

**SUPPLEMENT TO THE AGENDA FOR**

# **General Overview & Scrutiny Committee**

**Monday 24 November 2014**

**11.30 am**

**The Council Chamber, The Shire Hall, St. Peter's Square,  
Hereford, HR1 2HX**

**5. BUDGET 2015/16 AND MEDIUM TERM FINANCIAL STRATEGY**

Budget Scrutiny Presentation and Response to Questions from Councillor  
AJM Blackshaw

**Pages**

**3 - 26**



**GOSC and HOSC  
24<sup>th</sup> November 2014  
Budget Scrutiny**

3

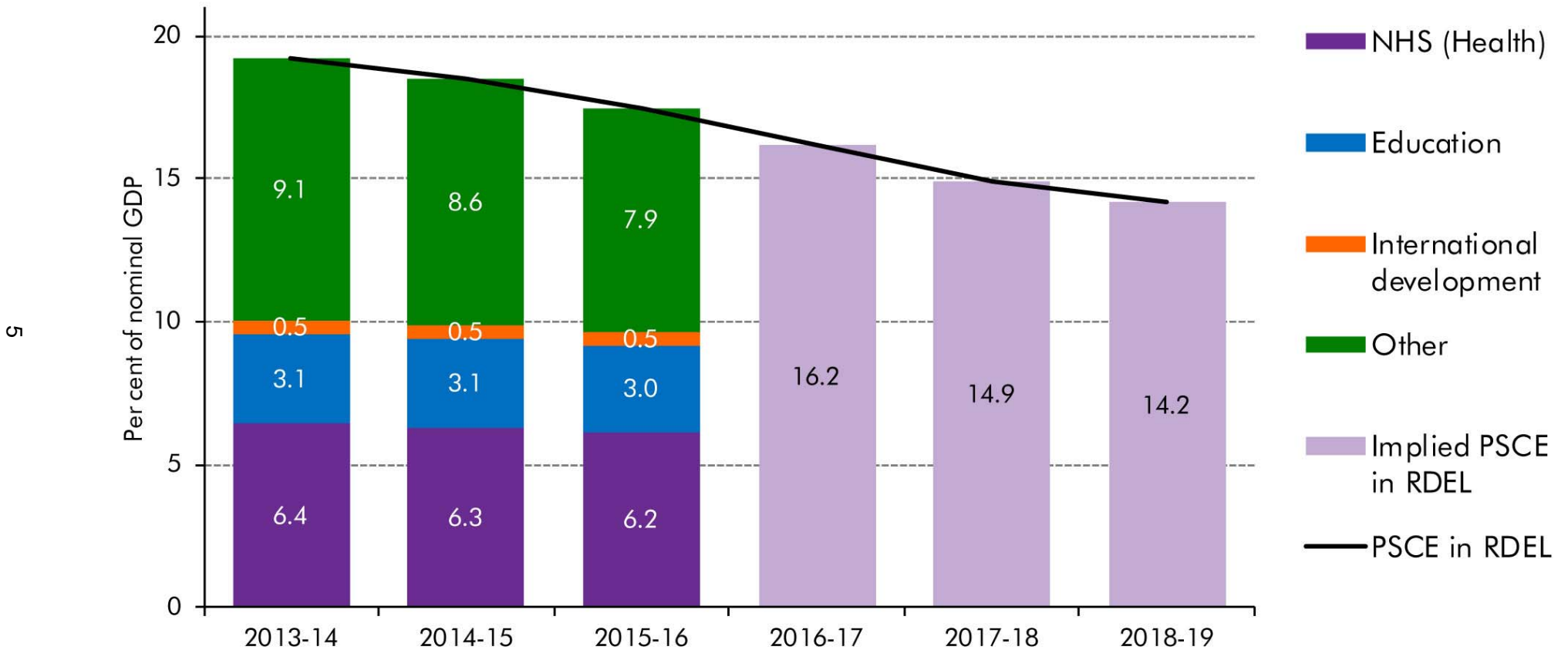


# National Picture

- Austerity will continue
- NHS will have preferential treatment
- Other services squeezed further

# Treasury Budget 2014/15

## % Public Spending of GDP



Office for budget responsibility September 2014

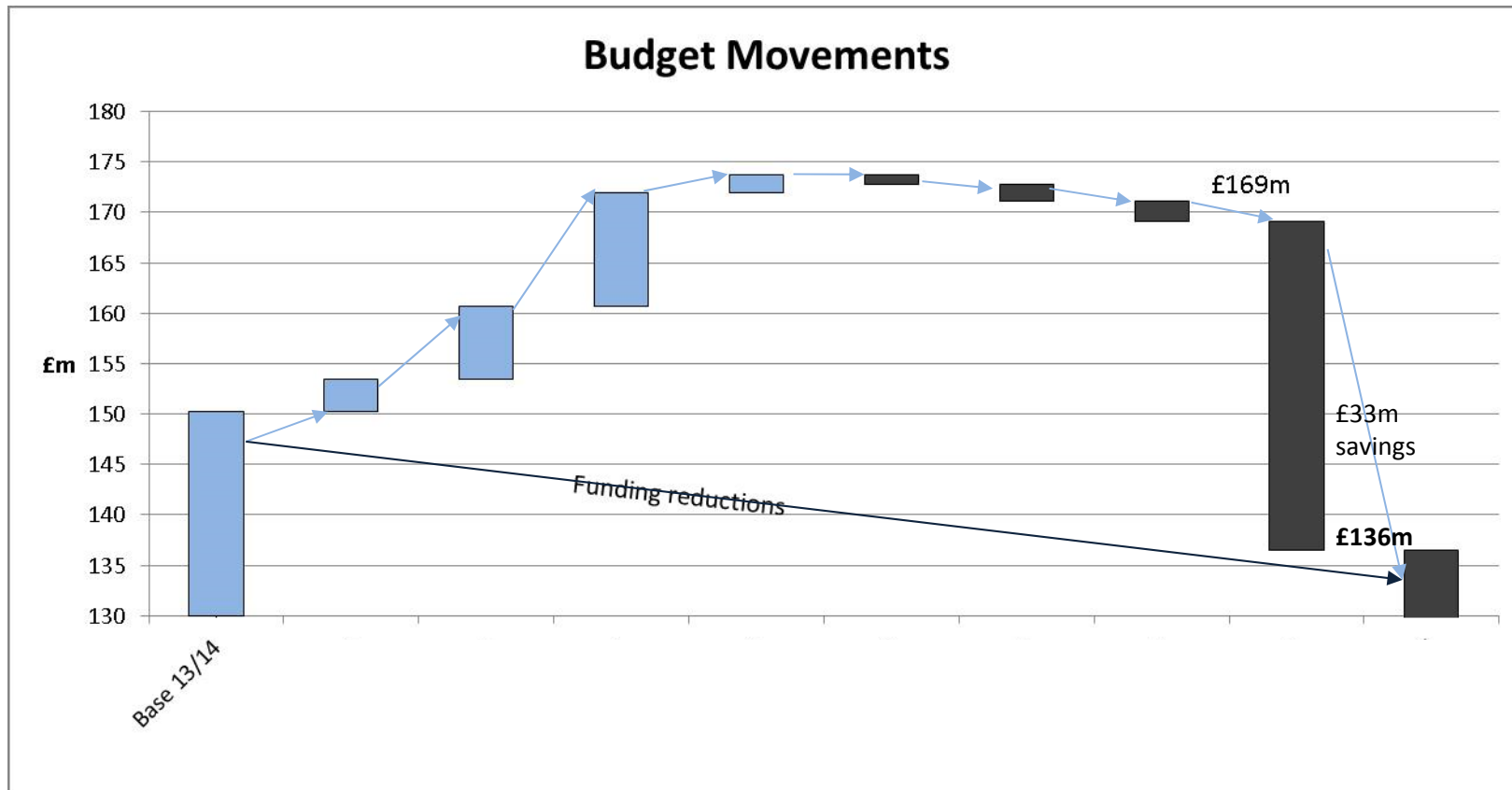
PSCE – Public Sector Current Expenditure

RDEL – Day to day expenditure on Public Services

# Cuts to Departmental Spending

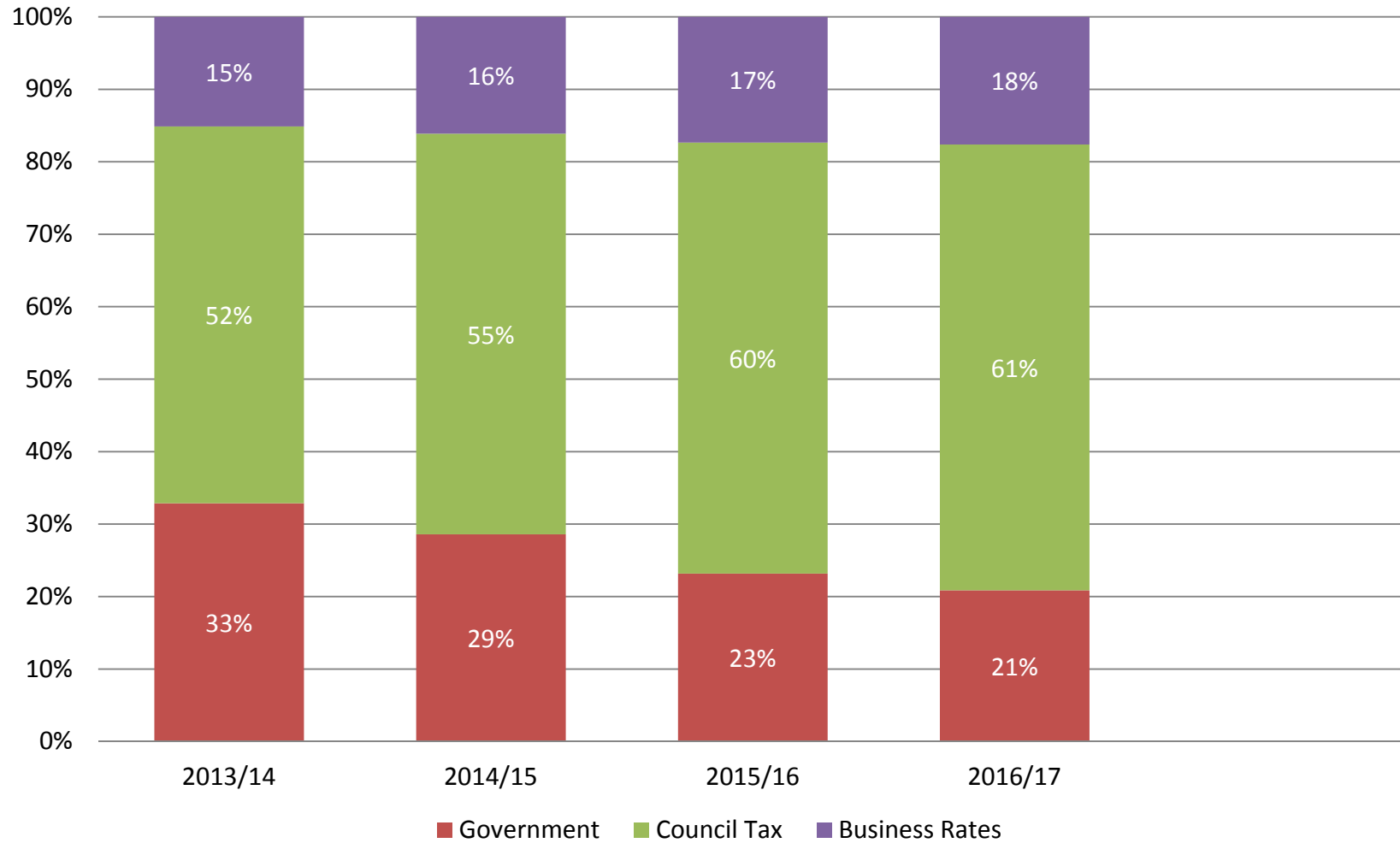
	2010/11 - 2014/15	2014/15 - 2018/19
Average Annual Cut	2.3%	3.1%
Cumulative	8.9%	11.9%
Unprotected Departments Cut	4.6%	6.1%
Cumulative	17.3%	22.1%

# Herefordshire Budget Changes 2013/14 to 2016/17



The funding line includes business rates (including government top-up), council tax and revenue support grant

Projected Breakdown of Council Funding Sources 2013/14 - 2016/17 (%)



8



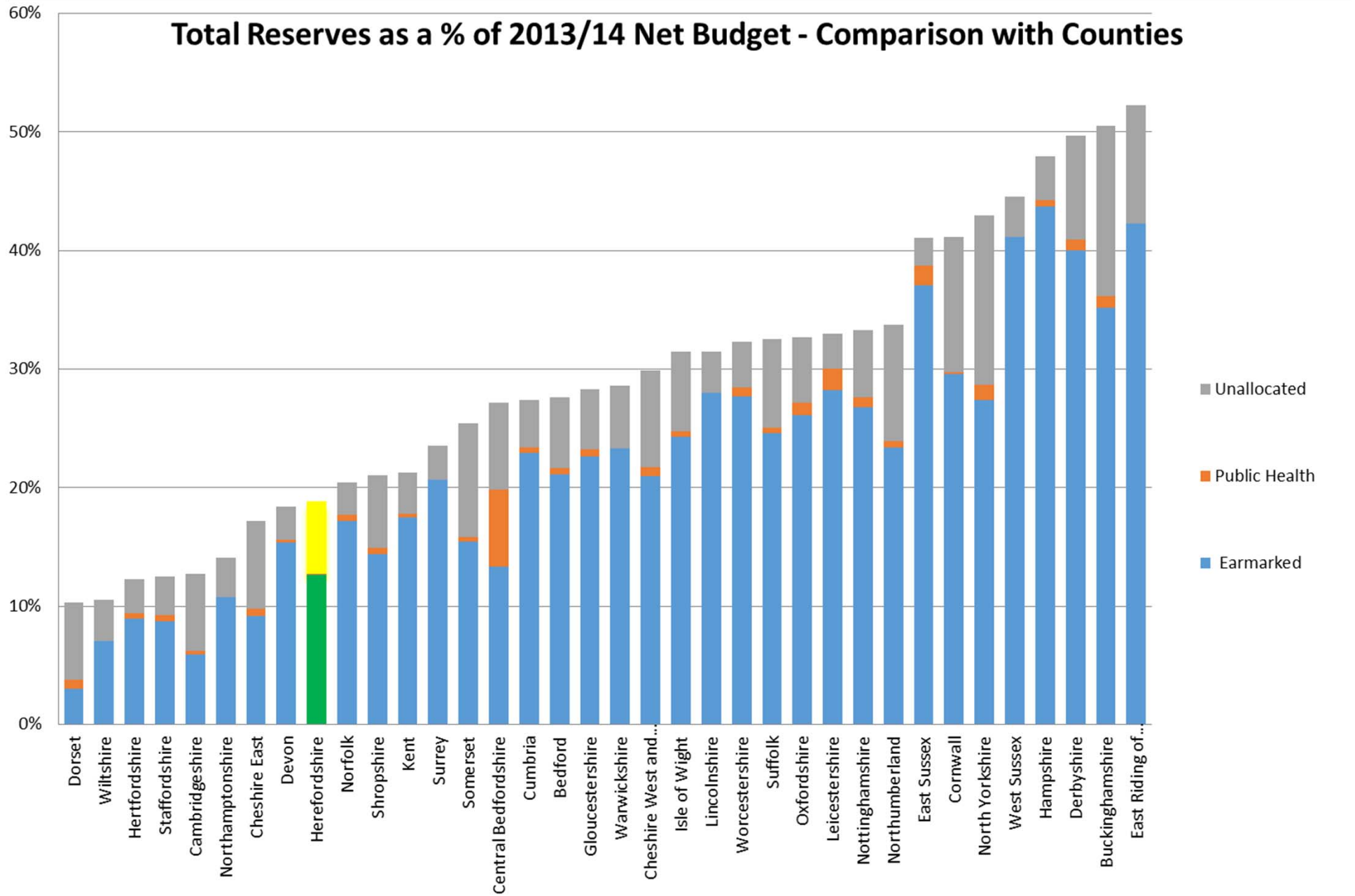
# Herefordshire Financial Health

- Key indicators of financial performance
- Strategic Financial Planning
- Financial Governance
- Financial Control

External Auditor rated all areas as Green  
- September 2014

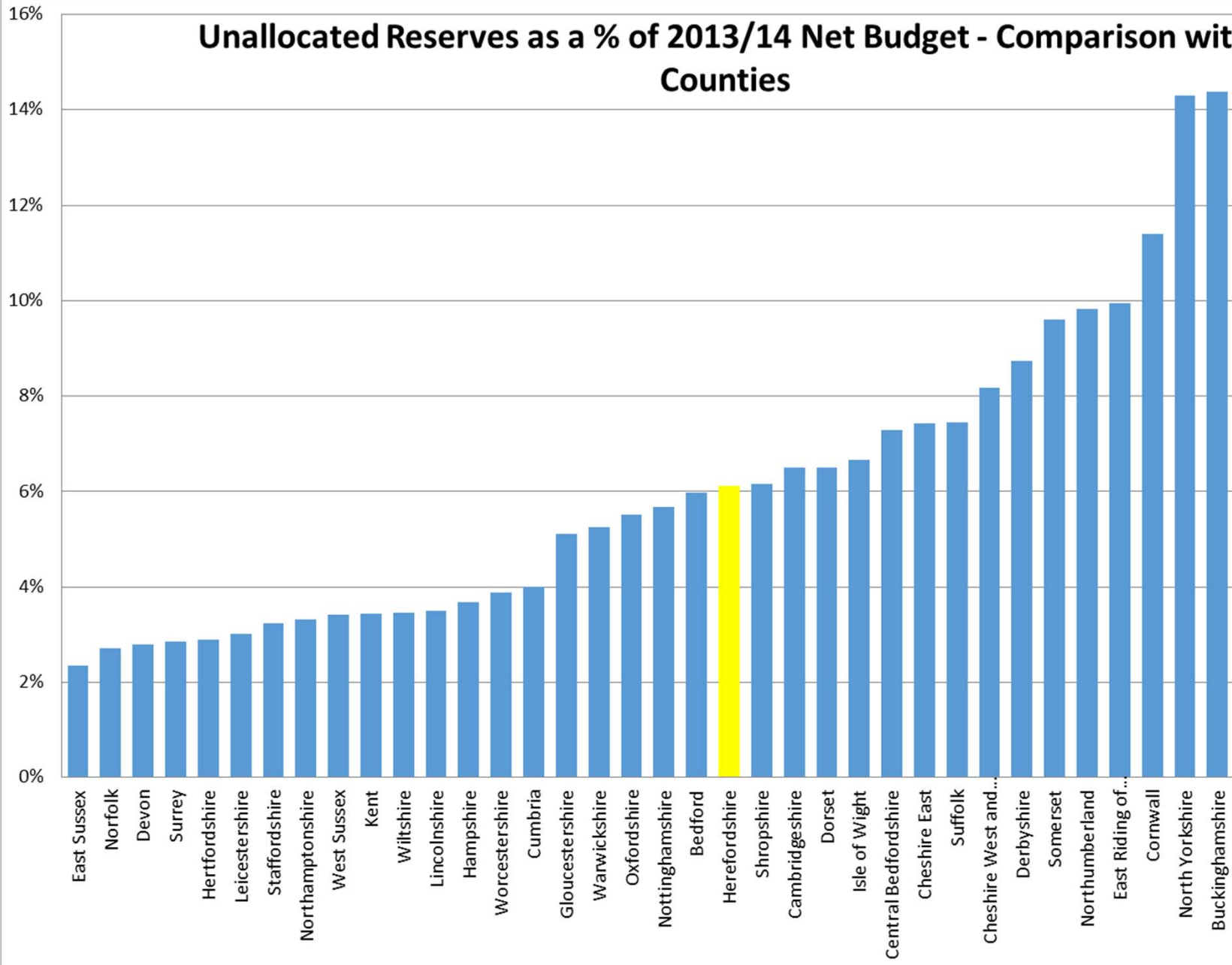
## Total Reserves as a % of 2013/14 Net Budget - Comparison with Counties

10



- Unallocated
- Public Health
- Earmarked

## Unallocated Reserves as a % of 2013/14 Net Budget - Comparison with Counties

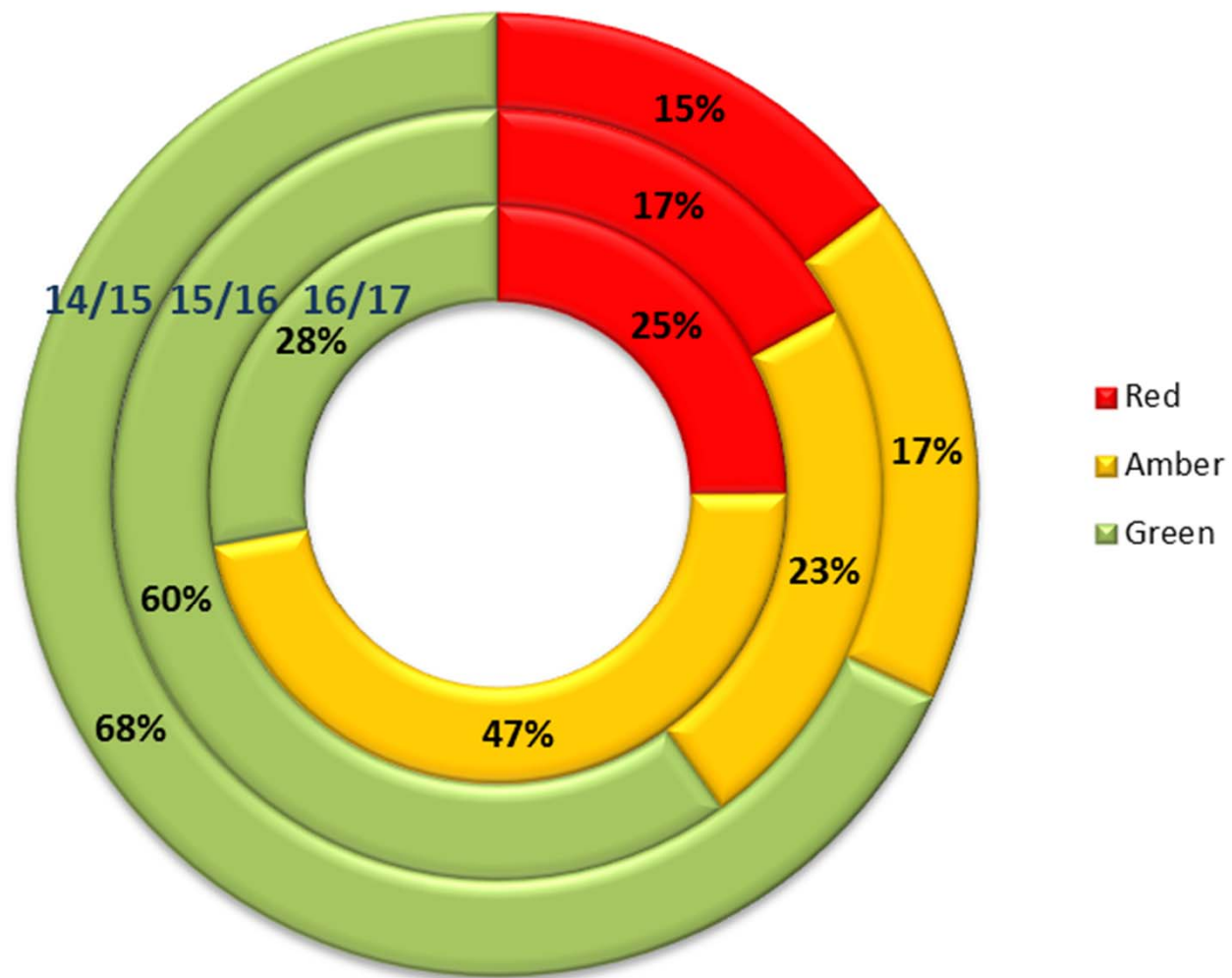




# Options for Reducing Debt Levels

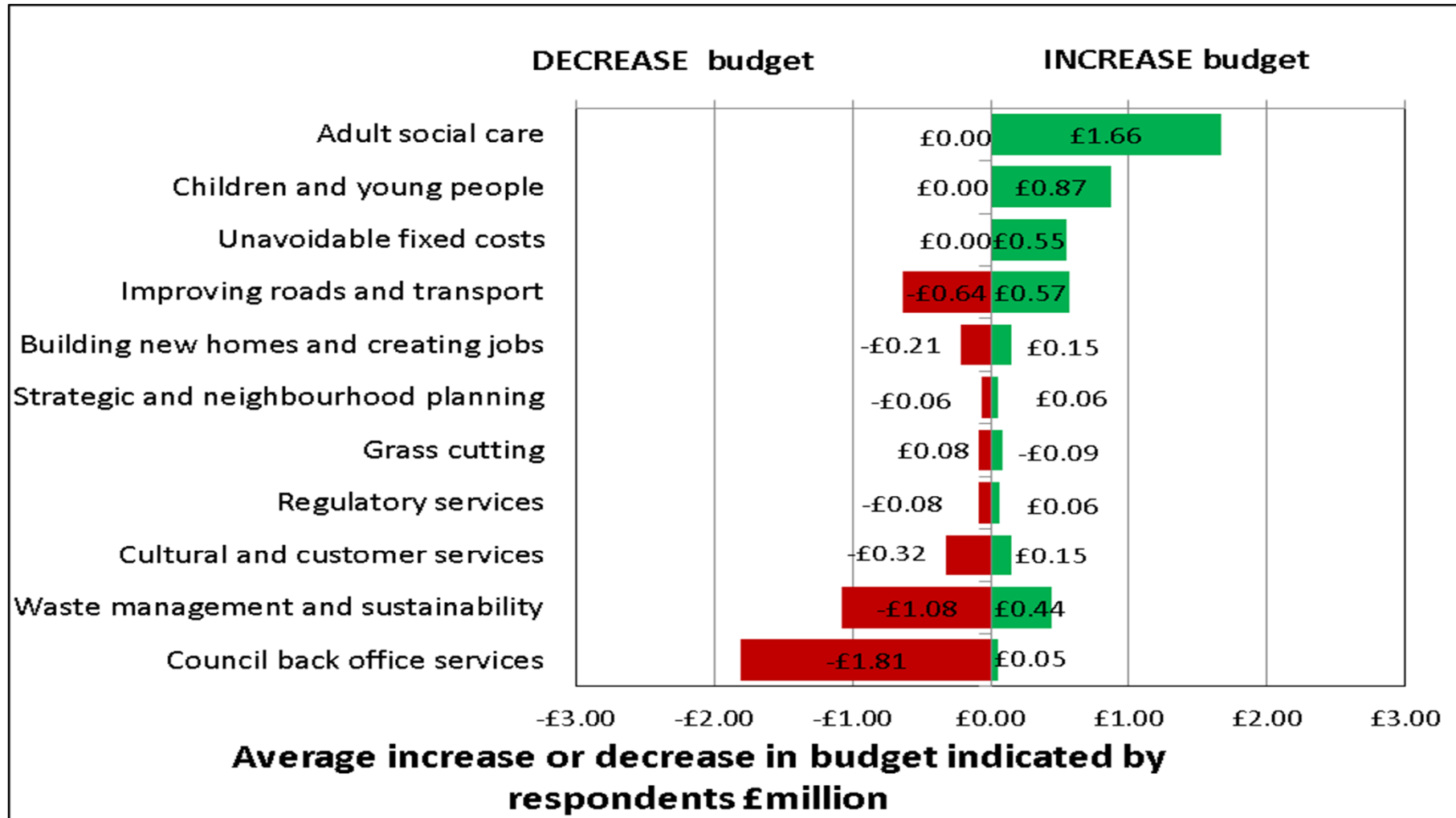
- Increasing current minimum repayment from £10m pa
- Selling Assets
- Asset Sales Plans Slipped
  - MTFS - £20m in 15/16, 16/17 & 17/18
  - Now - £7m 15/16, £10m 16/17, £25m 17/18 & £18m 18/19

# Herefordshire Council Savings 2014-17



# Budget Consultation

15



On average the results indicated a reduction in the council tax increase to 0.9% from 1.9%

# Pressures Above Plan 15/16- £2.9m

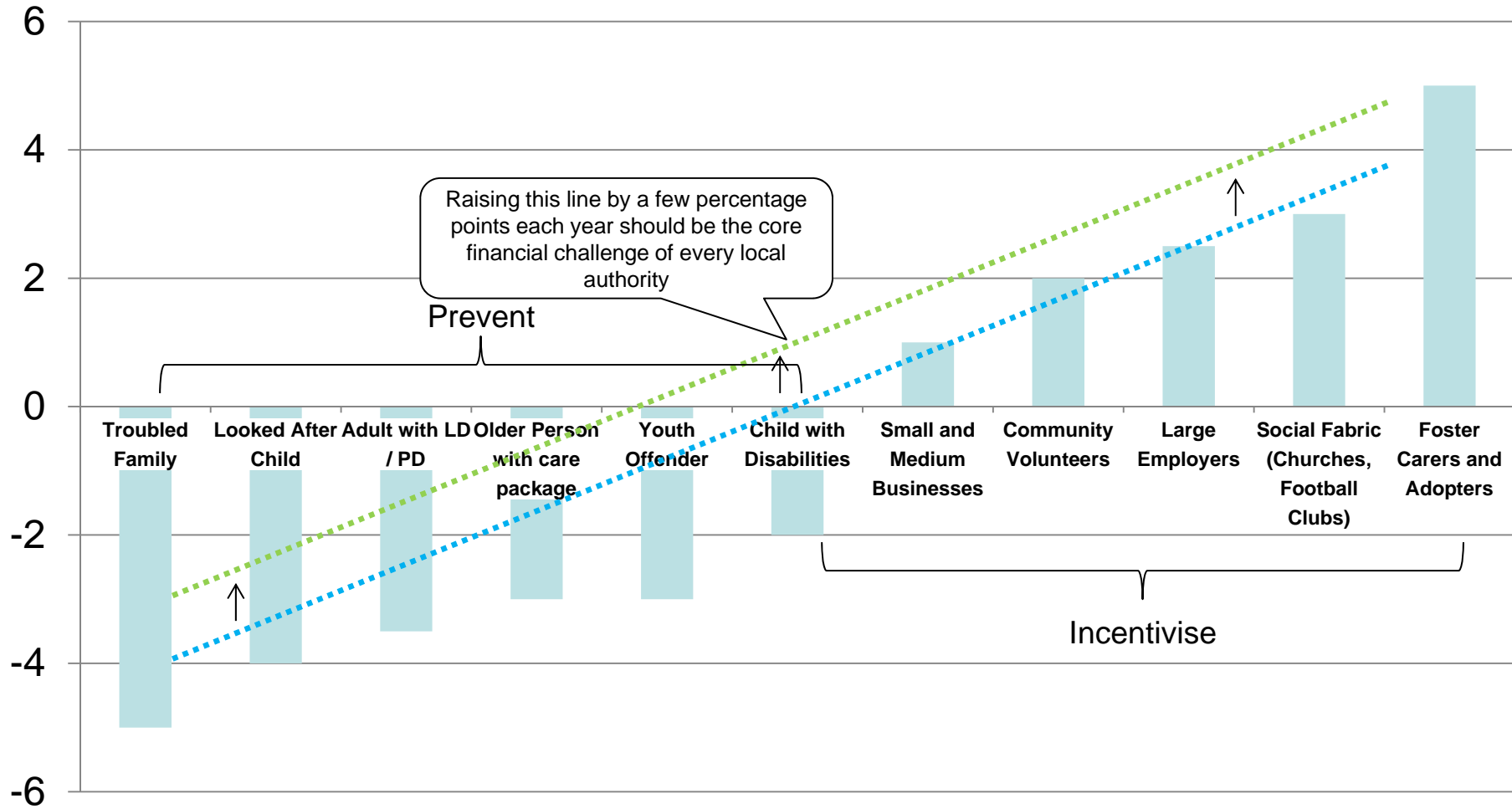
	£000
• Children's and Adults Placements	2,000
• Safeguarding Board	100
• Children's Sexual Exploitation Prevention	100
• Capital Investment and Insurance	300
• Grass Cutting	400



# Demand Management

(Illustrative) Average Net Benefit to Authority

17



# Pressure Management £2.1m

- Savings in Waste PFI Contract
- Contingency for slippage built into MTFS
- Savings B/Fwd from 16/17 to 15/16

# Risks

	£000
• Care Bill	600
• Council Tax Capped	750
• Council Tax Reduction	160

# Summary

	2015/16 £000	2016/17 £000	Total £000
Slippage/(additional)savings	(514)	4,258	3,744
Pressures	2,876	1,490	4,366
Pressure management	(2,106)	(3,499)	(5,605)
<b>Net</b>	<b>256</b>	<b>2,249</b>	<b>2,505</b>

<b>Revised Savings Plans</b>			
	<b>2015-16</b>	<b>2016-17</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults	4,300	1,863	6,163
Children's	1,129	1,220	2,349
ECC & Central	3,754	2,310	6,064
<b>Total</b>	<b>9,183</b>	<b>5,393</b>	<b>14,576</b>



OVERVIEW AND SCRUTINY COMMITTEES (BUDGET): QUESTIONS FROM MEMBERS

Order RECEIVED:	Thu 20-Nov-14 13:30
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From COUNCILLOR:	AJM BLACKSHAW
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QUESTIONS:	<ol style="list-style-type: none"> <li>1. Page 17, para 7, ref Change Management (one-off) costs of £3.418m, could you explain in detail how that is spent?</li> <li>2. Page 19, ref Child Sexual Exploitation Prevention and Safeguarding Board costs, is this a direct cost for the council or do we work with the Community Safety Partnership or West Mercia Police in terms of prevention?</li> <li>3. Request for Risk Register</li> <li>4. Request for Treasury Management and asset information</li> </ol>
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RESPONSES:	<ol style="list-style-type: none"> <li>1. (PR) See attached note.</li> <li>2. (JD) The budget proposals for Child Sexual Exploitation Prevention and Safeguarding Board Business unit costs represent the Council's costs for this.  All agencies are currently reviewing their contribution to the costs of Child Sexual Exploitation, and the police, for example, have recently identified significant additional resourcing for this area.  The Business Unit costs proposed growth represent 65% of the cost with other agencies being asked to contribute the remainder. This will support the community safety partnership, the adults and the children's safeguarding boards.</li> <li>3. Risks will be addressed in the presentation.</li> <li>4. (PR) Details of Treasury Management and loans are included within Appendix C of the budget monitoring Cabinet reports, last one 9th October 2014.</li> </ol>
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## Change Management (one-off costs) in the 2015-16 Budget

The amount included in the 2015/16 budget for one-off change management is £3.418m, £1.585m is being financed from reserves, £1.833 from within the revenue budget.

### Breakdown of costs

	£000's
<b>Corporate</b>	
Severances	1,908
<b>Children's Wellbeing</b>	
1 Education Services Grant	217
<b>One off costs to achieve improvements and savings :</b>	
2 Children with Disabilities	200
3 16+ Service	50
4 Quality Assurance Service	89
5 Multi Agency Safeguarding Hub	94
<b>ECC</b>	
6 Growth Team	200
7 Western Relief Road initial feasibility work	100
8 Procurement Resource to support savings plans	100
9 Reduction in car parking income at Merton Meadow	330
10 Additional resource to support Legal Services litigation	130
<b>Total one-off costs</b>	<b><u><u>3,418</u></u></b>

The comments below explain a little further the requirement for this funding.

- 1 The Education Services Grant reduces when schools transfer to Academy status on a pupil basis. There is a possibility additional schools will transfer to academies in the next academic year.
- 2 Achieving "Good" status by 2016-17 requires investment to improve current services. The children with disabilities service requires both a re-structure and improvement plan.
- 3 16 plus service resource investment in reducing offending behaviour, secured destinations post 16, so reducing NEET 19+ and preparing young people for independence.
- 4 Quality Assurance – build a framework across safeguarding and wellbeing, and build a culture of quality into everyday lives of social work practice and case loads.
- 5 Multi Agency Safeguarding Hub development of the joint service across partners.
- 6 Growth Team - additional resource to support housing development.
- 7 Western Relief Road – initial feasibility work.

- 8 Procurement Resource to support Adult Wellbeing savings plan.
- 9 Reduction in car parking income at Merton Meadow - The new housing development relating to the link road will reduce the amount of car parking spaces and income. Further spaces and car park charges reviewed once the development is completed.
- 10 Additional resource to support Legal Services - This is to support additional legal services work relating to one-off litigation.