

Minutes of the meeting of Scrutiny Management Board held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Friday 7 October 2022 at 2.00 pm

Present and voting: Councillor Christy Bolderson (chairperson), Councillor Yolande Watson (vice-chairperson) and Councillors: Graham Jones, Councillor F Norman, Louis Stark, David Summers and Elissa Swinglehurst.

Councillors in Remote Attendance:

Councillors Toni Fagan, Jonathan Lester, William Wilding.

In attendance: Councillor Liz Harvey - Cabinet Member - Finance, Corporate Services and Planning

Andrew Lovegrove - Director of Resources and Assurance
Rachael Hart – Head of Strategic Finance
Michael Carr, Interim Statutory Scrutiny Officer.

Officers:

21. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Philip Howells.

22. NAMED SUBSTITUTES

There were none.

23. DECLARATIONS OF INTEREST

There were none.

24. MINUTES

The minutes of the meeting held on 5th September 2022 were agreed as a correct record.

25. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public received.

26. QUESTIONS FROM MEMBERS OF THE COUNCIL

There were no questions from members of the Council received.

27. BUDGET SCRUTINY - 2023/24 BUDGET SETTING PROGRESS

The Chairperson set out the reason for the consideration of this item, which was to scrutinise the budget performance and emerging issues and to consider the progress of the development of the 2023/24 budget proposals and Mid Term Financial Strategy (MTFS). This item was part of the scrutiny of the Council's budget, including the emerging budget priorities,

positioning, assumptions and risks informing the development of the budget proposals for 2023-2024.

To assist the committee in the scrutiny of budget performance, the report included the cover reports for end of year budget performance for 2021/22 and Quarter 1 2022/23, the details of which had already been published in the Cabinet papers, to also provide insight into ongoing issues for the development of next year's budget.

At its next meeting on 28th November 2022, the committee was expecting to receive a report on Budget Performance Quarter 2 2022-2023, which would provide an opportunity provide accountability on the delivery of the Council's budget, as well as further help to inform the recurrent budget issues.

The Chairperson set out the order in which the budget matters would be considered. First, to invite the Director of Resources and Assurance to present the key issues for the development of the 2023-2024 budget, then to move to questions on the end of year budget performance for 2021/22 and Quarter 1 2022/23, then, questions on the development of the 2023-2024 budget, and then to move to debate and consideration of the conclusions reached by the committee. The Chairperson invited the Director of Resources and Assurance to present the report and slides provided in the agenda papers.

The Director of Resources and Assurance set out the context for the budget setting process. He explained that the Secretary of State for Levelling Up, Housing and Communities had advised in July that the local government settlement announced in December 2022 would be a flat two year settlement. Inflation was a significant budget pressure, with global events and uncertainty driving up inflation. It was anticipated that inflation was likely to be over 10% over the medium term. The Bank of England had raised interest rates over summer and further rate increases were expected. In addition, in Herefordshire there was a stated need to invest in children's services. He said that there was a structural disconnect between rate of increase in funding and costs, costs are increasing at an unprecedented rate.

The Government's September 2022 fiscal statement, however, did not provide information on local government funding. Residents and local businesses were facing significant cost of living challenges and energy costs. He explained that the funding model for local government made little allowance for the transition to an inflation driven economy. 9.7% of the base budget was funded from Government grants and the current assumption was that this would not increase.

21.6% of the base budget was funded from retained business rates. The current assumption was that this would not increase. 68.2% of the base budget was funded from Council Tax, the assumption was that this would increase by 2.99%. An announcement on the level of increase in Council Tax that would legally be set to trigger a local referendum on Council Tax to allow for the Council Tax rate to increase to beyond this rate limit was expected in December.

Based on these assumptions at the time and assuming that additional Government support would not be forthcoming, the Council's anticipated budget gap for 2023-2024 was £21.6m. This was derived from current estimated budget pressures of £31.8m and estimated funding increases of £10.2m. This included £4.6m additional budget allocation for Children Services.

He advised that based on the current position, without additional financial support from the Government it would not be possible to balance the Council's budget position without affecting front line service delivery.

The Key Assumptions 2023/24 to 2026/27 and the budget pressures by directorates were set out in the report. It was explained that each Corporate Director, in consultation with the respective Cabinet Member portfolio holders had been tasked to develop a savings programme, to deliver an in year recovery program; recurring savings for 2023/4 and future years to be included in next years budget and the MTFS; and a transformation programme. For the production of recovery plans and savings to be agreed by Cabinet. The development of a savings programme would enable the Council to identify further areas of savings to be made to address the financial position. The transformation programme approach included a digital and customer transformation programme review across all services.

It was explained that the budget consultation would include consultation on strategic capital budget priorities, both on line and face to face consultation, to commence in October and a full revenue and capital budget consultation to be carried out once Government have confirmed the local government settlement.

There were then questions from the committee to Councillor Liz Harvey - Cabinet Member - Finance, Corporate Services and Planning, Andrew Lovegrove - Director of Resources and Assurance and Rachael Hart – Head of Strategic Finance on the end of year budget performance, followed by questions on the development of the 2023-2024 budget on emerging budget priorities, positioning, assumptions and risks informing the development of the budget proposals and the arrangements and overall timetable for the development of the budget proposals consultation on the budget proposals.

There were questions about the overall estimated impact expected on the Economy and Environment budget, with further information being requested on this.

There were questions about the measures being taken to mitigate budget pressures to lobby for additional Government funding for Herefordshire.

There were questions about the robustness of the delivery of the emerging savings proposals and the extent to which these had been tested out. It was proposed that the Executive should take further action to ensure that the saving proposals are robust and deliverable.

There were questions about the capital budget projects performance, including questions about the underspending in capital projects. It was responded that these may be to do with projects costing less than anticipated, as well as delayed projects. It was proposed to request further information to provide a breakdown of delayed capital projects to show how much of those are to do with delayed projects and how much to do with the projects costing less than anticipated.

Questions were raised regarding the Quarter 1 Budget and Performance report 29th September 2022 p. 51 (para 36-39), which stated that Herefordshire had an aging population and rising number of unpaid carers and the number of people in receipt of the carers allowance and up to date Census 2021 data of the number of unpaid carers was queried, along with the Definition of domiciliary care at Herefordshire Council and what agencies were involved in making these definitions. It was queried whether there needed to be a glossary to explain technical terms and common acronyms. There was a query on the increase on placement requests.

There was a query as to whether Talk Community Hubs were delivering domiciliary and in front line service delivery in adult social care and whether this was included in the Council budget. There was a question about what savings had been made, not included in the Council budget, through services being delivered through Talk Community Hubs and neighbourhood schemes.

There was a query on risk register C05 digital transformation and the use of technology to support home care and extend independent living, with further information requested on this.

It was proposed to make an information request to respond to these queries in more detail.

At the end of questioning, the committee considered its key conclusions, suggestions and possible recommendations to the Cabinet. It was proposed that further information be requested on what the Cabinet Member and senior officers were doing to ensure the robustness of the delivery of the emerging savings proposals and to test these out, to ensure that the saving proposals are robust and deliverable.

It was further proposed to be suggested to the Cabinet Member and senior officers to take further action now to ensure the robustness of the delivery of the emerging savings proposals and to test these out, to ensure that the saving proposals are robust and deliverable and that this be noted as a possible recommendation to the Cabinet, depending on the response to the proposed information request.

There was also some discussion about the Council's key performance measures and the need to ensure that they include all important outcomes that need to be delivered.

At the end of the discussion, the Statutory Scrutiny Officer drew up the proposed resolutions that had been made and it was, thereafter;

RESOLVED:

That the emerging budget priorities, positioning, assumptions and risks informing the development of the budget proposals for 2023-2024, the arrangements and overall timetable for the development of the budget proposals for 2023-2024, including the plans for consultation on the budget proposals, be noted.

That the following information requests be made:

- i). A summary briefing note on the overall estimated impact expected on the Economy and Environment budget.**
- ii). A summary briefing note on the measures being taken to mitigate budget pressures to lobby for additional Government funding for Herefordshire.**
- iii). A summary briefing note to provide a longitudinal view of the capital budget projects performance, including capital budget underspends.**
- iv). The breakdown of delayed capital projects to show how much of those is to do with delayed projects and how much to do with the projects costing less than anticipated.**
- v). A summary briefing note on the rising number of unpaid carers in Herefordshire, including up to date data on the number of unpaid carers.**
- vi). A request to the department for Work and Pensions (DWP) for the number of people in receipt of the carer's allowance.**
- vii). The definition of domiciliary care at Herefordshire Council and the Council's brokerage team and what agencies were involved in determining these definitions.**
- viii). A briefing note on the increase on placement requests, from where these are tending to be from and the reasons for the increase.**
- ix). A briefing note on the extent to which Talk Community Hubs are involved in delivering domiciliary care services and in front line service delivery in adult social care, and whether this was included in the Council budget.**
- x). A briefing note on the opportunity costs not included in the Council budget, delivered by Talk Community Hubs neighbourhood schemes.**

- xi). A briefing note with up to date data on risk register C05 digital transformation: the use of technology to support home care and extend independent living.**
- xii). A summary of the measures taken by the Executive to ensure that the saving proposals are robust and deliverable to be provided to the committee.**

And

That it be suggested that that the Executive take further action to ensure that the saving proposals are robust and deliverable.

And also;–

That this suggestion be noted by the committee for further consideration a part of the committee's scrutiny of the Council's budget proposals.

28. PROGRESS REPORT

The Statutory Scrutiny Officer presented the report. This was a standing agenda item with an information report to receive an update on issues previously considered by the Scrutiny Management Board. This report provided a brief summary update on issues previously considered by the Scrutiny Management Board, including responses to information requests made by the committee, updates on resolutions made by the committee, including reports and recommendations to the Executive and the Executive Response and executive decisions made in respect of scrutiny reports and recommendations. The Statutory Scrutiny Officer explained that there were some information requests pending, that should be tracked in the report to the next meeting of the committee, along with nonfiction of anticipated updates to the scrutiny committee work plans.

RESOLVED:

That the progress report on scrutiny information requests, scrutiny reports and recommendations and other matters raised by the committee be noted.

29. DATE OF THE NEXT MEETING

It was noted that the date of the next meeting was scheduled for Monday 28th November 2022 at 2pm.

The meeting ended at 5.18 pm

Chairperson