



Meeting:	Council
Meeting date:	Friday, 15 February 2019
Title of report:	Setting the 2019/20 budget and updating the medium term financial strategy and treasury management strategy
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework.

Wards affected

(All Wards);

Purpose and summary

To approve the 2019/20 budget and associated medium term financial strategy and treasury management strategy.

The proposed budget reflects current and expected service delivery requirements and the local government settlement announced on 29 January. To deliver a balanced budget there is a need to deliver savings of £3.7m in 2019/20 and to increase council tax by 4.9% (inclusive of 2% adult social care precept).

The medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2021/22 based on current assumptions on future funding and service requirements.

The treasury management strategy, attached at appendix 4, includes the proposed borrowing and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable.

Recommendation(s)

That:

(a) the following be approved;

- a. the council tax base of 68,826.03 Band D equivalents
- b. an increase in core council tax in 2019/20 of 2.9%
- c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2019/20 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,443.95 to £1,514.70 for Herefordshire Council in 2019/20;
- d. the balanced 2019/20 revenue budget proposal totalling £151.1m, subject to any amendments approved at the meeting, specifically:
- e. the net spending limits for each directorate as at appendix 3
- f. the medium term financial strategy (MTFS) 2019/2022 at appendix 1 be approved; and
- g. the treasury management strategy at appendix 4 be approved, this includes ratifying including the top five UK building societies as approved investment counterparties.

Alternative options

1. It is open to Council to determine alternative spending proposals or strategies; however, given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.
2. Council can propose a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

Key considerations

3. The medium term financial strategy (MTFS), attached at appendix 1, has been updated to reflect current spending and savings plans. It reflects the financial settlement announced on 29 January and the current understanding of future years funding and responsibilities.
4. The impact of continuing reductions in central government funding to councils means that Herefordshire Council is required to make further savings to balance its budget for 2019/20 and in future years.
5. The council continues to direct its resources to deliver key services required by residents whilst delivering savings demonstrating efficiency and good use of resources. A balanced, deliverable 2019/20 budget is proposed which, subject to any approved amendments, is recommended for approval.
6. For 2019/20 it is assumed that council tax will increase by 4.9% in total, 2.9% general increase in council tax plus a ring-fenced increase of 2% in relation to the adult social care precept. This is the maximum increase permitted, a higher increase would require the support of a referendum.

7. The council tax base for 2019/20 has been calculated at 68,826.03 band D equivalent properties, this is 226.46 additional properties, a growth of 0.95%. This is higher than expected generating £343k of additional income. This has used to part fund the budget changes as detailed in appendix 7.
8. The financial settlement on 29 January confirmed no change to council tax thresholds. For rural councils like Herefordshire, the settlement confirmed an increase in the Rural Services Delivery Grant (RSDG) fund by £16m from £65m to £81m in total, £1.0m for Herefordshire. This additional budget will be used to support rural service delivery across the county as detailed in the budget change log attached at appendix 7.
9. There was no change in the New Homes Bonus national baseline from 0.4%, it was anticipated that this would increase which would decrease the grant allocated but the settlement confirmed that this wasn't the case, the additional grant funding of £147k is allocated as detailed in the change log attached at appendix 7.
10. The settlement also confirmed funding from the business rate Levy Account surplus. £180m has been distributed pro rata to individual councils in line with their Settlement Funding Assessment, £0.5m for Herefordshire. This is to be received in 2018/19 and has been allocated as shown in the change log attached at appendix 7.
11. Consultation on the Fair Funding Review (FFR) proposals and the future system design of Business Rates Retention (BRR) are underway. The FFR seeks views on the approach to measuring the relative needs and resources of councils, which will determine new baseline funding allocations. The consultation proposes to simplify the assessment of relative needs and considers the type of adjustment that will be made to take account of the relative resources available. It also proposes a set of principles that will be used to design potential transitional arrangements. The BRR system design will cover the broad building blocks of the new base funding system. The deadline for submissions is 21 February. The outcome of these consultations is expected to be implemented, alongside 75% business rates retention, from 2020/21. Herefordshire will contribute to the working groups to ensure its thoughts are included in the responses.
12. The financial settlement on 29 January 2019 confirmed the figures published under the provisional settlement in December 2018 with an announcement of an additional precept flexibility for Northamptonshire County Council and funding for EU exit preparations in 2018-19 and 2019-20 with Herefordshire receiving £105k per year with an additional £10m being retained to respond to specific local costs that may only become evident in the months after leaving the EU. The 2019/20 announcement is the final year of the Spending Review 2015, funding allocations beyond 2019-20 remain subject to the outcome of the Spending Review.
13. In addition to the settlement, councils have been notified of additional special educational needs and disabilities (SEND) funding in response to the number of pupils with education, health and care plans increasing by 35% from 2013/14. An extra £350m, of which £100m will fund additional specialist places in schools, will be provided over 2 years, 2018/19 and 2019/20. This totals £380k for Herefordshire in 2019/20 with the places funding distribution yet to be confirmed.
14. Going forward a 4.5% annual council tax uplift has been assumed. Herefordshire accepted the four year funding settlement in 2016/17 and this forms the funding assumptions for 2019/20. The four year settlement included the following for 2019/20:

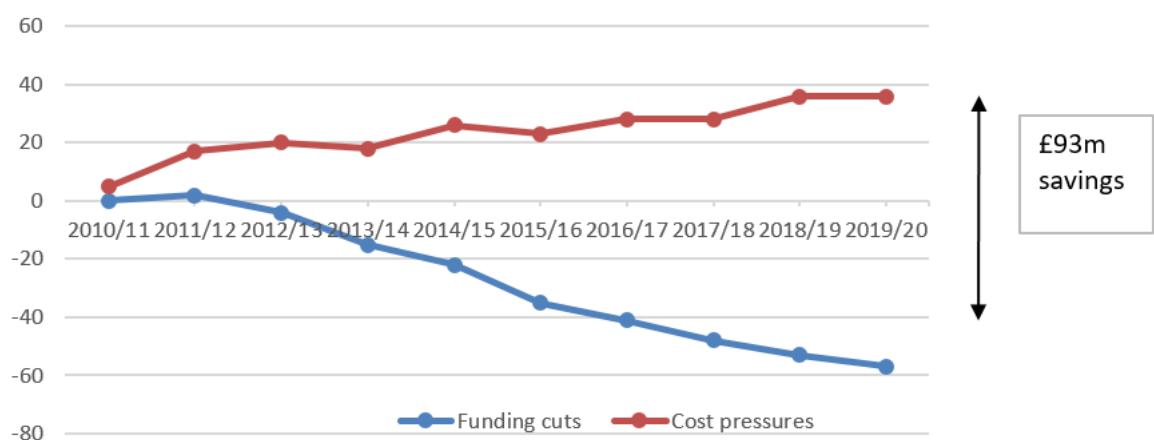
Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

Four year deal funding update	2019/20
	£000
Revenue Support Grant	620
Rural Services Delivery Grant	4,093
Total	4,713
Additional Rural Services Delivery Grant announced in provisional settlement	1,008
Revised total	5,721

15. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. Since 2010 the council has delivered £90m of savings and its revenue support grant has decreased from £60.1m in 2011 to £0.6m in 2019/20.

Savings achieved/required from 2010/11 to 2019/20
(cumulative) £m



16. The recent Local Government Association corporate peer challenge report noted:
- "The Council has successfully delivered financial savings in recent years, while at the same time increasing general and earmarked reserves. As a result, the Council is in a relatively secure financial position over the medium term which provides a platform to realise the county's ambitions"*
17. The treasury management strategy, attached at appendix 4, details the management of the council's investments and cash flows; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

18. An investment was made on 17th October 2018 to a building society that is not on the Council's approved Counter Party List. The investment is considered not a risk to the Council therefore the revised treasury management strategy includes the top five UK Building Society's as approved counterparties. An internal audit has been completed to review the controls in place at the time and how these did not prevent this investment from being actioned. The review has ascertained where controls need to be enhanced to prevent a repeat of this type of investment from being actioned in future. All internal audit recommendations have been adopted.
19. The Herefordshire Council Corporate Plan 2016 – 2020 was adopted by Council in February 2016. This identified four priorities:
- Keep children and young people safe and give them a great start in life
 - Support the growth of our economy;
 - Enable residents to live safe, healthy and independent lives; and
 - Secure better services, quality of life and value for money.
20. The vision adopted by Cabinet in September 2016 of: 'People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.' builds on the four corporate plan priorities and has helped to inform the development of our 2019/20 budget and medium term financial strategy.

Base budget proposed and savings plan

21. A base budget exercise was completed ahead of proposing the budget below, this involved:-
- a. Costing the service based on the current requirement of the service, not rolling over previous budgets.
 - b. Income budgets to reflect income receivable.
 - c. Pay budgets to reflect actual establishment, deleting vacant posts without budget or not planned to be filled.
 - d. Performance in 2018/19.
 - e. Projected population pressures.
 - f. 2018/19 policy changes.
22. This has identified £20.0m of funded pressures over the draft MTFS period, £10.3m in 2019/20.

2019/20 funded pressure	Adults and communities	Children and families	Economy and place	Corporate services	Total
	£'000	£'000	£'000	£'000	£'000
Pay inflation	329	503	497	74	1,403
Contract inflation			774	118	892
Looked after		1,800			1,800

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

2019/20 funded pressure	Adults and communities	Children and families	Economy and place	Corporate services	Total
children					
Demographic growth	945				945
Depravation Of Liberty Safeguards and restructure impact	609				609
Fee uplift	1,000				1,000
Delayed transfer of care & market support	2,385				2,385
Market forces		500			500
Allowances		338			338
Post Ofsted management capacity		100			100
Agency cover		186			186
Feasibility of capital investment budget requests			100		100
Support the autism strategy	20				20
TOTAL	5,288	3,427	1,371	192	10,278

23. The current savings plans require £8.0m of savings over the MTFS period, £3.7m in 2019/20. The saving requirement represents the funding gap arising from increased cost pressures and funding assumptions. In 2018/19 the service is spending significantly above budget, the base budget for 2019/20 has been uplifted to reflect the expectation that this level of spend will continue. Savings have been reviewed and only those that are determined to be deliverable, albeit with possible service delivery consequences, are included. A summary is provided below with the detail shown in appendix 2.

2019/20 savings requirement	Adults and communities	Children and families	Economy and place	Corporate services	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Workforce & service delivery savings	600		171	66		837
Maximise income generation	100					100
Manage		200				200

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

2019/20 savings requirement	Adults and communities	Children and families	Economy and place	Corporate services	Central	Total
inflation and secure contract efficiencies						
Efficiency savings			357	73	200	630
Reduced cost of Transport			225			225
Phased removal of subsidies to parish councils			100			100
Waste & Sustainability			30			30
Accommodation Strategy			360			360
Procurement Savings			500			500
Public Realm savings			200			200
Base budget realignment			280	220		500
TOTAL	700	200	2,223	359	200	3,682

Base revenue budget 2019/20

24. The draft budget for 2019/20 is set out below. In addition to the budget presented will be the use of one off reserve funding (previously approved by Cabinet at £1.1m for children and families). In addition if pressures in looked after children and special educational needs or legal services continue in 2019/20 then those costs will have first call on the centrally held contingency budget. This budget is held for in year unbudgeted costs arising.
25. The base budget below shows the net budget position; the gross budget will include the dedicated school grant (£124m), housing benefit subsidy (£40m), improved better care fund (£5.7m) and public health grant (£9.0m).

	2018/19 revised base	Funded pressures	Savings	Other Adjust	2019/20 draft base budget
	£'000	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	175	56,850
Children and families	23,958	3,427	(200)	500	27,685

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

	2018/19 revised base	Funded pressures	Savings	Other Adjust	2019/20 draft base budget
Economy and place	29,149	1,371	(2,223)	297	28,594
Corporate services	14,321	192	(359)	932	15,086
Sub Total	119,515	10,278	(3,482)	1,904	128,215
Centrally held budgets	24,609		(200)	(1,637)	22,772
EU exit preparations (one off)				105	105
Total	144,124	10,278	(3,682)	372	151,092
Financed by					
Revenue support grant	5,370				624
Business rates	33,256				35,950
Council tax	98,445				104,251
New homes bonus	2,540				2,176
Rural sparsity delivery grant	4,093				5,101
Collection fund surplus (one off)	420				500
Adult social care grant (one off)	-				2,385
EU exit preparations	-				105
Total	144,124				151,092

Financing

26. The 2019/20 net budget requirement is financed by retained funding from council tax (£104m) and business rates (£36m) as shown in the table above. Assumptions include a 4.9% increase in council tax (2.9% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. Central government funding is included as announced in the settlement. The autumn budget announcement of additional social care grant funding is also included at £2.4m.

Reserves

27. The council's revenue reserves are split between general reserves and earmarked reserves that are held for certain purposes.
28. Part of the council's general reserve is held as a strategic reserve to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve is maintained at a minimum level of between 3% and 5% of the council's net revenue

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

budget, currently £7.9m (5%).

29. The remainder of the council's general reserve is held to support one-off and limited ongoing revenue spending and for smoothing the impact of the late delivery of savings plans.
30. The council's earmarked reserves include school balances and are held to meet identified spending commitments.
31. The base budget excludes funding from reserves. Cabinet completed their annual review of earmarked reserves in June 2018. Reserves are expected to increase in 2018/19 from savings in minimum revenue provision costs and additional monies announced in the final 2018/19 settlement.
32. The projected reserve balances are as follows:

Balance as at	Strategic Reserve	Financial Resilience Reserve	Collection Fund Reserve	School Balances	Earmarked Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m
31-Mar-18	7.9	5.1	1.5	8.1	43.1	65.7
31-Mar-19	7.9	11.2	1.5	7.9	35.6	64.1
31-Mar-20	7.9	16.3	1.5	7.7	32.7	66.1

33. The financial resilience reserve was previously entitle the minimum revenue provision reserve and will ensure that the council is able to respond to financial pressures that may arise from external pressures and challenges outside of the control of the council as well as funding spend to save projects to support the delivery of savings required.
34. The proceeds from the sale of the smallholding estate is recorded in the capital receipts reserve and can only be used to fund capital expenditure. The time delay between the receipt and spend of funds is shown in the treasury management strategy as delaying the need to borrow.
35. At the end of 2017/18 financial year there was a balance of £42.5m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

Pension deficit

36. The proposed budget includes a pension deficit contribution as agreed at the last tri-annual valuation dated 31 March 2016. In 2019/20 the council will pay £5m (excluding schools) towards the deficit as agreed with the pension fund actuaries.
37. The outcome of the next tri-annual valuation as at 31 March 2019 will be reflected in the proposed 2020/21 budget. Current pension fund performance indicates that the deficit cost may reduce therefore a savings target of £400k per annum from 2020/21 is included in appendix 2.

Capital Investment Budget

38. The medium term financial strategy attached at appendix 1 and treasury management strategy attached at appendix 4 includes the impact of the proposed capital investment budget presented elsewhere on the Council agenda today.

Community impact

39. The MTFS and budget demonstrate how the council is using its financial resources to deliver the priorities within the agreed corporate plan.
40. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key priorities.
41. In accordance with the principles of the code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

Equality duty

42. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
43. A service specific equality impact assessments for the service specific budget proposals will be completed as required to assess the impact on the protected characteristic as set out in the Equality Act 2010.
44. The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified.
45. Where additional governance is required to support possible service delivery changes the impact of a decision on people with different protected characteristics will be fully detailed and disclosed in that governance decision report.

Resource implications

46. The financial implications are as set out in the report. The ongoing operational costs including, HR, IT and property resource requirements are included in the proposed budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

47. When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
48. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.
49. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
50. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
51. Local government legislation requires the council's section 151 officer to make a report to the full council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the risk management section of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the section 151 statutory report.
52. The council's budget and policy framework rules require that the chairmen of a scrutiny committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making cabinet proposals to Council.
53. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the council's budget, if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Risk management

54. Section 25 of the Local Government Act 2003 requires the section 151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves. This report is attached at appendix 6.
55. The budget has been updated using the best available information; current spending, anticipated pressures and the four year grant settlement.
56. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
57. There are additional risks to delivery of future budgets including the delivery of new homes, Brexit, government policy changes including changes to business rates and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
58. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average and some specific areas of inequalities amongst families and young people. Focusing public health commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. In addition re-setting our relationship with communities focussing services on areas of greatest professional need will support the MTFS.
59. The risks and mitigating action is shown in Appendix M4 of the MTFS, copied below:-

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
1	Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none">• Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes• Level of reserve is currently £7.9m (5% of budget)
2	Increasing demand for Adult Social Care Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none">• Demand led pressures provided for within our spending plans• Activity indicators have been developed and will be reported quarterly alongside budget monitoring

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
3	Potential Overspend and Council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	Medium	Medium	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
4	Potential overspend on Special Education Needs the duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway
5	Increase in Pension Liabilities Our contributions are influenced by market investment returns and increasing life expectancy.	Medium	Low	<ul style="list-style-type: none"> • Spending plans reflect the level of pension contribution required as identified by the Pension Fund's Actuary in 2016 for the next three years
6	Failure to fund sufficient school places and sufficient support There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support	Medium	High	<ul style="list-style-type: none"> • Provision has been made in the capital programme to increase school places • Directorate plans in place to manage and mitigate demand • Ongoing reviews of children already under care of council
7	Volatility in future funding streams in Government funding streams and Business Rates Retention	High	Medium	<ul style="list-style-type: none"> • Prudent assumptions made in budget • Ongoing review of developing business rate changes • Business case to support future investment decisions

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
8	Brexit There may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Medium	Medium	<ul style="list-style-type: none"> • Continue to engage and participate on key legislation. • Debt profile is monitored and managed to avoid exposure to interest rate fluctuations. • The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.

60. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.6m has been set aside to fund this.

Consultees

61. The council's 2019/20 budget consultation took place from 5 July 2018 until 21 September 2018. A short survey was developed to seek views on a variety of proposals, including should the council increase its borrowing to enable more investment across the county and a 4.9% total increase in council tax. The consultation was open to all, including parish councils, health partners, the schools' forum, business ratepayers, council taxpayers, the trade unions, political groups on the council and the scrutiny committees. Meetings were specifically held with businesses, parish councils and representatives from the voluntary sector to promote the consultation and information was also sent to partner bodies.
62. There were a total of 227 responses to the consultation; 225 responses to the standard questionnaire and 2 responses as emails. Although these respondents are not statistically representative of the general population, their views are an important element of the wider evidence base against which the budget proposals should be considered. The consultation report is attached at appendix 5. Key outcomes of the consultation include:-
- a. 51% of respondents thought the council's proposal to increase Council Tax by 4.9% was about right or not enough;
 - b. 37% of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, and 15% supported borrowing more;
 - c. 78% of respondents agreed that funding should support employing more children's social workers and to support more help for children, young people and families at an early stage;
 - d. 56% of respondents stated they did not agree with the allocation of Council Tax spend between services as set out in the consultation, however there was no consensus on alternative ways of allocating resources.
 - e. 49% of respondents supported 'keeping the maximum discount of 84%' for the low income households Council Tax discount.
 - f. 44% supported to 'continue to award the same level of business rate discount'
63. In response the proposed budget:-
- a. Includes a 4.9% proposed council tax increase.
 - b. Council borrowing for capital investment will be maintained as proposed.

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

- c. The council's local council tax reduction scheme and business rate discounts will be maintained with the same parameters in 2019/20.
 - d. £1.6m will be used to employ more children's social workers and to support more help for children, young people and families at an early stage. Cabinet proactively recognised the need to invest in this important area of the council's business. When Ofsted inspected this service area in June 2018 they acknowledged this investment and highlighted the need to increase capacity of social workers and managers to cope with the need for services and the volume of social worker caseloads.
64. The proposals in this report have been reviewed by the three scrutiny committees (adults, children's and general). Their recommendations and Cabinet's agreed responses are shown in the table below:-

Scrutiny committee	Recommendation	Response
General scrutiny committee	The executive continues to work with other local authorities, especially the more rural authorities, to lobby government and local MPs, on business rates and fairer funding settlements and requests that the earliest notice possible be given of funding changes	The settlement included consulting on the future funding regime, officers will ensure the councils views are submitted in the responses
Adults and wellbeing scrutiny committee	Would like to see a strategy for investment in technology enabled care and a budget allocated to take this forward	Agreed, officers will develop spend to save proposals to be funded from the financial resilience reserve
Adults and wellbeing scrutiny committee	Would like to see a review of current commissioning of domiciliary care, especially in our more rural parts of the county	Agreed programmes, such as Home First, focus on keeping people in their homes, preventing admissions and facilitate transfer from hospital settings.
Adults and wellbeing scrutiny committee	Would like consideration given to a percentage of section 106 contributions being allocated for adult social care	This is to be considered by the relevant officers as part of the planning application process
Adults and wellbeing scrutiny committee	Would like to see the spend to save business cases and the timing of when financial savings will be delivered	Agreed, these will be published alongside the decision report when prepared
Children and young people scrutiny committee	Supports investment in early help, edge of care and placement stability services and requests that business cases are shared with the scrutiny committee when	Agreed, projects were being established to investigate alternative methods to meet needs more effectively earlier to lessen the need for placements

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

Scrutiny committee	Recommendation	Response
	available	
Children and young people scrutiny committee	Supports the separate monitoring and reporting of overspends on the LAC budget from the children and families budget	Agreed, this is in progress

65. The proposed budget, medium term financial strategy and treasury management strategy were presented to Cabinet on 31 January and all recommendations were supported. Changes since the Cabinet meeting are disclosed in appendix 7.

Appendices

Appendix 1 – medium term financial strategy (MTFS) 2019/20 – 2021/22

Appendix 2 – proposed savings detail

Appendix 3 – detail of proposed 2019/20 budget

Appendix 4 – treasury management strategy

Appendix 5 – budget consultation outcome

Appendix 6 – section 25 report

Appendix 7 – change log

Background papers

None identified.