

**HERTFORDSHIRE COUNTY COUNCIL**

**HIGHWAYS AND ENVIRONMENT CABINET PANEL  
12 FEBRUARY 2019 AT 10.00AM**

Agenda Item No.

**3**

**INTEGRATED PLAN 2019/20 - 2022/23 HIGHWAYS AND ENVIRONMENT**

*Joint Report of Interim Director of Resources and Director of Environment and Infrastructure*

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Executive Members: Phil Bibby, Highways and Environment  
Ralph Sangster, Resources and Performance

**1. Purpose of the Report**

- 1.1 To highlight the areas of the Integrated Plan which relate to Highways and Environment 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 2019/20 – 2022/2023 INTEGRATED PLAN’** (circulated as Item 4(i) for the Cabinet meeting of 21 January 2019); and

**‘DRAFT INTEGRATED PLAN 2019/20 – 2022/23 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)’** (circulated as Item 4(ii) for the Cabinet meeting of 21 January 2019).

**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 taken through Panels for Cabinet decisions throughout 2018, and substantial efficiency savings have been identified. Savings have also been achieved by extending the reduction 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 2019/20.

#### Provisional Settlement

- 2.3 The Government announced the provisional Local Government Finance Settlement for 2019/20 on 13 December 2018, following the announcement of overall spending and funding plans in the Chancellor's Autumn Budget 2018 on 29 October.
- 2.4 This was the final year of the Government's four year settlement offer for authorities, including Hertfordshire, who submitted an Efficiency Plan. A number of the reductions to funding were therefore known in advance when preparing the proposed budget, including an anticipated reduction of £23.7m in Government grants between 2018/19 and 2019/20.
- 2.5 This is also the final year of the Adult Social Care precept; for the current year, no further increase is permitted and the precept flexibility has been fully taken up in previous years.
- 2.6 The Autumn Budget gave early notification of some additional funding, notably the Social Care Grant (£7.1m) and "Winter Pressures" grant (£4.1m). It should be noted that this funding is one-off and that, in the absence of the planned green paper on Health and Social care, it is not clear how government intends the cost pressure arising from the ongoing pressure in social care demand to be funded.
- 2.7 The Provisional Settlement subsequently announced the removal of negative Revenue Support Grant (RSG) using foregone business rates, with the Total Settlement Funding Assessment (SFA), the Government's calculation of need to be met by (previously) RSG and business rates, still reducing by 12.6% between 2018/19 and 2019/20.
- 2.8 Notably, all funding announcements were for one year only, compounding uncertainty on the level of funding to be expected after April 2020.
- 2.9 Additionally, the Settlement confirmed referendum threshold for Council tax increases to be used for 2019/20 as 2.99% (as previously notified last year).
- 2.10 The Provisional Settlement also included details of further authorities selected to pilot 75% business rates retention. The Ministry for

Housing, Communities and Local Government (MHCLG) had approved 10 authorities to pilot the scheme last year, and Hertfordshire's application for 2019/20 to be part of the second phase of the pilot was successful.

- 2.11 Furthermore, the Secretary of State confirmed timelines for changes to Business Rates Retention, and the implementation of a Fair Funding Review that will re-assess funding need across all authorities. These are expected to be introduced in 2020/21, when the current four year settlement ends. Whilst there may be some transitional protection, these changes may have a significant impact on funding from 2020/21.

#### Revenue Budget 2019/20

- 2.12 The final position will not be confirmed until the Final Settlement (expected early February) and other late grant announcements, and until figures are received from Districts for council tax base and collection fund balances, due to be provided by end January.
- 2.13 The future position remains challenging: even with the identified savings and continued year on year increases in council tax and the social care precept, current projections of pressures and funding require a further £20.2 million saving to be identified in 2020/21, rising to £44.7 million by 2022/23.
- 2.14 To help meet these challenging targets, work is in hand to progress further savings during 2019, for implementation for 2020/21 or sooner where achievable. It is recognised that savings require significant lead times, especially where there is service redesign or consultation.

### **3. Recommendations**

- 3.1 The Panel is invited to comment to Cabinet on the proposals relating to the Integrated Plan in respect of Highways and Environment.
- 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 Highways and Environment portfolio, on p141 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 (p151); and a summary of the proposed Capital Programme (p155).

4.3 Key issues for this portfolio include:

- Skills retention is a particular challenge in the highways and transport planning fields and so working with partners to further develop our apprenticeship programmes and other staff development and retention initiatives is a key issue for this year
- Delivery of the major projects programmed for this financial year
- Demographic changes arising from traffic growth, changes in travel patterns and modes, and the construction of new roads associated with economic growth and housing
- Continuing the reductions in road casualties over the last few years is challenging
- Ensuring that the “environmental net gain” set out in the government’s 25 Year Environmental Plan is achieved. Securing developer contributions to “place shaping” alongside competing Social and Economic objectives will be key
- Addressing the pressures of public demand and growth without adversely changing the character of the county (improvements in technology will assist in providing greater accessibility for service users who want a more interactive, responsive service)
- Re-tendering of Driver Training

## **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.