

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY, 20 FEBRUARY 2017 AT 2.00PM**

**COUNTY COUNCIL
TUESDAY, 21 FEBRUARY 2017 AT 10.00AM**

Cabinet
Agenda Item No.

4i

County Council
Agenda Item No.

5A(i)

**COMMENTS AND CONCLUSIONS OF THE COUNCIL'S CABINET PANELS ON
THE INTEGRATED PLAN 2017/18 – 2019/20**

Report of the Director of Resources

Author: Deborah Jeffery, Assistant Democratic Services Manager
(Tel: 01992 555563)

Executive Member: Chris Hayward, Resources & Performance

1. Purpose of the report

1.1 To inform Members of the comments and conclusions of the County Council's Cabinet Panels on the draft Integrated Plan 2017/18 – 2019/20.

2. Summary and Background

2.1.1 As part of the Integrated Planning Process each of the County Council's service Cabinet Panels met during late January and early February 2017 to consider the integrated plan 2017/18 – 2019/20.

2.1.2 At its meeting on 10 February 2017, the Resources & Performance Cabinet Panel considered the Integrated Plan for 2017/18 – 2019/20, the comments of the service Cabinet Panels, and the report of the Overview and Scrutiny Committee on its scrutiny of the IP proposals (the Committee's report is attached as item 4(ii) of the Cabinet agenda / item 5A(i) of the Council agenda).

2.1.3 The relevant extracts from the minutes of the service cabinet panels' meetings, together with their conclusions, are attached as Appendix 1 to this report. The relevant extract from the minutes of the Resources and Performance Cabinet Panel meeting on 10 February, including its conclusions, is attached as Appendix 2 to the report (*to follow*).

3. Recommendation

- 3.1.1 That the report be noted and that the comments and conclusions of the Council's Cabinet Panels be taken into account by Cabinet and County Council in their consideration of the Integrated Plan 2017/18 – 2019/20.
- 3.1.2 Cabinet's recommendations to Council will be considered by County Council on 21 February 2017.

4. Financial Implications

- 4.1 The financial implications of the Integrated Plan proposals are as set out in the report at item 4(iii) of the Cabinet agenda and item 5A(i) of the Council agenda.

Background Information

Minutes of:-

- Enterprise, Education & Skills Cabinet Panel, January 2017
- Children's Services Cabinet Panel, January 2017
- Public Health, Localism & Libraries Cabinet Panel, February 2017
- Adult Care & Health Cabinet Panel, February 2017
- Environment, Planning & Transport Cabinet Panel, February 2017
- Highways Cabinet Panel, February 2017
- Community Safety & Waste Management Cabinet Panel, February 2017
- Resources and Performance Cabinet Panel, February 2017

INTEGRATED PLANNING PROCESS 2017/18 - 2019/20: COMMENTS FROM SERVICE CABINET PANELS

1. Enterprise, Education and Skills Cabinet Panel (25 January 2017) – Schools Budget

Members considered a further report highlighting the areas of the Integrated Plan which related to Enterprise, Education and Skills (Schools) and were informed that the schools budget had recently been submitted to the Department for Education (DfE) for consideration to meet the DfE timetable.

Officers advised that the pressures to the schools budget remained considerable and that a list of proposed savings could be viewed at 4.5 of the report.

Members heard that 4.4 of the report noted that £11.3 million of pressures for mainstream schools could not be met. Members discussed concerns that this amount, which related to inflation (including National Minimum Wage), was not included in the budget proposal. Officers advised that it meant that schools had to reduce their costs in order to operate within the funding provided and that there were concerns about the potential impact on standards.

Officers advised that a big growth item was the £2.2 million capital expenditure required to increase capacity at special schools. It was noted that the DfE had advised that the DSG could be used. It was noted that an increase in DSG funding for SEN had been received and that the money could be reallocated for a series of development items.

In response to a Member question on whether the County Council has looked at the Delivering Special Provision Locally (DSPL) structure and costs, Members heard that the structure was reviewed from time to time. Primary schools were in general happy, but in some areas secondary schools had concerns and officers were considering how to respond.

Members reported that there was a concern at the Schools Forum about the Apprenticeship Levy placed on schools. Officers explained that whilst schools had to contribute, they had little opportunity to reclaim any money. Members heard that schools were looking to introduce an apprenticeship route from September 2018/19 but it was noted that this could add a complicated layer to teacher training.

Conclusion

The Cabinet Panel recommended the proposals relating to the Integrated Plan in respect of Enterprise, Education and Skills to Cabinet.

2. Enterprise, Education & Skills Cabinet Panel (25 January 2017) – Non Schools

The Cabinet Panel considered a report which highlighted the areas of the Integrated Plan which related to Enterprise, Education and Skills (Non Schools) in order for the Cabinet Panel to consider these and provide comment.

The summary of the pressures and proposed savings on pages 3/4 of the report were highlighted. A significant pressure identified was in relation to Special Education Needs home to school transport and the increase in costs of providing the same level of service.

Members were advised that there would be the withdrawal of the Education Services Grant (ESG) from September 2017 and that the implications of this had been considered and steps taken in response. Officers advised that there would be a need to move the Music Service to break even within two years and that the support previously offered to schools round redundancies would be reduced, to assist with savings. It was noted that Schools Forum had agreed that some £1.15m funding for the Herts for Learning school improvement contract could be de-delegated from the Dedicated Schools Grant (DSG) to enable services to continue. Members heard that over 90% of schools had voted to de-delegate funding which meant that most of the costs had been offset and that the schools were also confident that they were receiving value for money.

Officers advised that Children Services had been undertaking a review of business efficiency and back office costs and that there had been a series of efficiency reductions including in business support (admin), printing, and staffing establishments. There had also been policy changes to mainstream home to school transport, with escorts being withdrawn from infant age.

Members noted that there was an ongoing programme of change and that Officers were looking at the reorganisation of Integrated Services for Learning (ISL) and Services for Young People (SYP).

With regards to Capital, Members noted that there were additional requirements for superfast broadband delivery for Hertfordshire premises.

In response to a Member question on the how the reduction of £237,000 Virtual School Service Funding would affect the running of the service, Officers advised that there were a number of factors that had led to this reduction being identified. Members heard that a reduction in the number of Children Looked After (CLA) had reduced the pressures on the Virtual School Service and that the service also had access to a considerable amount of money in the form of Pupil Premium Plus funding which supported the programme of activity undertaken in support of CLA education. There were also staffing establishment/efficiency savings.

Members discussed concerns around the Special Educational Needs (SEN) pressures and queried whether there were funding provisions for lawyers to work on SEN cases. Members were informed that there had been a change in the way SEN had been managed following on from legislative change including the introduction of Education,

Health and Care Plans for a wider group of young people. There was a need to increase staffing to manage this, which was reflected in the £271,000 pressure. Officers advised that there was a budget for legal costs and that those were not being increased and were not included within the pressure. Members heard that there had been a considerable reduction in court costs within Children's Services but that was not the case with SEN and that whilst the preference was not to involve lawyers, if Officers could not reach an agreement with parents, legal engagement sometimes became unavoidable.

Conclusion

The Cabinet Panel recommended the proposals relating to the Integrated Plan in respect of Enterprise, Education and Skills to Cabinet.

3. Children's Services Cabinet Panel (31 January 2017)

The Panel received a report highlighting the areas of the Integrated Plan relating to Children's Services. It was noted that The Settlement from government proposed a significant reduction in funding with a £35m loss of Revenue Support Grant between 2016/17 and 2017/18 and although substantial efficiency savings had been identified, a further saving of £23.8m in 2018/19 rising to £44.8m by 2019/20 was required to meet the budget gap.

The Panel were asked to consider the elements of the Children's Service's budget in relation to financial pressures, savings and capital programme. The Integrated Plan report stated the financial impact of service plans and available funding to resource them over the next three years.

The Panel received a summary of pressures for change relating to Children's Services which included:

- Children Looked After
- Child Protection
- Adoption & Special Guardianship Orders
- No recourse to Public Funds
- Unaccompanied Asylum Seeking Children

Conclusion:

Following general discussion, in relation to the proposed savings for Children's Services as detailed at 4.4 and 4.5 of the report, the Panel commented as follows:

- a) Members had no comments;
- b) The Panel supported the savings proposal for Children's Services 2017/18, as detailed in 4.4 and 4.5 of the report;

It was noted that N Bell, R J Henry, R G Prowse and M A Watkin abstained.

4. **Public Health, Localism & Libraries Cabinet Panel (1 February 2017)**

The Panel received a report which highlighted the areas of the Integrated Plan 2017/18 – 2019/20 relating to Public Health, Localism and Libraries with respect to the future direction of these services whilst achieving substantial further savings in an environment of ongoing budgetary pressures and reduction in available funding.

Re Public Health:

During discussion of reconfiguration of Public Health (PH) services to absorb budgetary cuts whilst seeking to preserve outcomes and the key risks for the service, officers confirmed that an Equality Impact Assessment had been carried out as well as a cost benefit analysis of the potential effects of a failure of PH to prevent disease, including effects on the NHS.

The Taxi Diversion Scheme was given as an example of a PH funded initiative that saved NHS resources and reduced the pressure on A&E departments caused by those under the influence of alcohol. The night time scheme operated in four major town centres, namely Watford, St Albans, Stevenage and Hertford.

Officers clarified that distribution of the notified £1.2 m reduction to the PH grant for 2017/18 amongst the 143 work streams, would be based on the previously published criteria used by PH for annual prioritisation exercises and previously reported to Panel. Final priority candidates for savings, restrictions and redesign of decommissioning were being finalised and any requiring a policy decision would be brought before Members. Officers agreed to circulate this.

Members heard that the financial contribution PH received from Probation Services for drug and alcohol services was ceasing. However PH considered that testing of people on arrest for drug and alcohol abuse was a far more effective use of funding than the compliance testing of people on Community Sentences currently sought by the Probation Service. In view of this PH did not consider the withdrawal of the partial funding of compliance testing by the Probation Service an issue, provided that the Ministry of Justice did not require PH to continue funding and commissioning this service. If continued funding was required the estimated impact was £100,000 a year. Further to this, although PH had received notification of withdrawal of this funding by Probation Services, lack of agreement between the Department of Health and the Ministry of Justice meant that the Probation Service continued to make a financial contribution towards compliance testing.

A member suggested that as the reconfigurations would probably deliver less in the long term, PH should be considered as a recipient of the Better Care Fund.

Members requested a breakdown of funding in objective areas.

A member queried payments to GPs for providing contraceptive services. The panel heard that efforts were being made to ensure contraceptive services continued to be safe and to ensure that the specialist sexual health service provided more outreach and core services. Long acting reversible contraceptive services offered

by GPs were still being commissioned, but the contract would be terminated if it was found that a GP was not delivering a safe standard under the PH Sexual Health Strategy guidelines.

Re Libraries:

Members queried whether sponsorship could be sought by the Archives Service.

In relation to whether any libraries would be at risk of closure due to the time it was taking to roll out community libraries and the associated reduction in funding, officers confirmed that the saving of £500K had been built into the budget and they had every confidence in the community Library model. In answer to a question regarding the sustainability of the community library model, The Chairman stated that at this time there were no planned closures of libraries associated with achieving the £2.5m Inspiring Libraries savings.

During discussion of community libraries members heard that the setting up and manning of these by volunteers and related support had been fully costed and funded by the restructuring of management; a phased period with volunteers working alongside library staff enabled volunteers to develop their skills and confidence. Whilst unions had been consulted about the role of the volunteers, job descriptions were not provided for them because they did not perform the same role as professional staff. Specialist support for the public and volunteers from professional staff was provided via the LibraryLink to Welwyn Garden City.

Officers highlighted that the success of the two early adopters of community libraries, Redbourn and Chorleywood, made them a viable model. Lessons learned from their development would be tailored to the other 14 community libraries in progress, where the time required for the necessary groups to establish themselves and gain the necessary confidence had been underestimated. To address the fact that volunteers were a finite resource and to meet the need for sustainability community libraries required a programme of ongoing volunteer recruitment.

Conclusion:

The Panel commented as above to Cabinet on the proposals relating to the Integrated Plan in respect of Public Health, Localism and Libraries.

5. Adult Care & Health Cabinet Panel (1 February 2017)

The Cabinet Panel considered a report which highlighted the areas of the Integrated Plan for 2017/18-2019/20 which related to Adult Care & Health in order for the Cabinet Panel to consider these and provide comment. In presenting the budget members were advised that Social Care Precept arrangements now permit authorities to raise up to an additional 3% precept for adult social care next year. Additional monies had also been made available for adult social care by diverting the New Homes Bonus which amounted to £4.2m in 2017/18.

The figures presented were also based on the service receiving £8.5m from Herts Valleys Clinical Commissioning Group (HVCCG) to support social care services; Members were reminded that HVCCG have currently advised of its intention to withdraw. Members noted that discussions are ongoing in respect to this.

Attention was drawn to the detail of the 5 strategic approaches that the service had outlined within the Strategic Direction element of the plan as the way to support the service in achieving a balanced budget and meet efficiency targets.

Members noted the contribution made by carers and how important this is in sustaining social care. The breakdown of carer arrangements can mean that people need to approach the council for care, so it is vital to help support carers maintain their caring roles.

Members heard that the projected increase in service user numbers was in excess of the demography granted to the budget for learning disabilities. Additional budget had been provided for 2017/18 to cover this.

The Panel heard that the greater use of community, voluntary and other support networks was something that was being proposed in the integrated plan as part of the strategy for ensuring a 'community first' approach. Members were advised that the savings aligned to this equated to approximately 1% of the overall budget.

Members were advised that earlier clinical diagnosis for Asperger's Syndrome and Autism had improved – and by working with Children's Services and schools, that adult mental health and physical disabilities assessed by the appropriate teams within HPFT or the HCS service.

The panel heard that 'Herts Healthy Homes' was a scheme that provided home visits to ensure vulnerable people had a safe home environment. With the roll out of the Council's Community Protection Directorate's 'safe and well' visits, the Herts Healthy Homes scheme could cease. The Safe and Well visits will entail a much greater level of coverage by utilising fire officers when they are not involved in firefighting duties.

Members expressed concern for the severe risk attached to the proposed withdrawal of funding by HVCCG. The Chairman acknowledged the severity of this and encouraged all Members to attend and raise their concerns at the Health Scrutiny Committee on the 8 February 2017.

Members fully supported and commended the use of the word 'noble' within the report and felt it was a very accurate description of this area of council activity, which is about supporting and caring for the most vulnerable members of society.

Members noted the proposal to deliver £1.040m efficiency in relation to Mental Health expenditure. Members were concerned to ensure that the proposals would not lead to a reduction in service provision. Assurance was provided to the Panel that the proposals were seeking to ensure that the service levels were maintained whilst getting greater value for the expenditure incurred. The efficiency savings being sought here were in line with other areas of the HCS budget.

An example of this was in reducing the need for out of county placements by working with district councils to ensure there was provision of suitable general-needs housing in order to release more specialist provision for people with specific needs. At present it was not always easy to identify general needs housing leading to service users remaining in specialist accommodation even when they had recovered.

An issue was raised with regard to Child and Adolescent Mental Health funding and specifically a £600,000 underspend in year from NHS fund. The chairman agreed to seek clarification on this issue as Chair of the Health and Wellbeing Board and pursue the possibility of recouping any underspend.

In relation to Day Services Members heard that there had been a reduction in numbers of people attending day services in recent years as people's expectations had changed, particularly younger service users. There is therefore a need to move away from a service based on the provision of buildings to an approach which has greater flexibility and the opportunity to use Direct Payments to facilitate this strategy. This will mean that the provision needs to be examined with a view to rationalising arrangements, with the opportunity to save costs for example in buildings and in transport requirements.

Conclusion:

The Panel commented on the proposals relating to the Integrated Plan in respect of Adult Care and Health.

The Panel identified issues it felt it should consider in finalising the Integrated Plan proposals

6. Environment, Planning & Transport Cabinet Panel (1 February 2017)

The Panel was invited to comment and identify any issues on the areas of the Integrated plan which related to Environment, Planning and Transport.

Members noted that figures were based on the assumption that the proposed capital programme regarding the Croxley rail interchange was going ahead. It was noted that there were a number of apparent policy contradictions with environmental and transport issues and available budgets but agreed that although unfortunate this was unavoidable. Members discussed the retention and recruitment issues of staff which was an ongoing issue but noted that intense work was being undertaken to improve upon this.

A proposal was raised and seconded that a recommendation be made that Cabinet reconsider the apparent contradiction between Hertfordshire County Council policies on sustainable transport and the removal of subsidies to bus services.

A vote was taken and was LOST.

A two part proposal was raised by the Chairman as follows:

- i. that the Cabinet Panel accepted the Integrated Plan in respect of Environment Planning & Transport.

A vote was taken and was CARRIED by 6 votes with 4 abstentions from the Liberal Democrat and Labour Members.

- ii. that it is recognised that there are policy challenges related to sustainable Transport Policy.

A vote was taken and was unanimously CARRIED.

Conclusion:

The Panel commented as above to Cabinet on the proposals relating to the Integrated Plan in respect of Environment, Planning & Transport.

7. Community Safety & Waste Management Cabinet Panel (7 February 2017)

The Cabinet Panel considered a report which highlighted the areas of the Integrated Plan for 2017/18-2019/20 which related to Community Safety and Waste Management in order for the Cabinet Panel to consider these and provide comment.

Members heard that a detailed online questionnaire was completed as part of the public consultation to which 1937 responses were received. 61% of those who responded said that in a choice between service reductions and further council tax increases they would rather see an increase in council tax and 34% a reduction in services. It was also noted that the percentage of respondents supporting a reduction in expenditure on disposing of waste was 28% and 22% a reduction in community protection.

Members noted that the total budget for the county council had been set at £810m for 2017/18 falling to £807m in 2018/19 before increasing to £813m in 2019/20. The Revenue Support Grant would fall by 98% between 2016/17 and 2019/20 from almost £80m to under £2m. Basic Council Tax income was projected to increase by just over 9% over the same period from £499m to £545m. In addition, it was estimated that £44m could be raised from the social care precept.

The Panel raised some concerns relating to the uncertainty and risk of committing to a 30 year contract for waste disposal within the county. The Chairman clarified that this was also raised at the full Overview & Scrutiny Committee on the 26 January 2017 and he had since provided a written response to the Scrutiny Officer.

The Panel received assurance of the mitigated risk attached to reducing the non-pay inflation to zero.

Conclusion:

The Panel noted the proposals relating to the Integrated Plan in respect of Community Safety and Waste Management.

8. Highways Cabinet Panel (9 February 2017)

The Cabinet Panel considered a report which highlighted the areas of the Integrated Plan which related to Highways alongside a Public Engagement and Consultation Report in order for the Cabinet Panel to consider these and provide comment.

Members' attention was drawn to the Public Engagement and Consultation paper which set out the actions that the County Council had carried out to engage and consult with the public and partners. Members heard that 1,937 responses were received to an online questionnaire and acknowledged that whilst the sample could not be taken as a direct representation of Hertfordshire's population, in a choice between service reductions and further council tax increases, 61% said that they would rather see an increase in council tax and 34% a reduction in services. Members noted that the percentage of respondents supporting a reduction in expenditure on highways was 19% (a reduction on the 24% in 2015 and 27% in 2014).

The Chairman clarified that Q5 of consultation on page 12 of the report was Highways & Transportation which included the subsidy of bus services and acknowledged difficulty in determining what percentage related to highways alone.

During consideration of the Highways element of Integrated Plan, Members heard that the total budget for the County Council was £810m in 2017/18 falling to £807m in 2018/19 before increasing again to £813m in 2019/20. Members acknowledged that further savings were required to close the gap of £24m in 2018/19 rising to £45m in 2019/20.

Members noted the sources of funding for the County Council and acknowledged that the Revenue Support Grant would fall by 98% between 2016/17 and 2019/20 from almost £80m to under £2m. Officers reported that Basic Council Tax income was projected to increase by just over 9% in the same period from £499m to £545m-and that an estimated £44m could be raised from the social care precept.

The Panel's attention was drawn to page 125 of the main IP report with The Future Strategic Direction statement on the following pages, including Key Priorities, Key Pressures and Challenges, how the service have reviewed effectiveness and value for money, Key Savings and Risks in delivering projects.

Members noted Highways Service Specific Inflation calculated to add £466,000 per year. In addition, the proposed capital programme for Highways was £327m over the three years of the plan. The Chairman highlighted that the majority of the Capital Programme was revised requests as opposed to new requests.

Members discussed the Little Hadham Bypass, in particular some members felt that there should be provision to extend the Bypass as bottlenecks were being moved further along the road. Officers reported that it had been necessary to take advantage of the funding available at the time and that there was a provision in the budget to consider traffic issues in Standon.

Members highlighted that the East to West transport link towards Stansted was inadequate and that the Manchester Airport Group were in support of providing funding if other sources were to match. The Panel acknowledged that the A120 could be improved all the way to the airport not only benefitting the airport but the surrounding communities and that funding should be sought in order for this to happen in the next 10-15 years. Officers commented that £1.6 million for further assessment and delivery of the A120 was included in the proposed capital programme but that it would not be sufficient for a new road.

Officers clarified that the Highways Locality Budget item in the Capital Programme was the capital element and that the balance was included in the revenue budget.

Conclusion:

The Panel supported the proposals contained within the Integrated Plan and had no further comments to make.

[The Liberal Democrat Group and Labour Group did not support the above conclusion.]

Appendix 2

TO FOLLOW