

Meeting:	Adults and wellbeing scrutiny committee
Meeting date:	Monday 13 January 2020
Title of report:	Review of budget and corporate plan proposals for 2020/21 relating to the remit of the adults and wellbeing scrutiny committee
Report by:	Leader of the council

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose and summary

To seek the views of the adults and wellbeing scrutiny committee on the budget proposals for 2020/21 and on the draft corporate plan as they relate to the remit of the committee.

The draft proposals were first considered by the committee on 18 November. The committee is now asked to reconsider the adults and wellbeing revenue and capital budget proposals following the conclusion of public consultation.

The committee is invited to make recommendations to inform and support the process for making cabinet proposals to Council regarding the adoption of the budget and associated budget framework items, including providing constructive challenge to the cabinet's proposals.

Recommendation(s)

That:

- (a) the committee determine any recommendation it wishes to make to Cabinet in relation to the 2020/21 budget and corporate plan proposals specifically affecting adults and wellbeing.**

Alternative options

1. There are no alternatives to the recommendations. Cabinet is responsible for developing budget proposals and a draft corporate plan 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 the committee 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. Every four years, Herefordshire Council develops a corporate plan which sets out the council's ambition and priorities. The revised proposed corporate plan is attached at appendix 1 and sets out three key ambitions:-
 - Economy – support to build on the county's strengths and resources
 - Environment – protect to keep Herefordshire a great place to live
 - Community – ensuring everyone lives well and safely together
4. The proposed corporate plan objectives will set the priorities to ensure the best use of resources and deliver services that make a difference to people of Herefordshire. A delivery plan will follow the adoption of the corporate plan will identify the key projects planned each year to achieve progress towards the council's priorities. Regular reports monitoring progress against the objectives will then continue to be presented to Cabinet; detailing the latest budget position, as well as performance against delivery of the key activity and achievement of performance measures. The committee is invited to comment on the draft corporate plan priorities specifically in reference to adults and wellbeing.
5. Funding and service demand pressures do continue and the new corporate plan will establish the focus going forward. In support of this, this report proposes a balanced budget and includes a 3.9% total increase in council tax, a 3% expected annual pay increase settlement, 200 additional new homes above the assumed growth in new homes (increasing the expected amount of council tax income) and the central government provisional settlement for 2020/21.
6. The provisional settlement confirms the additional funding for social care announced in the spending review. This provides £4.9m of one off funding in 2020/21 available for adults and children's social care in Herefordshire to meet rising demand, fund more care home places and social workers and protect the most vulnerable in society.
7. The proposed 2020/21 revenue budget is based on an assumed total council tax increase of 3.9%, 1.9% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,573.77 representing an increase of £1.14 per week.
8. The 2% adult social precept will generate additional income of approximately £2m. This income is ring-fenced to fund the adults and communities base budget.

9. The budget proposals support the key themes and aim to manage increasing demand for formal social care services by supporting people and families to lead healthy and independent lives within their own communities by continuing to invest in preventative support local to where people live.
10. The 2020/21 budget proposals include the creation of social care pooled budget, this would cover adults and children and would allow the council to determine where spending should be committed in future to meet pressures.

2020/21 budget proposals

11. The budget proposals for adults and wellbeing have not changed since the previous scrutiny meeting in November, as shown below:-

Table 1	19/20 revised base £m	Savings £m	Contract inflation £m	Demographic pressures £m	Super hubs £m	Total £m
Proposed revenue budget	54.0	(0.6)	1.7	1.0	0.2	56.3

12. The proposed revenue budget above represents an increase in the base budget to address service demand from an aging population and inflationary cost pressures that include fee uplifts to provide for an increase in the national living wage in 2020/21.
13. The budget proposals support the review at the front door approach to providing adults and wellbeing services. This means that more people are receiving the most appropriate care package at the right time and in the most effective setting. This will continue to drive a move from the traditional models of care to maintaining independent living for longer. This is shown to be beneficial for residents and reduce the cost burden to the council due to a reduction in use of the most expensive care cost packages. The delivery of this strength based budget model follows a needs assessment and provision of wrap around support to individuals. This is being promoted as a good practice model providing better outcomes for all.

Table 2	Current Capital Programme £m	Total 20/21 £m	Total 21/22 £m	Total 22/23 £m	Redirected funding £m	Capital receipt funding £m	Funded by ROI £m	Corporate Funded PB £m	Total Request £m
Technology Enabled Communities	-	0.3	1.2	-	1.5	-	-	-	1.5
Super Hubs	-	2.0	-	-	-	-	-	2.0	2.0
Care Home and Extra Care Development	0.9	-	-	13.1	-	6.1	7.0	-	13.1

Bringing empty properties back into use	0.8	0.2	0.3	0.3	-	0.8	-	-	0.8
Total	1.7	2.5	1.5	13.4	1.5	6.9	7.0	2.0	17.4

14. Technology Enabled Communities is an outcomes-led approach to embedding technology enabled living at scale, driven by the power of data analytics to support informed decision making. It will shift the care model and elements of a health and care system from a traditional dependency, just in case support model to one of promoting independence, empowering self-care and taking action ahead of crises.
15. Super Hubs will support communities through capital investment plus resource to manage and develop community engagement. The high level design principles will be to target high deprivation and unmet need through creating new community facilities, tackling health inequalities, promoting local business and social enterprise. The hubs will also provide a local base or focus for public services and the opportunity of an alternative / community transport hub.
16. Care Home and Extra Care Development is for the local authority to further scope the potential opportunity to build and develop its own care home and / or extra care scheme which will be purpose built and sympathetically designed for people with dementia. The council needs to do a comprehensive analysis and options appraisal to inform a decision on a detailed return on investment proposal. The objective of this investment will be to lead on decisive market intervention, increasing council controlled bed capacity in the market and increasing the ability to support complex care needs.
17. Bringing empty properties back into use with include a focus on long term empty properties, defined as properties vacant for six months or more. This will increase available housing for local people, reduced spend of the housing prevention fund and reduce the use of temporary accommodation, for example in bed and breakfast.
18. In addition to the proposals above in October Cabinet approved the establishment of a new earmarked reserve of £150k to fund the investigation of different models of delivering council housing. Herefordshire residents continue to face difficult housing challenges with a large proportion of the population unable to afford to own or rent a suitable property to call home. The lack of housing choice, especially in respect of affordable housing, is not currently being addressed through the developer-led market where the focus continues to be on developing the most profitable housing products on the most profitable sites, not necessarily in the places of highest housing need. Many local authorities are now actively intervening in the housing market by becoming developers of new homes themselves, creating Local Housing Companies with the aim of acquiring sites and developing and managing both affordable housing and open market homes. The creation of the reserve will provide resources to undertake a detailed analysis of the options available, including the establishment of a wholly owned housing company, to enable the delivery and management of new homes to better meet the needs of residents. Following this a business case will be developed for consideration and further investment.
19. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.

Financing

20. The 2020/21 net budget requirement is financed by retained funding from council tax (£109.8m) and business rates (£36.7m). Assumptions include a 3.9% increase in council tax (1.9% general increase and 2% adults social care precept) and business rate reliefs being funded via a central government grant. Central government funding is included as announced in the provisional funding settlement for 2020/21, the final local government funding settlement is yet to be announced.
21. Council tax charges for the last five years are shown in table 3 below:-

Council tax band	2015/16	2016/17	2017/18	2018/19	2019/20
A	£850.07	£883.22	£917.67	£962.63	£1,009.80
B	£991.74	£1,030.42	£1,070.61	£1,123.07	£1,178.10
C	£1,133.42	£1,177.63	£1,223.55	£1,283.51	£1,346.40
D	£1,275.10	£1,324.83	£1,376.50	£1,443.95	£1,514.70
E	£1,558.46	£1,619.24	£1,682.39	£1,764.82	£1,851.30
F	£1,841.81	£1,913.64	£1,988.28	£2,085.70	£2,187.90
G	£2,125.17	£2,208.05	£2,294.16	£2,406.58	£2,524.50
H	£2,550.20	£2,649.66	£2,753.00	£2,887.89	£3,029.40

22. Prudent estimates have been used in providing the council tax and business rates funding assumptions. If additional resource is made available at the final budget setting stage it is proposed to use the additional funding to uplift the centrally held contingency budget.
23. If the final funding settlement provides additional monies to the draft base budget shown above, unless the use of those funds is specified by government, Cabinet will seek the views of the scrutiny committees as to the best way of deploying the extra funding. In the interim the funding will be allocated to reserves.

Budget setting timetable

24. Below is a summary of the 2020/21 budget setting timetable. The committee has already reviewed the proposals at its meeting in November.

Date	Event	Purpose
13 January 2020	Adults and wellbeing scrutiny committee	To consider adults and wellbeing revenue and capital budget proposals following the conclusion of public consultation and agree any recommendations to be made to Cabinet
14 January 2020	Children and young people scrutiny committee	To consider children and young people revenue and capital budget proposals following the conclusion of public consultation and agree any recommendations to be made to Cabinet
20 January 2020	General scrutiny committee	To consider the overall revenue and capital budget proposals following the conclusion of public consultation and agree any recommendations to be made to Cabinet
30 January 2020	Cabinet	To agree the corporate plan, draft revenue and capital budget 2020/21, treasury management strategy, capital strategy and medium term financial strategy for recommendation to Council
14 February 2020	Council	Deadline for Members intending to propose an amended motion (as per Section 1 paragraph 4.1.105 and 4.1.106 of Constitution)
14 February 2020	Council	To agree the council's corporate plan, revenue and capital budget for 2020/21, treasury management strategy, capital strategy and medium term financial strategy

Community impact

25. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.
26. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
27. In accordance with the principles of the code of corporate governance, Herefordshire 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.

Equality duty

28. 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.
29. Service specific equality impact assessments will be completed for the service specific budget proposals 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 then we will consider mitigating against any adverse impact identified.

Resource implications

30. The financial implications are as set out in the report. The ongoing operational costs including, Human Resources, Information Technology and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

31. When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
32. In acting prudently, the council has an obligation to determine whether any planned council increase is excessive (based on a set of principles defined by the Secretary of State, and approved by the House of Commons).
33. To avoid having to hold a referendum, the Council must raise less than the threshold. Alternatively, if an excessive increase in council tax is proposed, the council must hold a local referendum and obtain a 'yes' vote before implementing the increase. The council must also make substitute calculations, based on a non-excessive council tax level. This takes effect if the excessive increase is rejected in the referendum.
34. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.

35. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
36. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
37. The council's budget and policy framework rules require that the chairperson of a scrutiny committee 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.
38. 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

39. Section 25 of the Local Government Act 2003 requires the S151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
40. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional settlement. This draft will be updated through the budget setting timetable.
41. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made through the budget proposals. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
42. There are additional risks to delivery of budgets including the delivery of new homes, EU exit, government policy changes following the general election and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
43. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising locally faster than the national average and some specific areas of inequalities amongst families and young people. The budget proposed in this report include risk mitigation measures that are expected to manage the costs associated with this risk.

Consultees

44. Initial public consultation was completed and reported to the adults and wellbeing scrutiny meeting on 18 November. At that meeting the committee welcomed the proposed areas for investment which support prevention and the strengths based agenda and requested deeper levels of detail to be provided in the next iterations of the capital investment budget business cases and that terminology and language be used consistently, using Plain English. A glossary of terms has been added to this report.
45. Further public consultation on the 2020/21 budget and corporate plan 2020-24 has concluded. The consultation ran from 6 November to 4 December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was given upon request. The consultation was promoted on the council's social media sites (Twitter and Facebook). In addition to the online survey, there were pop up events held in the market towns and in Hereford City.
46. Attached at appendix 2 is a report on the key points from the analysis of standard responses received to the online consultation questionnaire, an analysis of free text comments and suggestions and trend data when compared to the previous year's consultation. 269 online survey responses were received.
47. On the proposed budget the responses included that 52% of respondents thought that a council tax increase of 4% is about right or too little.
48. 53% did not agree with the allocation of council tax as set out in the proposed till receipt and 21% reported "no opinion", a similar response was received in the previous year. 136 comments were received, below is a table presenting the most popular common themes emerging from the comments.

Theme	No. of comments
Increase too high /above inflation / not enough money to live on / not value for money / stop wasting money	38
Too much on admin / IT costs / contractors / waste / councillors and directors pay / interest on borrowing	26
Not enough on climate change, public spaces / environment / recycling and waste collection	20
Not enough on public / community / sustainable / rural transport	17
Not enough roads / road safety and infrastructure / cycle paths / PROW	16
Not enough on libraries / culture / tourism	10

49. Additionally, responses included:-

- a. In relation to the council tax reduction scheme 63% wanted to keep the council tax discount at 84% or increase it and 52% supported a introducing a minimum award of £5 a week; and
 - b. 75% supported continuing with the current levels of business rate discounts or increasing them.
50. In respect of Herefordshire Council Priorities responses include:-
- a. Community hubs - 63% of respondents indicated that Herefordshire would benefit by making this investment with the most favoured options being 'health and social care services'(79%), 'wellbeing help, advice and activities' (73%) and 'children's centres' (71%).
 - b. Community assets - 54% of respondents thought that the council should retain publicly owned land and buildings and manage them on behalf of everyone in the county.
 - c. Affordable housing - 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
 - d. Council owned care homes - 81% of respondents supported for investing in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs.
 - e. Tourism - 65% of respondents thought that it was important for the council to invest to support tourism.
 - f. Core Strategy review - 71% of respondents thought that the council should undertake a fundamental review of the Core Strategy, even though it is a substantial piece of work, investment and will take over three years to complete.
 - g. Maintenance of highways and public spaces - 76% of respondents agreed with the additional funding in public realm.
 - h. Public transport - 16% of respondents indicated that they were regular users of public transport. From a list of options, 'lack of availability of public transport in my local area' (56%) and 'timetables do not match my needs' (54%) were selected as the most common reasons for not using public transport regularly.
 - i. Planning and investment to address the climate emergency - 64% respondents thought that the council should invest resources to lead a local response to the climate emergency.
 - j. Digital and better use of technology - 72% of respondents supported further investment in technology to enable new and improved ways of delivering services.
 - k. Additional investment - some priority areas for investment were more favoured than others. If we take the overall weighted average for each priority, five areas were noticeably more favoured than the others, with not much difference in support between these five. They were, in order of priority, maintenance of highways and public spaces, planning and investment to address the climate emergency, care

homes and accommodation for vulnerable people (children, young people and adults), affordable housing (publicly owned) and public housing.

Appendices

- Appendix 1 Revised draft corporate plan
- Appendix 2 Public consultation responses
- Appendix 3 Presentation slides

Background papers

None identified

Glossary

Adult social care precept	Council tax charge for adult care services
Affordable housing	Social rented, affordable rented and intermediate housing
Code of corporate governance	Guidance on the delivery of good governance
Council tax reduction scheme	Council tax discount for low earners
Extra care development	Design features and support services to enable independent living
Funding settlement	Central government funding allocations to local councils
S151 officer	Statutory chief financial officer of the council
Social care pooled budget	Available to address both children's and adults budget pressures
Super hubs	Sites to provide early help and support services
Technology enabled communities	Personalised, proactive and predicted technological support