

HAMPSHIRE COUNTY COUNCIL

Decision report

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| Decision Maker: | Executive Lead Member for Children's Services |
| Date of Decision: | 16 September 2015 |
| Decision Title: | Transformation to 2017 – Revenue Savings Proposals |
| Decision Reference: | 6889 |
| Report From: | Director of Children's Services and Director of Corporate Resources – Corporate Services |

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1.0 Executive Summary

- 1.1 The purpose of this report is to outline the savings proposals for the Children's Services Department that have been developed as part of the Transformation to 2017 Programme.
- 1.2 The report also provides details of the Equality Impact Assessments (EIAs) that have been produced in respect of these proposals and highlights some of the key issues arising from the public consultation exercise that was carried out over the Summer and how these have impacted on the proposals presented in this report.
- 1.3 The Executive Member is requested to approve the savings proposals for submission to Cabinet and then full County Council in October (recognising that there will be further public consultation for some proposals as required).

2.0 Background and Context

- 2.1 The County Council has since the 2010/11 financial year been responding to the on-going reductions in public spending that are required to close the structural deficit within the economy.
- 2.2 Reductions in government grant together with inflationary pressures and social care growth have created an average budget gap of around £50m per annum, meaning that around £100m has needed to be saved every two year cycle.

- 2.3 The forecast gap for the two years to 2017/18 is £98m and, after allowing for 'housekeeping savings' of £8m, targets were set for departments based on a reduction of 14.5% in cash limited spend.
- 2.4 One of the key features of previous savings programmes within the County Council has been the ability to plan well in advance, take decisions early and provide the time and capacity to properly implement savings so that a full year impact is derived in the financial year that they are needed.
- 2.5 This approach has also meant that savings have often been implemented in advance of need and this has provided resources both corporately and to individual departments to fund investments in capital assets and to fund further change and transformation programmes to deliver the next wave of savings.
- 2.6 The Transformation to 2017 Programme was formally launched in October last year and began with an Initial Opportunity Assessment carried out in conjunction with our Private Sector Partner. Since the early part of this year, the initial opportunities have been developed into a defined programme, centred around a group of 'Top 19' projects, details of which were reported to Cabinet on 22 June 2015.
- 2.7 At the same time, the *Shaping Hampshire* - Spending Review Consultation was carried out between 26 May and 6 July 2015 and was conducted using two methods:
- an open consultation - available online and via a paper copy (available to any stakeholder or member of the public); and
 - a telephone survey - targeted at a representative sample of 1,500 residents.
- 2.8 To ensure independence and objectivity during the consultation process, the national market research company Ipsos MORI was commissioned to undertake the consultation and analysis on behalf of the County Council.
- 2.9 In addition, Equality Impact Assessments have been produced for all of the savings proposals and these, together with the outcome of the consultation and the development work on the overall Transformation to 2017 Programme, have helped to shape the proposals presented for approval in this report.
- 3.0 Budget Update**
- 3.1 The savings targets that were set for departments were based on forecasts produced over the summer of 2014 and included a wide range of variable assumptions to arrive at the total predicted gap of £98m.
- 3.2 Following the General Election in May, an early budget announcement was scheduled for 8 July and it was hoped that there would be further information that would provide greater certainty around grant reduction assumptions.
- 3.3 However, there was minimal additional detail in respect of likely levels of grant reductions although we are now aware that government departments

have been asked to start preparing plans for real terms reductions of between 25 and 40% over the next four years.

- 3.4 The profile of reductions published by the government indicates that 2016/17 will be a relatively light year, with the bulk of the reductions weighted towards 2017/18 and 2018/19.
- 3.5 The County Council is working on the basis that grant will reduce in cash terms by 10% per annum over the next four years, which is within the overall boundaries of reductions announced by the government. However, as we know from past experience, the distribution of the reduction is often heavily weighted towards local government as an unprotected area and could therefore produce a worse position than we are currently predicting.
- 3.6 A further, more detailed, spending announcement is anticipated from the government towards the end of the year at which point it will be necessary to review assumptions in light of the information that is made available at that time.

4.0 Transformation to 2017 – Departmental Context

Background and principles

- 4.1 Following successive programmes which have delivered over £50m cost reductions since June 2010 the Children's Services Department started work in October 2014 to identify potential opportunities for further savings to meet the £23.3m departmental savings target for 1 April 2017.
- 4.2 Since 2010 the department has worked to a set of principles which have guided the successive budget reduction decisions. These have evolved since 2010 to reflect the tightening economic circumstances and therefore the ever tighter focus needed in the department on its core business and meeting the needs of the most vulnerable.
- 4.3 The principles are:
 - ensure a safe and effective social care system that continues to manage the risks between protecting and caring for the most vulnerable children and providing support to families in need;
 - ensure sufficient capacity to lead, challenge and improve the schools system to help ensure improved outcomes for all but particularly more vulnerable groups;
 - tightly target limited resources according to the needs of children whether that be support to children and families or to schools;
 - secure targeted and co-ordinated early help provision where it demonstrably reduces escalation of need;
 - sustain and develop high quality and financially competitive sold services when doing so contributes to our responsibilities to Hampshire; and
 - maximise the opportunities to create efficiencies and maintain and enhance services through partnership arrangements.

- 4.4 The previous budget reductions mean that the department has now shaped its service provision tightly around these principles. All of that service provision contributes in some way to the department fulfilling its statutory responsibilities. This includes the full range of children’s social care services, home to school transport, special educational needs, children’s centres and school improvement.
- 4.5 The Transformation to 2017 Programme is, therefore, necessarily about how to transform service delivery so that at least statutory requirements continue to be met while reducing overall spend. In all cases we have considered the statutory requirements and have carefully considered what we should continue to offer in addition to these to ensure that the authority continues to perform as highly as possible and the basic principles outlined in 4.3 are fulfilled. The proposed budget reductions are therefore, necessarily, not uniform across all services and are seeking to transform and remodel a number of service areas where further ‘squeezing’ of budgets around current ways of working might otherwise lead to a deteriorating quality of service and increasing pressures on those budgets. This places particular priority on our duties in child protection looking after children in our care.
- 4.6 The various workstreams that make up the overall Transformation to 2017 Programme for Childrens Services are therefore a combination of efficiencies, service remodelling, service reduction and total transformations in the way services are delivered. In the course of this work we are considering how the use of digital technologies could change service delivery methods and increase efficiency. We are also working hard to ensure all our external spend is as effective, efficient and offers as much value for money as possible. Some of the proposals will require significant cultural change for clients, staff and external providers.
- 4.7 The proposals for savings developed as part of this overall programme are outlined below. Some of these proposals will then be subject to a detailed engagement and consultation process which will culminate in a public consultation from November 2015.

The main workstreams

- 4.8 The savings target set for the Department is £23.3m which has been split across seven workstreams. Table 1.1 shows the full year savings proposals for each workstream together with the original base budget for all the activities that are being considered within that workstream. In most cases that is a blend of a number of different services. The only significant budget that is not included in a workstream is the mainstream home to school transport budget which is spent solely on statutory transport to mainstream schools. This has been subject to previous and ongoing efficiency measures, mainly through effective procurement processes, which are already in place and under constant review.

Table 1.1: Department Workstreams and Savings Target

| Workstream | Total Budget | Full Year Savings Proposals | Savings Proposals as % of Budget |
|---|--------------|-----------------------------|----------------------------------|
| | £m | £m | % |
| Social care transformation | 52.5 | 4.0 | 7.6 |
| Children with Disabilities (CWD) remodelling | 21.3 | 3.2 ¹ | 15.0 |
| Family Support Services remodelling | 13.4 | 8.4 | 62.7 |
| Children Looked After placements review | 23.1 | 1.6 | 6.9 |
| Special Educational Needs (SEN), Hampshire Educational Psychology Service, Home to School Transport (SEN) remodelling | 22.0 | 3.6 | 16.4 |
| School improvement services remodelling | 4.4 | 1.0 | 22.7 |
| Support functions review | 12.9 | 1.5 | 11.6 |
| Sub-Total - Workstreams | 149.6 | 23.3 | 15.6 |
| Mainstream home to school transport | 11.8 | n/a | n/a |
| Sub-Total – Non-Workstreams | 11.8 | n/a | n/a |
| TOTAL | 161.4 | 23.3 | 14.4 |

4.9 The total budgets associated with each of the workstreams reflect the analysis of the departmental activities that fit most closely to the service areas being considered. In addition the savings being derived from each of the workstreams will, in some cases, impact on the budgets of other workstreams.

4.10 An outline of the proposals in each workstream is given in the following sections, with savings proposals summarised in Appendix 1. These proposals are subject to consultation where appropriate.

Social care transformation

4.11 The social care transformation workstream covers £52.5m of services including our direct support to child protection and children in care. Savings proposals for this workstream amount to £4m.

¹ This will be reconsidered in relation to the Shaping Hampshire - Spending Review Consultation feedback on short breaks (£1.8m) – see paragraph 7.14.

4.12 It is made up of three strands which together combine to offer the opportunity to achieve a whole system change that will meet children and young people's needs earlier and in a different way. Savings would be made through a reduction in the number of children whose needs escalate in severity and cost within the system.

4.13 The three strands are:

- *Active Agents for Change* social care innovation programme;
- a new, and transformational social care client and management information system; and
- social care business process review.

***Active Agents for Change* programme**

4.14 Hampshire and Isle of Wight Children's Services Departments were awarded a one-off grant of approximately £4m (HCC £3.6m, IWC £0.4m) from the Department for Education's (DfE's) Innovation programme to support the implementation and delivery of a whole system change programme *Active Agents for Change*. This is an 'invest to save' funding model which is enabling the service to explore how it can transform to move to more efficient and effective ways of working and service delivery.

4.15 It is an explicit expectation of the DfE's Innovation Programme that the new ways of working will lead to an increase in the number of children and families that can be helped to safely stay together rather than children necessarily coming into care. It is intended that, through investing in taking this more proactive approach to creating change within families, there would be a reduction in the costs of care as the number of children who become looked after would reduce.

4.16 This overarching programme has seven individual workstreams:

- Family Intervention Teams within Children in Need teams to address domestic abuse, substance misuse and adult mental health;
- social worker personal assistants to reduce the amount of time social workers spend in the office and, therefore, enable them to spend more time with families;
- support activities for young people on the edge of care including new family support workers;
- recruitment of volunteers to undertake return interviews, provide advocacy and advice to families and provide mentoring to young people on the edge of care;
- social work surgeries to provide additional community based advice and support to partner agencies;
- establishment of a multi-agency team focused on missing, exploited and trafficked children (including children at risk of sexual exploitation); and
- development of partnerships between the department, partner agencies, voluntary sector and local higher education institutions to

develop the skills of the workforce, high quality accredited training and an employee based route to social work.

- 4.17 A condition of the bid funding was the external evaluation of the programme. Hampshire has contracted with the Institute of Public Care (IPC) at Oxford Brookes University.
- 4.18 An evaluation plan and framework has been developed and agreed, which will engage with staff and service users in the evaluation process, to provide clear evidence of impact and success.

Social care transformational management information system

- 4.19 Social work staff require an effective and efficient management information system to support their work. The current system is inefficient and ineffective and means that social work staff spend a disproportionate amount of their time managing the 'paperwork' and bureaucracy.
- 4.20 The department has entered into a partnership with Capita to develop an innovative, flexible and adaptable social care management information system that exploits modern technology to support improved collaborative family working now and for the future. The system will be:
- flexible – supporting mobile working, enabling multi-agency working and will quickly adapt to changes in service structure or provision;
 - collaborative – supporting inter-authority working, external agencies and early help;
 - adaptable – supporting professional judgment not dictating process; and
 - focused on family working – linking together people, the relationships between them, the places and organisations they interact with, and the events in their life to better understand the family circumstances and the most effective services to support them.
- 4.21 This new system is vital as an enabler for the new ways of working being developed through the Social Care Innovation Programme. Additionally in its own right it will bring efficiencies to all the social care processes, freeing social workers to spend more time in direct intervention and contact with clients thereby increasing the chances of 'de-escalating' issues and keeping children and young people safe without resorting to more expensive care processes.

Business process review (BPR) activity

- 4.22 The business process review approach will undertake a whole system review of current processes (not being picked up through other workstream activity) to identify any areas for efficiencies that will either benefit the service from a delivery perspective or will uncover potential smaller pockets of savings opportunities.
- 4.23 The BPR process will continue to run over the next 15 months with each stage of review helping to shape the development of the new social care management information system (see above).

Children with Disabilities (CWD) Remodelling

- 4.24 The Children with Disabilities remodelling workstream covers £21.3m of services. Savings proposals amount to £3.2m, however, proposals in relation to short break activities (£1.8m) will be reconsidered following feedback from the Shaping Hampshire - Spending Review Consultation (see 7.14). The proposals with regard to short breaks include improvements to the equity of service for those children/young people and families who need it most and increasing emphasis on co-producing the short breaks offer with the voluntary sector, families and carers.
- 4.25 The workstream is aiming to transform the service within a reduced budget, whilst continuing to protect the safety and promote the welfare of children and young people with disabilities in Hampshire.
- 4.26 The objectives are to:
- reduce reliance on residential care, particularly for overnight respite care, by introducing personalised and individual support planning and personal budgets to disabled children and their families. This would enable them to have broader choice and control over the services they receive;
 - build resilience and independence within families so that they can care for their children without the intervention of statutory services, unless that is assessed as being necessary;
 - ensure that families have access to a range of care and support options from targeted early help through to full time care packages, based on a clear and consistently applied threshold of need;
 - establish a more effective balance of in house and external provision; and
 - develop a model that is commercially sustainable for the market place.
- 4.27 This workstream has identified five key opportunities for savings:
1. A redesigned service offer and a self assessment process within a more targeted short breaks activity service;
 2. A focus on value for money in relationships with providers for a range of domiciliary and other care packages in order to improve outcomes for children and their families and ensure there is capacity to meet current and future needs;
 3. A review of spend in independent non-maintained special schools in order to reduce overall costs and ensure appropriate financial contributions from all parties;
 4. The development of improved joint working with Adult Services. This would include:
 - moving some service users as appropriate to the Adult Services domiciliary care contract;

- moving overnight short breaks for those aged 16 and over, to Adult Services in-house provision;
 - working alongside Adult Services colleagues to review long stay residential care placements on a whole unit basis in order to ensure effective use of funds targeted at individual care packages;
 - working alongside Adult Services Continuing Health Care (CHC) Team to increase the number of applications successful in becoming classified as requiring CHC; and
 - exploring opportunities for combining the Family Link (Children's Services) and Shared Lives scheme (Adult Services) to improve outcomes for service users and avoid the costs associated with residential care.
5. Reduce reliance on residential care and move to personal budgets including:
- increasing our direct work with families through intensive family support for the most challenging children in order to avoid family breakdown and crisis;
 - developing alternatives to an in-house residential overnight short breaks model through shaping and development of the external market, including the voluntary sector; and
 - advocating personal budget options for all children and families as the preferred approach.
- 4.28 This workstream is also exploring a range of other opportunities to make savings, efficiencies and service improvements including:
- a business process review (including the approvals process) to enable greater control of expenditure within the Disabled Children's Teams;
 - the development of early help 'step down' services where appropriate (including the use of a volunteer base) for children with disabilities and their families;
 - joint commissioning with Adult Services;
 - maximising the use of technology to support families and reduce reliance on care support. This could include the use of technological systems such as Telecare; and
 - supporting parents to collaborate in using personal budgets to achieve economies of scale. This is being piloted at the current time.
- 4.29 It is anticipated that there would be a number of benefits as a result of these proposals including:
- families with older disabled children heading towards transition into Adult Services would receive a better planned and more streamlined progression into adulthood;

- Children's Services staff would benefit from the ability to share expertise and specialisms with those from Adult Services;
 - stimulating the market would lead to the development of market alternatives to residential overnight short breaks, so that families have more choice of provision and the external spend opportunities mean that we can increase market capacity and reduce cost; and
 - a dedicated volunteer base would help with capacity building in relation to offering short break alternatives to families.
- 4.30 These proposals would require significant changes in behaviours and a cultural shift for service users, staff and providers.
- For service users it would be a potentially challenging process because change for at least some of this group of clients is understandably often hard to manage and families who have established a level of stability with one system are often wary of moving to something different;
 - For staff the proposed transformational changes would require a different way of looking at the provision of services for disabled children. The current nature and approach to provision tends to encourage a dependency culture within the 0-18 years which can make transition to Adult Service provision difficult. Children's Services staff would need to learn to work within a culture of much greater enablement and self-sufficiency for families and personal budget holding; and
 - For providers, personal budgets would bring demands for greater flexibility and personalised provision rather than a block booked service. Some providers would be asked to increase the volume of provision for overnight respite, others would find themselves under greater levels of scrutiny around value for money and a different group of providers again would be asked to reconsider how they provide short break activities.
- 4.31 There is a well developed and ongoing key stakeholders engagement strategy in place that involves parent representatives, providers, voluntary sector, staff, Adult Services, Health, Special Schools and the Special Educational Needs (SEN) Service. Hampshire Parent Carer Network have a representative on the Programme Board and opportunities for the voluntary and independent sector to meet with officers were advertised and undertaken. Meetings have been held or arranged with other agencies and regular communications are disseminated to managers and staff. This approach will continue, culminating in a public consultation from early November.

Family Support Services Remodelling

- 4.32 The Family Support Services remodelling workstream covers £13.4m of budgeted services plus Troubled Families spend of about £2m. Savings proposals for this workstream amount to £8.4m. This includes a target saving of £1m in respect of commissioned youth support services. It is proposed that Early Help Hubs, Children's Centre services and current youth support services, which have all developed separately but work in alignment, are remodelled and transformed to create a fully integrated 0-19 Family Support Service, further developing some of the principles that have been modelled in the County Council's successful Supporting (Troubled) Families programme.
- 4.33 In line with the requirements of Working Together to Safeguard Children (2013), a thresholds chart was developed and agreed by Hampshire Children's Trust, Hampshire Safeguarding Children's Board and all relevant partner agencies. This chart is at the heart of the development of the proposed integrated model of providing family support and is a key document in understanding how services need to work together in response to the varying needs of children.
- 4.34 The Thresholds Chart identified 4 levels of need:
- Level 1 (Universal) – may need limited and routine intervention by universal services within a specific setting to avoid need arising;
 - Level 2 (Early Help) –has additional needs within a specific setting that can be met within the resources via a single agency response and partnership working;
 - Level 3 (Targeted Early Help) – has multiple needs requiring a multi-agency coordinated response; and
 - Level 4 (Children's Social Care) – has a high level of unmet and complex needs or is in need of protection.
- 4.35 The proposed new model of delivering family support services aims to enable children at risk of poor outcomes to achieve educationally, socially and physically by supporting parents/carers to build their skills and resilience. By enabling parents to effectively meet their children's developmental needs and through support to multi-agency professionals for interventions with children as difficulties arise, we can prevent difficulties escalating into something more complex, requiring statutory intervention.
- 4.36 The key principles of the remodelled service would be to:
- provide a single approach to support families with targeted early help multi-agency needs across the 0-19 age range (level 3);
 - work with families to avoid an escalation into Children's Social care, when this is possible or appropriate (level 4);
 - provide a clear process for 'step up' and 'step down' across the levels of need;

- work with families' strengths to develop skills and confidence;
 - provide some support for children (level 2) aged 0-5 to meet statutory duties;
 - provide targeted youth support services as part of the family support model by combining in-house and commissioned provision;
 - provide professional supervision and training for all early help/family support service delivery staff; and
 - provide an integrated strategic management overview.
- 4.37 The early help offer has been evolving in Hampshire for a number of years. Each of the 10 Districts in Hampshire now has a multi-agency Early Help Hub and these have been incrementally rolled out across the county since January 2014. The Early Help Hubs offer a co-ordinated multi-agency response to families of children and young people aged 0-19, who require additional support at level 3 and also offer advice and guidance to professionals supporting children with level 2 needs. Children`s Centres have been an integral part of this offer, specifically working with families with children aged 0-5.
- 4.38 Approximately 2,200 children (1,000 families) at any one time are receiving a level 3 range of interventions via the Early Help Hubs. Approximately 50% of these children will have 'stepped down' from statutory social care interventions at level 4 (following completion of work and reduction of risk), and 50% will have 'stepped up' from level 2 via schools and the community as risks and needs are identified.
- 4.39 Children's Centres in Hampshire, most of which are managed by two external, voluntary sector providers, operate in 15 clusters (plus three standalone centres linked to the groups but managed by local maintained nursery schools). There are approximately 2,000 families reached at levels 2 - 4 through targeted services within Children's Centres at any one time. The overall number of less needy children reached will be higher than this. The services are delivered by approximately 145 family support and play workers.
- 4.40 Children's Centres are a fundamental part of the early help offer but also have their own statutory status and must be delivered in partnership with JobCentre Plus and Health colleagues. Ofsted guidance suggests Children's Centres must have sustained contact with at least 65% of identified vulnerable families. The core purpose of Children's Centres is to improve outcomes for young children and their families and to reduce inequalities between those families in greatest need and their peers in:
- child development and school readiness;
 - parenting aspirations, self-esteem and skills; and
 - child and family health and life chances.
- 4.41 This proposal for an integrated family support service is set against a backdrop of:

- an increasing health visiting service delivering support to families with young children;
 - the introduction of the offer of free early years education for eligible 2 year olds; and
 - the introduction of the early years pupil premium to support 3 and 4 year old children in early years education who may need additional resources and the development of a range of community services.
- 4.42 The options with regards to Children's Centres as part of our remodelled family support service include:
- a service provided in-house by the County Council. This would be a change from the current model which is delivered via voluntary sector partners;
 - a more mixed economy including some voluntary sector provision at a local level and some charging for the level 2 services; or
 - a fully outsourced service.
- 4.43 It is proposed to consult on the option of a reduction in the number of Children's Centre buildings to a core minimum of between eight and 15 (to secure savings in the running costs of the buildings that can then be used for service provision), but there would be continued use of outreach venues to ensure accessibility to services across the County.
- 4.44 Requests for support to be provided by the remodeled family support service would come from a range of partner agencies, including health, education and community professionals. A decision would be made regarding the type and level of support required and families would access a mixed economy of direct one to one support and/or group activities tailor-made in discussion with families themselves in order to address the issues of concern. Under the proposals, funded level 2 support from Children's Centres for families of children aged 0-5 would be much more tightly targeted and additional reach would be through charged-for services or voluntary sector provision, with funding raised from sources other than the County Council.
- 4.45 The family support would be delivered in collaboration with other local services and would take into account the needs of the whole family. Support would be time specific with clear goals. Outcomes would be monitored and shared with other professionals supporting the family. The overall range of services on offer would be agreed at a local level through a parent and professional forum, based upon an understanding of the types of need in the community and range other of services available.
- 4.46 It is anticipated that there are a number of benefits to these proposals:
- families with children of different ages would receive a seamless service;
 - staff could be used flexibly across the age ranges, sharing expertise and specialisms;

- there would be enhanced social care supervision of non-social care staff so that they would be better equipped to meet level 3 needs and ensure a robust approach to safeguarding;
- staff would benefit from unified management and training;
- there would be a single point of contact for partner agencies who currently liaise with the constituent parts of the family support service separately;
- the support offer could be designed taking into account other services already available in the locality; and
- there would be a single management team monitoring family interventions and outcomes and less opportunity for a family's needs to fall between services.

Children Looked After placements review

- 4.47 The placements workstream covers £23.1m of services. Savings proposals amount to £1.6m. It is reviewing in-house and independent fostering, and long stay non-county residential placements to ensure that the placements are cost effective and deliver high quality outcomes.
- 4.48 To ensure a sufficient mix of suitable, stable placements for children looked after the County Council provides a range of residential placements through its own foster carers and children's homes and through the purchase of placements from external agencies. This 'mixed economy' is typical for local authorities and Hampshire's mix of placements is very similar to the national picture. The numbers of children placed with Independent Fostering Agencies (IFA) and in non-county residential children's homes has increased since 2012/13 due to the increasing number of young people coming into care and their particular care needs.
- 4.49 As placements of children looked after are a major part of the costs of social care, the process already receives high levels of financial scrutiny. Therefore, achievement of further savings is challenging and requires both consideration of whether the overall operating model could be changed and detailed analysis across all facets of the service to identify a range of further, often individually small, but collectively significant, efficiencies.
- 4.50 Opportunities fall within two main strands of work: reviewing and where necessary reshaping our in-house provision and developing the external market to meet Hampshire's needs.
- 4.51 The work is detailed and complex and includes:
- robust analysis of current needs and placement capacity to support accurate demand forecasting;
 - analysis of our current in house carers' skills and capacity;
 - use of specialist marketing expertise to advise on in-house marketing and recruitment strategies; and
 - review of the support and finance offer to in-house foster carers.

- 4.52 It is anticipated that this work will lead to more targeted commissioning requirements. It will involve:
- a remodelling of structure and processes to ensure Hampshire is an attractive and competitive fostering agency;
 - opportunities to grow the external market as a supplier partner to Hampshire's requirements rather than as a competitor; and
 - the potential for different commissioning models to the current contractual arrangements with suppliers.
- 4.53 Other areas of work cross over with the Innovation, children with disabilities and management information system replacement programs described above as well as the digital strategy. Early work has identified some immediate one off savings and ongoing savings through robust housekeeping.

Special Educational Needs (SEN), Hampshire Educational Psychology Service, Home to School Transport (SEN) Remodelling

- 4.54 The Special Educational Needs remodelling workstream covers £22.0m of services. Savings proposals amount to £3.6m. The significant legislative changes set out within the Children and Families Act 2014 [part 3] for children and young people aged 0-25 with special educational needs and disabilities (SEND) drives the need to explore business processes to refine the relationships between the Special Educational Needs service and the key internal partners of Hampshire Educational Psychology, SEN Home to School Transport, Children's and Adult social care services, as well as Health.
- 4.55 The proposals would further remodel the end to end process for the 0-25 Special Educational Needs and Disability service. They build on on-going work to reform the system in the light of the recent legislative changes and to focus on the "customer journey" of the child and their family.
- 4.56 The SEN service transformation to meet the new legislative requirements is on target, with the new service structure going live on 1 September 2015.
- 4.57 The new Capita ONE system will be introduced in November 2015 and will deliver efficiencies for the service with enhanced system capabilities. It is a key enabler in delivering the revised Education, Health and Care Plan (EHCP) business process.
- 4.58 Further work is starting in September 2015 on a county wide focus on Inclusion. This will include working with schools and colleges to establish ways of working and support for children and young people with the aim of reducing the need for requests for assessment thus reducing demand into the SEN administrative systems and reducing the pressure on special school places.
- 4.59 There are four aspects to the savings around SEN Home to School Travel and these are operational and already underway:

- parents are being offered the choice of personal travel allowances, using direct payments, to enable them to transport their children to school rather than the County Council provide transport. Some parents are already taking up this option and savings will accrue;
- the contracts for taxi companies will be revised to include provision of school escorts in order to reduce, and possibly cease, the direct employment of school escorts by the County Council. This will lead to direct cost savings, and indirect savings in transactions around recruitment, payroll etc;
- travel discussions will become embedded within the EHCP process to ensure that travel is considered early in the discussions with parents and the impact on the child, the practicalities and the costs are considered as an integral part of the process; and
- more rigorous scrutiny of transport routes through the annual review of the EHCP and Escort Supervisors to consider if transport solutions remain appropriate to each child's need, and where possible utilising independent travel.

4.60 Work is also underway to clarify the statutory, non-statutory and sold activities of Hampshire Educational Psychology (HEP) to ensure maximum effectiveness and efficiency.

School Improvement Services Remodelling

4.61 The school improvement services remodelling workstream covers £4.4m of services. Savings proposals amount to £1.0m. These services additionally generate income to children's services of approximately £7m (though that income cannot be factored into these savings proposals).

4.62 Opportunities for savings include:

- restructure of senior management;
- a tighter focus within school improvement activity including the introduction of a risk based approach to the annual visits to schools;
- a re-calibration of the balance of costs for intervention in schools causing concern between the local authority and the school;
- reduction in the attendance of school improvement staff at Ofsted feedback sessions for good or outstanding schools;
- reduction in activity of engagement with school governing bodies and refocusing of contact with Governors on a risk based approach to schools causing concern and schools rated 'inadequate';
- reconfiguration of the virtual school staffing and priorities to focus on the operational activities that have maximum impact on improving the educational outcomes of children looked after; and
- services provided free to schools by the Education Personnel and Education Finance business units will be restricted to those which the local authority has a statutory duty to fulfil. All other costs will be

charged to schools eg attendance of HR as a panel adviser for dismissal hearings.

Support Functions Review

- 4.63 The support functions review workstream covers £12.9m of services. Savings proposals amount to £1.5m.
- 4.64 There will be a review of the current structures and methods of delivery of support functions and the cost of other activities. Work has already progressed to identify these savings. Elements of support in scope are:
- Health & Safety (H&S) – review of structures and services;
 - Procurement Team – review of structures;
 - Hampshire Music Service (HMS) – review of services, use of the national Music Hub grant and a review of charging for ensemble membership;
 - Data and Information Team (DaIT) – review of structures;
 - Premature Retirement – review of forecast future payments; and
 - Hampshire Futures – review of structures and other efficiencies.

Corporate workstreams

- 4.65 The department has been fully engaging with the various corporate workstreams. The Digital workstream is vital to the delivery of various aspects of mobile working that will enable the Social Care Innovation and the SEN workstreams to deliver their transformation and associated savings. This will be supported by the technology that will be provided by the Capita One system for SEN in November 2015 and the new Capita social care management information system which will be introduced during the latter part of 2016.
- 4.66 Many aspects of the department's savings proposals are part of the corporate Market Management workstream, including the remodelling of the approach to Placements for children looked after and the work on the new Family Support Service.
- 4.67 The corporate transport workstream has supported the identification of the SEN transport savings and the department is participating in the Business and Admin review and will consider how recommendations arising from that review can further support the departmental savings strategy.

Key risks and issues

- 4.68 The transformational changes proposed for social care, and the remodelling of other services, are unavoidably challenging and would necessitate varying degrees of significant change for clients, their families, staff and external providers including the voluntary sector. That change would need careful and sensitive management. People would be asked to engage with us in a different ways and would be offered new and different

services including more self service and personalised budgets. Some would find the changes in approach work well for them; others would find it more challenging. There would, therefore, inevitably be some resistance to change and departmental staff would offer support to families and clients to reduce the difficulties in making the changes.

- 4.69 The transformational nature of the proposals, particularly for social care, mean that the savings, while achievable 'on paper' would be subject to many variables and they would not be guaranteed until fully realised in practise. It is collectively understood, however, that any failure to achieve these savings as identified, in the light of the financial position, would have a destabilising effect on the department's budgets and therefore its core services, particularly those aimed at children requiring the highest levels of protection and care.
- 4.70 The social care transformation and the SEN remodelling would require the provision of enhanced mobile working arrangements for staff.

5.0 Summary Financial Implications

- 5.1. The savings target that was set for the Children's Services Department was £23.3m and the summary of the savings proposals discussed in section 4 above that are being put forward to meet this target are contained in Appendix 1.
- 5.2. The initial opportunity assessments from the private sector partner identified a 'high end' total savings for all the workstreams of £23.3m, equivalent to the department's savings target. Whilst all workstreams are exploring opportunities to achieve this high end figure, some of the proposals are more advanced than others and some are subject to further consultation and engagement with other stakeholders etc., as described in section 4.
- 5.3. The figures in Appendix 1 show that, in 2017/18, there is an estimated shortfall of about £0.5m against the target but the target could be achieved in 2018/19. In 2016/17, there is an estimated early achievement of savings of £5.5m, which could be carried forward to 2017/18 to offset the shortfall and provide additional resource of about £5m for cost of change.

6.0 Workforce Implications

- 6.1 This section (and Appendix 1) provides further information about the anticipated workforce implications arising from implementation of the proposals contained in this report. At the current time, the detailed workforce implications cannot be estimated for all aspects of the proposals. Where it is possible to provide anticipated numbers of reductions in posts details are provided below. These figures are estimates based upon current projections and may change as proposals are refined and are subject to consultation.
- 6.2 Approximately 45 fte reductions have already been achieved toward the Departmental savings target under the Transformation to 2017 Programme

as part of the Voluntary Redundancy (VR) Process that was undertaken earlier this year. The County Council's approach to managing down staff levels in a planned and sensitive way, wherever possible through voluntary processes, will continue. The County Council will seek to achieve further planned workforce reductions through future staff turnover, voluntary measures and redeployment. The County Council will ensure appropriate consultation with staff and unions about workforce implications at the appropriate time and in accordance with County Council employment policy and procedures.

- **Social Care Transformation**

The only anticipated workforce reductions arising from the transformation of Social Care are up to 4 fte arising from the Social Care placement review. There are currently no known workforce implications arising from the business process review activity or the transformation of the social care management information system, although the latter does facilitate anticipated reductions in some other services outlined below. Under the active agents for change programme a total of 44 fte fixed term roles have been created, linked to the programme workstreams and the funding awarded by the Department for Education. The majority of these positions are temporary for 1 year and continuation of these roles will be subject to evaluation of the workstreams. Temporary roles will only be continued where the workstreams are proven to be successful and are generating sufficient savings. It is also anticipated that continuation of Social Worker Personal Assistants roles will require a restructuring of administrative roles in Social Care Teams. Detailed implications will be identified during the next year as the workstream is evaluated and future proposals confirmed.

- **Children with Disabilities Remodelling**

Developing the market for alternatives to a residential overnight short breaks model has the potential to impact upon the employment of staff within the three in-house respite units currently providing this service. Currently there are 47 fte staff employed in these units. A change in short breaks activity will also require a review of the 3.5 fte staff currently employed to manage and administer this area. Implementation of the other opportunities for savings within this workstream may also require some remodelling of existing teams but is not expected to reduce staffing levels.

- **School Improvement Services**

No further workforce reductions within Children's Services Department are anticipated as a result of this workstream beyond the reductions already achieved through the agreement of Voluntary Redundancy earlier this year. Any workforce implications for the core funding reduction for Education Personnel Services and Education Finance Services will be included within Corporate Services proposals.

- **Family Support Services Remodelling**
 This workstream has potential implications for a total of approximately 330 staff within the County Council and the voluntary sector. Approximately 130 of these are current HCC employees within Early Help Hubs and Troubled Families and approximately 200 are employees within Children’s Centres who are employed through contracted providers. The options for developing services have potential TUPE and workforce reduction implications. However, the detailed workforce implications will be subject to the final option determined after consultation.
- **Special Educational Needs, Hampshire Educational Psychology Service, Home to School Transport (SEN) Remodelling**
 There will be a further review of Special Educational Needs staff structures and it is anticipated that there could be a reduction of up to a further 9 fte arising from this workstream beyond the current restructuring which will be implemented in September 2015. This is subject to demand management work that will commence in September 2015 and this will take time to effect and the level and timing of any staff reductions will need to be managed accordingly. There may also be workforce implications arising from the review of Hampshire Educational Psychology activities although these are not known at this stage. Any workforce implications arising from the proposals relating to Home to School Transport (SEN) Remodelling will impact upon staff employed within the Environment, Transport and Economy Department which manages delivery of this service.
- **Support Functions Review:** It is currently anticipated that the review of Support Functions will result in a workforce reduction of 24.5fte (including those taking VR).

7.0 Equality Impact Assessment, Consultation and Decision Making

- 7.1 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; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 As part of the ongoing development of opportunities, a full Equalities Impact Assessment (EIA) has been undertaken for each of the savings proposals and these are included as a separate appendix to this report. The EIAs have been updated as each workstream has progressed and will continue to be updated as opportunities are developed further and

feedback from engagement and consultation activities are fed into the workstreams.

- 7.3 As key issues are identified, each workstream will propose approaches of mitigation and take into consideration any other relevant factors as they progress to formulating final recommendations for each proposal. The EIAs will aim to ensure that the impacts of each individual proposal are fully understood and clearly stated and that they are genuinely analysed and weighted against other relevant factors.
- 7.4 Based on current EIAs, the department's proposals have the biggest potential impact on the protected characteristic around 'Age', with it being the only characteristic where all workstreams have identified a potential impact. The department's workforce gender profile, carried out in March 2014, identifies that 43.9% of the department's workforce are 51 or older. Therefore, any proposals leading to redundancy would likely have a greater impact on this age group, which could result in leading to a loss of earnings and confidence in going for alternative employment.
- 7.5 To mitigate this impact, the department has already undertaken a voluntary redundancy (see 6.2) process to try and reduce the impact on any compulsory redundancy requirements. If further redundancy is required, then a redundancy package will be in place, supporting staff through this process.
- 7.6 Over half of the department's workstreams also identify a potential high impact on the protected characteristic around 'Disability'. Part of the mitigation approach, as set out in the EIAs, has been to undertake engagement activities, as well as further consultation and engagements events planned, with parents groups, voluntary sector, providers and other key stakeholders to generate creative solutions around services for children with disabilities; as well as serving as opportunities to test the impact and validity of proposals.
- 7.7 The workstream EIAs identify the protected characteristic around 'Marriage/civil partnership' as the least likely to be impacted by the department's proposals.

Phase 1 Consultation

- 7.8 The *Shaping Hampshire - Spending Review* Consultation was carried out between 26 May and 6 July 2015, with the aim to seek residents' and stakeholders' views on three main options for managing the anticipated shortfall in funding and achieving savings of around £98m by April 2017, namely:
- raising the rate of Council Tax;
 - using the County Council's reserves differently; and
 - reducing spending on specific services.
- 7.9 The Consultation also included questions on which services respondents considered to be 'most important' for the County Council to continue to deliver; usage of a range of services; and an opportunity to add views or further options.

- 7.10 Overall, there was a high level of support for the County Council's current financial strategy. Respondents also favoured savings being found through a combination of all three options – namely increasing Council Tax, using more of the County Council's reserves and reducing spending on some services. There was less support for using more of the County Council's reserves (in combination with service spending reductions), and very limited support for finding the anticipated savings through reductions in funding for services alone.
- 7.11 Most residents and stakeholders were strongly opposed to reducing spending on services for children, older people and vulnerable people - ranking these as the 'most important' services for the County Council to continue to support and deliver. However, services were not prioritised based on respondents' use of the service. Household waste recycling, roads maintenance and libraries were also ranked as important services.
- 7.12 Executive Lead Members and Chief Officers have been provided with the key findings from the consultation to help in their consideration of any areas where the feedback conflicts with the options for savings proposals that were included in the Spending Review Consultation.
- 7.13 In relation to the options on which the County Council consulted, for savings in service areas for Children's Services, the majority of residents and stakeholders opposed reducing spending on services for vulnerable children, and prefer for the County Council to focus on making savings through the following:
- seek to increase the number of foster carers to care for children who are currently looked after by the County Council;
 - review the process and placement costs of children's social care, without putting children at risk; and
 - review school improvement services and support.
- 7.14 The Department is pursuing proposals around these options. Additionally, respondents were not supportive of proposals to review the services available for children with disabilities. Therefore, this matter will be reconsidered.
- 7.15 The proposals presented in this report are aimed at, wherever possible, minimising the impact on vulnerable children by seeking efficiencies and making the overall operating model more effective, which is in line with the feedback that was received from residents and stakeholders.
- 7.16 Furthermore, as respondents were generally supportive of a rise in the level of Council Tax to offset some of the service reductions, the County Council could consider this as an option, although the current planning assumption is no rise in council tax.
- 7.17 Information on the findings from the *Shaping Hampshire - Spending Review Consultation* will be subject to a separate detailed report to Cabinet in September, leading into the update of the Medium Term Financial Strategy planned for October.

Phase 2 Consultation

- 7.18 A programme of engagement with internal and external stakeholders around the remodelling proposals for Children with Disabilities and aspects of the Family Support Services has been ongoing since April 2015. Further engagement will continue throughout September and October 2015.
- 7.19 Further consultation on the proposals for the Family Support Service remodelling and the Children with Disabilities remodelling workstreams is planned to commence in November 2015. The outcomes of this consultation together with the detailed plans for the future shape and delivery of those services would then be reported to the Executive Lead Member in March 2016.

8.0 Recommendations

- 8.1 To approve the proposed savings options contained in this report and Appendix 1, for submission to the Cabinet.

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

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

Other Significant Links

| | | |
|--|------------------|-------------|
| Links to previous Member decisions: | | |
| <u>Title</u> | <u>Reference</u> | <u>Date</u> |
| | | |
| Direct links to specific legislation or Government Directives | | |
| <u>Title</u> | <u>Date</u> | |
| None | | |

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 | |

IMPACT ASSESSMENTS:

Equality Duty

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

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;

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.

Equalities Impact Assessment (EIA):

A full Equalities Impact Assessment has been undertaken for each of the savings proposals and these are included as a separate appendix to this report.

Impact on Crime and Disorder:

Within the Social Care Transformation workstream, the Active Agents for Change approach will aim to reduce child abuse in many forms including interrupting criminal activity through better sharing of intelligence.

Climate Change:

Consideration has been given and the proposed workstreams provide no impact.

Proposed Savings Options (subject to consultation where appropriate)

| Corp. Prog. Ref | Service Activity | Description | Impact / Issues | 2016/17 | 2017/18 | 2018/19 | |
|-----------------|----------------------------|---|--|---------|---------|---------|-----|
| | | | | £'000 | £'000 | £'000 | FTE |
| C3 | Social Care | <p>Transformation programme, including creating: Family Intervention Teams; social work personal assistants; new family support workers; recruitment of volunteers; social work surgeries; a team focussed on missing, exploited and trafficked children and development of partnerships to enhance the skills of the workforce.</p> <p>Development of a new IT system for social care in partnership with Capita.</p> <p>Business process review work to identify any areas for efficiencies and additional savings opportunities.</p> | New ways of working to meet children and young people's needs earlier and in a different way. This will lead to an increase in the number of children and families who can be helped to safely stay together rather than children necessarily coming into care and associated reductions in the costs of care as the number of children who become looked after reduce. There will be an initial significant increase in staff recruitment, followed by a scaling back as some services and working practises become embedded in 'business as usual' following evaluation of the outcomes achieved during 2015 and 2016. | 1,500 | 4,000 | 4,000 | 3.1 |
| C5 | Children with Disabilities | Remodelling of service - processes and policy decisions, establishing an appropriate charging policy and moving towards outcome based commissioning. | Review of eligibility as part of a demand management strategy, processes are efficient and effective, policy decisions lead to optimal placements, savings generated from joint commissioning opportunities with Adult Services and increased market capacity. | 615 | 3,200 | 3,200 | TBC |
| C1/7 | Family Support Services | Develop an integrated Family Support Service by reviewing existing provision and processes across Early Help Hubs, youth support services and Children's Centres. | Statutory responsibilities will be retained. Earlier intervention on certain types of need at Level 3 will avoid cases being escalated towards the specialist end of provision. | 715 | 8,400 | 8,400 | TBC |

| Corp. Prog. Ref | Service Activity | Description | Impact / Issues | 2016/17 | 2017/18 | 2018/19 | |
|-----------------|---|--|---|--------------|---------------|---------------|-------------|
| | | | | £'000 | £'000 | £'000 | FTE |
| C6 | Placements | Review of placements process including fostering (in house, IFAs, prevention of offending fostering and family link) and long stay residential placements (NCPs 16+). | Provision of an optimised placements process supported by external contract arrangements that map to anticipated need and future outcomes. | 390 | 1,600 | 1,600 | 4.0 |
| C4 | Special Educational Needs (SEN) (incl transport) and Educational Psychology | Optimise service delivery solutions that reduce transport costs, deliver consistent and efficient ways of working in line with IT enablers, provide person-centred customer journeys throughout the process, reverse the upwards trend in requests for statutory assessment through demand management (early intervention) strategies with schools, and minimise disagreement and conflict resulting in costly appeals to the first tier tribunal. | Improved outcomes for parents, carers and children and young people with SEND aged 0-25 which is the essence of the SEND reforms. Children's travel arrangements become an integral part of the EHCP. | 492 | 3,600 | 3,600 | 19.8 |
| C2 | School Improvement | Consider options for achieving a more cost-effective model of school improvement that maintains the provision of statutory improvement services. | Less direct contact with schools as a result of more targeted interventions. Schools may need to pay more to receive added value services. Some schools may opt out of service level agreements and/or seek alternative cheaper options that may impact on performance. | 1,009 | 1,036 | 1,036 | 7.2 |
| C8 | Support and other management | Review of the directorate's support functions and activities in line with the wider transformation opportunities. | Services are remodelled to adjust to support service areas new ways of working, as well as efficiencies from process and policy reviews within support function areas. | 815 | 1,000 | 1,464 | 24.5 |
| Total | | | | 5,536 | 22,836 | 23,300 | 58.6 |