

Meeting:	Adults and wellbeing scrutiny committee
Meeting date:	Monday 18 November 2019
Title of report:	2020/21 adults and wellbeing budget and corporate plan proposals
Report by:	Chief finance officer

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards)

Purpose and summary

To seek the views of the adults and wellbeing scrutiny committee on the budget proposals for 2020/21 as they relate to the remit of the committee and on the draft corporate plan.

The draft proposals show an overall increase of £2.3m in the proposed base revenue budget for adults and wellbeing, this includes the levying of a 2% adult social care precept (£2.0m).

In addition the 2020/21 budget proposal creates a new social care pooled budget at £2.1m, reflecting the funding announced by central government in the 2019 spending review.

The proposed budget follows a base budget exercise reviewing the expected service demand. Savings of £0.6m will be required in 2020/21 to deliver a balanced budget.

Four capital investment budget requests totalling £17.4m have been identified, technology enabled communities (£1.5m), super hubs (£2.0m), care home and extra care development (£13.1m) and new models of housing (£0.8m).

The committee is invited to make recommendations to inform and support the process for making cabinet proposals to Council regarding the adoption of the budget and associated budget framework items, including providing constructive challenge to the cabinet's proposals.

Recommendation(s)

That:

- (a) the committee determine any recommendation it wishes to make to Cabinet in relation to the 2020/21 budget and corporate plan proposals specifically affecting adults and wellbeing, the:
 - a. draft corporate plan at appendix 1;
 - b. draft revenue budget at appendix 2; and
 - c. draft capital investment budget at appendix 4.

Alternative options

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals and a draft corporate plan for council consideration and it is a function of this committee to make reports or recommendations to the executive with respect to the discharge of any functions which are the responsibility of the executive. The council's budget and policy framework rules require Cabinet to consult with scrutiny committees on budget proposals in order that the scrutiny committee members may inform and support the process for making Cabinet proposals to Council.
2. It is open to the committee to recommend alternative spending proposals or strategic priorities; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.

Key considerations

3. Every four years, Herefordshire Council develops a corporate plan which sets out the council's ambition and priorities. The three key themes within the proposed corporate plan attached at appendix 1 are:
 - Community - Build communities to ensure everyone lives well and safely together
 - Economy - Support an economy which builds on the county's strengths and resources
 - Environment - Protect our environment and keep Herefordshire a great place to live
4. Herefordshire Council completed its first round of informal consultation on the draft new four year Corporate Plan covering the period 2020-2024 during September and October. More than 1,500 people provided feedback on the priorities for the county. This supports the policy and investment priorities for Herefordshire and sets the scene for a more detailed consultation on the 2020/21 budget proposals throughout November.
5. The budget proposals support the key themes and aim to manage increasing demand for formal social care services by supporting people and families to lead healthy and independent lives within their own communities by continuing to invest in preventative support local to where people live.
6. The committee is invited to comment on the draft corporate plan proposed specifically in reference to adults and wellbeing.

7. The proposals provide a balanced budget and include a 4% total increase in council tax, a 3% pay settlement, 200 additional new homes above the assumed growth in new homes and the central government 2019 spending review announcement.
8. The proposed 2020/21 revenue budget is based on an assumed total council tax increase of 4%, 2% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,575.29 representing an increase of £1.17 per week.
9. The 2% adult social precept will generate additional income of £2m. This income is ring-fenced to fund the adult and communities base budget increase proposed in this report.
10. The 2020/21 budget proposals include the creation of social care pooled budget, this will support the cradle to grave provision of social care to vulnerable citizens and reflects the funding announced in the central government 2019 spending review.
11. Council will be asked to approve the 2020/21 budget on 14 February 2020; this will follow confirmation of the final financial settlement for 2020/21 which is expected to follow the general election on 12 December. Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy and the capital strategy.
12. If central government announces additional funding to Herefordshire in the final settlement then Cabinet will seek the views of the scrutiny committees as to the best way of deploying the extra funding.

Base budget proposed and savings plan

13. A base budget review has been completed ahead of proposing the draft 2020/21 budget, this review involved:-
 - Costing the service based on the current requirement of the service, not rolling over previous budgets.
 - Income budgets to reflect income receivable.
 - Pay budgets to reflect actual establishment, deleting vacant posts without budget or not planned to be filled.
 - Performance in 2019/20
 - Projected population pressures
 - 2019/20 policy changes
 - Scorecard target attainment
 - Building in a staffing vacancy factor, assuming there isn't full establishment for the full year.
14. The budget proposal includes additional funding of £2.7m to fund identified budget pressures and £0.2m towards the formation of super-hubs, as shown below:

	19/20 revised budget £k	Savings £k	Contract inflation £k	Demographic pressures £k	Super hubs £k	Total £k
Proposed Budget	53,965	(600)	1,744	973	200	56,282

15. The savings requirement for adults and communities for 2020/21 remains as set out in the 2019/20 medium term financial strategy (MTFS), at £0.6m to be achieved by reducing the need for formal care services by utilising strengths based practices and application of the wider culture change programme. This includes managing demand ensuring customers receive appropriate and proportionate support and care relevant to meet their eligible and wider well-being needs in the most cost effective way possible.
16. The proposed budget for 2020/21 is attached at appendix 2. The proposed till receipt as a result of the proposal is also attached at appendix 3. The base budget proposal shows the net budget position; the gross budget will include the dedicated school grant, improved better care fund and public health grant.
17. The 2019 spending review confirmed the intention to increase the public health grant from £9.0m in 2019/20 to £9.2m in 2020/21, an increase in line with inflation.

Financing

18. The 2020/21 net budget requirement is financed by retained funding from council tax (£109.4m) and business rates (£36.7m) as shown in the Appendix 2. Assumptions include a 4% increase in council tax (2% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. It reflects the delay in the roll out of business rate devolution into 2021/22. Central government funding is included as announced in the 2019 spending review which delays the impact of the fairer funding review into 2021/22.
19. The proposed budget is in line with the 2019 spending review announced in September however the general election on 12 December may change the final local government funding settlement from central government in 2020/21.
20. Central government confirmed the intended rolling-over of specific social care grants and a new spending power of £11bn grant for Adults and Children social care (inclusive of the adult care precept at 2%), £3.4m for Herefordshire.
21. If the final settlement provides additional monies to the draft base budget shown above, unless the use of those funds is specified by government, Cabinet will seek the views of the scrutiny committees as to the best way of deploying the extra funding. In the interim the funding will be allocated to reserves.

Capital Budget

22. Attached at appendix 4 is the proposed capital investment budget requests for adults and wellbeing, totalling £17.4m. The four investment proposals are:-
 - Technology Enabled Communities, £1.5m. An outcomes-led approach to embedding technology enabled living (TEL) at scale, just in case support model to one of promoting independence, empowering self-care and taking action ahead of crises. Staff to remodel the service and support the capital work. Proposal includes purchasing of hardware and equipment.
 - Super Hubs, £2.0m. Super hubs to support communities through capital investment plus resource to manage and develop community engagement.
 - Care home and Extra Care Development, £13.1m. For the council to further scope the potential opportunity to build and develop its own care home and or extra care scheme which will be purpose built and sympathetically designed for people with dementia. The council needs to do a comprehensive analysis and

options appraisal to inform a decision on a detailed partial return on investment proposal.

- New models of housing, £0.8m. For the council to undertake an evaluation of directly investing in the development and delivery of new homes including homes for private rent, market sale and affordable housing. The funding of this has already been approved by Cabinet.

23. Capital investment proposals have been reviewed by Cabinet and all adults and wellbeing proposals received have been put forward for progressing through the budget consultation and business case stage. The business cases are attached at appendix 5.

24. Latest assessment indicates a shortfall of around 4,000 social and affordable homes; the council intends to respond to this challenge by progressing plans to invest in developing additional affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership markets.

25. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.

Budget setting timetable

26. Below is a summary of the 2020/21 budget setting timetable.

Date	Event	Purpose
6 November 2019	Public consultation	Four weeks of consultation with the public on the budget proposals
18 November 2019	Adults and wellbeing scrutiny committee	To consider adults and communities revenue and capital budget proposals and agree any recommendations to be made to Cabinet
25 November 2019	Children and young people scrutiny committee	To consider children and families revenue and capital budget proposals and agree any recommendations to be made to Cabinet
29 November 2019	General scrutiny committee	To consider the overall revenue and capital budget proposals and agree any recommendations to be made to Cabinet
27 January 2020	General scrutiny committee	To consider the overall revenue and capital budget proposals following the conclusion of public consultation and agree any recommendations to be made to Cabinet
30 January 2020	Cabinet	To agree the draft revenue and capital budget 2020/21, treasury management strategy, capital strategy and medium term financial strategy for recommendation to Council

14 February 2020	Council	Deadline for Members intending to propose an amended motion (as per Section 1 paragraph 4.1.105 and 4.1.106 of Constitution)
14 February 2020	Council	To agree the council's revenue and capital budget for 2019/20, treasury management strategy, capital strategy and medium term financial strategy

Community impact

27. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.
28. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
29. 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

30. 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.
31. Service specific equality impact assessments will be completed for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010. 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.

Resource implications

32. 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 draft budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

33. 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.
34. 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.
35. 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.
36. 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.
37. 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.
38. Section 106 of the Local Government Finance Act 1992 restricting councillors voting on certain matters where they are in arrears of council tax, does not apply to scrutiny function as the views from scrutiny on the budget are not a recommendation for approval, a resolution or any other type of decision. As a result a s106 check of councillors arrears has not been undertaken.

Risk management

39. Section 25 of the Local Government Act 2003 requires the S151 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.
40. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional settlement. This draft will be updated through the budget setting timetable.
41. 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.

42. There are additional risks to delivery of budgets including the delivery of new homes, Brexit, government policy changes following the general election and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
43. 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 resetting our relationship with communities focussing services on areas of greatest professional need will support the MTFS.

Consultees

44. Initial consultation on the draft corporate plan has been completed. Views on headline priorities were collected via 6 'voting boxes'. Each participant was given 10 tokens to place in the 6 boxes according to their personal views and priorities. For those interested in commenting on sub-priorities a 'sticky dot' exercise was used which encouraged people to place a green sticky dot against those sub priorities with which they strongly agreed and a red sticky dot against those with which they strongly disagreed. Participants were also encouraged to leave comments or indicate 'missing' priorities on a comments sheet.
45. 1,056 people participated in the consultation at pop-up events the same exercise was replicated online and accessed via the Herefordshire Council website, in which an additional 358 residents responded.

46. Combined results from the tokens and survey monkey are shown below:-

Maintenance of roads and public spaces	3,827
Protect and enhance our environment	3,504
Start building new affordable council housing	2,683
More travel choices e.g. cycling, buses, community transport	2,661
Invest in job creation skills and training	2,582
Help people to help themselves e.g. advice, support, community projects	2,225

47. Out of the six draft priorities:
- Maintenance of roads and public spaces came out highest in terms of votes.
 - Protect and enhance our environment was the 2nd most popular priority.
 - The 3rd highest priority, 'Build our own sustainable council houses', is over 800 votes behind the 2nd ranked priority.
 - 'Help people to help themselves' was the lowest priority, with over 350 votes behind the next priority.
48. The council's 2020/21 budget consultation is still live and along with consulting on new initiatives the consultation includes similar questions to the 2019/20 budget consultation to gauge if the public opinion has changed over time.
49. The consultation is 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.

Appendices

Appendix 1	draft corporate plan
Appendix 2	draft 2020/21 revenue budget
Appendix 3	draft till receipt of 2020/21 budget proposal
Appendix 4	capital investment budget requests
Appendix 5	capital investment business cases
Presentation slide pack	

Background papers

None identified.