

REPORT OF THE
Cabinet
PART I

1. MEDIUM TERM FINANCIAL STRATEGY UPDATE AND TRANSFORMATION TO 2021 SAVINGS PROPOSALS

- 1.1. At its meeting on 15 October 2019 the Cabinet considered the medium term financial strategy and transformation to 2021 savings proposals.
- 1.2. The report considered by Cabinet presented detailed savings proposals from Departments as part of the Transformation to 2021 Programme, it set out the financial context, including the Council's approach to commercial activity and detailed the outcomes of the Serving Hampshire – Balancing the Budget public consultation. It included an Equality Impact Assessment for each saving proposal.
- 1.3. It was reported at the Cabinet meeting that the impact of the 2019 Pension Fund valuation on the County Council (covered in paras 296 to 300) had now been confirmed and that the savings were at the upper end of the £10m to £15m range quoted in the report.
- 1.4. The report considered by Cabinet is attached, in full and including an update to Appendix 4 agreed by Cabinet, as an Annex to this Council report.
- 1.5. In addition to a number of recommendations to Council, set out below, Cabinet resolved to:
 - i. Note the latest position in respect of the financial resilience monitoring for the current financial year.
 - ii. Note the potential financial impact of Brexit and the proposed response to the risks identified.
 - iii. Confirm that the current planning assumption that council tax will increase by the maximum permissible without a referendum, in line with government policy, will continue.
 - iv. Approve the recommended approach to dealing with the anticipated £80m budget deficit, as set out in paragraphs 181 to 183.
 - v. Approve, 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.
 - vi. Approve further service specific consultations, where necessary, on the savings proposals set out in Appendix 4, prior to final decisions being made by Executive Members.
 - vii. Restate and reinforce 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.

- viii. Approve 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.
- ix. Note 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.
- x. Re-affirm 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 1st April 2021.

The full report to Cabinet can be found at the following link:

[Cabinet 15 October 2019](#)

RECOMMENDATIONS

With reference to the report annexed to this Council report, Council is recommended that:

- a. The mid-year report on treasury management activity at Appendix 2 be approved.
- b. 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.
- c. The savings proposals in Appendix 4 be approved, including proposal WD4 as amended, subject to further consultation and executive decision making where necessary.
- d. 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.
- e. 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.
- f. 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.
- g. 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.

- h. 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.
- i. 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.
- j. 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.
- k. A sum of £590,000 is added to the Capital Programme for fire precaution works in EII South and approval to spend in 2019/20 is granted, to be funded from Policy and Resources repairs and maintenance budget.
- l. 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.
- m. 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.