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AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Monday, 16th October, 2017

Chairman:

* Councillor Roy Perry

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| * Councillor Keith Mans | * Councillor Andrew Joy |
| * Councillor Peter Edgar | * Councillor Mel Kendal |
| * Councillor Liz Fairhurst | * Councillor Stephen Reid |
| * Councillor Andrew Gibson | Councillor Patricia Stallard |
| * Councillor Rob Humby | |

Also present with the agreement of the Chairman: Councillors Bennison, Carter, Dowden, Forster, Heron, Huxstep and Latham.

Broadcast Statement

The Chairman announced that the meeting was being recorded for broadcast on the County Council's website and would be available for repeated viewing. The press and members of the public were also permitted to film and broadcast this meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

21. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Stallard and from Select Committee Chairmen with a standing invitation to attend Cabinet: Councillors Bolton and Mitchell.

22. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

23. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting were reviewed and agreed.

24. DEPUTATIONS

It was noted that requests to speak by Councillors elected to other Authorities had been declined in accordance with the deputation scheme.

The Chairman confirmed that he welcomed input from non-Executive County Councillors and that he had agreed that Councillor Dowden could speak at Item 6 on the agenda.

25. CHAIRMAN'S ANNOUNCEMENTS

The Chairman noted the significance of this meeting of the Cabinet, with reference to the report relating to future financial strategy and transformation programmes at item 6 on the agenda. He reported recognition for the County Council's achievements and partnership working with the NHS from the head of Public Health England following their visit to Hampshire. With reference to the recent Adult and Children's social care conference in Bournemouth, it was noted that the pressures in those two areas are felt nationwide.

26. MEDIUM TERM FINANCIAL STRATEGY UPDATE AND TRANSFORMATION TO 2019 SAVINGS PROPOSALS

Cabinet received a report of the Director of Corporate Resources regarding the medium term financial strategy and Transformation to 2019 (T19) savings proposals.

In introducing the item, the Chairman noted the scale of savings that had already been made and the work undertaken to achieve this. A further £140 million was now required from a combination of demographic and inflationary pressures and a reduction in government grant. Specific pressures in areas such as providing support for young adults with complex needs were highlighted. To achieve the savings required, the Chairman favoured careful planning, supporting people to help themselves and enabling community level action by Town and Parish Councils.

The Director of Corporate Resources set out the key sections of the report, noting that it included the outcomes of public consultation, recommendations from individual departments and equality impact assessments relating to the proposals. She detailed a number of areas and drew Cabinet's attention in particular to section 3 of the report detailing the Council's commercial activity and its focus on sustainable and low risk investment.

With the agreement of the Chairman, Councillor Dowden addressed Cabinet. He acknowledged that the financial pressure resulted from national austerity measures, but felt that it would cause hardship. He did not consider the consultation that was carried out to be valid and was opposed to the strategy of making equal reductions across the organisation. Councillor Dowden noted that pressure on social care was particularly high and expressed his concern that cuts to community transport would undermine progress by putting community organisations at risk of closure and leading to increased levels of social isolation. He called on Cabinet to seek additional funding from the Government specifically to alleviate pressures on social care provision.

The Chairman thanked Councillor Dowden for his input and confirmed that all of Cabinet were very concerned about the position, but noted that government could not simply keep spending and therefore savings were required. The approach of asking for an equal contribution from all departments and then seeking to provide additional support for vulnerable areas where required was supported.

In discussion of the issues raised, Members were supportive of the direction of travel and of the report. It was noted that the County Council did not have the option of sharply increasing Council Tax as had been done in the 1990s and therefore savings were needed. Furthermore there were statutory restrictions on the way in which some service provision could be changed, despite public support, such as charging for the use of Household Waste Recycling Centres (HWRCs). Cabinet acknowledged that the number of consultation responses had been low and felt that this was reflective of a broad level of acceptance for the proposals. It was emphasised that the goal of improving social outcomes continued despite the financial pressure and confirmed that providing protection for vulnerable children would not change. It was also confirmed that approaches would be made to government regarding the charging restrictions on HWRCs and exploring the options for a pilot scheme.

With reference to the community benefits that could be driven by Town and Parish Councils and the impact of the proposals on communities in Hampshire, it was proposed and agreed that the recommendation at 14.11 be amended to increase the funding available to those Councils to £500,000. It was furthermore proposed and agreed that an additional recommendation be added at 14.12 that Cabinet:

“Requires that officers, as specific decision making processes move forward, continue to explore all viable options to revise or refine these proposals with particular regard to service continuity in areas such as community transport, school crossing patrols and waste and recycling centres, in consultation with partners and stakeholders as appropriate, while recognising that any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.”

With the two amendments detailed above, the recommendations in the report, including the recommendations to the County Council were proposed and agreed. The decision record is attached.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	16 October 2017
Title:	Medium Term Financial Strategy and Transformation to 2019 Savings Proposals
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Carolyn Williamson

Tel: 01962 847400

Email: Carolyn.Williamson@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1. Notes and endorses the County Council's current approach to commercialisation as outlined in Section 3.
- 1.2. Notes the current position in respect of the financial resilience monitoring for the current financial year.
- 1.3. Confirms that in the absence of further information, which may be contained in the Budget in the autumn, the current planning assumption that council tax will increase by the maximum permissible without a referendum, in line with Government policy, will continue.
- 1.4. Approves the recommended approach to dealing with the anticipated £140m budget deficit.
- 1.5. Approves, subject to further consultation and executive decision making where necessary, the savings proposals in Appendix 3 after taking due regard of the consultation feedback and Equality Impact Assessments.
- 1.6. Approves further service specific consultations, where necessary, on the savings proposals set out in Appendix 3 prior to final decisions being made by Executive Members.
- 1.7. Endorses the principle that should any savings proposal be rejected that alternative options to the same value will need to be developed by the appropriate department.
- 1.8. Approves an additional £6.1m of one-off funding to meet the balance of funding for the overall IT Programme supporting the delivery of Tt2019, to be met from the savings in non-departmental budgets in the current year as identified in Section 4.
- 1.9. Approves one-off amounts of £1.7m and £315,000 in 2017/18 to fund the part year costs of increased social workers and payments for Special Guardianship Orders, respectively, to be met from the savings in MRP.

- 1.10. Approves an initial sum of £100,000 in 2017/18 and a recurring increase of £320,000 from 2018/19 onwards to provide dedicated resources to analyse data and undertake remedial actions associated with water bacteria risk management.
- 1.11. Approves an initial one off sum of £500,000 to support joint initiatives with Town and Parish Councils, the details of which will be subject to approval by the Executive Member for Policy and Resources.
- 1.12. Requires that officers, as specific decision making processes move forward, continue to explore all viable options to revise or refine these proposals with particular regard to service continuity in areas such as community transport, school crossing patrols and waste and recycling centres, in consultation with partners and stakeholders as appropriate, while recognising that any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.

That Cabinet recommends to County Council that:

- 1.13. The mid-year report on treasury management activity at Appendix 2 be approved.
- 1.14. The potential impact on the investment strategy of defaulting to a retail client with effect from 3 January 2018 be noted.
- 1.15. The immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure the County Council can continue to implement an effective investment strategy be agreed.
- 1.16. In electing for professional client status the County Council acknowledges and agrees to forgo the protections available to retail clients attached at Annex 1 of Appendix 2.
- 1.17. Responsibility be delegated to the Section 151 Officer (the Director of Corporate Resources) for the purposes of completing the applications.
- 1.18. The savings proposals in Appendix 3 be approved, subject to further consultation and executive decision making where necessary.
- 1.19. The remainder of the spending required, totalling £22.5m, be approved to complete the IT enabling and EPP programmes, following the £16.1m that was approved in July this year.
- 1.20. Recurring funding from 2018/19 onwards of £10.25m is approved to cover the increased costs of social workers, Home to School Transport and payments for Special Guardianship Orders.
- 1.21. A one-off sum of £1.4m is approved from the Invest to Save Reserve to fund additional resource within the in-house Transformation Team until the end of 2019/20.
- 1.22. High level approval be given for up to £35m of capital spend (funded through prudential borrowing) to invest in the purchase of land and development of the Manydown site.
- 1.23. An initial sum of £3m is transferred from capital to revenue between the County Council and Enterprise M3 LEP as outlined in this report and that

delegated authority be given to the Director of Corporate Resources to agree further transfers if required.

- 1.24. Capital spend of £1.23m be approved to implement improvements whereby specialist equipment will be installed to improve the quantity and quality of data collection and monitoring in relation to water bacteria risk management. To be funded from the savings in non-departmental budgets in the current year as identified in Section 4.
- 1.25. An increase in the capital programme of £1m per annum from 2017/18 onwards to raise the provision for the general replacement of and additions to the fleet managed by HTM to £3m per annum, to be funded through prudential borrowing be approved.
- 1.26. Schemes associated with the development of land at Woodhouse Lane to the value of £41.695m are added to the capital programme as outlined in paragraph 11.10.

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:
- 4.2. Conflicts of interest declared by other Executive Members consulted:

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:

Approved by:

Date:

16 October 2017

**Chairman of the Cabinet
Councillor Roy Perry**