

Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Setting the 2020/21 budget and updating the medium term financial strategy and treasury management strategy
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To approve the 2020/21 budget and associated medium term financial strategy and treasury management strategy.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 20 December. Overall the base budget for 2020/21 is proposed to increase to fund budget pressures and new initiatives. Savings of £2.4m in 2020/21 remain and an increase in council tax of 3.9% (inclusive of 2% adult social care precept) is proposed to deliver a balanced budget.

The medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2023/24 based on current assumptions on future funding and service requirements.

The treasury management strategy, attached at appendix 4, includes the proposed borrowing and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable.

Recommendation(s)

That:

(a) Council approves;

- a. the council tax base of 69,756.19 Band D equivalents in 2020/21;**
- b. an increase in core council tax in 2020/21 of 1.9%;**
- c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2020/21 resulting in a total council tax increase of 3.9%, increasing the band D charge from £1,514.70 to £1,573.77 for Herefordshire Council in 2020/21;**
- d. the balanced 2020/21 revenue budget proposal totalling £157.1m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix 3;**
- e. 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;**
- f. the medium term financial strategy (MTFS) 2020-24 at appendix 1; and**
- g. the treasury management strategy at appendix 4.**

Alternative options

1. It is open to Council to recommend alternative spending proposals or strategies; however, given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.
2. Council can propose a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

Key considerations

3. The medium term financial strategy (MTFS), attached at appendix 1, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 20 December and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2020/21 is proposed. The proposal includes a 3.9% total increase in council tax, a 3% expected annual pay increase settlement and central government funding announced in the provisional financial settlement.

5. The impact of historic reductions in central government funding to councils means that Herefordshire Councils saving target for 2020/21 remains to enable a balanced budget for 2020/21 to be proposed. This is attached at appendix 2.
6. 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. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The 2% adult social precept will generate additional income of approximately £2m. This income is ring-fenced to fund the adult and communities base budget.
8. The council tax base for 2020/21 has been calculated at 69,756.19 band D equivalent properties, this is a growth of 1.4%, higher than the anticipated 0.9% growth expected, generating £0.5m of additional income that is funding the net budget proposed.
9. The 2020/21 budget includes the creation of social care pooled budget, this will support the cradle to grave provision of social care to vulnerable citizens and is formed from central government funding announced in the provisional settlement for 2020/21.
10. The council continues to direct its resources to deliver key services required by residents whilst delivering savings demonstrating efficiency and good use of resources. A balanced, deliverable 2020/21 budget is proposed which, subject to any approved amendments, is recommended for approval.
11. The provisional settlement shared on 20 December 2019 confirmed the council tax referendum thresholds, confirmed expected grant funding announced in the 2019 spending review and announced revenue support grant funding of £0.6m and new homes bonus grant funding of £2.2m in 2020/21. Confirmation of the final financial settlement for 2020/21 is expected before the Council meeting 14 February.
12. The new homes bonus funding is based on the legacy payments for 2017/18 to 2019/20. The ministerial statement announced a Spring 2020 consultation on the future of the scheme, stating that "It is not clear that the New Homes Bonus in its current form is focused on incentivising homes where they are needed most" and the consultation will "include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance".
13. For this reason it is proposed that this funding of £2.2m is treated as one-off funding. At Cabinet it was proposed that this funding be earmarked for spend on the delivery of new houses throughout the county. More specifically, as detailed in Appendix 7, the proposed use is to fund expenditure on addressing the phosphate levels in the county's rivers to support the delivery of homes (£2m) and to establish a new climate change action earmarked reserve (£0.2m).
14. The 2020/21 is a one year financial settlement, with future years' funding announcements expected to be dependent on a number of factors, including the outcome of the fair funding review and local business rates retention at 75%. The MTFS attached at appendix 1 is based on current assumptions and includes an annual council tax uplift of 2% in future years.

15. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. [CIPFA's Financial Resilience Index](#) has recently been published and is intended to be a comparative analytical tool to support good financial management, providing a common understanding within a council of their financial position.
16. The index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. Shown below is how Herefordshire council compares to unitary councils as a whole using data from 2018/19:-



17. This demonstrates that Herefordshire is at a lower risk of financial stress within the unitary council group. The indicators compare publicly available data, there is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. No particular individual high areas of risk are shown however the social care ratio index supports the intention of the council to apply the social care precept to the 2020/21 council tax bills to fund the anticipated growth in demand for these services.

Base budget proposed and savings plan

18. The detailed base budget proposed for 2020/21 is attached at appendix 3 and summarised below:-

Directorate	19/20 revised base £m	Pressures £m	New Initiatives £m	Savings £m	20/21 base budget £m
Adults and Communities	54.0	2.7	0.2	(0.6)	56.3
Social care pool			2.1		2.1
Children and families	27.2	0.7	3.1	(0.3)	30.7
Economy and Place	27.6	1.4	1.1	(0.9)	29.2

Corporate Services	15.0	0.9	0.4	(0.1)	16.2
Total Directorate	123.8	5.7	6.9	(1.9)	134.5
Central	22.8	0.4	(0.1)	(0.5)	22.6
Total Net Budget	146.6	6.1	6.8	(2.4)	157.1

19. The budget proposal includes additional funding of £6.1m to fund identified budget pressures due to:-

- Expected contract inflation (£1.7m)
- Anticipated fee uplifts (£2.1m)
- Pay increments (£1.3m)
- Legal services staff cost increase, to include agency staff (£0.7m)
- The cost of new borrowing to fund capital expenditure (£0.3m)

20. The legal services budget pressure includes corporate project management and training costs. Legal services have needed to externalise instructions to external law firms or recruit locum solicitors to respond to new demand in specialist areas, such as Children's team, procurement and commercial and property and litigation teams. Significant agency / locum recruitment has also been necessary because of the challenge in recruiting suitable qualified/experienced permanent legal support. Market supplements have been necessary in order to attract and retain certain specialist lawyers. As a result of the recruitment challenges, the legal team lacks resilience in dealing with the growing number of complex instructions and a strong foundation to support growth and development of current permanent staff. A review and reshaping of legal services is currently being undertaken which will be implemented during 2020.

21. The treasury management strategy, attached at appendix 4, details the management of the council's investments and cash flows; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The proposed increase to the central budget is a reflection of the calculated impact of the central government announcement that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased to reflect this additional cost burden and is based on the capital strategy borrowing requirement.

22. A summary of the current debt repayment cost as a result of the approved and proposed capital investment budget is shown below.

	2020/21	2021/22	2022/23	2023/24
Treasury management budgets	£m	£m	£m	£m
Minimum revenue provision	7.6	9.8	10.5	11.6
Interest payable	6.2	7.6	7.8	7.6
Interest income	(0.2)	(0.2)	(0.2)	(0.2)
Totals	13.6	17.2	18.1	19.0

23. In addition to budget pressures there are a number of initiatives proposed to improve service delivery and manage demand, these are shown in the table below.

New Initiative	Adults & Communities £m	Social care pool £m	Children and families £m	Economy and Place £m	Corporate services £m	Central £m	Total £m
Super hubs – to manage and develop community engagement through a super hub	0.2						0.2
Social care pool – for cradle to grave social care provision		2.1					2.1
Looked after children – placement costs & corporate parenting role of care leavers			1.1				1.1
Edge of care – intensive support to enable children and families to stay together			1.0				1.0
Improving social care services – additional capacity for frontline teams			1.0				1.0
Tourism - support for development of new Tourism BID and Leominster Heritage Action Zone project				0.2			0.2
Employment land & incubation space - revenue costs to support project development				0.1			0.1
Core strategy review - including development of transport evidence base				0.6			0.6
Public transport service - support to protect services				0.1			0.1
Climate resilience - support for natural flood management				0.1			0.1
Legal structure – to address additional work					0.4		0.4
Council tax charging policy – policy variation						(0.1)	(0.1)
Totals	0.2	2.1	3.1	1.1	0.4	(0.1)	6.8

24. A summary of the 2020/21 savings requirement is provided below with the detail provided in appendix 2. The council agreed a three year savings plan last year and implementation of this plan is progressing well, with the savings for 2019/20 being delivered and the preparations for the delivery of the 2020/21 and 2021/22 savings well advanced.

Saving	Adults & Communities £000	Children & families £000	Economy & Place £000	Corporate services £000	Central £000	Total £000
Reducing the need for formal care services	0.6					0.6
Manage inflation and secure contract efficiencies		0.3				0.3
Efficiency savings			0.5	0.1		0.6
Corporate Accommodation efficiencies			0.2			0.2
Commercial waste collections			0.2			0.2
Pension deficit					0.5	0.5
Totals	0.6	0.3	0.9	0.1	0.5	2.4

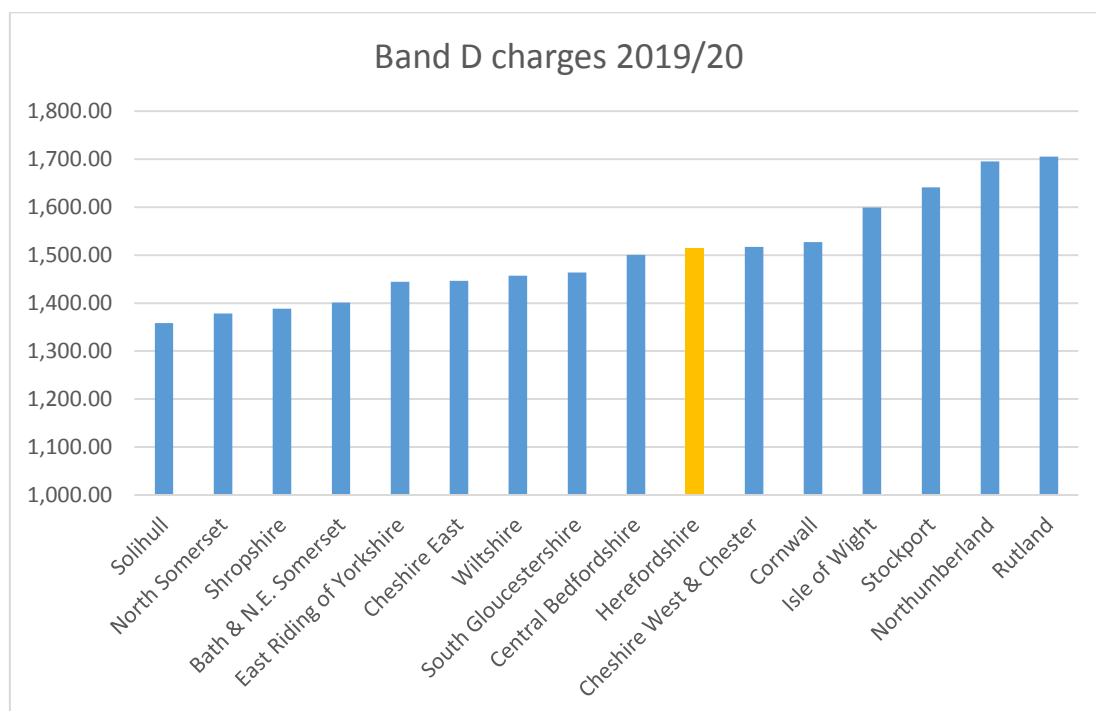
25. The base budget proposed shows the net budget position; the gross budget will include the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant. At its meeting on 30 January 2020 Cabinet recommended ring fencing up to £0.2m of the public health grant as the council contribution towards the provision of the Hereford City Cycle Track.

Financing

26. The 2020/21 net budget requirement is financed by retained funding from council tax (£109.8m) and business rates (£36.7m) as shown in the Appendix 3. Assumptions include a 3.9% increase in council tax (1.9% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. It reflects the delay in the roll-out of business rate devolution into 2021/22. Central government funding is included as announced in the provisional settlement.
27. Council tax charges for the last five years are shown 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

28. Herefordshire compares to its statistical neighbours council tax charges as shown in the chart below.



29. Prudent estimates have been used in providing the council tax and business rates funding assumptions, this is called the collection fund. 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. The 2019/20 collection fund is showing a surplus and it is proposed that £100k of this surplus is used to fund grants for the arts and culture service through a match funding opportunity using the cultural partnership in support of delivery the corporate objectives in the proposed corporate plan.
30. If the final 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.

Reserves

31. The council's revenue reserves are split between general reserves and earmarked reserves that are held for certain purposes.
32. Part of the council's general reserve is held as a strategic reserve to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve is maintained at a minimum level of between 3% and 5% of the council's net revenue budget. At the end of March 2019 the balance was £8.5m (5% of net budget).
33. The remainder of the council's general reserve is held to support one-off and limited ongoing revenue spending and for smoothing the impact of the late delivery of savings plans.

34. The council's earmarked reserves include school balances and are held to meet identified spending commitments.
35. The base budget excludes funding from reserves. At its meeting on 30 January 2020 Cabinet recommended the creation of a new earmarked reserve for climate change action to allow the council to fund initiatives to take forward actions as they are identified, this is documented in appendix 7. Going forward it is proposed that the surpluses received from West Mercia energy are added to the new climate change action earmarked reserve to allow the council to fund initiatives to take forward identified actions.
36. Cabinet completed their annual review of earmarked reserves in October 2019. Reserves are expected to increase in 2018/19 from savings in minimum revenue provision costs and additional monies announced in the final The projected reserve balances are as follows:

Balance as	Strategic	Financial	School	Earmarked	Total
at	Reserve	Resilience	Balances	Reserves	Reserves
		Reserve			
£m	£m	£m	£m	£m	£m
31.03.20	8.5	12.9	9.4	41.6	72.4
31.03.21	8.5	16.2	9.3	39.9	73.9
31.03.22	8.5	19.3	9.2	36.6	73.6

37. The proceeds from the sale of the smallholding estate is recorded in the capital receipts reserve and can only be used to fund capital expenditure. The time delay between the receipt and spend of funds is shown in the treasury management strategy as delaying the need to borrow. At the end of March 2019 there was a balance of £41.5m in the capital receipts reserve. There are a number of schemes within the capital strategy to be funded by capital receipts.

Community impact

38. The MTFS and budget demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.
39. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.
40. 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

41. 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 -

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
42. A service specific equality impact assessments for the service specific budget proposals will be completed as required to assess the impact on the protected characteristic as set out in the Equality Act 2010.
43. 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.
44. Where additional governance is required to support possible service delivery changes the impact of a decision on people with different protected characteristics will be fully detailed and disclosed in that governance decision report.

Resource implications

45. 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

46. 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.
47. 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).
48. The level of council tax rise does not meet the definition of an excessive increase so can be approved without the need for a referendum.
49. 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.
50. 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.
51. 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 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.

52. Local government legislation requires the council's S151 officer to make a report to the full Council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the risk management section of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the S151 statutory report.
53. The council's budget and policy framework rules require that the chairmen 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.
54. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on any recommendation, resolution or other decision which might affect the calculation of the Council's budget, if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Risk management

55. 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. This report is attached at appendix 6.
56. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2020/21 funding settlement.
57. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
58. There are additional risks to delivery of future budgets including the delivery of new homes, EU exit, government policy changes including changes to business rates, fairer funding review and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
59. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average and some specific areas of inequalities amongst families and young people. Focusing public health and social care commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. The risks and mitigating action is shown in Appendix M4 of the MTFs, copied below:-

Key Financial Risks	Likelihood	Impact	Mitigating Actions
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £8.5m (5% of budget)
Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
Potential overspend and council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	Medium	Medium	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
Potential overspend on Special Education Needs The duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway
Failure to fund sufficient school places and sufficient support There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support	Medium	High	<ul style="list-style-type: none"> • Provision has been made in the capital investment budget to increase school places • Directorate plans in place to manage and mitigate demand • Ongoing reviews of children already under care of council
Volatility in Government funding streams and Business Rates Retention The government settlement for 2020/21 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.	High	Medium	<ul style="list-style-type: none"> • Prudent assumptions made in budget • Ongoing review of developing business rate changes • Business case to support future investment decisions
EU exit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> • Reduced reliance on grant funding in all directorates • Increased local economic and social investment to increase core income

60. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.3m has been set aside to fund this.

Consultees

61. Public consultation was completed in two phases. The initial phase, reported to the November scrutiny meetings, tested the public's view on priority areas reflected in the

proposed corporate plan. 1,056 people engaged in face-to-face consultation and 358 people engaged in on-line consultation.

62. The second phase of public consultation centred on the budget alignment to the priorities, this was reported to the January scrutiny meetings. The 2020/21 budget and corporate plan 2020-24 consultation run 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) and through a press release to the local media. In addition to the online survey, there were pop up events held in the market towns and in Hereford City.
63. Attached at appendix 5 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.
64. 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.
65. 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 / public rights of way	16
Not enough on libraries / culture / tourism	10

66. Additionally, responses included:-

- 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 (please see separate agenda for this detail); and
- 75% supported continuing with the current levels of business rate discounts or increasing them.

67. In respect of Herefordshire Council priorities responses include:-

- Community hubs - 63% of respondents indicated that Herefordshire would benefit to 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%).

- 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.
- Affordable housing - 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
- 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.
- Tourism - 65% of respondents thought that it was important for the council to invest to support tourism.
- 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.
- Maintenance of highways and public spaces - 76% of respondents agreed with the additional funding in public realm.
- 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.
- 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.
- Digital and better use of technology - 72% of respondents supported further investment in technology to enable new and improved ways of delivering services.
- 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.

68. Recommendations and responses from the consultation with scrutiny committees and Cabinet in respect of the revenue budget proposals is provided in the table below:-

Meeting	Recommendation	Response
Cabinet	Up to £200k of the public health grant be ring fenced as the council contribution toward the provision of the Hereford City Cycle Track A new earmarked reserve be created to support activities related to climate change	These recommendations do not affect the net budget proposed
General scrutiny committee	The MTFS includes a separate line on what is	This is added as a tracked change in appendix 1

Meeting	Recommendation	Response
	being proposed for climate change	
General scrutiny committee	That specific resources are identified and included to support the proposed work on the waste task and finish group	There is a specific earmarked reserve allocated to waste, this is to be reviewed for its adequacy to fund the costs identified
General scrutiny committee	Any business cases reflect current association with business partners and any current government funding available	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
General scrutiny committee	Consideration be given to a specific budget for measures to address the climate emergency	Cabinet recommended the creation of a new earmarked reserve to support activities related to climate change
General scrutiny committee	The feasibility of allocating a ring fenced sum for highway maintenance to the market towns should be explored	This is for Council to consider further at this meeting
General scrutiny committee	During development of business cases consideration be given to whether greater community use could be made of educational facilities	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	There is further clarification and detail provided on the proposed shared social care pooled budget between the adults and children's directorates when it is available	Agreed as proposals are drafted further consultation will be completed
Adults and wellbeing scrutiny committee	Welcomes the proposed areas for investment which support prevention and the strengths based agenda	Noted

Meeting	Recommendation	Response
Adults and wellbeing scrutiny committee	Acknowledging that the lack of specific details in the outline business cases was due to the timing constraints and early sight of potential projects coming forward, the committee would be pleased if attention can be given to the matters it has raised and for deeper levels of detail to be provided in the next iterations of the business cases	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	That terminology and language be used consistently, using Plain English	Agreed, later papers include a glossary of terms
Children and young people scrutiny committee	That the committee supports the additional areas of investment identified in the budget	Noted

Appendices

Appendix 1	Medium Term Financial Strategy
Appendix 2	Saving proposals
Appendix 3	Detailed revenue budget proposals
Appendix 4	Treasury Management Strategy
Appendix 5	Public consultation responses
Appendix 6	Section 25 report
Appendix 7	Change Log

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
Edge of care	Support intended to divert need for conventional care
Extra care development	Design features and support services to enable independent living
Funding settlement	Central government funding allocations to local councils
Referendum	General electorate vote
Reserve	Amounts set aside for specific policy purposes or for general contingencies and cash flow management
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
Treasury management	Management of the council's investments and cash flows