

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet	
Date:	15 December 2014	
Title:	Transforming the Council to 2015: Report No. 6	
Reference:	6321	
Report from:	Chief Executive	

Contact name: Andrew Smith, Chief Executive

Tel: 01962 845252

Email: andrew.j.smith@hants.gov.uk

1 Executive Summary

- 1.1 This is the sixth report to Cabinet on the Transformation to 2015 (Tt2015) programme and this paper provides an update on the overall achievement of expenditure reductions.
- 1.2 In October 2014 Cabinet considered report number five which updated on the delivery of the Tt2015 programme and gave an assessment of the expected final position for 2015/16. At that time, significant progress had been made with £42.6m of the £102.5m savings target achieved or secured.
- 1.3 The October paper also forecast the expected final achievement of £96.4m of savings in 2015/16 against the budget target of £102.5m. Whilst this is £6.1m below the original target, given the scale and complexity of the Tt2015 programme, this is considered a strong position. However, it was noted that this included some one-off sources of funding and that significant financial risks remained around the financial benefits from the Better Care Fund (BCF).
- 1.4 On this basis, Cabinet agreed to launch the Transformation to 2017 (Tt2017) programme and departmental Opportunity Assessments, supported by Deloitte, to develop options for Cabinet consideration in summer 2015 related to the 2017/18 £98m expenditure reduction target. It was acknowledged that a clear prerequisite for this was the continued momentum and scrutiny of the delivery of Tt2015 savings alongside departments remaining within their approved cash limits.
- 1.5 This report provides Cabinet with an update on the Tt2015 programme and, as at the end of October, £45.8m has now been achieved or secured against the 2015/16 £102.5m budget target. This is an improvement of £3.2m and maintains the positive trend of savings delivery.
- 1.6 In addition, further positive progress has been made with partners in relation to the BCF programme and an update is provided in section four.

2 Context

- 2.1 The original Council saving target was £93.2m and, when combined with the Adult Services slipped savings and Children's Early Intervention Grant reduction, the revised savings target that was approved as part of the budget in February 2014 is now £102.5m.
- 2.2 The October Cabinet paper reported that the minimum level of anticipated cash savings in 2015/16 was £96.4m against the total budget target of £102.5m which equates to 94%. Whilst there is no room for complacency and this takes into account some one-off sources of funding, it was recognised as a significant achievement and moved the Council to an extremely positive position.
- 2.3 It was noted that, irrespective of the composition of the 2015/16 cash reduction, any one-off sources would need to be made up with recurring savings in 2016/17 and all departments indicated that they were on track to achieve this. In addition, any delivery shortfall against the budget target of recurring savings would also need to be made up in 2016/17.
- 2.4 Therefore, from a purely financial point of view, it was concluded that enough of the Tt2015 programme was technically safe to enable a significant part of the County Council to shift focus to the Tt2017 programme.

3 Tt2015 Progress Update

- 3.1 As at the end of October, £45.8m has now been achieved or secured against the 2015/16 £102.5m budget target. The improvement of £3.2m since the last Cabinet update is largely the result of positive progress in the following areas:
 - **Public Health enabled savings:** £1.1m
 - **BCF related savings:** £1.9m
 - **IBC and associated restructure savings within Corporate Services:** £0.18m
- 3.2 This is extremely positive and keeps the Council on track to achieve close to the full target by 2015/16.

4 Better Care Fund

- 4.1 Since October a financial risk share has been agreed on the £20m BCF efficiency target between the County Council and the five CCGs. The agreement jointly commits the six partners to underwrite £20m of savings in 2015/16 and 2016/17 by making up any under-delivery of recurring savings through one off cash contributions.
- 4.2 Although the financial risk share provides short term stability and incentivises early and over-delivery of savings, progress on the delivery of workstreams delivering recurring savings is slow. Significant work therefore needs to be taken forward with both health commissioners and providers to collectively deliver the targeted recurring efficiencies across the health and social care

system. Under delivery of recurring savings will significantly impact on all partners, especially where it is linked to workstreams that cut across the different Hampshire health systems.

- 4.3 It should be noted that each of the CCGs are themselves in difficult financial positions and each are subject to a range of pressures including varying but increasing local demands and heightened involvement from the Department of Health.
- 4.4 In addition to the risk share agreement, Hampshire partners submitted their updated BCF Plan on the 19 September for inclusion within the Nationally Consistent Assurance Review (NCAR). This is the process by which local Better Care Fund plans gain approval from NHS England.
- 4.5 Six areas had their plans 'approved', 90 were 'approved with support', 48 were 'approved subject to conditions' and five are currently 'not approved'. The Hampshire Plan has been 'approved with support' which is positive and means that the County Council and NHS partners can proceed to implementation. 'Approved with support' means that the NCAR team have requested further information and clarification on some technical and other specific details.

5 Conclusion

- 5.1 The continued direction of travel, with £45.8m now achieved or secured against the 2015/16 £102.5m budget target is positive progress. This keeps the Council in a strong position.
- 5.2 The CCG sign-up to the BCF programme risk share agreement is significant. This not only collectively underwrites the savings but also enables the partnership to move towards the bigger prize of greater service integration to maximise the impact of combined resources for the benefit of Hampshire residents, especially where this can delay or prevent demand for higher cost or acute services. This bodes well as it is clear that there will be an ongoing future interdependency between the Council's financial outlook and its relationship with the health sector.
- 5.3 The achievement of Tt2015 savings remains difficult but progress is positive. There is a continued focus to managing the delivery of the rest of the Tt2015 savings alongside departments remaining within their approved cash limits.

6 Recommendations

- 6.1 It is recommended to Cabinet that:
 1. The continued positive progress in improving the confidence of the Transformation to 2015 savings is noted and that momentum and scrutiny of the delivery of these savings is maintained.

CORPORATE OR LEGAL INFORMATION:

1 Links to the Corporate Strategy

2 Hampshire safer and more secure for all:	no
3 Maximising well-being:	no
4 Enhancing our quality of place:	no
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable workstreams and activities to progress to meet the planned reduction in revenue spending by the County Council.	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Transforming the Council to 2015 – Rept. No. 1	4939	24 June 2013
Transforming the Council to 2015 – Rept. No. 2	5286	28 October 2013
Transforming the Council to 2015 – Rept. No. 3	5775	14 April 2014
Transforming the Council to 2015 – Rept. No. 4	5923	23 June 2014
Transforming the Council to 2015 – Rept. No. 5	6179	27 October 2014
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

7 IMPACT ASSESSMENTS:

1. Equality Duty

4.1 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:

The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

4.2 Equalities Impact Assessment:

It is to be expected that the workstreams will have an impact on staff and communities. To ensure that the Council meets its statutory equality duties each workstream has been asked to consider potential differential impacts on people and communities. In addition each budget proposal is subject to an equality screening process. More detailed Equality Impact Assessments will be carried out on the implementation plans, as appropriate.

5 Impact on Crime and Disorder:

5.1 Not applicable at this stage.

6 Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable at this stage.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable at this stage.