

HERTFORDSHIRE COUNTY COUNCIL
RESOURCES AND PERFORMANCE CABINET PANEL
FRIDAY 5 JULY 2019 AT 10:00AM

DRAFT FINANCIAL STRATEGY FOR THE PERIOD 2020/21-2023/24

Report of Director of Resources

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Executive Members: Ralph Sangster -Resources and Performance

1 Purpose of report

1.1 To update the Panel on the discussions held across other Council Cabinet Panels during June and July 2019, further to the Cabinet discussion in May covering the overall Council Financial Outlook. This report provides the Resources and Performance Panel with an update on the discussions that took place in other Panel meeting, prior to this being reported to Cabinet in July 2019.

2 Background

2.1 Cabinet received a report covering the Financial Outlook facing the Council in May 2019. Part 1 of that report covered the background to the current position, including national and local developments that define the current operating context and financial challenges faced by the Council. Part 2 set out the options that the Council is likely to need to consider in addressing those challenges.

2.2 Given the challenging nature of the financial outlook that report described, characterised by significant levels of uncertainty and also by a very challenging level of savings to be delivered by the Council, it was agreed that this report should then be considered by all Cabinet Panels in their June and July cycle of meetings.

2.3 This report provides an update to Resources and Performance Cabinet Panel regarding the discussions that have been had in the different panels as a result. This report will progress to Cabinet on 8 July 2019.

3 Recommendations

3.1 That the Resources and Performance Cabinet Panel:

- Notes the feedback that has been provided from the various Cabinet Panels.
- Recommends to Cabinet that Chief Officers are requested to urgently progress work on new savings proposals, as part of the Integrated Plan process.
- Considers the extent of lobbying already under way and any further opportunities that may arise.

4 Issues and analysis

Ongoing uncertainty

- 4.1 The future level of resources available to the Council continues to be uncertain. It appears increasingly unlikely that expected three years Spending Round will happen. It is considered likely that, in the absence of a three year spending review, the funding for 2020/21 is most likely to comprise of a 'roll-forward' of the current arrangements in place for 2019/20. However it is not yet clear exactly what this means, including whether there will be a continuation of one-off funding elements such as the social care grant, the fire fighters pension funding, and winter pressures money.
- 4.2 It was also expected that there would significant changes to local government funding (including the Fair Funding Review, and revised Business Rates Retention arrangements) that would be implemented from April 2020. As a result of the delay to the spending review, it now seems likely that these will not be enacted until the following year (2021).
- 4.3 In summary, a budget cycle that was always anticipated to involve significant challenges (both the magnitude of savings required and the uncertainty over funding levels) has proven to be even more uncertain than expected, and this uncertainty is unlikely to be resolved before the Autumn, and is expected to repeat through the next budget planning cycle as well (for 2021/22).
- 4.4 Whilst considerable uncertainty over exact funding levels remains, it is clear that the council faces significant financial challenges in the coming years. As such it is recommended that Chief Officers are requested to urgently progress work on new savings proposals, as part of the Integrated Plan process.
- 4.5 At this stage it is suggested that all areas outlined in part 2 of the Financial Outlook report are considered to provide options to reduce costs or increase resources for the Council.
- 4.6 Previous practice is that specific savings proposals (Policy Choices) are considered by Cabinet Panels in October. Much will depend on whether any new

information emerges from Government to which might help to clarify the resourcing position.

Lobbying

4.7 In the usual way, Government is consulting on the proposed changes to the financial mechanisms affecting councils. The Council continues to respond to these consultations as they arise. Recent submissions have included comments on proposals relating to business rates and also to provide data to support the analysis of relative 'needs' and 'resources' as part of the Fair Funding Review. Data submissions have also been made to inform the development of the Spending Review. Some submissions are requests for specific data, others relate more to policy formulation. The Council has also submitted evidence to the Housing, Communities and Local Government Committee inquiry into local government finance and the 2019 Spending Review.

4.8 The Council also works with sectoral leaders such as the Local Government Association (LGA) and the similar representative groups. The Council is an active participant in the County Council Network (CCN), and the Society of County Treasurers. Our submissions to Government consultations reflects local issues, but is also informed by wider networks and the intelligence and information they can provide. The CCN actively promotes and lobbies on behalf of county councils, and is involved in discussions with Government on a number of matters, including how a one year 'roll-forward' of spending plans might be implemented, and the risks and opportunities for county councils that this presents. Further details on this can be found at the following link:

<https://www.countycouncilsnetwork.org.uk/fairer-future-for-counties/>

4.9 These lobbying activities focus on the Council's common interest with other upper tier authorities. However, the Council also contributes to national debates such as on the cost and funding of social care, where this also includes unitary authorities such as London Boroughs and Metropolitan Borough Councils. There is also co-ordination with other Hertfordshire councils (such as in the work to secure a business rates retention pilot), and the Council will, where possible, support collective submissions from the other Hertfordshire councils as well as providing a separate response.

5 Feedback from other Cabinet Panels

Constraints of meeting dates and agenda preparation

5.1 Due to the timing of the despatch of this paper and the meeting schedule for the various Cabinet Panels, the paper will be required to be issued in two parts, as follows.

- This **summary report**, issued with the Agenda Pack.
- **A supplementary paper**, containing an appendix to this report which set out the collated feedback from
 - Adult Care and Health Cabinet Panel (from 6 June),

- Public Health and Prevention Cabinet Panel (21 June)
- Children, Young People, and Families Cabinet Panel (from 25 June),
- Community Safety and Waste Management Cabinet Panel (28 June),
- Growth, Infrastructure, Planning and Economy Cabinet Panel, and Highways and Environment Cabinet Panel (both on 1 July)

5.2 Verbal feedback will be provided in the Cabinet meeting on 8 July 2019 to cover the discussion from the Resources & Performance Cabinet Panel (5 July) and from the Education, Libraries and Learning Cabinet Panel (8 July).

6 Equality Implications

- 6.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 6.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 6.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 6.4 No EqIA has been undertaken in the production of this report but as proposals are developed EqIAs will be undertaken and will include mitigation measures which are intended to minimise the impact on any service user who may be adversely affected by the proposals.
- 6.5 In addition to the need for Members to have due regard to the Public Sector Duty under the Equality Act 2010, they also need to be aware that the County Council when making decisions is under a general duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

Background Information:

Cabinet – 13 May 2019

<https://democracy.hertfordshire.gov.uk/ieListDocuments.aspx?CId=146&MId=302&Ver=4>

Appendix A – Feedback from Cabinet Panels (to follow)