

Minutes of the meeting of Cabinet held at The Conference Room, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Monday 31 January 2022 at 6.30 pm

Cabinet Members Physically Present and voting: Councillor David Hitchiner, Leader of the Council (Chairperson)
Councillors Ellie Chowns, Pauline Crockett and Diana Toynbee

Cabinet Members in remote attendance Councillors Gemma Davies, John Harrington, Liz Harvey and Ange Tyler
Cabinet members attending the meeting remotely, e.g. through video conferencing facilities, may not vote on any decisions taken.

Cabinet support members in attendance Councillors John Hardwick and Peter Jinman

Group leaders / representatives in attendance Councillors Jonathan Lester, Bob Matthews and Toni Fagan

Scrutiny chairpersons in attendance Councillors Elissa Swinglehurst and Jonathan Lester

Officers in attendance: Chief Executive, Director of governance and law, Director of resources and assurance, Service Director - All Ages Commissioning, Interim director of economy and place and Corporate Director, Children and Young People

75. APOLOGIES FOR ABSENCE

There were no apologies from members of the cabinet.

76. DECLARATIONS OF INTEREST

None.

77. MINUTES

Resolved: That the minutes of the meeting held on 25 November 2021 be approved as a correct record and signed by the Chairperson.

78. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 7 - 8)

Questions received and responses given are attached as appendix 1 to the minutes.

79. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

80. 2022/23 COUNCIL TAX REDUCTION SCHEME

Cllr Harvey gave an introduction to the scheme and emphasised the benefits of the scheme to less well-off households. The proposed scheme for 2022/23 was a continuation of the scheme for 2021/22.

Cabinet members welcomed the proposals in light of continued pressure on households, noting the increase in claimants during the pandemic. The scheme allowed targeted help for those who were struggling, irrespective of the tax band of their property.

It was suggested that the council examine its data to understand the demographics of households receiving this support in order to provide more targeted support. It was also highlighted that there were very few responses to the consultation, despite the increased numbers of claimants, and that the council would look at how to improve the response rate in future.

Group leaders supported the proposal to retain the current scheme. They highlighted the impact in rural communities and combination with other pressures such as high heating fuel and petrol prices. It was noted that Talk Community was providing a growing network to direct residents to the help they needed.

It was resolved that:

The council tax reduction scheme for 2022/23, with the same parameters as the existing scheme, be approved.

81. 2022/23 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE

The cabinet member finance, corporate services and planning introduced the report and explained the sources of funding and the approach to managing investment and borrowing. She stressed that approval for a project to be added to the capital programme was not approval to proceed and that full business cases would be developed before expenditure was incurred, compliant with the council's contract rules and project management approach.

Cabinet members highlighted the key projects in their portfolio areas and the expected benefits to the council.

The chairman of the general scrutiny committee commented on the work of the committee in scrutinising the proposals and welcomed the responses from the cabinet. He noted that it had been challenging to review everything in one meeting and that it would be helpful to have the figures earlier. The cabinet member explained the difficulty in achieving this as details of the settlement from central government was only received in late December.

The chairperson of the adult and wellbeing scrutiny committee highlighted the support of the committee for the use of technology in supported living and that proposals for the care home would be scrutinised when they came forward.

Group leaders made comments on behalf of their groups. The list of projects was generally welcomed. Key points noted included:

- importance placed on robust project management;
- the importance of investment in infrastructure to attract new businesses to the county;
- the capital programme did not currently include money to improve the energy efficiency of older homes but the retrofit strategy would research ways to deliver this and would hopefully lead to future a capital project.

Concluding the debate cabinet members noted that it was important to consider the environmental impact of projects and that the council should aim for net zero carbon in its investments. The business case template now included a section on environmental and social impact. Every decision taken should be considered through the lens of the environment and sustainability. Future training and development for officers would look to incorporate opportunities to move to net zero carbon.

It was resolved that the following be recommended to Council:

a) To approve the proposed capital programme from 2022/23 attached at appendix C; and

b) To approve the capital strategy at appendix D.

82. 2022/23 BUDGET SETTING

The cabinet member finance, corporate services and planning introduced the report and explained the scale of the revenue budget and the services this provided. The financial position of local government nationally remained a concern with the longer term outlook uncertain. The council was fortunate not to have to rely on reserves to balance the budget and it was important to avoid that situation. The proposed budget had been subject to extensive consultations across a number of different formats and forums. All the responses had been closely considered by officers and cabinet members.

The proposals had been scrutinised by each of the council's scrutiny committees. The response to the recommendations produced had been published as a supplementary document to the cabinet report.

In response to the recommendation that consideration be given to the use of 50% of the capital surplus for highways in 2023/24 and 2024/25 the cabinet noted that the council's headroom for borrowing in future years needed careful consideration. A planned audit of the previous injection into the highway network would assess how effective that approach had been. The further involvement of scrutiny in shaping these ideas would be welcome.

In response to the recommendation that the council should aim to become more targeted and to give funding support to those most in need it was highlighted that additional revenue funding had been identified due to an increased estimate of business rate income. It was proposed to use £500k of this additional funding to triple the fund for the discretionary Housing Payment scheme budget, to support those most in housing related need. The remaining funds would be added to general reserves for unforeseen cost pressures during the coming year. It was proposed that the recommendations to Council be adjusted for this.

The scrutiny committee had recommended that 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. A detailed response had been provided explaining the need for the earmarked reserves and concerns that using reserves in this way would mean the council entering future budgeting rounds with known unfunded pressures.

The cabinet member concluded her presentation by thanking officers for their work in compiling the budget proposals.

Cabinet members highlighted some of the cost pressures, developments and opportunities in their portfolio areas. It was noted that:

- It was a strategic choice to seek to close funding gaps in the economy and environment directorate by increasing income through charges rather than cut funding to services;
- No savings were being required for the children and young people directorate during this period of transformation, it was necessary to invest in this service area but this did have a knock on effect elsewhere;
- The council continued to make use of covid recovery funds as they became available;
- The proposed budget sought to spend the money available as wisely as possible but it was difficult to continually have to keep squeezing to keep to a balanced budget;

- Councillors needed to act prudently and consider the impact of their decisions on the taxpayers of the future.

The chairman of the general scrutiny committee noted the responses to the recommendations made by the committee in its review of the budget proposals and stressed it was important that the scrutiny process provided challenge. He requested that efforts be made to share figures with scrutiny earlier in the process, recognising that these might be rough figures that were subject to change.

Group leaders presented the view of their groups. Key points were noted from the discussion that:

- The rural sparsity delivery grant was being used to ensure services were delivered in rural areas but the council should press central government for additional funding given its rurality – sustainability plans for rural areas would help to understand the needs;
- The budget consultation had received very few responses so care should be taken in interpreting the results;
- It was queried whether there were some savings that could be delivered from the children and young people directorate while still protecting the social care element;
- The principle of charging householders for taking non-domestic waste to the recycling centres was challenged as a double charge, in response it was asserted that this waste should be disposed of by the person doing the work;
- Potential increases in interest rates and the rate of inflation had been considered but uncertainties remained which would need to be managed within reserves;
- The situation was not expected to be significantly better in the 23/24 so the council should take care in how reserves were used;
- All businesses would be considering increases in costs and the council was no different in having to take business-like decisions;
- Central government would need to address matters such as the rising cost of fuel.

It was resolved that:

- 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:**
 - 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 amended to include the additional funding proposals of £500k to be added to the discretionary Housing Payment scheme budget and £296k to be added to general reserves;**
 - 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.

83. FUTURE DELIVERY OF PUBLIC RIGHTS OF WAY (PROW) & TRAFFIC REGULATION ORDERS (TRO)

The cabinet member infrastructure and transport introduced the report and explained the expected benefits of bring these teams back in house. He thanked the cabinet support member who had been heavily involved in this project.

There was a backlog of over 120 schemes waiting to be assessed and it was felt that an in house team would be more efficient and be able to make progress on this. The move would also remove the management fee currently paid. The change had been mutually agreed with the current contractor and it was expected that the transfer would be progressed in a co-operative way.

Group leaders welcomed the proposals and expressed their hopes that the expected improvements would be delivered.

It was resolved that:

- a) That the Public Rights of Way (PROW) and Traffic Management (TM) Services currently delivered by BBLP on behalf of the Council as part of the Public Realm Contract, be insourced to Herefordshire Council for delivery as Phase 1 of a transformation of services project;
- b) That the Public Realm contract currently delivered by Balfour Beatty Living Place be varied accordingly to enable the insourcing of PROW and TM Services to the Council;
- c) That staff within the Public Rights of Way and Traffic Management Services be transferred to Herefordshire Council in line with Transfer of Undertakings (Protection of Employment) regulations (TUPE);
- d) That a Service Level Agreement (SLA) be entered into with Hoople for the delivery of all revenue maintenance activities for PROW.
- e) A formal review of the PROW/TM service is undertaken post April 2022 as Phase two and any outputs and recommendations are presented in a further report for Cabinet Member approval by November 2022; and
- f) That all operational and budgetary decisions regarding this transfer be made by the Interim Service Director Environment, Highways and Waste following consultation with the s151 Officer.

The meeting ended at 9.15 pm

Chairperson

PUBLIC QUESTIONS TO CABINET – 31 JANUARY 2022

Question 1

From Mr P Skelton, Head of Finance, Services for Independent Living
To: cabinet member, health and adult wellbeing

On Page 340 of the Public Reports pack for the meeting you state that the council's rate per hour for supported living services will reduce to align "to our West Midlands peers."

- Could you please explain the rationale for this decision?
- Has this decision taken account of the 6.6% increase in the national living wage for 2022/23?
- Could you please confirm whether you are looking to reduce the hourly rate for any other adult services, such as homecare?

You state that you will work with providers to ensure ongoing sustainability. Could you please explain how you will do this and how you will help providers to remain sustainable. Have you engaged with current providers to discuss this proposal?

Response

- *Could you please explain the rationale for this decision?*

The contracting arrangements for Supported Living have not been recently tendered and during a procurement exercise in 2021 it became apparent that the current contractual and commissioning arrangements can be improved for the benefit of tenants, providers and the Council. During 2021/22 the Council undertook a regional review of rates and commissioning arrangements for supported living services. The delivery of this Strategy and tender will be progressed via extensive market engagement in a similar format to the successful tender of Homecare in 2021.

- *Has this decision taken account of the 6.6% increase in the national living wage for 2022/23?*

Yes, we have and will continue to consider the drivers for all aspects of the costs of delivering supported living services when constructing the new model in collaboration with providers.

- *Could you please confirm whether you are looking to reduce the hourly rate for any other adult services, such as homecare?*

Following extensive market engagement Homecare was retendered in 2021 and new rates were published as part of that tender exercise. The new framework for homecare commenced in November 2021 and there no plans to reduce the rates of homecare or other adult services.

The delivery of this Strategy and tender will be progressed via extensive market engagement in a similar format to the successful tender of Homecare in 2021. Sustainability, quality, outcomes and value for money will all be considered as key elements of this market engagement and the resulting tender.

Supplementary question

In your response to my initial question you state that a tender exercise will take place for supported living. Could you tell me what the timeline for the tender is likely to be and could you please confirm that there will be a full consultation exercise, including users and providers, before the tender process starts.

Response

The cabinet member health and adult wellbeing confirmed there would be full consultation, including users and providers and that officers were already having conversations with those groups.

The acting director for adults and communities explained that the tender documents were due to be issued in September 2022 but that might be subject to change depending on the outcome of the extensive consultation and engagement planned with providers and users.