

Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	2021/22 Budget Setting
Report by:	Cabinet member corporate strategy and budget

Classification

Open

Decision type

Budget and policy framework

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To agree the draft 2021/22 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 12 February.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 17 December. Overall the base budget for 2021/22 is proposed to increase to fund budget pressures. Savings of £11.2m are required in 2021/22 and an increase in council tax of 4.99% (inclusive of 3% adult social care precept) is proposed to deliver a balanced budget.

The draft medium term financial strategy (MTFS), attached at appendix A, has been updated to reflect current assumptions on future years funding and service requirements in line with the County Plan.

The treasury management strategy, attached at appendix D, 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 recommended to Council;

- a. the council tax base of 68,355.22 Band D equivalents;**
- b. an increase in core council tax in 2021/22 of 1.99%;**
- c. an additional precept in respect of adult social care costs of 3% applied to council tax in 2021/22 resulting in a total council tax increase of 4.99%, increasing the band D charge from £1,573.77 to £1,652.30 for Herefordshire Council in 2021/22;**
- d. the balanced 2021/22 revenue budget proposal totalling £161.0m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;**
- e. delegation to the section 151 officer of the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;**
- f. the medium term financial strategy (MTFS) 2021-24 at appendix A be approved; and**
- g. the treasury management strategy at appendix D be approved.**
- h. that the growth bid to fund a Armed Forces Covenant Support Officer, attached at appendix H be approved.**

(b) the responses to scrutiny committee's recommendations as provided in paragraph 50 be approved.

Alternative options

1. It is open to Cabinet to recommend 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. Cabinet 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 A, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 17 December and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2021/22 is proposed. The proposal includes a 4.99% total increase in council tax and central government funding announced in the provisional financial settlement.
5. The financial impact of the national pandemic, Covid-19, and service demand pressures means that Herefordshire Council has a substantial saving target for 2021/22 to enable a balanced budget for 2021/22 to be proposed. This detail is attached at appendix B.
6. The proposed 2021/22 revenue budget is based on an assumed total council tax increase of 4.99%, 1.99% increase in core council tax and a 3% adult social care precept. This increases the band D equivalent charge to £1,652.30 representing an increase of £1.51 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The 3% adult social precept will generate additional income to fund pressures identified in the adults and communities directorate reflecting the demand for services from the county's residents.
8. The council tax base for 2021/22 has declined by 2% to 68,355.22 band D equivalent properties. This reduction reflects an increase in excess of 25% of working age council tax reduction claimants, an increase of 1,400 households throughout the county receiving council tax discount due to the low level of income the household receives. This increase reflects the local consequence of the economic impact of Covid-19 which is a national issue being faced by all councils. Expectations are that tax bases are expected to recover in a couple of years' time.
9. Council will be asked to approve the 2021/22 budget on 12 February 2020; this will follow confirmation of the final financial settlement for 2021/22 which is expected in late January. Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy, council tax reduction scheme and the capital strategy at the same meeting.
10. 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 2021/22 budget is proposed which, subject to any approved amendments, is recommended to Council for approval.

Provisional 2021/22 Local Government Financial Settlement

11. The provisional settlement shared on 17 December 2020 is for one year only and is based on the Spending Review 2020 (SR20) funding levels. The funding announcement confirmed:-
 - a. **Council Tax** – The council tax referendum limit will be 2% for local authorities, plus a 3% social care precept, although this can be deferred to 2022/23. Herefordshire continues to plan for a 4.99% increase. Parish councils will continue to not be subject to the referendum limits.
 - b. **Business Rates Retention** – The business rates multiplier has been frozen for 2021/22, the under-indexing multiplier grant has been increased to reflect this.

- c. **Revenue Support Grant** – this has been increased by 0.55%, in line with what would have been the increase to the multiplier mentioned above.
 - d. **New Homes Bonus** - The 2021/22 indicative allocations have been announced, £1,791k for Herefordshire.
 - e. **Social Care Funding** – Originally announced at SR20, there has been an increase to the Social Care Support Grant of £300m. This has been allocated based on Adult Social Care relative need (£60m) and the ability to raise resources through the social care precept (£240m), meaning an additional £633k for Herefordshire.
 - f. **Lower Tier Services Grant** – A new un-ringfenced lower tier services grant of £111m was announced by the Minister. This has been allocated to ensure that no authority has a total Core Spending Power in 2021/22 less than in 2020/21, a new £250k grant for Herefordshire.
 - g. **Rural Services Delivery Grant** – There has been an increase of £4m, from £81m in 2020/21, to £85m in 2021/22, increasing Herefordshire’s funding by £252k to £5,353k.
 - h. **Local Government Funding Reform** – No papers were published relating to the Fair Funding Review or the Business Rates Reset.
12. The provisional financial settlement included one off funding, being new homes bonus funding of £1,791k and a new tier support grant of £250k. It is proposed that £800k of this funding is used to increase council tax discounts to fund the increased council tax reduction scheme presented under separate cover on today's agenda. The remainder (£1,241k) is proposed to invest in sustainable transport activity during 2021/22.

Covid-19 Support

13. Further details were also published regarding the support for local authorities in 2021/22 in relation to the continued financial impact of Covid-19, specifically:-
- I. **£1.55bn Grant Funding**
An additional £1.55bn of Covid-19 grant funding for 2021/22 was confirmed, £4,789k for Herefordshire. This will be paid through a un-ringfenced grant.
 - II. **£0.67bn local council tax support grant**
The government has indicated that it is providing this to broadly meet the additional costs associated with increases in council tax reduction awarded in 2021/22. The funding will be un-ringfenced. The funding allocations have not been published.
 - III. **Local tax income guarantee for 2020/21 (i.e. business rates and council tax deficits)**
The government has also announced, as part of a consultative policy paper, the details of its proposed scheme for compensating for irrecoverable local taxation losses, being:-
 - a. **Council Tax**

For council tax, the formula will be 75% of the difference, if positive, between the Council tax requirement for 2020/21 less the total of their billing authorities' relevant amounts. This will exclude any adjustments made for write-offs or provisions for bad debts, therefore it appears that authorities will effectively only be compensated for increases in local council tax reduction.

b. Business Rates

For business rates, the formula will be 75% of the difference, if positive, between the estimates and actuals. Authorities will not be compensated for the impact of changes to funded reliefs (which are already fully compensated by s31 grants) but will be compensated for the impact of accounting adjustments for appeals and allowance for non-collection and the impact of additional reliefs not funded by grants (e.g. properties which receive relief due to being unoccupied).

IV. Sale, Fees and Charges Support

Central government are seeking views on continuing the current support scheme for income losses for the first quarter of 2021/22.

2021/22 base budget proposed and savings plan

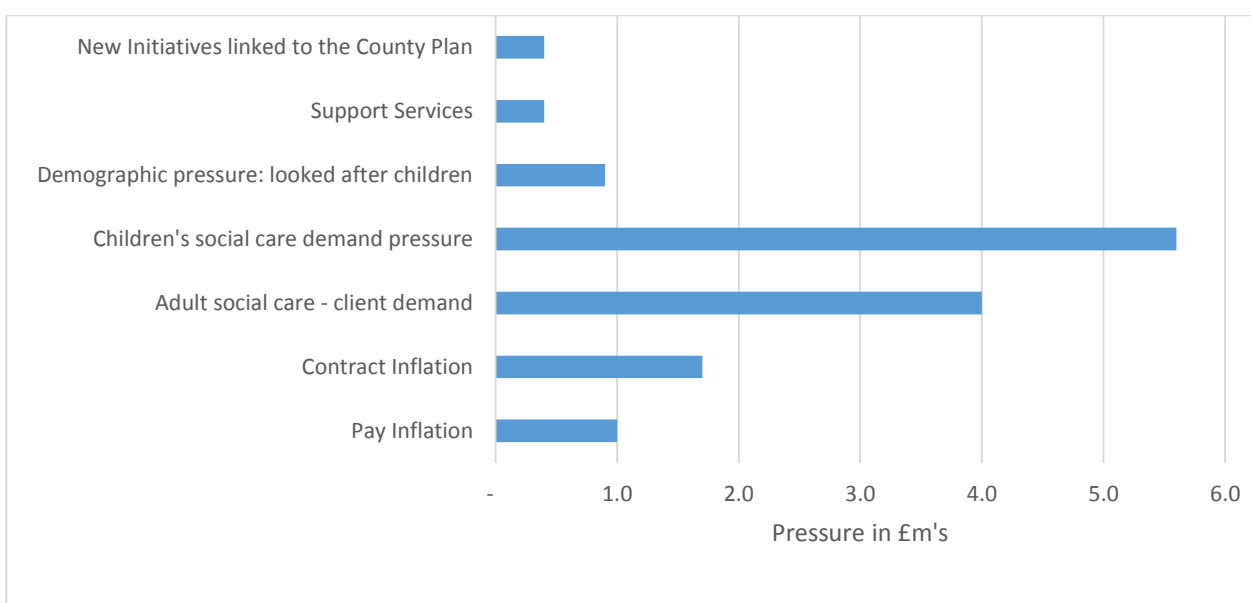
14. The detailed base budget proposed for 2021/22 is attached at appendix C and summarised below:-

Directorate	21/22 gross budget £k	20/21 revised base £k	Pressures £k	Savings £k	Base Budget £k
Adults and Communities	101,605	57,751	4,458	(3,270)	58,939
Children and families	159,162	32,678	6,623	(2,390)	36,911
Economy and Place	53,715	29,743	933	(4,348)	26,328
Corporate Services	18,150	16,659	1,988	(497)	18,150
Total Directorate	332,632	136,831	14,002	(10,505)	140,328
Central	48,668	20,286	1,082	(700)	20,668
Total Net Budget	381,300	157,117	15,084	(11,205)	160,996

Funded by

Council tax	112,944
Retained business rates	36,753
Collection fund deficit	(200)
Revenue support grant	638
Rural sparsity delivery grant	5,353
Social care support grant	5,508
Totals	160,996

15. The base budget proposed shows the net budget position; the gross budget includes the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant.
16. 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.
17. Appendix H proposes a growth bid for Cabinet's consideration. This is to match fund an Armed Forces Covenant Support Officer at a cost of £10k. This need was identified post the budget proposal shared above.
18. The budget pressures Budget pressures are largely faced in the adults and communities and children and families directorates however other directorates are also seeing impact from service delivery changes, see chart below.



19. Budget pressures in the adults and communities directorate include:
 - I. Potential increase in social care customers associated with an aging demographic
 - II. More costly residential & nursing care home placements
 - III. Increased demand for more complex homecare packages to enable people to remain in their own homes
 - IV. Increase in numbers of self-funders falling below the capital threshold for social care
 - V. Increased pressures on carers resulting in increased support needs.
20. Budget pressures in the children and families directorate reflect the 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, sustained change in how children and families are supported and enabled to achieve change themselves where appropriate. Good initiatives have commenced including investment in legal services, social workers,

managers, family support, and business support to support high quality consistent practice.

21. To propose a balanced budget for 2021/22 substantial savings are required, these are summarised below and attached at appendix B is the key directorate challenges and issues identified in relation to each proposal.

Directorate	Description	£000
Adults & Communities	Modernising assessment, commissioning & services delivery for Learning Disability clients	1,500
	Targeted review of complex cases followed by system challenge	1,250
	Implementing changes to client charging policy and income disregards	520
Children & Families	Supported accommodation for care leavers	320
	Step down residential to in house foster carers	1,000
	Prevention of children becoming looked after; reunification of looked after children with families	400
	Recruit 30 new foster carers per annum for 5 years	200
	Full cost recovery of traded services	20
	Manage inflation and secure contract efficiencies	450
	Economy & Place	Devolve more public realm services and assets to communities reducing expenditure by Herefordshire Council on such services (e.g. amenity grass cutting, open spaces / sports Areas and/or playgrounds maintenance)
	Efficiencies from community liaison (reduction in locality stewards service and reduction in customer service/stakeholder liaison service in Public Realm)	120
	Streetworks income generation (e.g. permit scheme, bring in-house)	30
	Transfer responsibility for Hereford Markets to City Council	15
	Reduce opening hours of household waste recycling centres to encourage waste minimisation	200
	Transformation and redesign of directorate to realign to County Plan objectives; vacant post review	400
	Transformation and redesign of directorate to realign to County Plan objectives	250
	Cashless payments (car parking)	100
	Public realm income increased through use of technology	50
	Dark skies and energy savings from lowering street lighting levels and provision	40
	Reducing the number of adults and childrens buildings through opportunities for sharing with our partner organisations	100

	Disposal of further buildings and reduction in costs through planned Better Ways of Working	170
	Property maintenance cost reduction including as a result of reduction in the overall size of the estate	500
	Move property management to commissioned only service and reduce in house staff resource by 25%	200
	Accommodation and industrial business space rental income	30
	Review of mainstream school transport and retendering of contracts to remove space capacity	50
	Establish in house bus company to provide not for profit Special Educational Needs and school transport to reduce contract costs	100
	Weekend vehicle rental of fleet vehicles	10
	Bereavement services review to reflect market rates and full cost recovery	240
	Parking Charges increases to reflect policy objectives to support alternative forms of transport	600
	Reduce parking enforcement staff resources and improve efficiency	100
	Registrars income increase	30
	Building Control increase charges, improve efficiency and reduce staffing	115
	Regulatory and waste service income increases	115
	Increase charge for pre-planning application advice and / or reduce staff costs in planning	100
	Efficiency Savings (already identified in MTFS)	273
	Transform and review delivery of parking service to minimise costs and increase enforcement income	100
	S106 client commissioning costs - funding from S106 monies	30
	Asset Sponsorship and Streetside advertising	30
	Efficiency savings through integrating all enforcement functions within Economy & Place including those currently provided by BBLP	20
	Invest to Save Income increased through introduction of natural burials	30
	Invest to Save Income increased through introduction of pet burials/cremations	50
Corporate	Initial redesign; MERS, Move to Hoople, Lean process, flexible roles to meets peaks and troughs	141
	Move to home working has seen decrease in print and post	30
	Efficiencies	100
	Bring together service budgets and look to create efficiencies	75
	Hoople SLA Efficiency Savings	151

Central	Contingency	700
	Total	11,205

Reserves

22. Earmarked reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and basis of transactions needs to be clearly defined. Cabinet reviews ear marked reserves on an annual basis, the last report to Cabinet was in October 2019 and the next one will be in March 2021 (to follow the completion of the audit of the 2019/20 statement of accounts).

23. A forecast of the reserve position is shown below:-

Balance as at	Strategic Reserve	Financial Resilience Reserve	School Balances	Earmarked Reserves	Totals
	£m	£m	£m	£m	£m
31.03.20	9.1	12.7	8.9	50.7	81.4
31.03.21	9.1	4.2	8.8	43.4	65.5
31.03.22	9.1	4.2	8.8	42.3	64.4
31.03.23	9.1	4.2	8.8	41.2	63.3

24. Ear marked reserves are set aside to meet predicted future, unbudgeted, liabilities. They also enable the council to create a one off working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. They create a contingency to cushion against the impact of unexpected events or emergencies and enable the smooth transition when moving to doing things differently.

Community impact

25. The MTFs and budget demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.

26. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.

27. 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.

Environmental Impact

28. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
29. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the Council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

Equality duty

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.
30. 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. 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. 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

31. The financial implications are as set out in the report. The ongoing operational costs including, human resources, information technology and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

32. 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.

33. In acting prudently, the council has an obligation to determine whether any planned council increase is excessive (based on a set of principles defined by the Secretary of State, and approved by the House of Commons).
34. The level of council tax rise does not meet the definition of an excessive increase so can be approved without the need for a referendum.
35. 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.
36. 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.
37. 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.
38. Local government legislation requires the council's S151 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 S151 statutory report.
39. 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.
40. 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

41. 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.

42. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2021/22 funding settlement.
43. The impact of the worldwide pandemic, Covid 19, continues to provide uncertainty and have far ranging consequences throughout the county. The challenges to our economy, to the vulnerable members of our communities and to our continued wellbeing are huge. The budget proposals prioritise keeping resident's safe.
44. The known most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made where possible. Continued financial support from central government has been confirmed as part of the provisional financial settlement for 2021/22. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
45. There are also the additional general risks to delivery of budgets including the delivery of new homes, impact from EU exit, government policy changes and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
46. 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 and social care commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. In addition continuing to reset our relationship with communities focussing services on areas of greatest professional need will support the medium term financial strategy (MTFS). The risks and mitigating action is shown in Appendix M4 of the MTFS, copied below:-

Key Financial Risks	Likelihood	Impact	Mitigating Actions
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<input type="checkbox"/> Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes <input type="checkbox"/> Level of reserve is currently £9.1m (5.7% of budget)
Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older	High	Medium	<input type="checkbox"/> Demand led pressures provided for within our spending plans <input type="checkbox"/> Activity indicators have been developed and will be reported quarterly alongside budget monitoring
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	<input type="checkbox"/> High risk budget areas have been identified and financial support is targeted towards these areas <input type="checkbox"/> Regular progress reports on delivery of savings to Management Board and Cabinet <input type="checkbox"/> Budget monitoring arrangements for forecasting year end position in place and forecast balanced <input type="checkbox"/> Plan to review level of cover available from General reserves in place

<p>Potential overspend on Special Education Needs The duty to secure provision identified in Education, Health and Care plans means an overspend may occur</p>	Medium	Medium	<input type="checkbox"/> This is a national issue with lobbying to increase central government funding <input type="checkbox"/> A review of the application of the matrix is underway
<p>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</p>	Medium	High	<input type="checkbox"/> Provision has been made in the capital investment budget to increase school places <input type="checkbox"/> Directorate plans in place to manage and mitigate demand <input type="checkbox"/> Ongoing reviews of children already under care of council
<p>Volatility in Government funding streams and Business Rates Retention The government settlement for 2021/22 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.</p>	High	Medium	<input type="checkbox"/> Prudent assumptions made in budget Ongoing review of developing business rate changes <input type="checkbox"/> Business case to support future investment decisions
<p>EU exit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds</p>	Medium	Medium	<input type="checkbox"/> Reduced reliance on grant funding in all directorates <input type="checkbox"/> Increased local economic and social investment to increase core income

47. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.3m has been set aside to fund this.

Consultees

48. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses are presented in appendix E and supported:-
- I. People said it was important to avoid short-termism
 - II. Working with partners was supported
 - III. Transferring assets to communities was supported
 - IV. Discretionary services least valued were street lighting, archive services and parks and open spaces
 - V. Increasing charges for parking and cremation was least popular
 - VI. People wanted a high quality service and VFM for social care
 - VII. Use of technology was seen as both an opportunity and a threat to vulnerable residents
 - VIII. 45% of people thought the proposed council tax & social care precept increase of 4.99% was about right
 - IX. Over 70% of people wanted to support households in financial difficulty
 - X. The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
 - XI. Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
49. An online public consultation was open from 18 December 2020 and closed on the 10 January 2021 in the form of a Residents Survey and Organisation (business) Survey. A total of 265 responses were received to the resident's questionnaire, a similar response to last year, and there were 33 responses to the organisational questionnaire, compared

to 3 last year. The results of this survey are provided in Appendices F and G. A summary of key points is provided below:-

- I. Residents indicated that the proposed savings for:
 - i. Adults and Communities were 'about right' (43% of respondents)
 - ii. Children and Families are either 'about right' (35%) or 'too much' (31%)
 - iii. Economy and Place are 'too much' (41%)
 - iv. Corporate centre aren't enough (36%)
- II. Resident respondents to the ways to make services more affordable to run, two stood out as being most favoured:
 - i. making more efficient use of council assets such as land and buildings (88%)
 - ii. changing working practices to make better use of technology and more efficient ways of working (87%)
- III. Those with the highest levels of disapproval were:
 - i. transferring services to other organisations like commercial companies (65% strongly/tend to disagree)
 - ii. reducing the quality of some services provided (64%).
- IV. 71% of respondents supported a council tax in increase of either 3.99% or 4.99%, with more in favour of the higher increase (41%).
- V. 41% of respondents indicated that they would be willing to pay more Council Tax if the increase was used to help households on low incomes
- VI. 61% would support a Herefordshire Community Contribution Scheme.
- VII. Over three quarters of residents (76%) were satisfied (fairly or very) with their local area as a place to live.

50. Recommendations and responses from the consultation with scrutiny committees are provided in the tables below:-

Children and Families Scrutiny Committee – 12 January 2021		
	Feedback/recommendations	Response
1	Queries the feasibility of the stretch target for the recruitment of foster carers in the 2021/22 and 2022/23 financial years and recommends to the executive that the target in those next two years is reconsidered	The target is an ambitious one, based on the number that would meet our sufficiency target. We recognise that this is a very uncertain time. It may also be a time when some people are evaluating whether they would like to become foster carers for the first time. We know that private companies have been able to recruit foster carers. So the increases in fees and allowances to support Herefordshire Council foster carers is an important part of this. To clarify the target of 30 is the number overall, not net of any retirements. We will monitor progress regularly through the year and believe it is right to be ambitious.

2	Requests an update to a future meeting of the committee on funding available from government to address the mental health impacts of the pandemic on young people	Noted
3	Requests that in future years the scrutiny committee Chairpersons are consulted over the detail required in the report to the committees	Noted
4	Acknowledges the efforts of members and officers in the work that has been undertaken to compile the budget for 2021/22	Noted

Adults and Wellbeing Scrutiny Committee – 13 January 2021

	Feedback/recommendations	Response
1	A plain English narrative be prepared to explain the adult social care precept	This has now been commissioned
2	Clarifications be provided in subsequent budget meetings in terms of the reductions in the council tax base (paragraph 6), the money expected from central government (paragraph 7), how the measures identified in the Market Position Statement might help to address budget pressures (paragraph 8), and the level of public health grant (paragraph 10)	Noted, additional data provided in this paper and at the additional adults and wellbeing scrutiny meeting on 26th January 2021
3	That the operational changes and proposals in terms of Learning Disability services, including the impacts on service users, be presented to the committee at the May 2021 meeting	Noted
4	That opportunities be considered to inform service users about charging changes in advance and to stage increases incrementally	Residents who will be impacted at the time the decision is made will be contacted and notified of the changes to next year's charging practices in line with statutory and local policy requirements. Application of the changes could not be staged incrementally for three principle reasons. These are: <ul style="list-style-type: none"> • due to the binary nature of the decision (either the practice changes or it does not) • for the purposes of meeting equality standards, changes must apply to all residents at the same time (wider equality standards are picked up through the means tested process)

		<ul style="list-style-type: none"> the savings target would be missed due to not applying on a full year basis
5	That details of the alternative savings proposals for £330k be circulated to councillors as soon as possible, with a report presented to a future meeting of the committee	Meeting of Adults and Wellbeing Scrutiny committee scheduled for 26th January 2021
6	That consideration be given to additional modelling around potential economic scenarios, including the cessation of the furlough scheme, and the consequential impacts such as the erosion of the council tax base, reduction in other income streams, and on the delivery of services	This is captured in the MTFS attached in appendix A

General Scrutiny Committee – 15 January 2021

	Feedback/recommendations	Response
1	It be clarified in appendix C to the report that it is proposed to reduce opening hours of household waste recycling centres and not to close a centre	Noted and all future documentation will be reworded
2	Clarify wording regarding savings on traded services to educational establishments to ensure that health and developmental interventions for young people are not affected by budget cuts	Noted and all future documentation will be reworded
3	That the Budget priorities are re-visited to ensure that monies are found to enable our communities and our major infrastructure areas are made more resilient to the expected bouts of extreme weather events, notably flooding.	<p>The councils Local Transport Plan Policy Document, which is available to view at https://www.herefordshire.gov.uk/downloads/file/2631/local_transport_plan_2016-2031_policy describes our approach to the management of the highway asset in respect to its resilience, along with our response to climate change.</p> <p>Highway works requires significant natural resource, including energy. It can also generate large amounts of waste and can affect heritage sites and the natural environment. We work to reduce the negative impact of these activities through the development of our carbon tracker and, where possible, support environmental enhancements as we also drive towards biodiversity net gain. We also seek to ensure we include the provision of green infrastructure in our public realm. Green infrastructure refers to the living network of green spaces, water and other</p>

		<p>environmental features in both urban and rural areas. We have also identified a resilient network (part of what we refer to as our strategic network) and this forms part of the network hierarchy for maintenance prioritisation.</p> <p>As illustrated by damage and disruption suffered as a consequence of the storm of last winter (2019/20) and Storm Dennis in particular, our highway network is not yet resilient. To achieve resilience it will take time and sustained substantial investment in the highway asset.</p> <p>Analysis has been carried out of the October 2019 and February 2020 flood events, identifying the impact of the flooding for each geographical area affected and whether this is attributable to main river or local sources Using this data, initial budget and programme estimates were produced and a study is currently being conducted in order to further refine this dataset. Some 55 locations across the county have been identified as requiring further investigation. Whilst the study will clearly help in prioritising and defining investment, completing all of these investigations will clearly take some time.</p> <p>Following the February 2020 flooding, Herefordshire Council has been administering the Property Flood Resilience Recovery Support Scheme 2020 which provides up to £5,000 (inclusive of VAT) to eligible property owners to help make them more resilient to future floods. To date, we have received 360 Expressions of Interest and 63 Applications.</p> <p>The locations of Brimfield, Orleton and Little Hereford are settlements within the county at which Herefordshire Council has been trying to mitigate flood risk and Property Flood Resilience (PFR) has been identified as being the preferred approach. This scheme will involve fitting PFR measures to individual properties to reduce the impact of flooding to households during a flood incident. These measures include fitting products to buildings such as flood-proof doors, non-return valves and airbrick covers to prevent flood water entering the home. Improvements can also be made internally to reduce the damage should flood water get in to a property. This scheme will offer PFR Measures to 33 properties.</p> <p>£140k has been allocated at £70k per year for the next two years to support our Natural Flood</p>
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		<p>Management project and flood response work, extending the offer of NFM solutions across Herefordshire and developing flood schemes for the county's residents, businesses and communities who are vulnerable to flooding.</p> <p>In autumn 2020, additional funding was allocated to for investment in the highway through the following funds:</p> <ul style="list-style-type: none"> • Pothole and Challenge Fund - £7.674m • Highways Asset Management (HAM) Fund - £1.5m • Capital Investment in Infrastructure Fund £4m <p>This in year funding has resulted in an additional projects to the delivery programme for the year. Of this investment, there are 75 drainage interventions listed for delivery within the financial year and these are in various stages of investigation / scoping / design / construction. These 75 represent the highest priority issues that have been assessed. These schemes represent a budgetary value of £1.5m of additional drainage investments.</p> <p>Investment in a rotary ditching tool has also been made and this should also allow for more efficient ditching processes out on the network. There is also a very significant surfacing programme underway and as part of that programme, drainage issues on those sections are also being resolved to provide an integrated resolution.</p> <p>As part of budget setting process for 2021/2022 we have proposed new capital funding for Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet (£2.3m), this in addition to the Local Transport Plan grant funding (£12.3m) the majority of which is received from Government for the maintenance of our highways. The scale of the issue faced in respect to the condition of this vital asset cannot be address in any single annual budget settlement. Our Highway maintenance strategy has led to improvement in the proportion of the network that is in good condition, but there is a long way to go before the network is put into a truly resilient state. The objective will only become achievable through sustained investment in the asset in accordance with the strategy that we have</p>
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		been working to.
4	Cabinet be asked to review leaving car parking charges at present levels and seeking to raise this sum from the public realm budget through efficiency savings and value for money savings and from money raised by savings from corporate services	This proposal is not recommended for the following reasons; Charges for parking were last subject to a general increase in 2016, with annual inflation at around 3% it is important that costs for parking remain relative to other transport measures so that these more sustainable modes continue to be promoted. A key objective of the Local Transport Plan is the management of the supply and pricing of parking relative to sustainable modes of travel, whilst acknowledging that car travel is the most important and widely used form of transport in the county. In Hereford in particular, short distance trips by private car can have a significant impact on congestion levels, which can affect the environment and economic output of the county. The past year has seen increases in cycling and walking, it is therefore important to continue this trend and promote, where possible, the use of sustainable travel.
5	That in its review of Covid-19 measures the Committee consider how grants have been used and seek comparative information from other authorities	This review will be conducted and the findings brought back to the Scrutiny Committees
6	In light of the declaration of a climate and ecological emergency the cabinet should consider whether enough focus is being given within the budget proposals to developing green infrastructure	<p>There is a significant focus on this issue and the Sustainability and Climate Change Team has been proactive in moving this agenda forward with increased focus, since these motions were first adopted by Council in 2019 and 2020 respectively. Much work has already been undertaken with the CEE Countywide Forum, whereby the Council's partners have been assisting officers with an overall climate change strategy for the county of Herefordshire, the intention of this to get the county net zero by 2030.</p> <p>Recently, the Sustainability and Climate Change Team has also relaunched the Council's Carbon Management Plan for the period 2020/2 to 2025/6, following extensive consultation with other teams within the council as well as our partners. This is considered to be a leading report amongst local authorities.</p> <p>Likewise, this group is also leading on work on the recently adopted ecological emergency. In this respect, officers attend both the Herefordshire and the Marches Local Nature Partnerships, whereby the Sustainability and Climate Change team is</p>

	<p>assisting with the drafting of a Local Nature Conservation Strategy, which it is thought Herefordshire Council will be required to lead on, subject to the requirements of the Environment Bill as it passes into statute. As part of this work, Herefordshire Council will also be promoting local Nature Recovery Networks (NRNs) and is working with the Herefordshire Wildlife Trust on this.</p> <p>In the financial year 2020/21, Council allocated a reserve of £200k for Climate Change, to provide additional support for this work.</p> <p>The team also fulfils the obligations of many grant funded green initiatives, including the Access Fund which supports our Beryl Bikes and other active travel measures, as well as the SEPuBu grants to encourage the installation of solar and PV on both public and private sector buildings. Additionally, the Warm Homes Fund promotes more sustainable homes for those who are most vulnerable - all of these initiatives being green infrastructure.</p> <p>In addition, the Nutrient Management Board has supported Integrated Constructed Wetlands at 8 potential sites, to remove phosphate from village sewage works and therefore improve the water quality of the River Lugg SAC. This took a step forward with a Cabinet member Decision in August 2020 whereby we agreed to allocate up to £2m from the New Homes Bonus to persevere with this preferred approach and also commission an extensive piece of work called the 'Interim Delivery Plan' which will create a phosphate calculator and undertake essential studies of the Lugg catchment to assist the relevant agencies with a better understanding of the impact of various activities on phosphate as well as the effectiveness of various solutions to mitigate this.</p> <p>In the recent Green Towns Fund Project, the measures include investment of £100k on E bikes (Beryl Bikes), £100k for cargo bikes to be offered to local business and £100k for the planting 1,000 trees.</p> <p>In addition to all this good work, the council's decision making processes have been revised to ensure that all future decision making and projects must consider the climate and ecological emergency.</p>
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7	Use £1.2M of new homes bonus to progress sustainable transport measures at pace	As stated in paragraph 12 above
8	Review use of shire hall to assess whether there are better options for the building's use and opportunities for better value for money form the building	<p>This will be reviewed as part of the wider property portfolio</p> <p>This recommendation is accepted, as part of the overall refurbishment programme the use of the Shirehall will be assessed with the intention of optimising the utilisation of space to warrant the level of capital investment. The assessment will include the consideration of a promotion and marketing strategy.</p>
9	Review £800k for council tax discounts to ensure that it is sufficient to meet need	This is as projected under the council tax reduction scheme paper presented elsewhere on today's agenda
10	The committee makes arrangements to include monitoring of savings plans in work programme	A summary of proposed savings will be presented to full Council on 12 February 2021. Individual savings plans will be monitored internally. It was suggested that quarterly performance reports to Cabinet or Scrutiny could include savings or else it could be put into Rethinking Governance
11	That mindful of the impact of the budget proposals on the Economy and Place Budget briefings be provided to the Committee on progress in achieving the proposed savings and their impact and the Committee be informed of other savings proposals that have been identified with a view to ensuring appropriate contingency plans are in place	The Director of Economy & Place said that there is no Plan B as such, however, there are separate alternatives and could be other suggestions from councillors
12	Cabinet progress exploring additional income from voluntary contributions and a local lottery	Agreed
13	It is noted that the Adults and Wellbeing Scrutiny committee will be further meeting on 26 January 2021 to consider revised savings proposals compared to those it considered at its meeting on 13th January. And it is further noted, that recommendations of that committee, in relation to any revised proposals, will be shared by way of correspondence to this committee and the Chairperson of the General Scrutiny Committee	Noted

14	Mindful of the above, the following recommendations of the Adults and Wellbeing and Children and young People Scrutiny Committee be considered, as appropriate	See Tables above
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Appendices

- Appendix A Medium Term Financial Strategy
- Appendix B Savings Proposals
- Appendix C Detailed Revenue Budget Proposals
- Appendix D Treasury Management Strategy
- Appendix E Public Consultation Responses
- Appendix F Online public consultation report
- Appendix G Online public consultation summary
- Appendix H Growth bid - Armed Forces Covenant Support Officer

Background papers

None identified

Glossary of terms

Adult social care precept	Council tax charge for adult care services
Council tax reduction scheme	Council tax discount for low earners
Funding settlement	Central government funding allocations to local councils
S151 officer	Statutory chief financial officer of the council