

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	17 September 2018
Title:	Transformation to 2019: Report No. 4
Report From:	Chief Executive

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1. Recommendations

1.1 It is recommended that Cabinet:

- a) Notes the latest Tt2019 programme risk assessment, including the early securing of £50m of savings - section 5 (End of July position).
- b) Notes that six service specific Tt2019 public consultations are planned to take place before the end of 2018, with five of these having been completed and the one remaining due to commence at the start of October - section 5.
- c) Notes the positive progress being made in relation to the on-boarding of the three London Boroughs to the Council's shared services platform and to the development of an alternative business structure (subject to a business case) for Legal Services to enable it to continue to provide sold services to a range of external partners – section 5.
- d) Notes the progress and strong contributions being made by the three enabling projects to the programme; Digital, Productivity and Procurement – section 6.
- e) Notes that programme progress will continue to be monitored closely and that a further update will be provided to Cabinet before the end of 2018 – section 7.
- f) Agrees to continue to lobby Government in respect of new charging powers aimed specifically at raising income that will be used to protect important universal services into the future e.g. Household Waste Recycling Centres, or to enable other specific savings proposals not to be implemented or for their impact to be mitigated.

2. Executive Summary

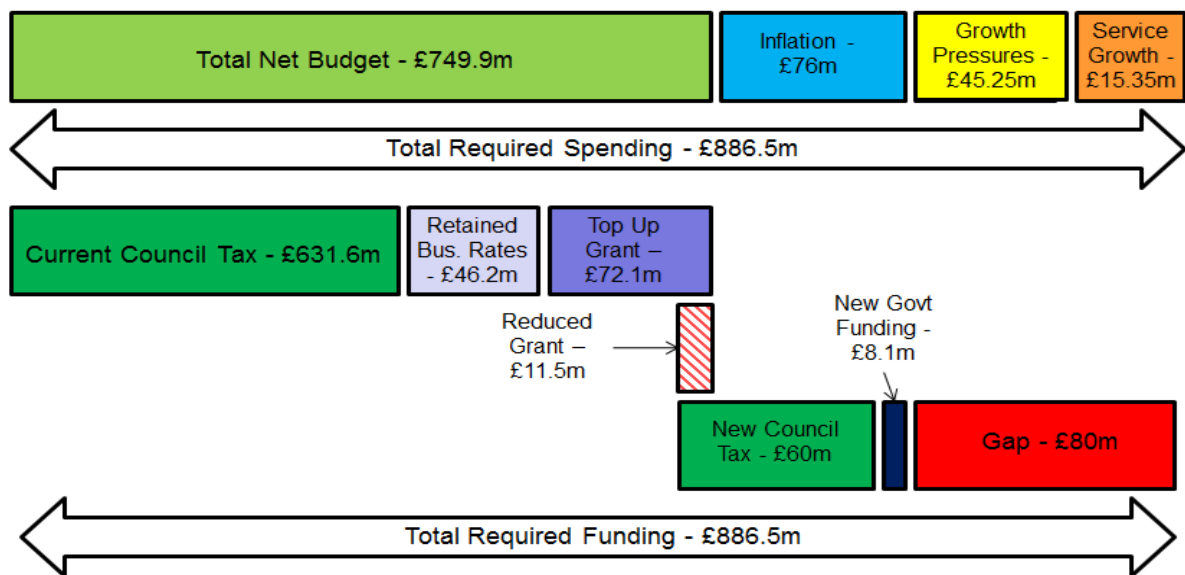
- 2.1 This is the fourth dedicated Transformation to 2019 (Tt2019) report to Cabinet setting out the latest programme position. In November 2017 Full Council approved a set of savings proposals put forward to enable a predicted budget gap of £140m by April 2019 to be closed against a current overall cash limited budget provision (excluding schools) of 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, and 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. 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 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 2017, it was estimated that further one-off cash flow support would 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, subject to the careful management of some key risks, are forecast to take four years to deliver. The continued strong financial performance in Adults, including delivery in full of its legacy Tt2017 savings ahead of schedule, provide increasing confidence that some of the estimated £40m will not be called upon in the coming years.
- 2.5 That said, the on-going challenges in Children's and the relatively early stage of the Tt2019 programme mean it would be unwise to forecast a lower overall call on the estimated cash-flow requirement for the programme at this point in time, particularly given the continued pressure within this sector both nationally and locally. Members will be aware of the current focus, nationally and locally, on Children's social care pressures in a similar way to that experienced within Adults previously. Similarly 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. This is in advance of any potential national funding coming forward to ease some of

the pressure (as it eventually did with adult social care). Delivery in the other Departments is set to be contained to two years or, where it will stretch beyond, the individual Departments will manage the later savings achievement through their own cost of change reserves.

- 2.6 In December 2017 Cabinet were updated on work requested of officers to continue to explore all viable options to revise or refine the October 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.
- 2.7 The programme focus is now very much orientated to implementation and delivery. Where appropriate, this will include further service specific public consultations where proposals and options for service change will be debated with service users and key stakeholders. Presently, out of the six public consultations planned in 2018, five have been completed. A consultation in respect of Learning Disabilities Respite Services is planned to be launched in October. Early implementation progress has been positive with some £50m of the £140m target secured by the end of July. This includes the full achievement of the £23m of investment and borrowing savings (and a small element of additional council tax income) alongside £27m of early delivery across the different Department programmes.
- 2.8 Resources for the programme are in place and are focused on any 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 is also being made with other important enabling projects including 'Enabling Productivity' and 'Strategic Procurement'. These important contributors to Tt2019 are covered later in this paper. A more detailed report on Enabling Productivity and Digital is also included on today's agenda.
- 2.9 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 almost certain that there will be further 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 most timely manner to put the Council in the best position possible at the commencement of the successor Tt2021 programme that, subject to Full Council approval this month of the latest MTFS, will be planned for over the next year.

3. Financial Context

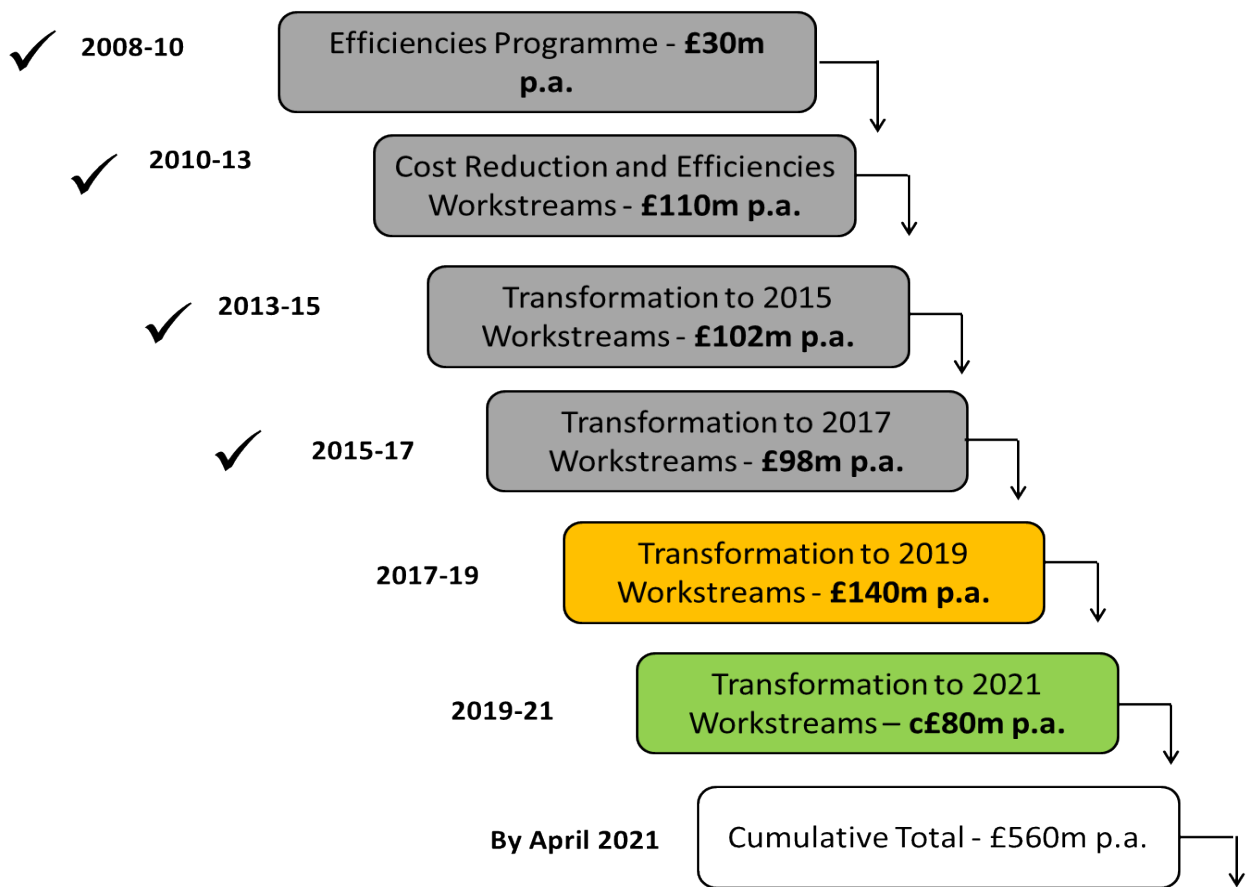
- 3.1 Cabinet has previously noted that each successive programme of 'transformation' in itself is harder than the previous one as the scope for early and easier removal of spending lessens each time. To this end, Tt2019 will test the Council like no other programme has to this point.
- 3.2 Throughout the period since 2010 the Council's financial performance has been very strong. This has been 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. At their June meeting, Cabinet were updated on the end of year position for 2017/18. The report demonstrated continuing strong financial stewardship across the Council.
- 3.3 The achievement of Tt2017 including the confirmed delivery of the Adults programme that was reported to Cabinet in February, mean that some £340m has been removed from budgets since 2010 across the consecutive cost reduction programmes. The achievement of early savings, the careful use of one-off monies and additional recurring provisions to support Social Care demand and complexity have allowed for some targeted re-investment back into services over the same period. This has helped Departments to manage their resources, provide further for one off investment to support the on-going transformation challenge and at the same time maintain and even improve service outcomes and performance.
- 3.4 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 Cabinet last month highlighted a further two year budget gap by 2021 of some £80m. 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.
- 3.5 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:



Note: Blocks are not to scale

- 3.6 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 picture beginning to emerge. As we look forward, Children's Services are unlikely to remain within their cash limited expenditure position and thus additional recurring provision has been allowed for in the recently reported Medium Term Financial Strategy that Cabinet considered in June. Both Children's and Adults are set to exhaust their cost of change reserves in the next two to three years.
- 3.7 Notwithstanding that the latest MTFS update has signalled that a successor programme to Tt2019 will need to be planned for over the next year or so, the Council needs to stay focused on fully closing the existing budget gap of £140m by April 2019 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 over the page:

Figure 1. Cost Reduction Exercises including the Tt2021 Programme Requirement



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

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 medium term financial strategy report of the Director of Corporate Resources in June 2016.
- 4.2 It was agreed that £120m of the overall programme should 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 to remove savings proposals in respect of universal services, the £120m reduction has subsequently been reduced to £117m.
- 4.3 The remaining £23m will be secured from increased investment and council tax income and reduced borrowing costs. In the main this will result from a revision to the accounting practice in respect of the minimum revenue provisions (MRP) for depreciation, but this will also cover 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 this financial year providing a very solid start to the programme overall. The programme breakdown and individual Department targets, updated to take account of the recent changes approved by Full Council are shown in Appendix 1.

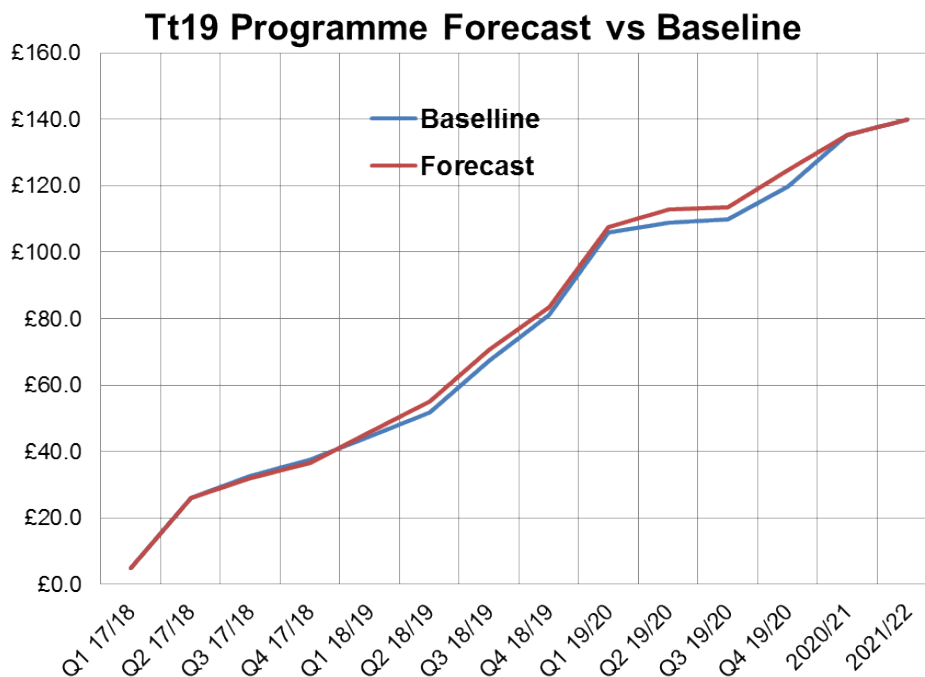
- 4.4 At their June 2016 meeting, Cabinet also approved the headline programme timetable including an earlier budget setting process that commenced in early Autumn 2017. This has allowed the maximum possible time to plan, work on and implement the range of service changes required to enable the programme 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 Early Progress

- 5.1 Departments continue to work hard to ensure that their various projects and overall programmes are robustly planned and resourced in order to provide the right conditions for the continued transformation of services and realisation of savings. This work has included a full risk assessment for each project that builds on what has been done previously but has been added to in order to appropriately reflect the greater scale and complexity of the Tt2019 programme.
- 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. The latest programme (risk apportionment) position is summarised in the table below and briefly described in the following paragraphs.

Blue	£ 50m
Green	£ 26m
Amber	£ 31m
Red	£ 33m
Total	£140m

- 5.3 Pleasingly, the Blue and Green classifications already account for a healthy £76m, or 54% of the overall programme requirement. The £50m that is Blue (secured) includes the full £23m of the investment and borrowing component being secured with the remaining £27m covering the early delivery of projects in each of the different Departments with savings ranging from £8.3m in Adults to £2.4m in CCBS. The secured savings figure continues to track to the forecast savings profile developed by each of the Departments at the outset of the programme as demonstrated in the graph (see next page). The Green £26m figure includes the inclusion of the previously announced £18.9m additional 'Better Care Fund' to support Adult Social Care from the beginning of 2019/2020.



- 5.4 Unsurprisingly for this (still) early stage of what is a very challenging programme, a significant proportion (46%) of the overall savings to be achieved 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. Just under £53m of the cumulative Red and Amber totals relate to Adults and Children’s. This equates to 61% of their combined programmes. Proportionately, the challenges for ETE, despite the programme changes approved by Full Council in February, remain almost as challenging with £7.6m classified as Amber or Red against an adjusted overall savings requirement of £16m. This represents 47% of the total ETE programme.
- 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 notoriously 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 is 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 10.5k in the 85 year plus population from 43.9k in 2017 to 54.5k 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. 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. A joint programme of work is now underway. This will result in improved client outcomes, improved system performance and reduced costs both for the Council and the NHS. Other integration work with

the NHS is also in train in the Learning Disabilities and Mental Health service areas.

5.6 For Children's Services, corporate financial support has already been factored in, both in-year and continuing into 2018/19, to accommodate existing cost pressures in terms of Home to School Transport and Children Looked After. Focused further work has been undertaken to better understand the current rate of increase in Children Looked After and the higher unit costs being experienced, which is a national issue affecting all upper tier authorities. The overall rate of increase in CLA numbers is running at 8% per annum compared to the 5% allowed for in the budget, but worryingly many of these placements are at the more expensive end of provision, because of the current state of the external market where demand is far out-stripping supply, and the price increase over 2016/17 levels are over 15% in some areas.

5.7 The key factors that are driving the increased number of placements were reported previously to Cabinet in detail as part of the Medium Term Financial Strategy. 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 aversion to risk from partners driven by national child care scandals.
- Some evidence of the impact of recession and austerity on families.
- The discovery of 'new' 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 to 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.

5.8 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.

- 5.9 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 £8.6m in 2020/21 and £10.3m in 2021/22. This additional corporate support for future years was included in the latest MTFS update that was agreed by Cabinet in June, 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.
- 5.10 For Home to School Transport, an eight week public consultation exercise finished in March around proposed service changes. The consultation results were subsequently analysed and reported to the Executive Member in May. The Executive Member agreed to a number of policy changes that will be introduced in full over the next 18 months and will deliver some £1.5m of savings per annum for the Department.
- 5.11 Containing and then reducing demand and thus cost in these two key areas is especially difficult and whilst work programmes have been robustly planned, a number of risks will need to be relentlessly managed. These include attracting and maintaining higher number of Social Workers with an overall resource increase of 120 on target to be achieved over the next 2-3 years. 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. Safely removing £30m from the service, even over an extended four year programme period is the biggest test for the overall Council cost reduction exercise.
- 5.12 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', the transition to a new I.T Care Management system, the extended leadership responsibilities in Torbay and Buckinghamshire and Ofsted inspections in the New Year that will cover both Hampshire and the Isle of Wight. For Children with Disabilities, changes to Short Breaks service provision resulting from the early summer public consultation were approved by the Executive Member in July.
- 5.13 For ETE, the Tt2019 programme changes approved by Cabinet and Full Council in February saw the removal of some £5.3m of savings proposals relating to universal services including school crossing patrols, community transport, bus subsidies and household waste recycling centres. After allowing for some substitute proposals, the Department is now working to a revised programme target of £15.8m and within this has some £8m still classified as Amber or Red. Proposed changes to Street Lighting operations and to some specific bus subsidy areas have been out to a public consultation exercise that was launched in early June and concluded on 5 August. The Executive Member for Environment and Transport will be

considering proposals resulting from the consultation later this month. Options for waste related savings are also being reviewed with collection authority partners aimed at improving recycling performance across the Hampshire waste partnership. This work is complicated and is subject to external factors and considerations, especially around how best to capture and recycle plastics, which has been the subject of significant Government, media and public interest of late.

- 5.14 The risks and issues associated with CCBS and Corporate Services are less significant from a direct service perspective although there are a range of challenges to overcome and work through including timing. Introducing greater levels of self-service, implementing further digital technology initiatives and reducing (and at the same time modernising) the corporate office estate will all combine to improve the Council's overall efficiency and reduce its business operating costs. The different projects themselves will not be straightforward to deliver, especially at a time when so much other service change is also happening.
- 5.15 Positively, the on-boarding of the three London Boroughs (Westminster, Hammersmith and Fulham, and Kensington and Chelsea) to the high performing shared service arrangements that the Council has successfully implemented and built upon over the past 5 years, continues to progress to plan. Recruitment and changes in accommodation in anticipation of the new wider working arrangement being implemented in the early autumn has progressed to plan. As reported last time, this expansion, which is in line with a deliberate strategy to grow the shared services platform in a carefully managed way, will bring further resilience to our shared Corporate Services arrangements with partners and welcome recurring income to the Council.
- 5.16 Continuing the theme of carefully managed expansion and building resilience in the Council's back office professional functions, Legal Services has, over the past decade provided a range of services to an increasing number of external clients. This produces an important revenue stream (£1.5m in 2017/18) that reduces costs to the Council whilst increasing the ability to maintain a highly performing professional team. Building on this way of operating is central to Legal Services meeting its Tt2019 savings requirement, but is potentially under threat due to possible changes to the regulatory regime for solicitors, which will mean that the Council's in-house operation could be prevented from acting for external clients. To avoid such a scenario, consideration, subject to a business case, is being given to the establishment of an Alternative Business Structure (ABS). Warwickshire County Council has recently set up such a structure to protect their business interests in respect of legal services. The ABS will be wholly owned by the County Council. It will not involve any transfer of staff to it and it will not affect the service provided to internal Departments or the County Council more generally. It is simply a 'vehicle' for providing services to external clients.
- 5.17 Over the coming months, progress will continue to be closely monitored alongside further preparation for planned 2018 service specific consultations. This work includes a completed cumulative impact assessment that has considered the savings proposals from a geographical

and protected characteristics perspective based on the detail of the changes that is known to date. The exercise will be repeated again as the programme progresses by which time there will be improved clarity regarding certain of the proposals. In total, six separate Tt2019 service specific consultations have been planned, of which five have been completed, including the two most recent; a combined public consultation in respect of Bus Subsidies and Street Lighting and the other in respect of Homelessness Support Services. Older Persons Day Services, Home to School Transport and Short Breaks Activities for Children with Disabilities have been evaluated and changes approved by the respective Executive Members. One last consultation in respect of Learning Disabilities Respite Care Services is scheduled to commence at the start of October. The six service specific consultations account for savings proposals of some £9m of the overall £140m programme value.

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 is 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. These include a successor (and bigger) Digital programme of work known as Digital 2, an 'Enabling Productivity' project which is 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 set to enable Departments to maintain and/or improve service outcomes whilst reducing the overall external spend which currently exceeds £600m.
- 6.3 As the Tt2019 programme develops, Cabinet and Council Members will be updated on the progress and achievements of the individual work programmes in these different areas. At the end of June, Members took part in a very successful Digital2 seminar type event and on today's agenda, a fuller report is included dedicated to the strong progress that continues to be made with the Enabling Productivity and Digital work programmes. Each of the three main cross-cutting work areas have the propensity to significantly contribute to the successful delivery of Tt2019 and together will ensure the Council's modernisation agenda towards high class, efficient back office functions and high quality, customer-orientated front line services continues successfully and at pace.
- 6.4 In the past 4-5 months, further progress has been made within the Digital 2 programme in terms of Robotics Processing Automation (RPA) that Cabinet were updated on in the previous Tt2019 update report in March. In addition, projects have either been completed or are progressing to plan in any number of other areas including analytics, HR case management, supplier self-service and in terms of our sold service work, Hampshire Constabulary

Recruitment. Further, the Web Programme is currently supporting 44 of the Tt2019 IT Projects; including HR, Libraries, Partners in Practice and the Social Care Manual. Good progress is also being made in moving the Council's document management system to SharePoint. All of the above areas of work will result in more effective and more modern and efficient business processes.

- 6.5 In the Enabling Productivity programme, the deployment of some 6,000 mobile devices has largely 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). Feedback from the early roll-out of the new devices is consistent with and builds nicely on the initial deployment of mobile devices to Social workers and associated staff in Children's Services that continues to deliver a number of business benefits and improved outcomes and user experiences for clients.
- 6.6 In both our Digital2 and EPP work, an even more slicker and 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 the Hampshire Fire and Rescue Service. Increasingly the work is resulting in stronger tender processes and improved service outcomes combining both quality and cost. The recently awarded Adults Care at Home contract is testament to this.

7 Conclusion

- 7.1 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. This is after safely removing £340m of savings over the past seven years and within that, delivering in full on the latest Tt2017 programme.
- 7.2 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 a full set of savings proposals in November 2017 further to Select Committees and Executive Members consideration in September and a consolidated report to Cabinet in October.
- 7.3 Notwithstanding the decisions made, the savings proposals, as developed, did contain a number of specific challenging service changes particularly in terms of universal services covering School Crossing Patrols, Community Transport, Bus Subsidies and Household Waste Recycling Centres. To this end, at their October meeting, Cabinet requested officers to continue to explore all viable options to revise or refine these proposals wherever possible which proved to be a successful exercise.
- 7.4 In December 2017 Cabinet were updated on this work, the culmination of which has subsequently resulted 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) February Cabinet agreed to

recommend to Full Council the removal of £5.3m of universal savings in respect of the service areas referred to in paragraph 7.3, recommending also that Full Council agree to raise Council Tax in 2018/19 by the extra 1%. Full Council duly approved the Cabinet recommendations at their February meeting.

- 7.5 Alongside the formal budget setting stages, Departments have been working hard to ensure robust plans are in place for each of their Tt2019 projects and that the right capacity and capability is aligned to the different transformation activity so that the associated savings can be delivered in a timely manner. This work has included a detailed risk assessment exercise and a review of the savings profile by project (and overall) to ensure that the corporate cash flow support requirements to support later delivery are clear and able to be planned for. As reported previously, the estimated cash-flow support requirement for the programme is £40m.
- 7.6 The continued strong financial performance in Adults, including delivery in full of its legacy Tt2017 savings ahead of schedule, provide increasing confidence that some of the estimated £40m will not be called upon in the coming years. That said, the on-going challenges in Children's and the (still) relatively early stage of the Tt2019 programme mean it would be unwise to forecast a lower overall call on the estimated cash-flow requirement at this point in time.
- 7.7 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 cash-flow support demands, is ever more important. Further, it is almost certain that there will be continuing service demand pressures, particularly in the Social Care Departments into the next decade. The latest MTFS report to Cabinet in June provided further recurring funding support for both Adults and Children's into the next decade. The continuing demand challenges puts an added premium on Tt2019 being delivered in full and in the most timely manner to put the Council in the best position possible at the commencement of the successor £80m Tt2021 programme.
- 7.8 Programme progress continues to track to plan and is encouraging with £50m of savings already secured to the end of July. £23m of this figure relates to the full achievement of investment and borrowing savings, together with an element of increased council tax income. The remaining £27m flows from early 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 report will be presented to Cabinet before the end of 2018.

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

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Report No. 1	27 October 2014
Medium Term Financial Strategy Update and Transformation to 2019 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
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	

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 (Feb 2018) By Cabinet and Full Council

Table 1 - Programme Financial Targets

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
Programme Sub Total	116.8
Investment and Borrowing	23.2
T19 Overall Programme Total	140.0