



# Title of report: Supplement to 2022-23 Budget setting

**Meeting: Cabinet**

**Meeting date: Monday 31 January 2022**

**Report by: Chief finance officer**

## **Corrections**

- 1) Please note the following corrections to the report published on 21 January 2022:
  - a. In the table at paragraph 8 (page 298 of report pack), Corporate pressures should read as 4,168 in place of 4,68;
  - b. In the same table at paragraph 8 Collection fund deficit 22/23 proposed budget should read as 1,260 in place of 1,2605;
  - c. In paragraph 14 (page 301 of report pack), the forecast of the reserve position should reference appendix E in place of D.

## **Supplementary information**

- 2) General scrutiny committee considered the proposed budget at its meeting on 27 January 2022, including feedback and recommendations from the adults and wellbeing scrutiny committee and the children and young people scrutiny committee.
- 3) The recommendations of the scrutiny committees, proposed responses and additional information requested are attached as appendix 1 to this supplementary paper.
- 4) The recommendations as set out in the report published on 21 January are amended to include approval of the responses to the scrutiny recommendations and should read as set out below.
- 5)

## **Recommendation(s)**

- a) That cabinet approve the responses to scrutiny committee recommendations set out in the supplementary paper; and
  - b) That the following be recommended to Council:
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- i. The council tax base of 70,252.52 Band D equivalents in 2022/23;**
- ii. an increase in core council tax in 2022/23 of 1.99%;**
- iii. an additional precept in respect of adult social care costs of 1% applied to council tax in 2022/23 resulting in a total council tax increase of 2.99%, increasing the band D charge from £1,652.30 to £1,701.70 for Herefordshire Council in 2022/23;**
- iv. the balanced 2022/23 revenue budget proposal totalling £175.1m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;**
- v. the use of the new service grant one off funding in 2022/23 to support the economy and environment three year savings delivery plan;**
- vi. to use the one off collection fund surplus of £1.3m to fund property services budget costs in 2022/23;**
- vii. delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;**
- viii. the medium term financial strategy (MTFS) 2022-25 at appendix A;**
- ix. the treasury management strategy at appendix D be approved.**

## Summary of the General Scrutiny Committee recommendations and the executive responses

### 2022/23 budget setting

On 27 January 2022, the General Scrutiny Committee, having been invited for its views on the budget proposals for 2022/23 following the announcement of the provisional financial settlement, recommended that:

<b>Recommendation a)</b>	<b>Consideration be given to the main purpose for the consultation on budget setting and examine how to make the consultation as effective and engaging as possible, so as to make the results meaningful and usable.</b>
<b>Executive response</b>	Next year's budget setting process for 2023/2024 will consider further the best use of consultation with all stakeholders. This year, a citizens' assembly was established, to make recommendations for priorities for Cabinet to consider, consultation next year could look to extend this approach.
<b>Recommendation b)</b>	<b>Further analysis be undertaken comparing and contrasting the proportionate spend on environment and economy services with relevant comparator authorities.</b>
<b>Executive response</b>	The analysis will be carried out and published prior to Full Council meeting on 11 February 2022.
<b>Recommendation c)</b>	<b>The government be asked to look more closely at rural levelling up.</b>
<b>Executive response</b>	The Leader of the Council will write to the Government on this matter.
<b>Recommendation d)</b>	<b>The future presentation of graphs, such as the budget requirement by directorate, include relevant percentages and actual amounts wherever possible.</b>
<b>Executive response</b>	This will be addressed in the papers for Full Council on 11 February 2022.  Please find link to the council tax 2021/22 leaflet:  <a href="https://www.herefordshire.gov.uk/council-tax/2021-22">Your Council Tax explained 2021/22 (herefordshire.gov.uk)</a>
<b>Recommendation e)</b>	<b>A written response be provided to the chairperson of the Adults and Wellbeing Scrutiny Committee on the further comments and concerns from members of that committee as soon as possible and in advance of the budget setting meeting of Council.</b>
<b>Executive response</b>	Agreed. A written response will be provided.

<b>Recommendation f)</b>	<b>The next budget include a programme to respond specifically to issues facing rural communities.</b>
<b>Executive response</b>	Agreed, this will be taken account of in next year's budget setting process for 2023/2024.

<b>Recommendation g)</b>	<b>The capital investment in highway maintenance in market towns is welcomed.</b>
<b>Executive Response</b>	Noted.

<b>Recommendation h)</b>	<b>Consideration be given to the use of 50% of the capital surplus for highways in 2023/24 and 2024/25</b>
<b>Executive response</b>	<p>Whilst the budget setting process mainly focuses on next year's budget (year 1), we acknowledge that consideration should be given to the use of 50% of the capital surplus for highways in 2023/24 (year 2) and 2024/25 (year 3). We are currently working on the projects for the refurbishment of Shire Hall and HCCTP, city centre transport programme.</p> <p>The council do currently have headroom in the capital programme in future years and we will commit to undertake a value for money (VFM) audit and lessons learned exercise in 2022 on the previous £20m capital injection and the projects it funded. This will inform decisions about how best to improve the condition of our core and non-core road networks.</p> <p>We would welcome scrutiny being involved in that process in the coming year so as to be better placed to understand the options available to us as we enter the budgeting process for the 2023/2024 budget.</p>

<b>Recommendation i)</b>	<b>The council should aim to become more targeted and to give funding support to those most in need.</b>
<b>Executive response</b>	<p>Yes agreed, the Council should and will work with the General Scrutiny Committee and other political groups to develop an appropriate support scheme.</p> <p>Supplementary paper attached at annexe 4.</p>

<b>Recommendation j)</b>	<b>Consideration be given to the use of the existing earmarked reserves for Adult Services to offset the requirement for the 1% adult social care precept for 2022/23.</b>
<b>Executive response</b>	<p>These reserves are necessary to mitigate not only the increasing and largely unpredictable pressures existing in this service area, but also to recognise the risks inherent in the young and still developing Talk Community network and the continued need for that community network to receive pump-priming funding and possible future funding injections in order for it to develop and grow.</p> <p>Additionally pressures for C&amp;WB for 22/23 are £4.3 million which represent 5% of the overall gross budget, and these pressures do not presently take account of increasing inflation and the uncertainties regarding how sustained higher level of inflation will be in the care sector.</p> <p>The option of using c. £1.2 million of reserves as an alternative to levying the 1% Social Care Precept is a political decision, the consequences of which must be fully understood. The concern with this proposal is that by taking this level of funding for revenue activities from reserves</p>

	<p>means that £1.2 million of known and understood pressures will not be being funded in the core budget – effectively creating a deficit in the budget put before council.</p> <p>The consequence of this is that the council then enters future years with this deficit being further compounded. This risks continuing government caps on council's ability to raise income through local taxation will make balancing future budgets even more challenging.</p> <p>As we have only had a one year government settlement, it is not clear how government are proposing to fund social care costs in the future.</p> <p>We already have plans in train to utilise c.£500K of the C&amp;WB reserve to provide hard working and often lower paid care workers in Herefordshire with a £500 bonus (subject to normal tax rules) assistance of funds from Workforce Retention Grant received from Central Govt. We believe that planning for such proposals targeted to support and reward the less well off is a better use of the available reserves than making a change to council tax proposals which will disproportionately reward the better off.</p> <p>Please also see recommendation i above.</p>
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<b>Recommendation k)</b>	<b>The next budget include a programme to respond specifically to the climate and ecological emergency.</b>
<b>Executive response</b>	Agreed. For the 2022/2023 budget, we have a citizens' assembly up and running looking at these issues, their recommendations will be presented to Cabinet.

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<b>Recommendation l)</b>	<b>The Audit and Governance Committee be invited to consider the use of consultants and information providers.</b>
<b>Executive response</b>	Cabinet will invite the Chair of Audit and Governance Committee to add this to the Committee's work programme.

<b>Recommendation m)</b>	<b>The following recommendations of the Adults and Wellbeing Scrutiny Committee and of the Children and Young People Scrutiny Committee be considered, as appropriate</b> (see annex 1 and annex 2 below)
<b>Executive response</b>	See below.

**Annex 1 Summary of the Adults and Wellbeing Scrutiny Committee recommendations and the executive responses**  
**2022/23 budget setting**

On 10 January 2022, the Adults and Wellbeing Scrutiny Committee, having discussed the budget proposals for 2022/23 as they related to the remit of that committee, recommended that:

<b>Recommendation 1.</b>	<b>A breakdown of the base budget and how much is being spent in each area be provided to the committee. It is further expected that in future there should be consistency in the level of detail contained within the reports produced for each scrutiny committee.</b>																																																																											
<b>Executive response</b>	<table border="1"> <thead> <tr> <th data-bbox="412 582 972 671"><b>Service area</b></th> <th data-bbox="972 582 1211 671"><b>2020/21 budget</b></th> <th data-bbox="1211 582 1451 671"><b>2021/22 budget</b></th> <th data-bbox="1451 582 1691 671"><b>2022/23 budget</b></th> </tr> <tr> <td></td> <th data-bbox="972 671 1211 703"><b>£000s</b></th> <th data-bbox="1211 671 1451 703"><b>£000s</b></th> <th data-bbox="1451 671 1691 703"><b>£000s</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="412 703 972 735">Learning Disabilities</td> <td data-bbox="972 703 1211 735">20,804</td> <td data-bbox="1211 703 1451 735">21,387</td> <td data-bbox="1451 703 1691 735">22,368</td> </tr> <tr> <td data-bbox="412 735 972 767">Memory and Cognition</td> <td data-bbox="972 735 1211 767">2,690</td> <td data-bbox="1211 735 1451 767">2,657</td> <td data-bbox="1451 735 1691 767">2,357</td> </tr> <tr> <td data-bbox="412 767 972 799">Mental Health</td> <td data-bbox="972 767 1211 799">3,692</td> <td data-bbox="1211 767 1451 799">3,616</td> <td data-bbox="1451 767 1691 799">3,394</td> </tr> <tr> <td data-bbox="412 799 972 831">Physical Support</td> <td data-bbox="972 799 1211 831">25,081</td> <td data-bbox="1211 799 1451 831">26,130</td> <td data-bbox="1451 799 1691 831">28,521</td> </tr> <tr> <td data-bbox="412 831 972 863">Sensory Support</td> <td data-bbox="972 831 1211 863">389</td> <td data-bbox="1211 831 1451 863">457</td> <td data-bbox="1451 831 1691 863">418</td> </tr> <tr> <td data-bbox="412 863 972 895"><b>Client budget sub-total</b></td> <td data-bbox="972 863 1211 895"><b>52,655</b></td> <td data-bbox="1211 863 1451 895"><b>54,248</b></td> <td data-bbox="1451 863 1691 895"><b>57,058</b></td> </tr> <tr> <td data-bbox="412 895 972 927">All Ages Commissioning</td> <td data-bbox="972 895 1211 927">1,751</td> <td data-bbox="1211 895 1451 927">1,603</td> <td data-bbox="1451 895 1691 927">1,442</td> </tr> <tr> <td data-bbox="412 927 972 959">Care Operations</td> <td data-bbox="972 927 1211 959">8,861</td> <td data-bbox="1211 927 1451 959">8,425</td> <td data-bbox="1451 927 1691 959">8,329</td> </tr> <tr> <td data-bbox="412 959 972 991">Commissioned Services</td> <td data-bbox="972 959 1211 991">3,044</td> <td data-bbox="1211 959 1451 991">3,036</td> <td data-bbox="1451 959 1691 991">3,174</td> </tr> <tr> <td data-bbox="412 991 972 1023">Transformation &amp; Improvement</td> <td data-bbox="972 991 1211 1023">614</td> <td data-bbox="1211 991 1451 1023">918</td> <td data-bbox="1451 991 1691 1023">953</td> </tr> <tr> <td data-bbox="412 1023 972 1054">Prevention and Support</td> <td data-bbox="972 1023 1211 1054">3,033</td> <td data-bbox="1211 1023 1451 1054">2,526</td> <td data-bbox="1451 1023 1691 1054">2,577</td> </tr> <tr> <td data-bbox="412 1054 972 1086">Talk Community Programme</td> <td data-bbox="972 1054 1211 1086">0</td> <td data-bbox="1211 1054 1451 1086">1,820</td> <td data-bbox="1451 1054 1691 1086">1,581</td> </tr> <tr> <td data-bbox="412 1086 972 1118">Directorate Management</td> <td data-bbox="972 1086 1211 1118">(17,666)</td> <td data-bbox="1211 1086 1451 1118">(12,586)</td> <td data-bbox="1451 1086 1691 1118">(12,660)</td> </tr> <tr> <td data-bbox="412 1118 972 1150">Public Health</td> <td data-bbox="972 1118 1211 1150">(4,874)</td> <td data-bbox="1211 1118 1451 1150">(0)</td> <td data-bbox="1451 1118 1691 1150">0</td> </tr> <tr> <td data-bbox="412 1150 972 1182"><b>Non-client budget sub-total</b></td> <td data-bbox="972 1150 1211 1182"><b>(5,238)</b></td> <td data-bbox="1211 1150 1451 1182"><b>5,742</b></td> <td data-bbox="1451 1150 1691 1182"><b>5,396</b></td> </tr> <tr> <td data-bbox="412 1182 972 1214"><b>Community Wellbeing total budget</b></td> <td data-bbox="972 1182 1211 1214"><b>47,418</b></td> <td data-bbox="1211 1182 1451 1214"><b>59,990</b></td> <td data-bbox="1451 1182 1691 1214"><b>62,454</b></td> </tr> </tbody> </table> <p data-bbox="412 1321 1568 1353">NB. Budget figures include non-recurrent funding, reserve draw downs and transfers to reserves.</p>				<b>Service area</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	Learning Disabilities	20,804	21,387	22,368	Memory and Cognition	2,690	2,657	2,357	Mental Health	3,692	3,616	3,394	Physical Support	25,081	26,130	28,521	Sensory Support	389	457	418	<b>Client budget sub-total</b>	<b>52,655</b>	<b>54,248</b>	<b>57,058</b>	All Ages Commissioning	1,751	1,603	1,442	Care Operations	8,861	8,425	8,329	Commissioned Services	3,044	3,036	3,174	Transformation & Improvement	614	918	953	Prevention and Support	3,033	2,526	2,577	Talk Community Programme	0	1,820	1,581	Directorate Management	(17,666)	(12,586)	(12,660)	Public Health	(4,874)	(0)	0	<b>Non-client budget sub-total</b>	<b>(5,238)</b>	<b>5,742</b>	<b>5,396</b>	<b>Community Wellbeing total budget</b>	<b>47,418</b>	<b>59,990</b>	<b>62,454</b>
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<b>Recommendation 2.</b>	<b>Given the importance assigned to Talk Community to manage demand, an element of its budget be skewed towards better communication of its services and access to hubs so that there is more visibility and engagement with the community.</b>
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<b>Executive response</b>	Talk Community are currently working on a TC Communications Strategy which will launch in 2022/23. We are now at 39 Talk Community Hubs and expected to exceed 50 by the end of March 2022. We have spent £110,000 of the Talk Community budget on communication in this financial year and plan to continue with a spend equivalent to a full time post £'s during 2022/23. We have TC coordinators in each of the Primary Care Networks areas and will ensure that they continue to visibly promote Talk Community in their areas supported by the investment on communications.
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<b>Recommendation 3.</b>	<b>The Interim Director of Adult Services investigates the Homeshare programme and its possible benefits and reports back to the committee.</b>
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<b>Executive response</b>	<p>We have undertaken research into the Homeshare Living Project</p> <p><a href="https://www.homeshareliving.co.uk/">https://www.homeshareliving.co.uk/</a></p> <p>The concept has excellent potential in a rural County and we are arranging to meet with the organisation within the next few weeks to explore a launch in Herefordshire. We will report back to the Committee with a launch plan following our meeting.</p>
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<b>Recommendation 4.</b>	<b>The Interim Director of Adult Services provides the committee with more information on the levels of satisfaction with the service generally and also the response raised by care leavers in the budget consultation.</b>
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<b>Executive response</b>	We are collating this from a number of sources and will report to the committee once it is complete.
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<b>Recommendation 5.</b>	<b>The costs involved with All Ages Commissioning, specifically mental health services, be provided to the committee.</b>
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<b>Executive response</b>	See update regarding Mental Health All Ages Commissioning in <b>Annex 3</b> below.
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**Annex 2      Summary of the Children and Young People Scrutiny Committee recommendations and the executive responses  
2022/23 budget setting**

On 11 January 2022, the Children and Young People Committee, having discussed the budget proposals for 2022/23 as they related to the remit of that committee, recommended that:

<b>Recommendation 1.</b>	<b>The committee notes and accepts the children and young people services budget for 2022/23.</b>
<b>Executive response</b>	Noted.

<b>Recommendation 2.</b>	<b>The committee be provided with a greater breakdown of detail where money is spent in the budget on specific service areas.</b>
<b>Executive response</b>	This was included in the background papers for General Scrutiny Committee.

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<b>Recommendation 3.</b>	<b>The committee would want to see in future budgeting an increase in the allocation for early help / early years.</b>
<b>Executive response</b>	Noted for consideration in next year's budget setting process for 2023/2024.

## Annex 3 Update regarding Mental Health All Ages Commissioning.

Scrutiny requested an update on the imminent proposals for All Ages Commissioning with particular emphasis on Mental Health.

### 1. All Ages Commissioning Design Principles:-

An integrated structure; Council first

Learning from recent developments - Focus on market resilience/emergency response

Leading commissioning for ICS

Strengthening quality assurance & value for money – All Age brokerage/placements, contract compliance and QA of contracts.

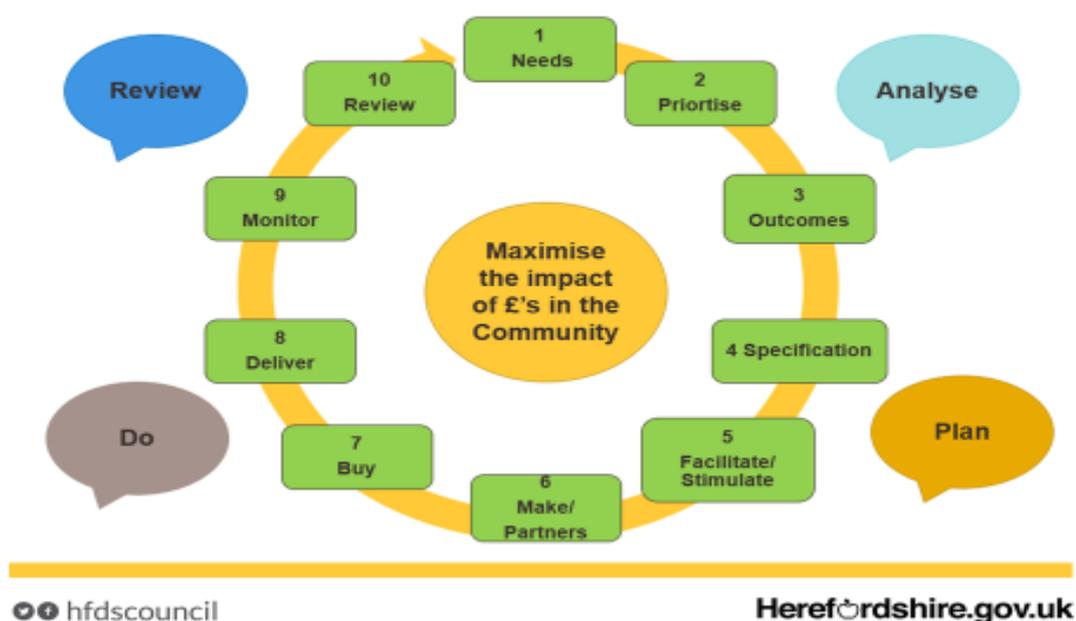
Sustaining & protecting commissioning resources with a modest increase in posts overall. An agile and integrated structure.

All age/life cycle pathways and teams.

- All age disability.
- All age mental health/wellbeing
- All age quality/review
- All age residential/nursing

Building expertise and career opportunities and more graduated structure with career steps. New apprenticeship proposals.

### Strategic objectives - Commissioning Cycle



## **2. Mental health approach**

Within the All Ages Community Commissioning Function we will have a Senior Commissioner dedicated solely to Mental Health and 3 other Senior Commissioners with wider remits such as Community Services which will have an element of Mental Health within their portfolio.

The Council recruited a dedicated Mental Health Commissioner during 2020 and will continue with this commitment. The total HC10 Senior Community Commissioner resources are £262K.

The commissioned spend that the All Ages Commissioning function will be responsible for in the proposed 2022/23 budget is "Mental Health client budgets - £3.394m".

The Councils overall approach to Mental Health Commissioning is detailed on numerous pages within the Councils Published Market Position Statement (MPS) and in particular page 28 (see link):

<https://www.herefordshire.gov.uk/downloads/file/22292/market-position-statement-2021-care-and-support-demands-and-supply-in-herefordshire>

Accounting, monitoring and budgeting for Business Rates income has become more complex due to a range of factors, including:

- Effect of continued Covid 19 recovery
- Outcome of the Department for Levelling Up, Housing and Communities Business Rates Review
- 2022/23 being the second year of three-year Business Rate deficit spreading
- Prior year deficits being offset by higher brought forward Section 31 Grant income

Using the latest announcements (including top up grant, transitional rate relief and compensation for under-indexing of the business rates multiplier) projections received today forecast that Herefordshire Council's share of the County's business rates income and central government related grants in 2022/23 will be slightly higher than the figures contained in the agenda papers published for Cabinet.

Today's 2022/23 budget setting papers for Cabinet included a total Business Rate Income of £37,488k. Today's estimated figures have increased this to £38,284k, being:-

- The councils retained 49% share of total business rate income at £18,698k
- A Section 31 grant of £10,154k this includes the latest announcements on available business rates reliefs in 2022/23
- A top-up grant of £9,432k, announced in the provisional settlement

This increases the proposed 2022/23 base budget by £796k.

The proposed use of this additional funding is as follows:-

1. £500k, to be added to the discretionary Housing Payment scheme budget, to support those most in housing related need, taking the budget for this scheme from £272k to £772k, and
2. £296k to be held in general reserves for costs that may arise which aren't anticipated in the present budget proposals.

