs content and pleased with the quality of the service they are benefitting from. As reported previously, this expansion, which is line with a deliberate strategy to grow the shared services platform in a carefully managed way, brings further resilience to our shared Corporate Services arrangements with partners and welcome recurring income to the Council. Further expansion opportunities are now being developed.
- 5.22 In April, the Council entered in an agency staff joint venture with Kent County Council. The new arrangement, known as 'Connect2Hampshire' is responsible for the recruitment of temporary agency staff across roles within the County Council, from specialist I.T staff to general administrative roles. It has a particular focus on recruiting into social care, where significant demand for additional staff to plug gaps on a temporary basis is most evident. Connect2Hampshire has established itself well over the past six months. It is delivering against the needs of the different business interests of the Council and has aided permanent recruitment in key service areas. The agency initiative will not only provide more control over recruitment activity, but it will also lower costs of employment for Departments.
- 5.23 As we move into 2020, Tt2019 performance will continue to be closely monitored with further monthly reports to CMT and a next update being provided to Cabinet in March 2020. As we continue forward, we know that the remaining savings areas will be the most difficult to secure and given the challenges described earlier for the two Social Care Departments there is

clearly no room for complacency especially as implementation and delivery of Tt2021 will now very visibly run alongside the Tt2019 programme from this point.

## **6. Tt2019 Enabling Projects**

- 6.1 Key to the success of previous cost reduction programmes, and Tt2019 is no different, is the contribution that is made from cross cutting enabling projects. The Council's achievements in terms of introducing and exploiting digital technology are well trailed and the previous Tt2017 programme significantly benefited from the multi-layered, multi-faceted Digital programme that ran alongside and has resulted in the Council, its staff and residents working from and accessing modern business platforms.
- 6.2 Three cross-cutting enabling projects are, and will, continue to make a telling contribution to the success of Tt2019 with the benefits extending to Tt2021 and beyond and together with the digital programme underpin recurring savings in the order of £62m. These include a successor (and bigger) Digital programme of work known as Digital 2, an 'Enabling' Productivity' project which has been focused on creating the optimum conditions for all staff, managers and the front line, to improve individual productivity levels and lastly a Council wide Strategic Procurement programme of work that is enabling Departments to maintain and/or improve service outcomes whilst reducing the overall external spend which currently exceeds £600m.
- 6.3 As the Tt2019 programme has developed, Cabinet and Council Members have been regularly updated on the progress and achievements of the individual work programmes. At the end of June 2018, Members took part in a very successful Digital 2 seminar type event and a report was presented to Cabinet at their September 2018 meeting outlining the achievements and return on investment of the Digital 2 and the Enabling Productivity programmes. Each of the three main cross-cutting work areas are significantly contributing and bringing pace to the Council's modernisation agenda towards high class, efficient back office functions and high quality, customer-orientated front-line services.
- 6.4 In the past year further strong progress has been made within the Digital 2 programme especially in terms of Robotics Processing Automation (RPA). A number of projects have completed. Further, the Web Programme is supporting numerous Tt2019 IT Projects; including HR, Libraries, Children's Partners in Practice and Adults Social Care Manual. Earlier this year the Council's document management system was successfully fully migrated to SharePoint which represented another key milestone for the overall Transformation Programme and was made possible by some significant work across all five Council Departments. All of the Digital 2 areas of work are resulting in business processes that are more efficient, more modern and more effective.
- 6.5 In the Enabling Productivity programme, the deployment of some 6,000 mobile devices has been completed with staff from different parts of the business now benefitting from the latest technology that is enabling them to work more productively (smarter not harder) and increase levels of customer contact and interaction. Feedback from the roll-out of the new devices

remains consistently upbeat and positive and usage of the new equipment is being closely monitored so that optimal benefits for staff and for service users are secured.

- 6.6 In both our Digital 2 and EPP work, a more commercial approach to procurement has been an important enabler in the progress that has been made. This more robust procurement approach is extending to all parts of the Council business and to our partnership work with Hampshire Constabulary and Hampshire Fire and Rescue Service. Positively other Hampshire based partners are now looking to work closer with the Council in this area including the Clinical Commissioning Groups and at least one District Council. Beyond Hampshire, the service is working with a neighbouring upper tier authority on a major highways procurement exercise. Increasingly, the work is resulting in stronger tender processes and improved service outcomes combining both quality and cost. The outputs and additional service capacity resulting from the Adults Care at Home contracts that were awarded last year are testament to this.

## **7 Tt2021 – Approval and Early Implementation**

- 7.1 Over the past few months, Executive Members, Cabinet and then Full Council (November 2019) have agreed and approved the full set of Tt2021 savings proposals that will enable the forecast future budget gap of £80m to be closed. The approvals follow extensive work undertaken by all Departments and a summer public consultation exercise that attracted more than 5,000 responses.
- 7.2 Attention has now very much turned to implementation and delivery and pleasingly £15m of the £80m programme has already been achieved. This provides an excellent and welcome foundation on which to build upon over the next few years. Just over £12m of the savings secured came from the September Spending Round announcement by Government in which grant funding for Children's Services (£8.1m) and for Adults Services (4.2m) was confirmed. In addition to the secured Government funding, other smaller savings achievements have been declared by Corporate Services and by CCBS.
- 7.3 As we move into 2020, normal Tt2021 savings delivery is expected to steadily increase with circa £46m of the overall programme forecast to be secured by the end of 2020/21. That said, the next 15 months or so is set to be especially testing as we will be double-running transformation programmes to a scale not seen before within the Council. Indeed, when taking into account that £33m of the hardest savings areas is still to be derived from the Tt2019 programme and a further £31m is forecast from the successor Tt2021 programme, Cabinet will note that a cumulative £64m of savings has to be secured before the end of the forthcoming financial year.
- 7.4 Further to the generic summer public consultation on the £80m savings challenge, and consistent with previous programmes, Departments have been reviewing their individual saving proposals and concluding on which areas will require service specific public consultations ahead of consideration of any service changes by Select Committees and Executive

Members. This work is still being finalised but at this stage it is envisaged that 7 service specific consultations will be required starting with a consultation on the future operation of the Library Service in January 2020.

## **8 Conclusion**

- 8.1 Following impressively strong and consistent financial performance over many years and further to last year's finance settlement for Local Government, the County Council is now deep into the process of closing a budget gap of some £140m by 2019/20 with some £107m secured to this point. This is after safely removing £340m of savings over the past seven years and within that, delivering in full on the latest Tt2017 programme.
- 8.2 Following a public consultation exercise that sought views from the public and key stakeholders on a range of different options for closing the budget gap, Full Council approved the Tt2019 savings proposals in November 2017 further to Select Committees and Executive Members consideration in September and a consolidated report to Cabinet in October.
- 8.3 In December 2017 Cabinet were updated on the work of officers to explore all viable options to revise or refine the universal service proposals where possible which culminated in the development of £2.1m of alternative savings proposals. Taken together with Government allowing local authorities to increase Council Tax by a further 1% (valued at £5.7m of which £3.2m is being used to withdraw savings) in February 2018 Cabinet agreed to recommend to Full Council the removal of £5.3m of universal savings, recommending also that Full Council agree to raise Council Tax in 2018/19 by the extra 1%. Full Council approved the Cabinet recommendations at their February 2018 meeting. Cabinet were also updated on the review of the savings profile by project to ensure that the corporate cash flow requirements to support later delivery were clear and could be planned for. As reported, the cash-flow support requirement for the programme was estimated at £40m and it is expected that this will be required in full.
- 8.4 Tt2019 progress is being closely monitored and is subject to monthly review by CMT. This ensures that issues, concerns and risks are dynamically responded to and dealt with and also means that benefits realisation and the timely delivery of savings is consistently in focus. Given the cash-flow demands of the Tt2019 programme and the imperative of it being delivered in full and thus no leaving no legacy as we move into full implementation of the successor £80m programme (see paragraph 8.6), the importance of continuing to closely monitor the Tt2019 programme performance can not be over stated.
- 8.5 Progress with Tt2019 continues to track closely to the forecast plan with £107m of savings secured to the end of April. Of this figure, £23m relates to the full achievement of investment and borrowing savings, together with an element of increased council tax income. The remaining £84m flows from delivery in the different Departments. Pleasingly, the three Tt2019 enabling programmes; Digital 2, Enabling Productivity and Strategic Procurement are all progressing well and the contributions from these will continue to evolve

and be more influential as the programme develops. CMT are monitoring the programme on a monthly basis and a further progress reports will be presented to Cabinet at least quarterly throughout 2020 and beyond.

- 8.6 Turning to Tt2021, In November 2019, Full Council approved the full set of savings proposals developed by Departments to close a forecast budget gap of £80m by April 2021. Like Tt2019, this programme is set to be very challenging and is likely to take 4 years to secure in full, with cash-flow support requirements of £32m previously being agreed by Cabinet. The focus is very much now on implementation and pleasingly £15m of the £80m target has already been secured, mainly as a result of confirmed grant support funding arising from the Government Spending Round announcement in September.
- 8.7 With Tt2021 now in full flow and with £33m still to secure from Tt2019 the Council is now very visibly into double-running of major transformation programmes. This will present a new set of challenges but delivery, including further cumulative savings of some £64m to the end of 2020/21 (next 15 months) remains absolutely fundamental to the on-going success of the organisation. Achievement of the full set of Tt2021 savings proposals will require a number of service specific consultations to be undertaken prior to consideration of any proposed service changes. At this point in time, up to 7 such public consultations may be required with options for the future of the Library service set to be debated from January 2020.

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

<b>Hampshire safer and more secure for all:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	No
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Report No. 1	27 October 2014
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19	11 December 2017
Transformation to 2019 – Report No 2	11 December 2017
Revenue Budget and Precepts 2018/19	5 February 2018
Transformation to 2019 – Report No 3	16 April 2019
Medium Term Financial Strategy	18 June 2018
Transformation to 2019 – Report No 4	17 September 2018
Budget Setting and Provisional Cash Limits 2019/20	10 December 2018
Transformation to 2019 - Report No 5	10 December 2018
Revenue Budget and Precept 2019/20	1 February 2019
Transformation to 2019 – Report No 6	11 March 2019
Transformation to 2019 – Report No 7	17 June 2019
Medium Term Financial Strategy and Transformation to 2021 Savings Proposals	15 October 2019
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>
<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<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	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

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

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

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

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

### **1.2. Equalities Impact Assessment:**

It is to be expected that each theme/workstream will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties, each theme/workstream will be asked to consider potential differential impacts on people and communities. Detailed Equality Impact Assessments will be carried out on the implementation plans as appropriate.

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

2.1.

### **3. Climate Change:**

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

- a) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts

## Appendix 1

### T19 – Latest Programme Financial Targets Updated to Reflect Changes Approved (February 2018) By Cabinet and Full Council

Programme Financial Targets – (figures representative of a c19% budget reduction for each Department)

Department	£m's
Adults	55.9
Children's	30.1
ETE	15.8
CCBS	6.3
Corporate Services	7.9
P&R Other	0.8
<b>Programme Sub Total</b>	<b>116.8</b>
Investment and Borrowing	23.2
<b>T19 Overall Programme Total</b>	<b>140.0</b>