

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY, 13 MAY 2019 AT 2.00PM**

Agenda Item No. 7

FINANCIAL OUTLOOK FOR THE PERIOD 2020/21-2023/24

Report of the Director of Resources

Authors: Scott Crudgington, Director of Resources (Tel: 01992 555601)
Steven Pilsworth, Assistant Director Finance (Tel: 01992 555737)
Benjamin Jay, Head of Corporate Finance (Tel: 01992 556257)

Executive Member: Ralph Sangster, Resources and Performance

1 Purpose of report

- 1.1 To consider the financial outlook for the Council which will inform the preparation of the Integrated Plan for the years 2020/21-2023/24.

2 Summary and Background

- 2.1 Attached to this report at Appendix A, is a review of the financial outlook for the council which outlines the financial challenges facing the Council. This includes how demand for our services is outstripping the funding the Council has available. It also outlines the significant uncertainty the Council faces with regards to its future funding levels.

- 2.2 These issues were becoming apparent when the most recent Integrated Plan (for the years 2019/20-2022/23) was approved by Cabinet and Council in February 2019. As a result of this, both Cabinet and Council agreed:

“that, in the light of the requirement for delivery of further savings in future years, Chief Officers be commissioned to work with Executive Members and their Cabinet Panels to develop options at the earliest possible opportunity for the delivery of substantial additional savings”.

- 2.3 The report on the Integrated Plan that was presented to Cabinet and Council in February contained the confirmation of the Director of Resources (s151 officer) regarding the robustness of the estimates and the adequacy of the reserves held by the Council (this is sometimes referred to as the s25 report). That report concluded that

“The medium term financial position of the Council is very challenging [...]. It is recommended that the Council does not wait for the regular IP timeline in the Autumn of 2019, but rather starts work early in the new year to develop options for delivering medium term financial sustainability

for the Council. All options will need to be considered, including further efficiencies, income options, transformation and policy choices.

- 2.4 The attached financial outlook responds to the decision of Cabinet and Council referred to in paragraph 2.2 above. Starting the refresh of the Integrated Plan in May will be the earliest the Council has done so, reflecting the scale of the challenge faced.
- 2.5 As well as outlining the significant financial challenge faced, the financial outlook also starts to indicate the high level areas that the Council will need to look at in order to tackle this challenge. These are not detailed, nor are they likely to be comprehensive. The intention is that we use the financial outlook to start the discussion with Cabinet Panels, and to seek feedback from them on these initial options and what other areas the Council needs to be considering.

3 Recommendations

- 3.1 Cabinet is recommended to:
- a) note the financial outlook as set out in the document attached to the Report;
 - b) note the need to proceed ahead of usual timeline for the budget preparation to ensure adequate time to consider possible new areas for savings;
 - c) invite Cabinet Panels meeting in June and July 2019 to consider the financial outlook, the initial high level options suggested and to suggest other areas that the Council should be considering in order to meet the financial challenges;
 - d) note that specific proposals for any new efficiencies or policy choices will be brought forward for separate consideration as part of the Integrated Plan process in Autumn 2019.

4 Equality Implications

- 4.1 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.
- 4.2 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.
- 4.3 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.

- 4.4 No EqlA has been undertaken in the production of this report but as proposals are developed EqlAs 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.
- 4.5 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.