

**Budget 21/22 and corporate
priorities (2020 -2024)**

General Scrutiny

15 January 2021

Presentation outline

- Herefordshire Council context
- Local government finance settlement –Key issues
- Budget pressures
- Savings requirement
- Capital and proposed areas for investment
- Consultation feedback

Our ambition for Herefordshire



“Respecting our past, shaping our future - we will improve the **sustainability, connectivity** and **wellbeing** of our county by strengthening our **communities**, creating a thriving local **economy** and protecting and enhancing our **environment**”.



Environment

Protect and enhance our environment and keep Herefordshire a great place to live



Community

Strengthen communities to ensure everyone lives well and safely together



Economy

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

Herefordshire Council Context – County Plan

- Minimise waste and increase reuse, repair and recycling
- Improve and extend active travel options throughout the county
- Build understanding and support for sustainable living
- Invest in low carbon projects
- Identify climate change action in all aspects of council operation
- Seek strong stewardship of the county's natural resources
- Protect and enhance the county's biodiversity, value nature and uphold environmental standards
- 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 publicly owned sustainable and affordable houses and bring empty properties back into use
- Protect and improve the lives of vulnerable people
- Use technology to support home care and extend independent living
- Support communities to help each other through a network of community hubs
- 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 enhance quality of life and support tourism
- Spend public money in the local economy wherever possible

Key Issues

Provisional Local Government Finance Settlement 2021/22

- One year Spending Round (SR2020)
- In summary, net additional funding provided plus new homes bonus funding (£1,791k) & lower tier support services grant (£250k) for one year only
- However, additional cost pressures including 2% losses in the tax base, are outstripping original forecasts.
- Overall the long term position is uncertain, there was no confirmation of movement to fairer funding and local rates retention.

2021/22 Assumptions post provisional settlement

- 4.99% increase in Council Tax (1.99% general, 3% Adults Social Care) Band D = £1,652.30, increase of £1.51 per week;
- Rural services delivery grant uplifted by £252k for Herefordshire (total £5,353k);
- Additional Social Care funding at £633k in 2021/22;
- New lower tier services one off grant £250k;
- Improved better care fund (ibcf) continues at £6.6m;
- Provisional settlement shared, central government consultation open until 16 January, final settlement will follow.

Provisional Local Government Finance Settlement 2021/22

	2020/21 budget	Provisional settlement	change
	£000	£000	£000
Formula grant	635	638	3
Locally retained rates	36,725	36,753	28
Council tax – 4.99% increase	109,780	112,944	3,168
Rural Sparsity Delivery Grant	5,101	5,353	252
Social Care support grant	4,875	5,508	633
Collection Fund Surplus / (losses)	-	(200)	(200)
TOTALS	157,117	160,996	3,879

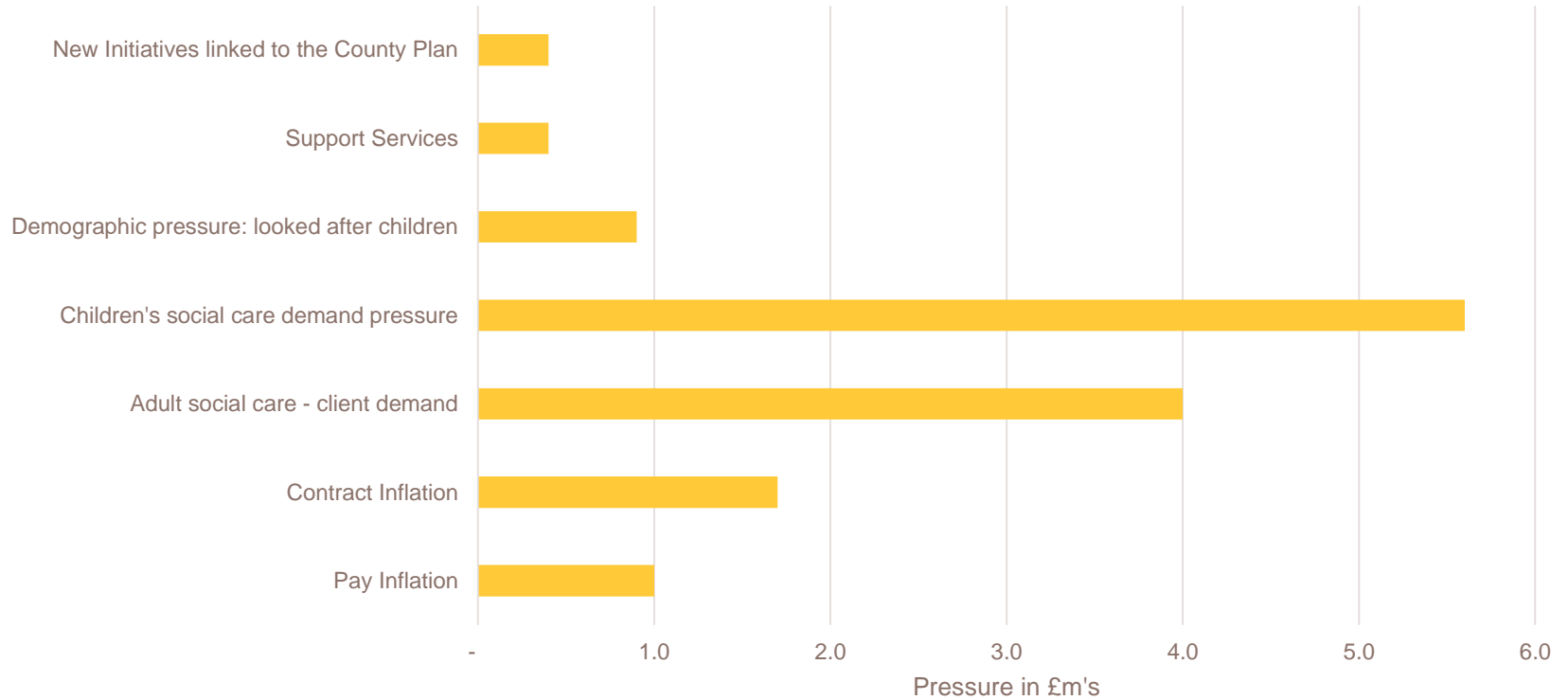
The increase is not sufficient therefore substantial savings are required

The 2021/22 Net Base Budget proposal

Directorate	20/21 forecast outturn £k	20/21 revised base £k	Pressures £k	New 21/22 base £k	Savings £k	Base Budget £k
Adults and Communities	61,996	57,751	4,458	62,209	(3,270)	58,939
Children and families	37,401	32,678	6,623	39,301	(2,390)	36,911
Economy and Place	33,187	29,743	933	30,676	(4,348)	26,328
Corporate Services	17,223	16,659	1,988	18,647	(497)	18,150
Total Directorate	149,807	136,831	14,002	150,833	(10,505)	140,328
Central	18,705	20,286	1,082	21,368	(700)	20,668
Total Net Budget	168,515	157,117	15,084	172,201	(11,205)	160,996

The 20/21 forecast outturn reflects additional expenditure as a result of Covid-19, the provisional settlement confirmed a £4.8m specific grant in 2021/22 and collection fund support including compensation for irrecoverable local taxation losses due to the pandemic

Pressures in the 2021/22 Budget



Pressures in the 2021/22 Budget

- **Childrens** — a lower number but higher residential costs being incurred in looking after children in our care. We are transforming children and families services, particularly safeguarding and early help. The transformation journey is at an early stage, it can take up to eight years to achieve sustained cultural and practice change
- **Adults** - just over £1m relates to transitional clients moving from children's services to adults in the 21/22 financial year. The remainder of the demand pressure falls in the older client group and is due to a combination of factors ie. client demand, particularly within homecare as people with increased needs are supported in their own homes rather than a care home setting, but also the cost of maintaining that same care at home for people with higher needs,

Savings proposals in 2021/22 budget

Directorate	£000
Adults & Communities	3,270
Children & Families	2,390
Economy & Place	4,348
Corporate	497
Central	700
Totals	11,205

Appendix 2 of the report provides the individual savings detail behind the totals above and the impact of delivering the savings required

Capital Proposals

- During the last year a new project management office team have been set up to manage development and delivery of council projects, ensuring effective project management.
- A capital review was undertaken in November 2020, 16 of 82 capital projects were placed on hold to complete a business case review
- From 2021/22 a £1m Development Fund budget has been proposed to be included in the capital programme.
- This is to ensure projects are added to the capital programme when they have a robust business case including accurate costings and are deliverable within the timeframe.
- There are eleven capital investment proposals for the committee to consider, totaling £20.7m mainly funded through grants (£14.5m)

Proposed areas for 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 proposals will be funded from a number of sources:

- £14.5m Grants
- £1.0m Redirected funding
- £0.4m Spend to Save (ROI)
- £4.8m Corporate Borrowing

The total current and future capital programme for the council out to 2025 is expected to be £409m

- £63m Communities
- £306m Economy & Environment
- £40m Corporate

Scheme	Current Capital Programme £000	New Capital Programme £000
Community:- Build communities to ensure everyone lives well and safely together		
Schools Accessibility Works		240
Grange Court Loan		359
Schools Maintenance Grant	3,514	1,195
Childrens S106	649	300
Total Community	4,163	2,094
Economy:- Support an economy which builds on the county's strengths and resources		
Estates Building Improvement Programme		1,217
Shirehall (include in estates programme)	4,835	850
Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet		2,299
Capital Development Fund		1,000
Local Transport Plan	12,259	12,272
E & P Section 106	511	750
Total Economy	17,605	18,388
Environment:- Protect our environment and keep Herefordshire a great place to live		
Air Quality Monitoring Station Resource Improvements		192
Total Environment		192
Total	21,768	20,674

Consultation Update

- Local consultation with parish and town councils, businesses and organisations now closed
- 17 events were held with 96 participants
- Online public consultation has now commenced 18 December 2020 and closes on 10 January 2021 in the form of a Residents Survey and Organisation Survey

Local Consultation Findings

- People said it was important to avoid short-termism
- Working with partners was supported
- Transferring assets to communities was supported
- Discretionary services least valued were street lighting, archive services and parks and open spaces
- Increasing charges for parking and cremation was least popular
- People wanted a high quality service and VFM for social care
- Use of technology was seen as both an opportunity and a threat to vulnerable residents
- 45% of people thought the proposed council tax & social care precept increase of 4.99% was about right
- Over 70% of people wanted to support households in financial difficulty
- The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
- Overall local priorities matched the council's priorities in the County Plan and Delivery Plan