

MEETING:	CABINET
MEETING DATE:	24 OCTOBER 2013
TITLE OF REPORT:	SERVICE & BUDGET PLANNING
REPORT BY:	ASSISTANT DIRECTOR ORGANISATIONAL DEVELOPMENT & CHIEF OFFICER FINANCE
CABINET PORTFOLIO	CORPORATE STRATEGY AND FINANCE

1. Classification

Open

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide

4. Purpose

To note the outcome of the recent review of the Council's priorities; and to confirm the budget and corporate planning arrangements for 2014/15 in light of the ongoing significant financial challenge.

5. Recommendation(s)

THAT:

- (a) in light of the outcome of the review of the council's priorities, no changes to the Corporate Plan 2013/15 be recommended to Council;**
- (b) the timetable for budget setting, including consultation arrangements as set out at Appendix B be approved; and**
- (c) The chairmen of the two overview and scrutiny committees be invited to build into their workplans consideration of the budget proposals.**

6. Alternative Options

- 6.1 The constitution requires Cabinet to make recommendations to Council on any changes proposed to the council's corporate plan, to recommend budget proposals to Council, and to publish its timetable for making such proposals including arrangements for consultation. It is open to Cabinet to agree an alternative timetable but regard must be had to the statutory requirement for councils to set a council tax before 11 March.

7. Reasons for Recommendations

- 7.1 The council made a commitment to being open and transparent about the challenges it faces and to engage with people about the ways in which we will have to deal with these. This report aims provide an update on this work and seeks agreement to the consultation and engagement approach to be adopted in relation to the budget proposals.

8. Key Considerations

- 8.1 The funding reductions facing local government continue to prove a significant challenge; for Herefordshire Council the latest prediction is that a further £33m savings will need to be achieved in the next three years. The challenge in Herefordshire is compounded by having extremely low reserves, significant predicted growth in the elderly population and the need for performance improvements in the areas of children's safeguarding.
- 8.2 As agreed at the May 2013 Council meeting, cross party work has been taking place to review the council's priorities; a summary of the outputs from this work is attached at Appendix A.
- 8.4 The conclusion reached when the outcomes of this work were tested against the current Corporate Plan 2013/2015 was there was no need to recommend any amendments to the priorities within the plan. The value of this critical work is that the council is better placed to describe the potential impact on services of focussing what resources we have on supporting these priorities.
- 8.5 The outcome of this work was then taken into further detailed "star chamber" sessions aimed at establishing a better understanding of the impact of directing resources to the priority areas in order to develop budget proposals for consultation.
- 8.6 Attached at Appendix B is the proposed timetable for budget setting, including consultation on the budget proposals.

9. Community Impact

- 9.1 The Corporate Plan is central to achieving the positive impact the council wishes to make across Herefordshire and all its communities; given the decreasing financial resources available to the council, it is essential that all remaining resources are focussed on delivery of those priorities and statutory obligations of the council.
- 9.2 Where the council is no longer able to support services at their current level, or at all, it is vital that communities and partners are given as much notice as possible so that, where there is a desire from the community to retain these services, alternative ways of maintaining them can be established. The cross party work undertaken over the summer was informed by the broad body of evidence captured within Understanding Herefordshire, as well as current financial and service performance information.

10. Equality and Human Rights

- 10.1 There are no specific implications in this report. In demonstrating due regard to the council's Public Sector Equality Duty (PSED) in our decision making processes we ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made. A high level impact assessment of the budget proposals will be published alongside the budget proposals for consultation; and will continue to be updated as proposals are developed and move to implementation. When the council seeks to remodel services decision-makers must understand the needs of their customers

and how changes will affect them, particularly if there will be any disproportionate impact on any group sharing a protected characteristic.

11. Financial Implications

- 11.1 The council is legally required to set a budget and set a council tax by 11th March 2014 and manage its service delivery within that budget. In line with the Financial Management Strategy, a planning assumption has been made that council tax will rise by 2%.
- 11.2 The costs of consultation can be met from within existing budgets.

12. Legal Implications

12.1 The courts expect consultation to:

- take place at a formative stage of the decision-making process
- provide consultees with sufficient information to allow an informed view (it is not enough to talk about reducing expenditure in the abstract – consultees need to understand how such a reduction will change the delivery of a service)
- allow sufficient time for consultees to respond
- allow the decision maker enough time to give proper consideration to the outcome of the consultation

The remodelling of council services has generated several legal challenges in recent years.

- 12.2 These legal challenges have tended to turn on whether the authority has complied with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED). This duty imposes a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the PSED **when taking any decisions on service changes**. However, the courts also recognise that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government.
- 12.3 Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that the adverse impact must be explained as part of the formal decision making process and attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. The more serious the residual detrimental impact, the greater the financial savings must be to justify the decision. The harm can only be justified if it is proportionate to the financial benefit and if there have been reasonable efforts to mitigate the harm.

13. Risk Management

- 13.1 A robust budget setting process mitigates the risk that the council is unable to deliver essential services within the resources available. It also ensures that the broadest level of understanding exists amongst partners, business and the community about the need for change and the likely shape of those changes..

- 13.2 The financial challenge and capacity to deliver the transformation necessary to both improve outcomes for people and deliver savings remains the most significant risk. This is a particular challenge in the areas of adult social care and children's safeguarding where change must be made at a pace which ensures that vulnerable people remain safe.

14. Consultees

- 14.1 There has been cross party member engagement in the future priorities work. The consultation proposals included at Appendix B meet the requirements of the constitution.

15. Appendices

- 15.1 Appendix A – Outcome from priorities work
Appendix B – Budget setting process

16. Background Papers

- 16.1 None identified.