

**Supplement to the agenda for**

# **Scrutiny Management Board**

**Tuesday 17 January 2023**

**2.00 pm**

**Herefordshire Council Offices, Plough Lane, Hereford, HR4  
0LE**

	<b>Pages</b>
<b>7. 2023/24 CAPITAL INVESTMENT BUDGET</b>	<b>3 - 70</b>





# Title of report: 2023/24 Capital Investment Budget

**Meeting: Scrutiny Management Board**

**Meeting date: Tuesday 17 January 2023**

**Report by: Cabinet member finance, corporate and planning**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To seek the views of scrutiny management board on the capital investment budget proposals for 2023/24 onwards.

## **Recommendation(s)**

**That:**

- a) **Having regard to the capital investment proposals in appendix a, the committee notes the Capital Investment Budget, and**
- b) **The committee determines any recommendations it wishes to make to Cabinet in relation to the revised capital programme in appendix b.**

## **Alternative options**

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals for Council consideration and it is a function of this committee to make reports or recommendations to the executive with respect to the discharge of any functions which are the responsibility of the executive. The council's budget and policy framework rules require Cabinet to consult with scrutiny committees on budget proposals in order that the

scrutiny committee members may inform and support the process for making Cabinet proposals to Council.

2. It is open to scrutiny management board to recommend alternative spending proposals or strategic priorities; however given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified.

## **Key considerations**

3. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year. The profiling of the capital spend and forecasting against budget is reported to Cabinet in the quarterly performance report, which includes an up to date forecast of the timing of capital spend.
4. Appendix A provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Eighteen capital investment budget proposals totalling £63.22m have been identified, to be funded by capital grants (£18.64m), returns on capital investment (£13.54m), use of revenue reserves (£5.80m) and prudential borrowing (£25.24). Appendix C provides business cases for each proposed scheme.
5. Council will be asked to approve the revised capital programme on 10 February 2023. At the same meeting Council will also be asked to approve the updated capital strategy.
6. There are two other changes within the capital programme Appendix B for the current financial year. Firstly the reduction of the Electronic Document Management Storage by the forecast underspend of £0.065m to increase the Key Network Infrastructure capital budget to enable delivery due to the inflationary increases at the point the tenders were received, there is no change to the overall borrowing requirement, just a movement of budget between the two projects.
7. Secondly a decrease in the Leominster Heritage Action Zone (LHAZ) budget of £0.496m, due to a decrease in the grant award from Historic England. Due to Covid related impacts the LHAZ underspent in 2021/22, and the capital programme has been reduced to reflect this. Following the selection of the Heritage Action Zone there were national delays to the launch of the programme due to Covid. These funds were then available for business grants to support the development and/ or restoration of heritage buildings. However, Covid had a significant impact both on businesses being in a position to invest in their buildings (alongside the grant funding), or to access the specialist technical skills required to develop their project. Therefore, unfortunately there was an underspend with 2021/22. In the following years there has been a high take up of the scheme, with all of the remaining funds now committed.

## **Community impact**

8. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County Plan and associated delivery plan.
9. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
10. In accordance with the principles of the code of corporate governance, the 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**

11. The 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.
12. 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**

13. 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.
14. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Service specific equality impact assessments will be completed when the service specific proposals are developed 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, we will consider mitigating against any adverse impact identified.

## **Resource implications**

16. The proposed additions at appendix A total £63.22m over the next four years. Of this £18.64m is proposed to be funded from capital grants, all projects are yet to secure the grant funding and will be dependent on successful outcomes such as the Levelling up Fund for Masters House and the Transport Hub. There is no use of capital receipts reserves, although £5.8m will be used from the waste revenue reserve. This leaves £38.78m requiring financing from prudential borrowing. Of this the cost of financing £13.54m of prudential borrowing repayment costs will be funded from additional revenue streams or savings in the revenue budget. Therefore additional costs of financing £25.24m prudential borrowing will be funded by the corporate revenue budget. Where projects are in the capital programme but they depend on grant, if the grant request is not successful, the full project including any match funding will be removed unless a revised project is approved within the revised allocations.

Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Schools Accessibility	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Schools Maintenance	0.0	0.0	0.0	0.0	2,713.0	2,713.0
HARC SAN Lifecycle Replacement	0.0	0.0	0.0	0.0	372.0	372.0
Data Centre Equipment Lifecycle Replacement	0.0	0.0	0.0	0.0	329.0	329.0
Windows Server Upgrades	0.0	0.0	0.0	0.0	330.0	330.0
Backup Storage	0.0	0.0	0.0	0.0	82.0	82.0
Device and Ancillary kit replacement programme	0.0	0.0	0.0	0.0	1,593.0	1,593.0
M365 E5 Implementation	0.0	0.0	0.0	0.0	450.0	450.0
Estates Building Improvement Programme 2023-25	180.0	0.0	0.0	1,105.0	2,422.0	3,707.0
Highways Infrastructure Investment	1,580.0	0.0	0.0	0.0	14,460.0	16,040.0
Public Realm Improvements for Ash Die Back	0.0	0.0	0.0	0.0	1,416.0	1,416.0
Moving Traffic Enforcement Phase 2	0.0	0.0	0.0	144.0	0.0	144.0
Masters House	762.0	0.0	0.0	0.0	0.0	762.0
Waste	0.0	5,800.0	0.0	12,290.0	0.0	18,090.0
E-Cargo Bike Share	0.0	0.0	0.0	0.0	73.3	73.3
Home Upgrade Grant	7,744.0	0.0	0.0	0.0	0.0	7,744.0
Herefordshire Retrofit Hub	2,042.2	0.0	0.0	0.0	0.0	2,042.2
Transport Hub	6,328.0	0.0	0.0	0.0	0.0	6,328.0
<b>Total</b>	<b>18,636.2</b>	<b>5,800.0</b>	<b>0.0</b>	<b>13,539.0</b>	<b>25,240.3</b>	<b>63,215.5</b>

17. The corporate revenue implications of securing this new borrowing is supported in the current Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £6.7m new prudential borrowing per annum over the strategy period.

Funding Position	23/24	24/25	25/26	26/27	Total
<b>Total Corporate Borrowing Required</b>	<b>11,534.3</b>	<b>5,819.0</b>	<b>3,977.0</b>	<b>3,910.0</b>	<b>25,240.3</b>
Annual Funding Limit	6,700.0	6,700.0	6,700.0	6,700.0	26,800.0
Unspent 21/22 borrowing to reallocate	539.3	-	-	-	539.3
Unspent 22/23 borrowing estimated	1,895.0	-	-	-	1,895.0
Allocated Previously	-2,995.0	-564.0	-435.0	-	-3,994.0
<b>Total Funding Available</b>	<b>6,139.3</b>	<b>6,136.0</b>	<b>6,265.0</b>	<b>6,700.0</b>	<b>25,240.3</b>

<b>Funding Variance</b>	<b>-5,395.0</b>	<b>317.0</b>	<b>2,288.0</b>	<b>2,790.0</b>	<b>0.0</b>
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18. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy. Although the above table reflects advance borrowing of the 2023/24 allowance, it is believed the additional cash balances held in reserves and slippage of the capital programme each year will ensure the costs of borrowing for these new projects will be offset within the existing budget.
19. Individual capital scheme resourcing implications will be detailed in the approval to precede decision. Appendix C contains the outline business cases for each of the new projects.
20. An informal review of all prospective capital funding requests has been completed; the rebuild of Westfield School was not progressed as it was not affordable within the current borrowing levels and thought external funding could be sought. The Highways Infrastructure budget had sought funding just from corporate supported borrowing but to balance within the borrowing constraints a proportion of this request was amended to be grant funded and they will need to source this grant funding to be able to spend the full allocation in the capital programme.
21. The informal review was carried out to ensure all funding requests proposed were manageable within current borrowing limits in the existing medium term financial strategy and retains approximately £6.7m in the capital receipts reserve for future investment consideration.

## **Legal implications**

22. The council is under a legal duty to sensibly manage capital finance. The council is able to borrow subject to limits set by the council, any nationally imposed limits, and it must do so in accordance with the prudential code on borrowing.
23. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.
24. Full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year. Local Authorities deliver a range of services some of which are required to be undertaken under statutory duties and others which are a discretionary use of statutory powers. Local Authorities' powers and duties are defined by legislation. The Localism Act 2011 provides a General Power of Competence under Section 1, which provides local authorities with the power to do anything that an individual may do, subject to limitations. Capital expenditure is defined under the Local Government Act 2003. It is therefore not only schemes that are necessary for the council to meet its statutory duties, which can be approved. Any scheme must be procured in accordance with the council's own contract procedure rules and appropriate contractual documentation put in place to protect the council's interests.
25. The Council's budget and policy framework rules require that the chairmen of the scrutiny management board 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.
26. Section 106 of the Local Government Finance Act 1992 restricting councillors voting on certain matters where they are in arrears of council tax, does not apply to scrutiny function as the views from scrutiny on the budget are not a recommendation for approval, a resolution or any

other type of decision. As a result a s106 check of councillors arrears has not been undertaken.

## **Risk management**

27. Monthly budget control meetings give assurance to the Chief Finance Officer on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures in the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.
28. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. A review of capital processes has taken place and the recommendations to help mitigate scheme risks are in the process of being put in place once approved. All projects are expected to be managed through the programme management office once resources are in place, so further mitigating the risk of overspend or delays.
29. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

## **Consultees**

30. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
31. An online public consultation was open between 15 December 2022 and 3 January 2023. The consultation has mainly focused on the revenue issue and the responses will be collated and discussed under the revenue budget setting item.
32. During the year Parish Councils have been consulted on S106 income held and discussed what will be delivered to ensure these funds are appropriately spent within the timeframes required.

## **Appendices**

Appendix A: Capital funding requests for approval

Appendix B: Five year capital programme and funding requirements

Appendix C: Business Cases to support capital investment proposals

## **Background papers**

None identified

## **Report Reviewers Used for appraising this report:**

**Please note this section must be completed before the report can be published**

Governance	John Coleman	Date 05/01/2023
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Finance	Louise Devlin	Date 05/01/2023
Legal	Francis Fernandes	Date 23/12/2022
Communications	Luenne Featherstone	Date 04/01/2023
Equality Duty	Harriet Yellin	Date 05/01/2023
Procurement	Lee Robertson	Date 29/12/2022
Risk	Kevin Lloyd	Date 05/01/2023

Approved by	Andrew Lovegrove	Date 09/01/2023
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**Please include a glossary of terms, abbreviations and acronyms used in this report**



# Council Budget

17<sup>th</sup> January 2023

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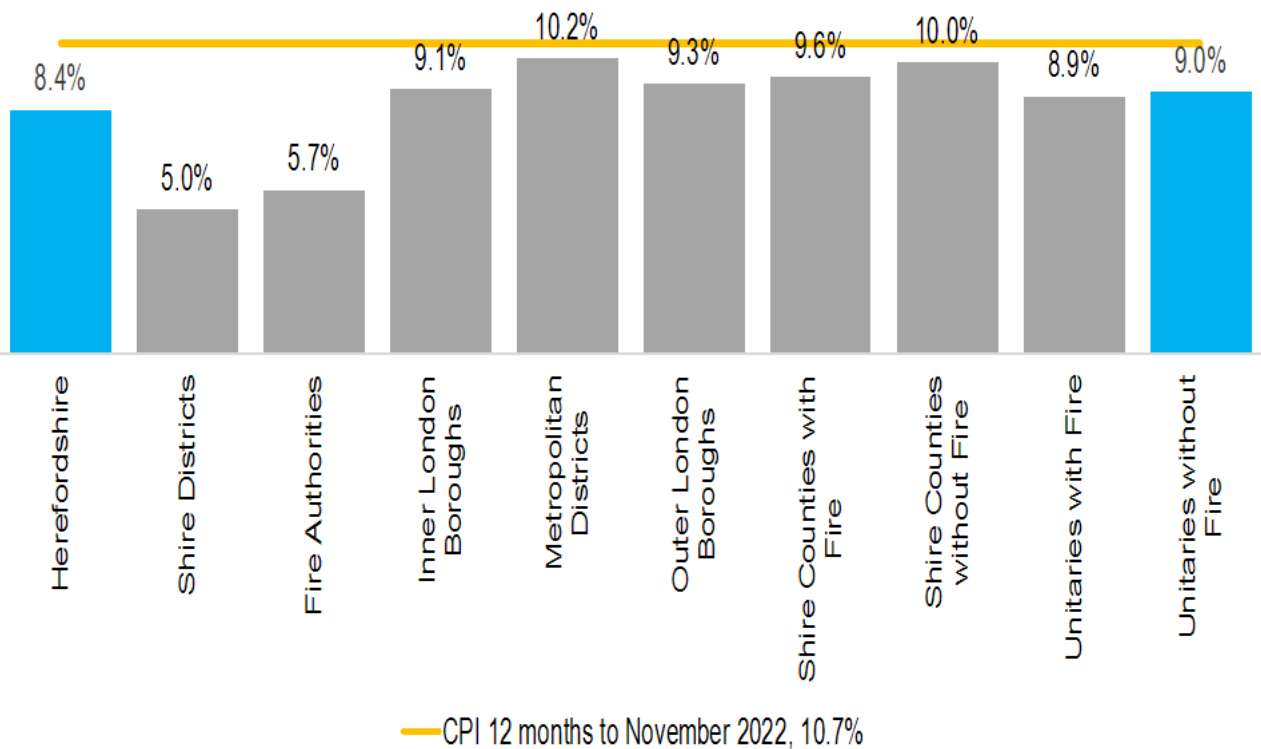
# Summary

- **2023/24 draft Revenue** budget is balanced:
- achieved by;
  - Increase of **4.99%** ( Adult Social Care **2%** general **2.99%**);
  - Service redesign and savings;
  - Revisiting pressures;
  - Transforming services:
- Includes **£4m** all ages social care budget to fund:
  - Edge of care and prevention services for all ages;
  - Recommendations from Childrens Commissioner:

# Settlement :

- Draft Settlement issued just before Christmas;
- Increase of Core Spending Power (CSP) of **8.4%**;
- This assumes maximum increase in Council Tax allowed under referendum limit;
- Settlement includes a number of changes and movements including;
  - New Homes Bonus £0.231m non recurring;
  - Rural Services grant held at £5.4m – real terms cut;

# Change in CSP by Authority Type



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# Key Assumptions 2023/4 to 2026/7

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<b>Expenditure</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Pay award	5.00%	4.00%	4.00%	4.00%
Employers National Insurance	15.05%	15.05%	15.05%	15.05%
Employers Pension Contributions (payroll rate)	17.60%	17.60%	17.60%	17.60%
Contract Indexation - Community Wellbeing	8.00%	5.00%	5.00%	5.00%
Contract Indexation - E&E	8.00%	8.00%	8.00%	8.00%
Contract Indexation - Childrens Placements	6.00%	6.00%	6.00%	6.00%
Contract Indexation - IT	12.00%	12.00%	12.00%	12.00%
Contract indexation BCIS	8.00%	8.00%	8.00%	8.00%
<b>Income</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
<b>Council Tax</b>				
Council taxbase (after council tax reduction scheme)	70,448.3	70,644.7	70,841.6	71,039.4
Increase in CT Base	1.0%	1.0%	1.0%	1.0%
Band D (standard) (%)	2.99%	2.99%	2.99%	2.99%
Band D (adult social care precept)%	2.00%	2.00%	2.00%	2.00%
<b>Treasury Rates</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>25/27</b>
PWLB Borrowing Rates (10-year)	3.5%	3.1%	3.1%	3.1%

# Support for low income households

- Proposal to carry on support from previous year, funded from:
- New Homes Bonus: **£0.231m** to carry on support;
- **Interest earned on cash balances:** Due to market conditions the interest earned prediction for an increase of at least **£1.47m** for 2023/24.
- Proposed support of **£1.7m** for low income households



## **Children & Young People**

17th January 2023

# Contents

- Pressures
- Savings already offered
- Transformation strategy
- <sup>18</sup>• Headcount reduction

# Children's & Young People

Summary	£m	£m	£m
<b>Pressures</b>			<b>13.1</b>
<b>Total savings</b>			<b>4.5</b>

# Children & Young People Pressures: £13.1m

	Draft £'000	Final £'000	Diff £'000	Notes
Pay award	1,484	<b>1,897</b>	413	Includes rollover impact of 22/23 pay award above budgeted 2% for 2023/24. Based on approved establishment and includes vacancy factor.
Demand pressures	6,323	<b>5,221</b>	-1,102	Revised demand pressures reflect reductions in LAC and Agency Fostering placements from P2 to P8.
Transformation Posts	4,543	<b>4,498</b>	-45	Posts per Transformation Paper.
Contract inflation	-	-	-	
Non-contract inflation	1,303	<b>1,434</b>	131	Inflation assumed at 6% for placements and relevant rate for other areas of spend.
<b>Total</b>	<b>13,653</b>	<b>13,050</b>	<b>-603</b>	

# Children & Young People Savings : £4.5m

	£'000	Activity
Reduction in placement costs	2,500	Reduction in numbers of children coming into our care; increased recruitment of foster carers; review of sufficiency; tight management control of high-cost placements *
Reduction in agency costs	2,000	Significantly increased rates of recruitment. Gradual withdrawal of previously added additional capacity. Revised Workforce Strategy*
21 * Each of these key areas of focus are inextricably linked to progress of the wider children's improvement plan.		
Total	4,500	

# Transformation strategy

The aim of the **transformation** in Childrens Services is to reduce the numbers of referrals coming through the Front Door. This is through engagement and intervention by the community, targeted services and wider Partnership within Early Help. The Early Help Project in Mash will also reduce those families gaining a SW intervention. This will ensure families gain the 'right help at the right time' and the referral level will be in line with statistical neighbours. This will enable the resources to return to base budget level of capacity. Additional capacity will not be needed .This will run concurrently with reducing the numbers of children being accommodated into LA Care through the Echo Service .

# Transformation strategy

Recruitment and retention	Edge of care and prevention offer	Partnership	Review of Provision	Process efficiency
<p>• Reduction external agency spend initially within the high cost teams and then through permanent recruitment</p> <p>• Staff gaining opportunities and seeing HCC as an employer of choice so improving retention.</p> <p>• Career Pathway and Progression</p> <p>• Increase in grow your own through apprentice schemes</p> <p>• Streamlining advanced practitioner and SP /MP posts</p>	<p>• Extension of Echo Service , Family Group Conferencing and Advocacy enabling families to find their own solutions.</p> <p>• Review of provision and support from CAMHS to prevent escalation into high cost unregistered provision</p> <p>• Psychological support to teams and carers to prevent breakdowns</p>	<p>• Review of Complex Needs Panels and Health contribution</p> <p>• Move to geographical areas to ensure greater communication and engagement of local services. Reduction in costs</p> <p>• Review Transport options</p> <p>• Day opportunities transformation</p>	<p>• Engagement and training of Foster Carers to enable them to care for children with more complex needs.</p> <p>• Review of 16 + provision and commissioned placements with increased sufficiency</p>	<p>• Placements review of IPA's and agreements</p> <p>• Residential review and reduction of children</p> <p>• Reduction of 1 team in Assessment and two in Child Protection in January</p>

# Risk assessment – explaining links between key risks and budget proposals

- **Ongoing difficulty in retention and recruitment** – reducing our reliance on agency staff (and thereby reducing our costs) is dependent on significantly increasing the rate of appointment of permanent colleagues across a range of job roles. This in the context of an extremely challenging external market.
- **Placement sufficiency and changes in demand** – the service has a much tighter management grip on workflow and placements but changes in demand are not entirely predictable. There will remain challenges in identifying appropriate homes for children and young people in our care who have complex needs.



# Equality Impact Statement

- Children's Services have a statutory duty to assess the need for support and where appropriate to provide support.
- No significant changes to service structure or to the model of service delivery.
- Proposals to reduce costs as proposed are expected to have a neutral impact for each equality group as meeting demand and need remain the priority.



# Community Wellbeing

17 January 2023

# Contents

- Pressures
- Savings identified
- Transformation strategy
- 28 • Risk assessment
- Equality Impact Assessment

# Community Wellbeing summary

Summary	£m	£m	£m
Pressures			7.9
Total savings			6.1

# 2023/24 Community Wellbeing pressures: £7.9m

	Draft £'000	Final £'000	Diff £'000	Notes
Removal of one-off prior year	-732	<b>-732</b>	-	Represents £138k draw down for seed funding (Talk Community) + £594k Fair Cost of Care one-off funding
Pay award	950	<b>1,608</b>	658	Includes rollover impact of 22/23 pay award above budgeted 2% for 2023/24. Based on approved establishment and includes a <b>vacancy factor of 3%</b> .
Demand pressures	1,056	<b>1,925</b>	869	Based on client numbers and weekly care costs as at September 2022. This uplift includes adjustments to reflect planned activity in the service eg. impact of discharge to assess packages, self-funders.
Contract inflation	497	<b>502</b>	5	Contractual inflation based on blend RPI and AWE indices.
Non-contract inflation	5,288	<b>5,368</b>	80	Provider fee uplifts - spot placements - non-contractual 8% uplift.
Service redesign	159	<b>159</b>	-	Additional resources identified in the Business Case for the Library/Museum projects.
<b>Total</b>	<b>6,299</b>	<b>7,911</b>	<b>1,612</b>	

# 2023/24 Community Wellbeing Savings £6.1m

Name of proposal	Saving £'000
Stable engaged workforce (reduced reliance on agency staff, vacant posts)	710
Edge of Care and Prevention (review of front door, management of demand through Talk Community)	1,050
New integrated models of care (Shared Lives/Home Share/Personal Assistants, Occupational Therapy, respite provision)	950
Digital and technology	500
Income collection and debt management (maximise income, including benefits and reduce debt)	600
Process efficiency (block beds, business support, repairs and maintenance, brokerage)	750
Services for vulnerable homeless people	600
Public health (review of weight management services, NHS health checks for adults and oral checks for children aged 4-6 months and withdrawal of occupational flu vaccine offer and the end of an online mental health support pilot)	326
Remodelling of supported living	369
Care and Funding pathway	250
<b>Total Community Wellbeing savings</b>	<b>6,105</b>

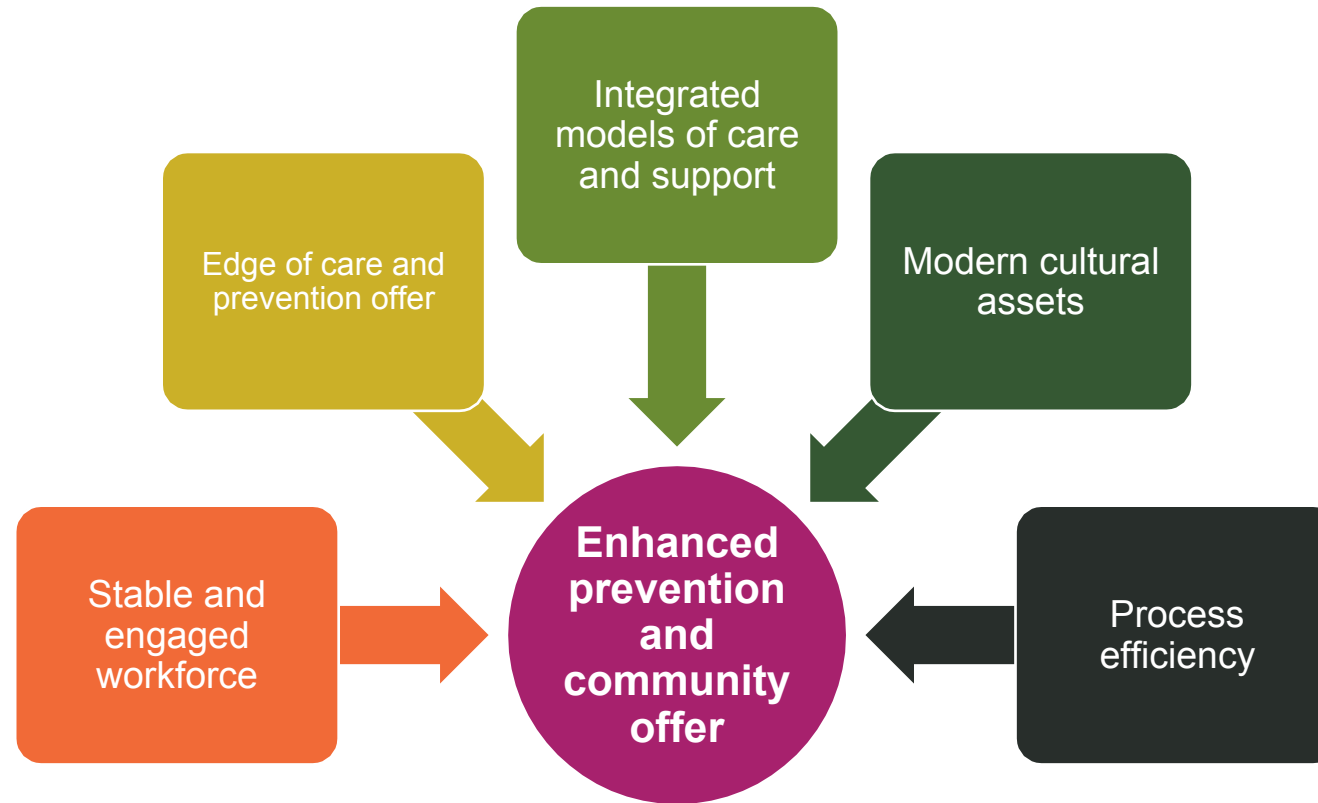
# Transformation strategy

The aim of **transformation** in Community Wellbeing is to increase and diversify the prevention and community offer in order to reduce demand on formal services, whilst ensuring that our internal processes operate at maximum efficiency. The principles that underpin the strategy are:

- Designing and delivering the solutions with the people who use our services, their carers and families, and the workforce.
- Integration with partners where that makes sense to do so.
- Value for money and efficiency.



# Transformation strategy



# Stable engaged workforce

## Context:

- Recruitment and retention is challenging – both within directorate and wider care sector
- More reliance on expensive agency staff
- Capacity shortfalls particularly in homecare
- Limited new intake into the sector.

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## What will be different:

- Permanent directorate workforce with minimal agency staff.
- Succession planning throughout all services.
- Year on year increase in new entrants to the care sector
- Social care recognised as a profession.

## Plans:

- Community Wellbeing recruitment microsite launch – explicit about the Herefordshire offer.
- Programme of talks and visits to colleges and schools
- Work with wider Integrated Care System on recruitment.
- Promotion of Herefordshire Cares website
- Entry level apprenticeship scheme in the directorate

# Edge of care offer and prevention

## Context:

- Talk Community is an established brand.
- Opportunities through Primary Care Networks.
- Increase in number of people with multiple complex needs, including homelessness

## What will be different:

- Reduction in crisis interventions.
- More local delivery and coordination.
- Diverse, edge of care offer

## Plans:

- Review of customer services and adult social care front door.
- Strengthened community offer through Talk Community
- Development of Herefordshire HomeShare Scheme
- Colocation with Primary Care Networks.
- Maximise the work through Project Brave.
- Digitise sexual health services
- Enhance falls prevention and physical activity offer for older people.

# Integrated models of care

## Context:

- Strengths based practice introduced five years' ago – need for review.
- Limited digital and technology integration.
- Limited alternatives to formal homecare.

## <sup>3</sup>What will be different:

- Less office based, more face to face work with people.
- Alternative, complementary community based provision alongside formal homecare.
- Increased understanding of the range of community based assets available.

## Plans:

- Delivery of Technology Enabled Care programme.
- Network of geographically based Personal Assistants and micro providers.
- Extension of Shared Lives scheme.
- Investment in block beds.
- Delivery model for occupational therapy.
- Transform the offer for carers
- Transform the offer for people with learning disabilities

# Modern cultural assets

## Context:

- Stronger Towns funding for library and new museum
- Lack of a leisure strategy for Herefordshire.

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## What will be different:

- Integrated cultural and leisure strategy and provision.
- Key strand of recruitment to attract people to live and work in Herefordshire

## Plans:

- Development of new leisure strategy.
- Explore new library delivery model.
- Delivery of library and new museum in Hereford.
- Options for future management and governance

# Process efficiency

## Context:

- Too many 'hand offs' between teams in the council and in Hoople.
- Current case management system needs review, particularly in light of new legislative requirements

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## What will be different:

- Streamlined, customer focused financial processes.
- Maximisation of income collection and reduction in debt.
- Maximisation of benefits for residents.

## Plans:

- Full system review of Mosaic (case management system).
- 'End to end' review and improvement of financial processes, including direct payments and income collection.
- Move to financial assessment online.
- Review of brokerage function including potential for supporting self funders.
- Review of business support costs, including postage and scanning.

# Risk assessment

Key risk	Impact of budget proposals
Adult social care reforms	Charging reforms paused until 2025 although inspection starts from October 2023. Improving financial processes, moving to online financial assessment and reviewing workflows in the case management system will put the authority in a better place to implement the reforms. Overall transformation of the adult social care practice model and strengthening of the community offer will be a key element of the authority's self assessment for adult social care inspection.
Market workforce economy	A key strand of the transformation strategy to reduce reliance on agency staff and put in place a strong campaign to attract people into the care sector.
Removal of the ring fence on the public health grant	No proposals for such a removal. Some of the public health grant is invested in other council services in order to deliver overall public health outcomes, eg early help in children's services and domestic abuse support service, which help to support the council's overall budget.

# Equality Impact Statement

Equality Group	Impact	Reasons
Age	Positive	More focus on local solutions using community assets, as well as preventative activities and early intervention. This will enable older people to be more connected to their communities. More support for people to maximise the benefits to which they are entitled.
Disability	Positive	More focus on local solutions, supporting people with disabilities into employment and work opportunities. Improve the offer around supported living, respite and day opportunities, working on greater diversification and promoting inclusion
Other vulnerable and disadvantaged groups	Positive	More support for carers, including transforming respite provision. Strengthen the support offered through Project Brave for people with multiple, complex vulnerabilities.
Health inequalities	Positive	Proposed co-location of teams aligned to locality areas focusing on local solutions using community assets to meet local needs and reduce inequalities.

Neutral impact for all other equality groups



## **Corporate (Central)**

17th January 2023

# Contents

- Pressures
- Savings already offered
- Transformation strategy
- <sup>42</sup>• Equality Impact Assessment

# Corporate summary

Summary	£m	£m	£m
Pressures			4.2
Total savings			1.3

# Corporate services pressures: £4.2m

	Draft £'000	Final £'000	Diff £'000	Notes
Members allowances	103	<b>103</b>	-	Due to pay award
Pay award	719	<b>719</b>	-	Includes rollover impact of 22/23 pay award above budgeted 2% for 2023/24. Based on approved establishment
Demand pressures	1,702	<b>1,702</b>	-	ICT - Changes in charging mechanism for a number of key systems, and £900k historic property savings.
Contract inflation	1037	<b>1037</b>	-	Contractual inflation based on blend, ICT 12%, Hoople 7%.
4 Service redesign	1,374	<b>665</b>	-709	Increase in legal and Hr & OD staff capacity, along with service redesign.
<b>Total</b>	<b>4,935</b>	<b>4,226</b>	<b>-709</b>	

# Corporate savings offered: £1.3 m

	£'m	Activity
Property	0.47	Increased rental income, charge for internal use of properties, and full cost recovery, exiting expensive and energy inefficient buildings.
Finance	0.1	Revise process to further embed Purchase Cards, remove payment inefficiencies, absorb DWP contributions for revs and benefits
Office of Chief Executive	0.12	Reduce number of corporate mobile phones. Herefordshire Now to become online only.
Legal	0.34	Reduced external legal advice, due to increased in house capacity, Childrens specific lawyers to be funded from Childrens transformation.
PMO, Performance & Corporate support	0.3	Transformation of service, increased cost recovery
<b>Total</b>	<b>1.33</b>	

# Transformation strategy

Corporate services have a twin track approach to **transformation**.

- They support a number of corporate transformation processes, the PMO, officer of the chief executive and interim director of strategy provide targeted support for transformation projects in flight and forthcoming projects across the council. This includes liaising with PwC our retained transformation advisors.
- A number of the services within Corporate are also being transformed to ensure the council remains fit for purpose and delivers value for money.

# Transformation strategy

Recruitment and retention	Cost recovery and allocation.	Transformation	Process efficiency
<ul style="list-style-type: none"> <li>• Reduction in internal agency spend;</li> <li>• Explore additional apprentice schemes;</li> <li>• Invest in additional HR and OD capacity;</li> <li>• Invest in targeted legal capacity:</li> </ul>	<ul style="list-style-type: none"> <li>• PMO to ensure that costs are recovered from identified funding streams for projects;</li> <li>• Internal use of Herefordshire investment properties to be charged for;</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted IT system upgrades;</li> <li>• Increased use of cloud for IT storage;</li> <li>• Further iterations of Flexible Futures to whole of Council estate;</li> <li>• More commercial approach to managing investment properties;</li> <li>• Exiting energy inefficient buildings:</li> </ul>	<ul style="list-style-type: none"> <li>• Income collection and debt minimisation;</li> <li>• Reduction in external legal advice;</li> <li>• Increased planned repairs, reduction in reactive repairs;</li> </ul>

# Recruitment and Retention

## Context:

- Recruitment and retention is challenging – COVID changed practices
- Reliance on expensive external legal advice.

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## What will be different:

- Permanent workforce with minimal agency staff;
- Investment in staff;
- Growing our own capacity and talent;
- Social care recognised as a profession.

## Plans:

- Flexible futures is changing how staff work, and provides advantages for staff and employers;
- Expand apprentice schemes;
- Invest in targeted legal skills and capacity.
- Further development of OD plans



# Cost recovery and allocation

## Context:

- Potentially not all costs recovered from funding sources;
- Cost recovery formula need review;
- Internal use of investment properties not fully recognised;

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## What will be different:

- Full cost recovery;
- Regular reviews of full cost recovery processes;
- Internal use of investment properties fully funded;

## Plans:

- Full cost recovery;
- Transition arrangements to move to use of investment properties by internal customers;
- Regular review of full cost recovery processes;

# Transformation

## Context:

- A number of IT systems and platforms coming to the end of life;
- A number of buildings energy inefficient with little prospect of significant improvement;

## What will be different:

- Council occupying energy efficient buildings, that provide modern flexible working space;
- Commercial relationship with tenants in investment properties ;
- IT systems fit for purpose, including cloud computing;

## Plans:

- PwC working with Council to identify and deliver transformation strategy;
- Microsoft 365 implementation program;
- Exit strategy to vacate buildings and premises that energy inefficient and / or are not Equality Act compliant;

# Process efficiency

## Context:

- Debt collection processes effective but scope for improvement;
- Reliance on expensive external legal advice;

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## What will be different:

- More repairs planned, reducing reactive repairs
- Improvement in income collection and reduction in debt recovery costs;
- Reduction in spend on external legal advice;

## Plans:

- Review income collection and debt collection processes;
- Exiting expensive to maintain buildings and premises;
- Invest in targeted legal skills and capacity.

# Equality Impact Statement

Equality Group	Impact	Reasons
Age	Positive	The council's transformation programme will make it easier for residents to access council services via digital means, ensuring that we make this as simple as possible so that we do not isolate or exclude those members of the community who are currently less comfortable with using IT.
Disability	Positive	More focus on ensuring council buildings and premises are accessible for people with disabilities, supporting people with disabilities into employment and work opportunities within the council promoting inclusion.
Other vulnerable and disadvantaged groups	Positive	An investment in OD will help the council be a supportive employer of choice and fulfil its role as a community leader in supporting national campaigns E.g white ribbon campaign.
Health inequalities	Positive	Flexible futures helps the council be a more inclusive employer, making roles more accessible to all working adults and more representative of the working age population in Herefordshire.

Neutral impact for all other equality groups

## **Economy & Environment**

17 January 2023

# Contents

- Pressures
- Savings already offered
- Transformation strategy
- 54 • Risk Assessment
- Equalities Impact Statement

# Economy & Environment

Summary	£m	£m	£m
<b>Pressures</b>			<b>5.1</b>
<b>Total savings</b>			<b>3.2</b>

# Economy & Environment Pressures: £5.1m

	Draft £'000	Final £'000	Diff £'000	Notes
Pay award	590	1,090	500	Includes rollover impact of 22/23 pay award above budgeted 2% for 2023/24. Based on approved establishment and includes vacancy factor.
Demand pressures	320	469	149	Reflects additional demand to P8.
Energy inflation	993	993	-	Based on estimates provided by West Mercia Energy.
Contract inflation	1,764	1,996	232	Inflation assumed at 8% or relevant rate.
Non-contract inflation	567	600	33	Inflation assumed at 8% or relevant rate.
Public Realm Future Operating Model	-	-	-	See slide below setting out proposals for this project
Total	4,234	5,148	914	




# Environment & Economy savings offered: £2.2m

	£'000	Activity
Revision to BBLP Annual Plan works	350	A number of efficiencies within the contract including management of streetwork permits and highway reinstatements
Waste Collections	80	Revision to collections from households on Bank Holidays – there will be no collections on BH and collections slip a day
Parking Income	450	Delivery of deferred proposals from 2022/23 and 2023/24
Fees and Charges – Reg Services	300	Applying inflationary charges across all fees and charges and a review of services where charges aren't currently applied
Fixed Penalty Notice – Pilot Scheme	50	Introduction of trial enforcement of littering offences
Planning and Regulatory Services Transformation (Stage 1)	350	Planning restructure to be in place by April 23, followed by review of income generated services such as Pre-application advice and the introduction of Planning Performance agreements
<b>Sub-total slide 1</b>	<b>1,580</b>	

# Environment & Economy savings offered: £2.2m

	£'000	Activity
Removal of 2 vacant posts in Econ Development	50	Removal of 2 vacant posts
Enterprise Zone Running costs	150	A review of running costs, including maximisation of income sources
Economy and Environment Directorate Transformation Programme	600	Full details set out on next slides
<b>Sub-total slide 2</b>	<b>800</b>	
<b>Sub-total slide 1</b>	<b>1,580</b>	
<b>Sub total</b>	<b>2,380</b>	
Public Realm Future Operating Model Project costs	(180)	Ongoing development of future operating model prior to final recommendation on proposed changes to how the services are delivered – <b>additional cost for 23/24</b>
<b>Total savings</b>	<b>2,200</b>	

# BBLP Annual Plan Revised Proposal (£350k)

Initiative	Detail	Agreed (£'000)	RAG	Notes	Further Work
Winter Service	Reduce number of winter service vehicles by 1	50	RED Poor public perception	Re-working of routes	Yes
Cleansing	Removal of 1 sweeper	90	AMBER	Will be viewed negatively	Yes
Sports Pitches	Currently maintained, do we recover cost	35	AMBER	May require a revision of fees (bowling greens etc.)	Minimal
 Street Works	Coring Programme	30	GREEN	Where reinstatements are proved to be defective then we attract additional FPN and Inspection fees. Cost of delivery of the programme can be recovered as a part of the fee aid by utilities.	Yes
Asset Management	Capitalise Bridge Assessments	100	GREEN	Assessments lead to works, can be capitalised, and is in other authorities.	No
Green Claims Recovery	Increase number of green claims recovered	50	AMBER	Discussions to be held with BBLP to explore potential for them to take risk on delivery of the programme but to share in excess recovery.	Yes
<b>Potential Savings and Pressures</b>		<b>350</b>			

# Public Realm – Future Operating Model

- Whilst work continues, and prior to the submission of the recommendations for consideration by Cabinet, we will continue to work up the costings for the next stages of this work. It is therefore proposed the costs of the project to be covered from savings identified above, and then the full costs/pressures of delivering the agreed model will be presented as part of that final decision and business case
- As part of the recommendations, there will be a number of options in terms of when delivery of the next phase of the project would commence, ie whether to hold until 2024/25, as well as funding options for the delivery of the project during 2023/24

# Transformation strategy

- The **transformation** programme within Economy and Environment will focus on the role and purpose of the Directorate and how we ensure the services provided for our residents and businesses offer value for money, whilst developing business cases for the commercial services that would provide new and additional income
- The programme will examine demand management of key services and look to <sup>2</sup> reduce unnecessary demand (and failure demand) and improve efficiency of key services, as well as considering how these services are provided
- Subject to the adoption of the Economic Plan, the City Masterplan, and the developing Local Plan and Local Transport Plans, we will have a new framework for delivering sustainable growth across the County, thus increasing Council Tax and Business Rate income for the Council
- The transformation programme will ensure the Directorate is structured to deliver modern, efficient services

# Transformation strategy

Frontline Services	Demand Management – Target saving £150k	Partnership Opportunities – Target Saving £225k	Commercial Opportunities – Target saving £225k	Sustainable Growth
<ul style="list-style-type: none"> <li>Service by Service review of current delivery services across the County</li> <li>Ensure the right services are delivered in the right places</li> <li>Consider VFM and opportunities for achieving efficiencies by service re-design</li> </ul>	<ul style="list-style-type: none"> <li>To consider options for targeted services where this would improve delivery</li> <li>Manage out failure demand by improving all points of contact and adopting a right first time approach</li> <li>Set clear indicators for delivery and better management of performance</li> </ul>	<ul style="list-style-type: none"> <li>Having considered the services we should provide and the model for delivery, look at whether some services would be better delivered by others, through either partnership agreements, devolved powers, or commercial contracts</li> </ul>	<ul style="list-style-type: none"> <li>A fundamental review of all current commercial services, and opportunities to introduce new ones</li> <li>Will include a deep dive review of current commercial activity to understand all costs and charges</li> <li>Look at opportunities to introduce new services where income can support frontline services</li> </ul>	<ul style="list-style-type: none"> <li>Following adoption of the new Economic Plan and City Masterplan, together with existing Market Town Investment Plans and Housing Strategies, we will ensure focus on 5 year delivery plans that support growth across the County</li> </ul>

# Frontline Services

## Context:

- Directorate provides a wide range of frontline services across the County
- Majority are delivered in the same way regardless of demand in specific areas

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## What will be different:

- Fundamental review of the services we provide to better understand why and how
- Focus on Place based services where frequency or access to services will be better focused on requirements in the community

## Plans:

- Staff Conferences in January to launch reviews
- Staff focus groups to outline services provided
- Review of all available data and how this is currently used to shape services
- New parameters for any service changes to be developed, consulted on and agreed
- Regular dialogue with Members, Parish and Town Council's

# Demand Management

## Context:

- Next stage of review of what and how we deliver services
- Start to shape services based on demand
- Look at whether proactive approach reduces demand on reactive services
- Consider where failure of services increases demand and how to remove this

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## What will be different:

- Services shaped on demand in different locations
- Better use of data to shape services and monitor performance in different areas
- Improved communication so as to reduce failure demands on services

## Plans:

- Staff Conferences in January to launch reviews
- Staff focus groups to outline services provided
- Review of all available data and how this is currently used to shape services
- New parameters for any service changes to be developed, consulted on and agreed
- Regular dialogue with Members, Parish and Town Council's



# Partnership Opportunities

## Context:

- What sort of organisation will we be in the future
- Do we need to provide all services ourselves, or can we work with others to deliver for/with us
- Are there opportunities to deliver some services for other
- Is it better to seek a commercial partner to deliver some services

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## What will be different:

- We will deliver the services we need to but where we are unable to recruit the expertise or others could provide services for us, we will look to explore all opportunities
- This will include options with neighbouring Council's, Parish/Town's and commercial partners

## Plans:

- Staff Conferences in January to launch reviews
- Staff focus groups to outline services provided
- Review of all available data and how this is currently used to shape whether we are best placed to deliver services or can improve performance by developing new partnerships
- New parameters for any service changes to be developed, consulted on and agreed
- Regular dialogue with Members, Parish and Town Council's

# Commercial Opportunities

## Context:

- We already provide a number of commercial services, ie Bereavement Services and Markets
- In an changing economy we must firstly review which services we will continue to provide, and carry out fundamental review of the operating costs and income
- We will also look at other commercial services to see if there are opportunities to offer a wider range of services

## What will be different:

- We have a far better understanding of where and why we provide commercial services and the costs of doing so
- Where there is a market to provide new or different services, full Business Cases will be carried out to review opportunities

## Plans:

- Staff Conferences in January to launch reviews
- Staff focus groups to outline services provided
- Review of all available data and how this is currently used to shape services
- New parameters for any service changes to be developed, consulted on and agreed
- Regular dialogue with Members, Parish and Town Council's

# Sustainable Growth

## Context:

- A number of key new strategies are due to be considered by the Cabinet in coming months
- Each of these will provide a new framework for growth across the County
- We will continue to review how we support the delivery of sustainable growth aligned to these

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## What will be different:

- The new Strategies will help shape the vision for the County for the next 30 years
- Services will be shaped to deliver a series of 5 year action plan

## Plans:

- New Strategies to be considered and related Action Plans adopted to ensure delivery
  - Big Economic Plan
  - City Masterplan / Eastern River Crossing
  - Local Transport Plans
  - Local Plan – Reg 18
  - Review of Housing Strategy
  - Review of our response to the Climate and Ecological Emergency

# Risk assessment

Key risk	Impact of budget proposals
Fees and Charges	With any changes to fees and charges, there is a risk of a related reduction in use of the services. Whilst the proposal is to increase all fees and charges by inflation, we will carry out further assessments on service demand to ensure there is no negative impact. We will also consider the costs to the service users where necessary
Commercialisation of Services	As we review the opportunities to develop some services into a more commercial way, we will be mindful of any impact this could have on local providers and monitor our charges for services. The main difference between commercial services and residents paying for services by fees and charges, is that the commercial operations would be open to more market choice for the user
Partnerships	When developing any new partnerships, there is a risk of different approaches to the way services are provided and differing outcomes for each partner. We will approach all new partnerships with an open approach so as to manage these differences from the outset

# Equality Impact Statement

Equality Group	Impact	Reasons
Age	Positive	More focus on local solutions and services delivered on a more proactive rather than reactive way. Working with Community and Wellbeing, we will assess any changes to frontline services to ensure there is a positive outcome for residents, as well as working with Parish and Town Council's to improve engagement
Disability	Positive	More focus on local solutions, supporting people with disabilities into employment and work opportunities. Working with Community and Wellbeing, we will assess any changes to frontline services to ensure there is a positive outcome for residents, as well as working with Parish and Town Council's to improve engagement
Other vulnerable and disadvantaged groups	Positive	More focus on local solutions and services delivered on a more proactive rather than reactive way. Working with Community and Wellbeing, we will assess any changes to frontline services to ensure there is a positive outcome for residents, as well as working with Parish and Town Council's to improve engagement
Health inequalities	Positive	Reviewing all new Strategies to ensure alignment with new Health and Wellbeing priorities
Neutral impact for all other equality groups		

