

**HERTFORDSHIRE COUNTY COUNCIL**  
**HIGHWAYS CABINET PANEL**  
**WEDNESDAY 31 JANUARY 2018 AT 10.00AM**  
**INTEGRATED PLAN 2018/19 - 2021/22**

Agenda Item  
No:

**5**

Joint Report of Director of Resources and Chief Executive & Director of Environment

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David Williams (Executive Member for Resources,  
Property and the Economy)

**1. Purpose of the Report**

- 1.1 To highlight the areas of the Integrated Plan which relate to the Highways Portfolio in order for Panel to consider these and provide comment.
- 1.2 Members are asked to bring the following reports to the meeting, which have been circulated separately to all Members of the County Council:

**‘Public Engagement and Consultation on the 2018/19 – 2021/202 Integrated Plan’** (circulated as Item 4(i) for the Cabinet meeting of 22 January 2018); and

**‘DRAFT INTEGRATED PLAN 2018/19 – 2021/22 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)’** (circulated as Item 4(ii) for the Cabinet meeting of 22 January 2018).

Please note **amendments** to the **Integrated Plan 2018/19-2021/22 Part B- Highways Portfolio pages 129-130 and 138-139** -see Appendices A, B & C this report.

**2. Summary**

- 2.1 The Integrated Plan brings together the financial impact of service plans and the available funding to resource these, over the next four years. Strategic Direction summaries have been produced for each Portfolio, which set out the future direction of services in the context of achieving substantial further savings. These have been informed by

comparative benchmarking, both through published data and informal networks with other comparable authorities, to identify areas of potential efficiency gains.

- 2.2 Services have identified savings, in the context of the continuing budgetary pressures and reduction in available funding. Savings requiring a policy change have been or are being taken through Panels for Cabinet decisions throughout 2017/18, and substantial efficiency savings have been identified. Savings include reducing the allocation of general non-pay inflation to zero. Whilst this is mitigated to some extent by excluding exceptional inflation areas it will require services to manage the impact during 2018/19.
- 2.3 The Government announced the provisional Local Government Finance Settlement for 2018/19 on 19 December 2017. This was the third of the Government's four year settlement offer, and so a number of the reductions to funding were known in advance when preparing the proposed budget. Revenue Support Grant (RSG) will reduce by £22m between 2017/18 and 2018/19, and by a further £20m in 2019/20. Other grant announcements have confirmed expected reductions in Public Health grant (2.5%) and the cessation of Education Services Grant (ESG) from September 2017.

Funding from 2020/21 is uncertain, especially with proposed changes to the business rates retention system and a Fair Funding review which the Government proposes to introduce from that year. The IP assumes a further reduction of £5m pa in 2020/21 and 2021/22, but this will be kept under review.

- 2.4 The provisional Settlement also increased the referendum threshold for basic council tax, allowing authorities to increase this by up to 3% in 2018/19, without requiring a referendum. The 2017/18 IP had included a proposed 1.99% council tax increase each year, and the raising of the 3% remaining permitted Adult Social Care (ASC) Precept in 2018/19. The IP considered by Cabinet in January assumes a basic council tax increase of 2.99% in 2018/19 and 2019/20, and the 3% ASC Precept in 2018/19.
- 2.5 The final position will not be confirmed until the Final Settlement (expected early February) and other late grant announcements, and until final figures are received from Districts for council tax base and collection fund balances, due to be provided by end January. Should any late changes result in an unbalanced budget, specific reserves will be used to provide one off funding in 2018/19. Any additional funding will be available to support the 2018/19 budget, for example by increasing contingency to mitigate risk, or to help meet the funding gap for future years.
- 2.5 The future position remains challenging. Even with the identified savings and revised increases in council tax and the social care precept, current projections of pressures and funding require a further

£8.1 million saving to be identified in 2019/20, rising to £30 million by 2021/22.

- 2.6 To help meet these challenging targets, work is in hand to progress further savings during 2018, for implementation for 2019/20 or sooner where achievable. It is recognised that some savings require significant lead in times, especially where there is service redesign or consultation.

### **3. Recommendations**

- 3.1 The Panel is invited to comment to Cabinet on the proposals in the Integrated Plan in respect of Highways.
- 3.2 The Panel is also asked to identify any issues that it feels that the Cabinet should consider in finalising the Integrated Plan proposals.

### **4. Background**

- 4.1 The integrated plan comprises:
- an overview of the proposed revenue budget and capital programme, including a review of the budget estimates and adequacy of reserves (Part A);
  - Strategic Direction and Financial Consequences - by portfolio (Part B);
  - the Treasury Management Strategy (Part C)
  - the Capital and Asset Management Strategy and Invest to Transform (part D);
  - the Insurance and Risk Strategy (part E)
  - an Equalities Impact Assessment (Part F); and
  - other technical information and finance summaries (Part G)
- 4.2 Part B of the Integrated Plan has separate sections for each Portfolio. These contain the strategic direction summary (for the Highways portfolio, on pages 131 to 137 of Integrated Plan Pack Part B); revenue budget information including a schedule of Key Budget Movements that sets out details of financial pressures and savings (pages 138 and 139); and a summary of the proposed Capital Programme (pages 141 to 149).

### **5. Equality Implications**

- 5.1 Part F of the Integrated Plan provides an equality impact assessment of the savings included within the plan and how these are intended to be mitigated by the service.