

# HAMPSHIRE COUNTY COUNCIL

## Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 October 2019
<b>Title:</b>	Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals
<b>Report From:</b>	Deputy Chief Executive and Director of Corporate Resources

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### 1. The decision:

#### 1.1. That Cabinet:

- a) Notes the latest position in respect of the financial resilience monitoring for the current financial year.
- b) Notes the potential financial impact of Brexit and the proposed response to the risks identified.
- c) Confirms that the current planning assumption that council tax will increase by the maximum permissible without a referendum, in line with government policy, will continue.
- d) Approves the recommended approach to dealing with the anticipated £80m budget deficit, as set out in paragraphs 181 to 183.
- e) Approves, subject to further consultation and executive decision making where necessary, the savings proposals in Appendix 4, including proposal WD4 as amended; after taking due regard of the consultation feedback and Equality Impact Assessments.
- f) Approves further service specific consultations, where necessary, on the savings proposals set out in Appendix 4, prior to final decisions being made by Executive Members.
- g) Restates and reinforces the requirement that should any savings proposal be rejected that alternative options to the same value will need to be developed by the appropriate department.
- h) Approves a one-off amount of £4.6m in 2019/20 to fund the impact of further growth in the cost of Child Looked After, to be met from the savings in non-departmental budgets in the current year; as identified in Section F.
- i) Notes the change to the Coroner's Service in 2019/20, the financial consequences of which have been incorporated into the budget for 2020/21, with any in year impact managed through the use of contingencies.

- j) Re-affirms the County Council's offer to work collaboratively with our council partners, through Project Integra or other mechanisms, to boost recycling performance and improve waste collection and management arrangements and ensure that waste and recycling in Hampshire are environmentally and economically sustainable for all partners for the future, whilst also delivering the necessary financial savings for the County Council by 1<sup>st</sup> April 2021.
- k) **Recommends to County Council that:**
- i. The mid-year report on treasury management activity at Appendix 2 be approved.
  - ii. Delegated authority be given to the Deputy Chief Executive and Director of Corporate Resources to make pre-payments of employer contributions to the Pension Fund (including any residual deficit) if it is considered financially favourable to do so.
  - iii. The savings proposals in Appendix 4 be approved, including proposal WD4 as amended, subject to further consultation and executive decision making where necessary.
  - iv. Recurring funding of £10m for Adult's Health and Care is approved in response to a step change in costs, along with an additional £3.5m per annum to cover ongoing growth driven by complexity and demography.
  - v. Up to £4m of one off funding for Adult's Health and Care is approved to provide potential cash flow support that may be required given the current pressure on care packages.
  - vi. A sum of £6.8m for the forecast growth in the cost of Children Looked After in 2020/21 is approved, with further increases of £1.9m in 2021/22 and £1.2m per annum thereafter, along with up to £1m for growth in associated legal costs.
  - vii. Funding of up to £555,000 is ring-fenced within existing contingencies to provide resources to respond to the potential direct impact of Brexit on the County Council as set out in more detail in Appendix 3, with approval delegated to the Deputy Chief Executive and Director of Corporate Resources, in the event that additional government funding is not provided.
  - viii. Recurring funding of up to £300,000 be approved from 2020/21 to provide additional resources and capacity for the Highways Service following a review of the existing operational processes, policies and of the management and delivery of the frontline service.
  - ix. Strategic land purchase up to £10m to be funded from prudential borrowing with approval delegated to the Deputy Chief Executive and Director of Corporate Resources, in consultation with the Chief Executive and the Leader be approved.
  - x. Investment of £70m in Older Persons and Younger Adults Extra Care be approved to continue to provide high quality living environments at the same time as reducing the long term costs of care, to be funded from prudential borrowing, that can be approved by the Executive Member for Policy and Resources subject to a satisfactory business case being produced for each scheme.

- xi. A sum of £590,000 is added to the Capital Programme for fire precaution works in Ell South and approval to spend in 2019/20 is granted, to be funded from Policy and Resources repairs and maintenance budget.
- xii. A sum of £600,000 is added to the Capital Programme for safe route to school works for Robert Mays School and approval to spend is granted, to be funded from Children's Services cost of change reserve.
- xiii. A strategy of contributing savings arising from the favourable 2019 valuation to the Budget Bridging Reserve (previously the Grant Equalisation Reserve) for the next three years is approved.

## **2. Reasons for the decision:**

- 2.1. The decisions taken are in line with the County Council's deliberate strategy of planning ahead of time and making savings in advance of need, in order to allow time for delivery of the savings, including the requirement to undertake a second stage of consultations where this is necessary and also reflect the County Council's ability to continue to provide resources to invest in specific priorities, in line with the County Council's focus on service improvement, and to generate revenue benefits in future financial years.

## **3. Other options considered and rejected:**

- 3.1. The County Council's early action in tackling its forecast budget deficit through previous phases of Transformation and providing funding in anticipation of the tougher times to come, has placed it in a very strong financial position and the decisions taken, which have been informed by the results of the Serving Hampshire – Balancing the Budget public consultation carried out over the summer, are in line with that strategy.

## **4. Conflicts of interest:**

- 4.1. Conflicts of interest declared by the decision-maker:

The following Cabinet Members declared a personal interest in relation to the item in respect of their membership of another public body, namely a District or Borough Council within the area of the County Council.

- Councillor Grajewski (Member of Eastleigh Borough Council)
- Councillor Heron (Member of New Forest District Council)
- Councillor Humby (Member of Winchester City Council)
- Councillor Woodward (Member of Fareham Borough Council)

The following Cabinet Members declared a personal interest in relation to the item in respect of the membership of a close family relative of another public body, namely a District or Borough Council within the area of the County Council.

- Councillor Chadd (father a Member of Rushmoor Borough Council)

- Councillor Reid (wife a Member of Basingstoke and Dean Borough Council)

4.2. Conflicts of interest declared by other Executive Members consulted: N/A

**5. Dispensation granted by the Conduct Advisory Panel:** None

**6. Reason(s) for the matter being dealt with if urgent:** Not applicable

**7. Statement from the decision maker:**

<b>Approved by:</b>	<b>Date:</b>
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Chairman of Cabinet Councillor Keith Mans	