

REPORT OF
Cabinet
PART I

1. MEDIUM TERM FINANCIAL STRATEGY AND TRANSFORMATION TO 2019 SAVINGS PROPOSALS

- 1.1 At its meeting on 16 October 2017, Cabinet considered the medium term financial strategy and transformation to 2019 savings proposals.
- 1.2 The report considered by Cabinet presented detailed savings proposals from Departments as part of the Transformation to 2019 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 also included an Equality Impact Assessment for each saving proposal.
- 1.3 The report also examined the medium term financial prospects for the County Council to 2020/21 and took the opportunity to update Cabinet on the financial monitoring position for 2017/18. In addition, the report considered a number of items that are linked, both directly and indirectly, to additional capital investment and economic growth and also to managing risk, particularly in response to growing demand pressures across children's social services.
- 1.4 The report considered by Cabinet is attached, in full, 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 and endorse the County Council's current approach to commercialisation as outlined in Section 3.
 - ii. Note the current position in respect of the financial resilience monitoring for the current financial year.
 - iii. Confirm 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.
 - iv. Approve the recommended approach to dealing with the anticipated £140m budget deficit.
 - v. Approve, 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.

- vi. Approve further service specific consultations, where necessary, on the savings proposals set out in Appendix 3 prior to final decisions being made by Executive Members.
- vii. Endorse 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.
- viii. Approve 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.
- ix. Approve 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.
- x. Approve 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.
- xi. Approve 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.
- xii. Require 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.

RECOMMENDATIONS

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

- a) The mid-year report on treasury management activity at Appendix 2 and note potential impact on the investment strategy of defaulting to a retail client with effect from 3 January 2018.
- b) 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 and acknowledge that in electing for professional client status the County Council are agreeing to forgo the protections available to retail clients attached at Annex 1 of Appendix 2.

- c) That responsibility be delegated to the Section 151 Officer (the Director of Corporate Resources) for the purposes of completing the applications.
- d) The savings proposals in Appendix 3, subject to further consultation and executive decision making where necessary.
- e) The remainder of the spending required, totalling £22.5m, to complete the IT enabling and EPP programmes, following the £16.1m that was approved in July this year
- f) Recurring funding from 2018/19 onwards of £10.25m to cover the increased costs of social workers, Home to School Transport and payments for Special Guardianship Orders.
- g) A one-off sum of £1.4m from the Invest to Save Reserve to fund additional resource within the in-house Transformation Team until the end of 2019/20.
- h) Up to £35m of capital spend (funded through prudential borrowing) to invest in the purchase of land and development of the Manydown site.
- i) 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.
- j) Capital spend of £1.23m 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.
- k) An increase in the capital programme of £1m per annum from 2017/18 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.
- l) The addition of schemes associated with the development of land at Woodhouse Lane to the value of £41.695m to the capital programme as outlined in paragraph 11.10.