

**HERTFORDSHIRE COUNTY COUNCIL**  
**RESOURCES & PERFORMANCE CABINET PANEL**  
**WEDNESDAY 12 FEBRUARY 2020 AT 10:00 AM**

**INTEGRATED PLAN 2020/21 - 2023/24; RESOURCES & PERFORMANCE**

*Report of Director of Resources*

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Executive Member: Ralph Sangster (Executive Member for Resources and Performance)

**1. Purpose of the Report**

- 1.1 To highlight the areas of the Integrated Plan which relate to (portfolio name) 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 2020/21 – 2023/2024 Integrated Plan’** (circulated as Item 4(i) for the Cabinet meeting of 20 January 2020); and

**‘DRAFT INTEGRATED PLAN 2020/21 – 2023/24 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)’** (circulated as Item 4(ii) for the Cabinet meeting of 20 January 2020).

**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.

## Provisional Settlement

- 2.1 The provisional local government finance settlement was released on 20 December 2019, through a written ministerial statement. The levels of Government Grants announced were in line with the Spending Round 2019 in October.

### *Key Headlines:*

- 2.1 The Government calculates authorities' Spending Power, which includes income from locally raised Council Tax and Adult Social Care Precept. The Council's Spending Power for 2020/21 is £819.6m, of which £178.3m is funded by central government grants and business rates.
- 2.2 The Business Rates Retention and implementation of a Fair Funding Review, that will re-assess funding need across all authorities, are expected to be introduced in 2021/22 at the earliest now. Whilst there may be some transitional protection, these changes may give some significant funding movements.
- 2.3 The provisional settlement outlined the flexibility for a social care precept in 2020/21, allowing social care authorities to raise a precept of up to 2% in that year. Additionally, it confirmed a referendum threshold for General Council tax increases to be used for 2020/21 as 1.99%.
- 2.4 The provisional settlement further confirmed the Spending Review 2019 (SR19) announcements, where the Chancellor announced a repeat of the Winter Pressures Grant for 2020/21 and also a repeat of the funding for adults and children's social care. A £1bn amount of further funding for social care was announced. This is to be top-sliced for an amount to ensure that authorities with low council tax bases are not at detriment (i.e. more properties in the lower council tax bands). This will create a fund of £150m. The balance of £850m is expected to be distributed on the relative needs formula (RNF) basis; the provisional settlement has indicated the Council will receive £14.6m. Other benefits outside this amount include:
- confirmation of Better Care Fund (BCF) funding
  - the social care support grant being repeated
  - winter pressures funding
  - Public Health grant inflationary growth
  - funding for firefighter pensions costs

A range of smaller grant amounts are still to be confirmed. Whilst the £1bn for social care was confirmed in the Conservative manifesto, and hence looks likely to continue beyond next year, there remains uncertainty about the other grants.

- 2.5 Overall, the benefit of these grant announcements is £30.6m in 2020/21 (along with an additional £0.2m for New Homes Bonus), with the social care precept providing an additional £12.3m on top of this.

## Spending

- 2.2 Each portfolio has produced a Strategic Direction summary (included in part B) which details the future direction of services to meet these objectives within resource constraints. These strategies have been informed by comparative benchmarking, both through published data and informal networks with other comparable authorities, to identify areas of potential efficiency gains.
- 2.3 Services have identified additional savings of £7.7m since last year's IP, to bring total 2020/21 savings to £17.1m. Whilst the majority of these are achieved through more efficient ways of working, the IP includes some savings from previous policy changes in service delivery (£0.8m, or 4.7% of 2020/21 savings); however, there are no new policy changes proposed for 2020/21. Services continue to drive new ways of delivering services and innovative approaches to achieve all savings, including developing the digital agenda, commercial initiatives and enabling more efficient ways of working.
- 2.4 Details of key revenue budget movements are set out in the Strategic Direction and Financial Consequences (Part B) for each portfolio, with a breakdown by departments and summary movements shown in Other Technical Information (Part G).

## Medium term financial position, 2020/21 – 2023/24

- 1.1 The summary IP position shows a balanced position for 2020/21, but with significant and rising budget gaps in later years (£13.6m rising to £36.2m). This is essentially because the demand and cost of services is increasing faster than our funding levels. At the same time, after 10 years of identifying and delivering savings, it is proving harder and harder to identify new efficiencies.
- 1.2 The table below also shows that if government funding is not continued, the gap increases to £66.822m.

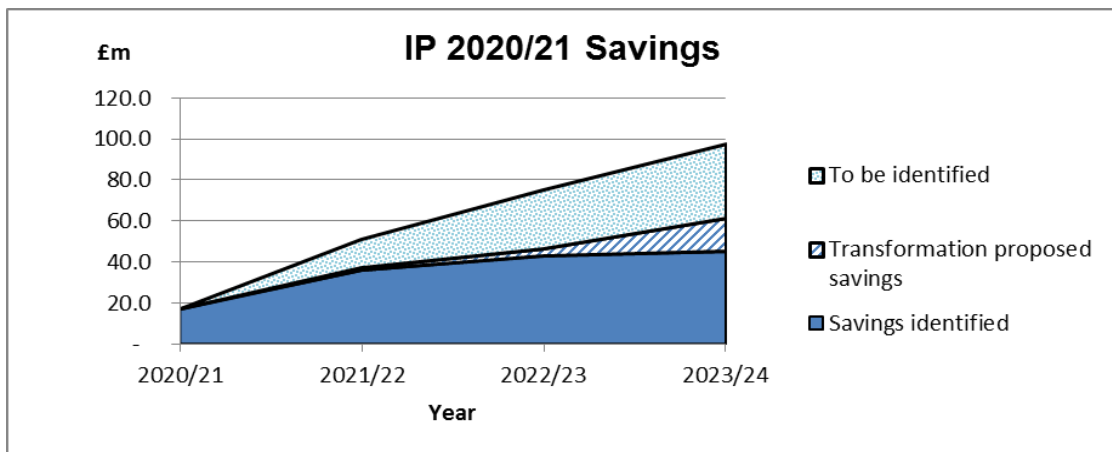
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>IP 2020 gap (assuming new funding is continued)</b>	-	<b>13,599</b>	<b>28,888</b>	<b>36,219</b>
Continuation of Government funding assumed	-	30,603	30,603	30,603
<b>IP 2020 gap (if new funding is not continued)</b>	-	<b>44,202</b>	<b>59,491</b>	<b>66,822</b>

- 1.3 Securing a balanced financial plan for 2020/21 proved more challenging than was originally expected. This is due to significant pressures being recognised in a range of operational areas (especially in social care services) and also to the national political position noted above, which has impacted on the expected level of resources and the timing and content of key announcements (such as SR19).

- 1.4 The need to prepare a multi-year spending round in 2020 and also to progress the proposed changes to councils' funding will mean that there will continue to be a huge level of uncertainty over funding across the next 12 months, and this will impact on the planning for the budget for 2021/22.
- 1.5 This position necessarily responds to unforeseen service pressures that manifested during the current year (2019/20), as reported in the quarterly monitors to members. These pressures have been most noticeable in children's social care, and the current IP has been prepared to reflect the estimated future impact of those current pressures.
- 1.6 The chart below shows illustrates the financial outlook, setting out both the level of savings required overall, and the level of savings already found and yet to be identified. The extent of the savings required as presented in the table above for later years gives cause for concern, and ongoing work will need to be undertaken to ensure that a balanced and sustainable budget can be prepared in forthcoming years.

It is clear that increased demand for services and costs of provision remain a major factor for the Council. The budget position over the IP period can be summarised as follows:

- The cost of providing services is forecast to increase by £175m over next 4 years
- Resources are expected to increase by £77m
- Hence the starting point is a budget gap of £98m
- There are £46m of savings plans in IP
- There is a £16m target for cross-cutting transformation savings (Next gen, office accommodation and future workforce)
- Hence a gap of £36m remains



### 3. Recommendations

- 3.1 The Panel is invited to comment to Cabinet on the proposals relating to the Integrated Plan in respect of Resources and Performance.
- 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 Resources and Performance portfolio, on p190 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 (p200); and a summary of the proposed Capital Programme (p212).
- 4.3 Key issues for this portfolio include:
  - As the provider of Support Services to the organisation the Resources Directorate needs to ensure that it responds to the ever changing needs of departments whilst continuing to identify opportunities to deliver savings and other efficiencies. It is clear that the need for departments to respond to changes, transform and to deliver savings is ever increasing. This in turn places extra demands on Resources to help support the organisation in delivering this change, but this must be balanced against the overall value for money for the department
  - Support the Council's delivery of projects and programmes, including introducing a new Council wide approach to delivering and managing transformation
  - As well as supporting transformation across the Council, the department will ensure Effective delivery of **new transformational change initiatives** including Apsley 2020, the Office Accommodation Strategy, Smart Working, Next Generation and Future Workforce to support a sustainable workforce and working environment.

- The IP plans include both investment to support the transformation (for example with the new project management office), but also the savings targets from these plans

## **5. Equality Implications**

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 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.