

**Budget 20/21 and corporate  
priorities (2020 -2024)**

General Scrutiny committee

*20<sup>th</sup> January 2020*

# Development of corporate priorities



**Herefordshire Council**

## Our ambition for Herefordshire

**“Respecting our past, shaping our future - we will help encourage and strengthen our communities, create a thriving local economy and protect and enhance our environment”.**



**Environment**  
Protect our environment and keep Herefordshire a great place to live

- Reduce waste and increase reuse, repair and recycling
- Improve and extend active travel options throughout the county
- Contribute to tackling the climate emergency by investing in low carbon projects to further reduce our carbon footprint and reduce running costs
- Ensure the best use of the county's natural resources
- Protect the county's biodiversity, value nature and uphold environmental standards



**Community**  
Build communities to ensure everyone lives well and safely together

- Ensure all children are healthy, safe and inspired to achieve
- Ensure that children in care, and moving on from care, are well supported and make good life choices
- Build our own sustainable and affordable houses and bring empty properties back into use
- Protect and improve the lives of vulnerable people
- Use technology to assist with daily living and keep people at home
- Support communities to help each other through a network of community hubs



**Economy**  
Support an economy which builds on the county's strengths and resources

- Develop environmentally sound infrastructure that attracts investment
- Use council land to create economic opportunities and bring higher paid jobs to the county
- Invest in education and the skills needed by employers
- Enhance digital connectivity for communities and business
- Protect and promote our heritage, culture and natural beauty to increase tourism
- Invest public money locally wherever possible

**Our principles**

**Partnership** | We collaborate to maximise our strengths and resources  
**Resilience** | We use resources wisely so Herefordshire is preserved for future generations  
**Integrity** | We make decisions based on evidence and work with respect, openness and accountability  
**Democracy** | We strengthen local democracy, decision making and service delivery and involve more young people  
**Communication** | We listen to and learn from our communities and help people connect through culture, creativity and care

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Series of workshops held to develop the overarching plan and identify the key areas of Economy, Community, Environment

“1 page plan” developed to set out the ambition of the council and the principles of ways of working

The 1 page plan then tested through a series of public engagement events held throughout the county

Feedback is continuing to inform the full corporate plan, proposed budget 20/21 and Medium Term Financial Strategy (MTFS)

## Our ambition – in the next 4 years we will:

### Environment - Protect our Environment and keep Herefordshire a great place to live

- Reduce waste and increase reuse, repair and recycling
- Improve and extend active travel options throughout the county
- Contribute to tackling the climate emergency by investing in low carbon projects to further reduce our carbon footprint and reduce running costs
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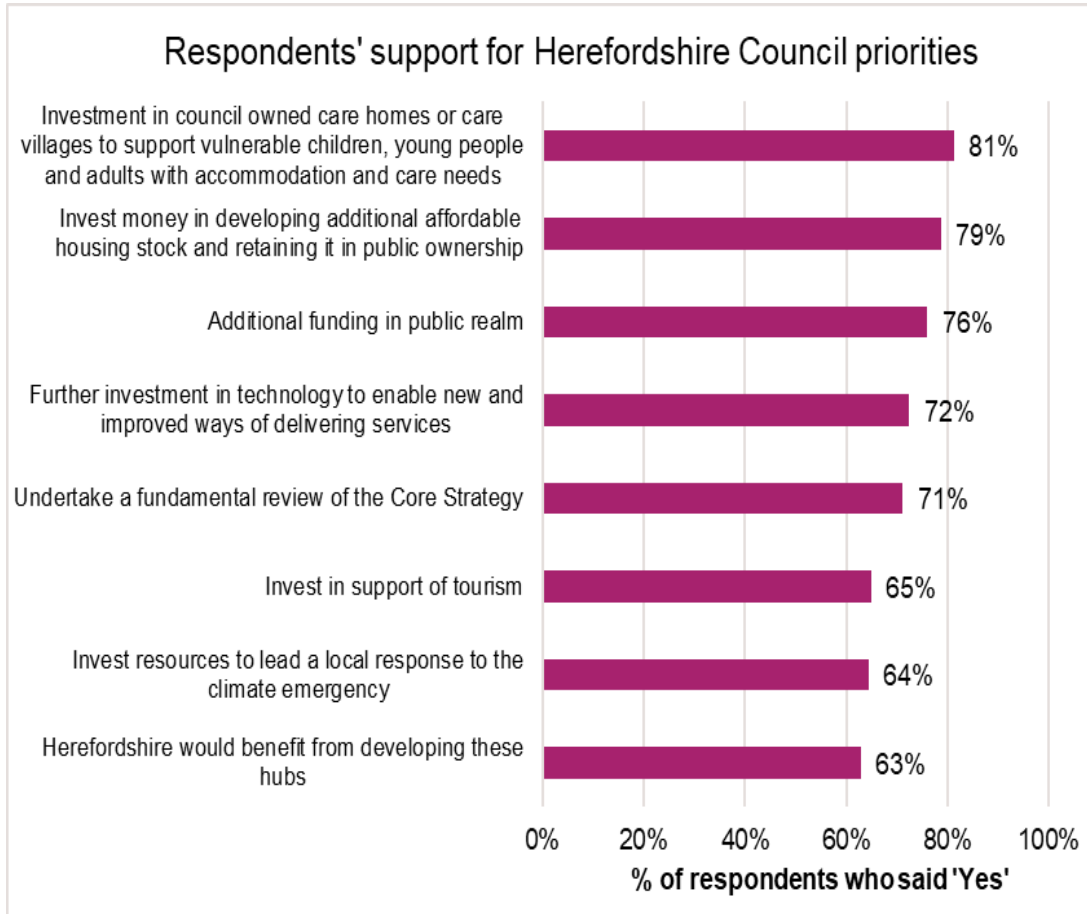
### Community - Build communities to ensure everyone lives well and safely together

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### Economy - Support an economy which builds on the county's strengths and resources

- Develop environmentally sound infrastructure that attracts inward investment
- Use council land to create economic opportunities and bring higher paid jobs to the county
- Invest in education and the skills needed by employers
- Enhance digital connectivity for communities and business
- Protect and promote our heritage, culture and natural beauty to increase tourism
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# Feedback from consultation on proposals - priorities



There was majority support for all of the areas identified for additional investment, with as many as four out of five agreeing with additional investment in council-owned care homes or villages (81%) and publicly-owned affordable housing (79%).

# Feedback from consultation on proposals - priorities

When respondents were asked to rank the areas in order of importance, five stood out as being more important than the others:

- Maintenance of highways and public spaces
- Planning and investment to address the climate emergency
- Public transport
- Care homes and accommodation for vulnerable people
- Affordable housing (publicly owned)

The same five areas were the most favoured in the face-to-face engagement as well.

## Feedback from consultation on proposals - budget

- 4% council tax increase; 51.5% was about right or too little
- A small majority (53%) disagreed with the allocation of Council Tax as set out in the budget till receipt
- Comments that expressed an opinion about the allocation of spend were mostly saying that not enough was allocated to particular services, rather than too much. Services mentioned most frequently were related to the environment and place.

## Net Revenue Budget 2020/21 – following provisional settlement

	£k
Council Tax assumed 3.9%	109,780
Business rates	36,726
Revenue Support Grant	635
Rural services delivery grant	5,101
Adult social care grant	4,875
<b>Total net budget</b>	<b>157,117</b>

The provisional settlement announced on 20 December 2019 included £2.2m new home bonus grant income.

One off funding for housing delivery.

## The Base Net Budget requirement

Directorate	Base at November scrutiny £k	Legal services £k	PWLB interest £k	Base Budget £k
Adults and Communities	56,282			56,282
Social care pool	2,054			2,054
Children and families	30,699			30,699
Economy and Place	28,955			28,955
Corporate Services	15,803	700		16,303
<b>Total Directorate</b>	<b>133,793</b>	<b>700</b>		<b>134,493</b>
Central	22,306		318	22,624
<b>Total Net Budget</b>	<b>156,099</b>	<b>700</b>	<b>318</b>	<b>157,117</b>



## Legal services budget pressure - £0.7m

- To address challenges being faced by the service, in particular introducing a provision for recruitment of agency/locum staff.
- Also to support corporate project management costs and training.
- To respond to new demand in specialist areas, such as Children's team, procurement and commercial and property and litigation teams.
- A review and reshaping of Legal Services is currently being undertaken which will be implemented during 2020.

## **Additional PWLB loan interest budget - £0.3m**

- Calculated impact of the central government announcement that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied.
- The PWLB loan interest rate is linked to benchmark gilt rates and due to these being historically low the Treasury announced an immediate increase in the margin of 1%.
- PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council.
- The additional cost will fund both the existing and proposed capital investment budget

# The Base Net Budget requirement

Directorate	19/20 revised base £k	Pressures £k	New Initiatives £k	Savings £k	Base Budget £k
Adults and Communities	53,965	2,717	200	(600)	56,282
Social care pool			2,054		2,054
Children and families	27,185	714	3,100	(300)	30,699
Economy and Place	27,594	1,364	870	(873)	29,155
Corporate Services	15,086	869	625	(77)	16,303
<b>Total Directorate</b>	<b>123,830</b>	<b>5,664</b>	<b>6,849</b>	<b>(1,850)</b>	<b>134,493</b>
Central	22,771	409	(56)	(500)	22,624
<b>Total Net Budget</b>	<b>146,601</b>	<b>6,073</b>	<b>6,793</b>	<b>(2,350)</b>	<b>157,117</b>

} 80%

# Proposed areas for capital investment

A number of new capital investment proposals have been proposed to seek Council approval in February to include in the current capital programme.

The new capital programme will be funded from a number of sources:

- £39m Grants (if secured)
- £1m Redirected funding
- £21m Capital Receipts
- £19m Spend to Save (ROI)
- £8m Corporate Borrowing

The total current and future capital programme for the council out to 2024 is expected to be £415m

- £71m Communities
- £305m Economy & Environment
- £39m Corporate

Scheme	Current Capital Programme £000	New Capital Programme £000
<b>Community:- Build communities to ensure everyone lives well and safely together</b>		
Brookfield School	2,744	1,195
Peterchurch Primary School	5,500	5,353
Technology Enabled Care Services		1,500
Super Hubs		2,000
Widemarsh Gardens		80
Carehome and Extra Care Development	919	13,081
Affordable Housing	800	800
<b>Total Community</b>	<b>9,963</b>	<b>24,009</b>
<b>Economy:- Support an economy which builds on the county's strengths and resources</b>		
New IT Server Storage		380
Hereford Transport Package		3,600
Vehicle Fleet Replacement		19
Employment Land and Incubation Space in Market Towns		13,631
Leominster Heritage Action Zone (inc £2m grant)		3,800
Additional investment in Road Infrastructure Maintenance		2,000
Strangford Welfare Facilities		25
<b>Total Economy</b>		<b>23,455</b>
<b>Environment:- Protect our environment and keep Herefordshire a great place to live</b>		
Passenger Transport Fleet - Contracted fleet (Electric)		30,500
Passenger Transport Fleet - Hereford City Commercial (Electric)		8,500
Better Ways of Working		850
Hereford Active Travel Measures & Super Cycle Highways		1,000
<b>Total Environment</b>		<b>40,850</b>
<b>Total</b>	<b>9,963</b>	<b>88,314</b>

# Additional investment in housing

- £150k reserve to fund the investigation of different models of delivering council housing;
- Lack of housing choice, especially in respect of affordable housing;
- Use of new homes bonus allocation to support the delivery of houses;
- Many local authorities are now actively intervening in the housing market by becoming developers of new homes themselves, creating Local Housing Companies;
- 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.

# 2020/21 Assumptions

- 3.9% increase in Council Tax ( 1.9% general, 2% Adults Social Care) Band D = £1,573.77 increase of £1.14 per week;
- Improved better care fund (ibcf) £6.6m (£5.4m Adults and £1.2m new schemes);
- Public Health grant of £9.2m, ring fence to continue;
- Rural service delivery grant £5.1m;
- Provisional settlement shared, consultation open until 17 January, final settlement will follow

# Where we spend the money



Charges per month (average Band D property)  
2020/21 monthly Council Tax receipt

<b>** Daily life **</b>		<b>£s</b>
* Waste, Cleansing		12.34
* Environmental Health		1.53
* Roads and bridges		5.73
* Care of public spaces		1.24
* Schools and education		99.16
* Public, School and community transport		5.97
* Libraries, records and customer services		1.22
<b>** Looking after Adults **</b>		
* Older People in residential/nursing care		14.39
* Older people supported at home		9.89
* Disabled adults		28.92
* Lifestyles services (substance abuse, sexual health)		2.84
* Health improvement (Public Health nursing, health checks, smoking cessation)		5.67
* Housing		0.53
<b>** Looking after children **</b>		
* Child protection		4.29
* Children in care		14.97
* Children with special needs		3.31
<b>** Local government running costs **</b>		
* Election, governance and legal services		3.50
* Directors & Staff costs		0.56
* Organisational administration		1.39
* IT, Council Tax and Benefits admin, invoices and payments		5.27
* Insurance and property maintenance		4.84
<b>** Financing **</b>		
* Capital finance - Debt repayment		6.97
* Capital finance - Interest payments		9.55
<b>** Economic growth **</b>		
* Economic development and regeneration		1.74
* Broadband - rural rollout		0.15
* Planning		0.35
		246.32
*****	VOUCHER	*****
**	Income that supplements council tax	**
* Investment Property income		-2.94
* Car parking		-5.42
* Capital finance - Interest received		-2.01
* Public Health grant		-7.70
* National Education funding		-96.98
<b>TOTAL TO PAY (per month)</b>		<b>131.27</b>
*****		
MORE INFORMATION AT <a href="http://WWW.HEREFORDSHIRE.GOV.UK/">WWW.HEREFORDSHIRE.GOV.UK/</a>		
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# Current spending - Till Receipt Detail

	20-21 £s		20-21 £s
<b>** Daily life **</b>		<b>** Local government running costs **</b>	
* Bin collections and Environment	13.87	* Election, governance and legal services	3.50
* Roads, bridges and care of public spaces	6.97	* Directors & Staff costs	0.56
* Schools and education	99.16	* Organisational administration	1.39
* Buses and community transport	5.97	* IT, Transactions and billing (Hoople)	5.25
* Libraries, records and customer services	1.22	* Insurance and property maintenance	4.84
<b>** Looking after Adults **</b>		* Capital finance - Debt repayment	6.97
* Older People in residential / nursing care	14.39	* Capital finance - Interest payments	9.57
* Older people supported at home	9.89	<b>** Economic growth **</b>	
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* Lifestyles services (substance abuse, sexual health)	2.84	* Broadband - rural rollout	0.15
* Health improvement (Public Health nursing, health checks, smoking cessation)	5.67	* Planning	0.35
* Housing	0.53		<b>246.32</b>
<b>** Looking after children **</b>		<b>Income that supplements council tax</b>	
* Child protection	4.29	* Investment Property income	(2.94)
* Children in care	14.97	* Car parking	(5.42)
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		* National Education funding	(96.98)
			<b>131.27</b>