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| Meeting: | Adults and wellbeing scrutiny committee |
| Meeting date: | Wednesday 13 January 2021 |
| Title of report: | 2021/22 budget setting |
| Report by: | Leader of the Council |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To seek the views of the adults and wellbeing scrutiny committee on the budget proposals for 2021/22 as they relate to the remit of the committee.

The draft proposals show an overall increase of £1.2m in the proposed base revenue budget for adults and communities. This follows a review of the base budget requirement and the identification of savings to enable a funded budget to be proposed.

The budget proposes increasing council tax by 4.99% inclusive of a 3% adult social care precept. The 3% adult social care precept will generate additional income of approximately £1m, this income is ring-fenced to adults and communities.

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

That:

- (a) the committee determine any recommendation it wishes to make to Cabinet in relation to the 2021/22 budget proposals specifically affecting adults and wellbeing.**

Alternative options

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals 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. The proposed 2021/22 revenue budget for adults and communities supports the ambitions stated in the council's county plan, shown below:-

| | | |
|---|--|---|
| <ul style="list-style-type: none">Minimise waste and increase reuse, repair and recyclingImprove and extend active travel options throughout the countyBuild understanding and support for sustainable livingInvest in low carbon projectsIdentify climate change action in all aspects of council operationSeek strong stewardship of the county's natural resourcesProtect and enhance the county's biodiversity, value nature and uphold environmental standards | <ul style="list-style-type: none">Ensure all children are healthy, safe and inspired to achieveEnsure that children in care, and moving on from care, are well supported and make good life choicesBuild publicly owned sustainable and affordable houses and bring empty properties back into useProtect and improve the lives of vulnerable peopleUse technology to support home care and extend independent livingSupport communities to help each other through a network of community hubs | <ul style="list-style-type: none">Develop environmentally sound infrastructure that attracts investmentUse council land to create economic opportunities and bring higher paid jobs to the countyInvest in education and the skills needed by employersEnhance digital connectivity for communities and businessProtect and promote our heritage, culture and natural beauty to enhance quality of life and support tourismSpend public money in the local economy wherever possible |
|---|--|---|

4. The 2021/22 base budget proposals are based on the provisional local government financial settlement and an assumed total council tax increase of 4.99%, 1.99% increase in core council tax and a 3% adult social care precept. This increases the band D equivalent charge to £1,652.30 representing an increase of £1.51 per week (£6.54 a month). This is the maximum increase permitted, a higher increase would require the support of a referendum.
5. The 3% adult social precept will generate additional income of approximately £1m (this reflects the lower council tax base proposed, see paragraph below). This income is ring-fenced to fund the adults and communities base budget pressures arising from demands for services.
6. The council tax base for 2021/22 has declined by 2% to 68,355.22 band D equivalent properties. This reduction reflects an increase in excess of 25% of working age council tax reduction claimants, an increase of 1,400 households throughout the county receiving council tax discount due to the low level of income the household receives. This is a direct local consequence of the economic impact of Covid-19 which is a national issue being faced by all councils. Expectations are that tax bases are expected to recover in a couple of years' time.

7. The current financial year is facing unprecedented pressures in response to the national pandemic Covid-19. Central government has awarded grants to local authorities to manage these pressures, however this is expected to cover around 70% of the cost. Adults and communities are currently forecasting a £3.7m overspend in 2020/21 of which the majority is directly related to Covid-19 pressures, for example personnel protective equipment the cost of which will be funded through a central government grant.
8. Other budget pressures reflected in the 2021/22 budget proposal include:
 - Potential increase in social care customers
 - More costly residential and nursing care home placements
 - Increased demand for more complex homecare packages to enable people to remain in their own homes
 - Increase in numbers of self-funders falling below the capital threshold for social care
 - Increased pressures on carers resulting in increased support needs.

Proposed adults and communities 2021/22 revenue budget

9. The proposed adults and communities revenue budget for 2021/22 is shown below:-

| Directorate | 21/22 gross budget £k | 20/21 revised base £k | 21/22 pressures £k | 21/22 savings £k | 21/22 base budget £k |
|------------------------|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| Adults and communities | 101,605 | 57,751 | 4,458 | (3,270) | 58,939 |

10. In addition to the net budget proposal above is the improved better care fund which will continue in 2021/22 at £6.6m. The adults and communities gross budget includes the expected public health grant. The net base budget represents 37% of the total council net budget.
11. Of the pressures, just over £1m relates to transitional clients moving from children's services to adults in the 2021/22 financial year. These clients are identified as likely to require adult social care support alongside any continuing educational needs.
12. The remainder of the demand pressure falls in the older client group and is due to a combination of factors i.e. client demand, particularly within homecare as people with increased needs are supported in their own homes rather than a care home setting, but also the cost of maintaining that same care at home for people with higher needs, quite often requiring either double up packages of care or additional hours/more frequent visits per day to keep them safe in their own homes.
13. During this past 9 months, adult social care have supported a higher proportion of older people at home, with fewer people being discharged into 'long stay' care home placements due to the impact of Covid-19. A large proportion of admissions to care homes during this current Covid-19 period are initially on a short stay basis after being discharged from hospital. They are then reviewed regularly to ensure the appropriateness of their ongoing care provision and their support is adapted as and when appropriate to do so.
14. As the end of the financial year approaches and hopefully the pandemic eases, it will be become more apparent what the likely 'long term' outcomes are for those currently being

supported and as a result, the proportion of those being supported at home versus those requiring a care home placement is likely to change.

15. To enable a funded budget to be proposed, savings are required. These are summarised below and attached at Appendix A is the key directorate challenges and issues of delivering these savings:

| Description | £000 |
|---|--------------|
| Modernising assessment, commissioning and services delivery for learning disability clients | 1,500 |
| Targeted review of complex cases followed by system challenge | 1,250 |
| Implementing changes to client charging policy and income disregards | 520 |
| TOTALS | 3,270 |

16. A full equalities and environmental impact assessment of these savings is underway. The savings targeted are grouped by theme in the table below:-

| Streamlining business | Income generation |
|---|--|
| Modernising assessment, commissioning and services delivery for learning disability clients | Implementing changes to client charging policy and income disregards |
| Targeted review of complex cases by external provider followed by system challenge | |
| 2,750 | 520 |

Budget setting timetable

17. Council will be asked to approve the 2021/22 budget on 12 February 2020; this will follow confirmation of the final financial settlement for 2021/22 which is expected in late January. Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy, council tax reduction scheme and the capital strategy at the same meeting. This 2021/22 budget setting timetable is shown below:-

| Action | When |
|---|-----------------------|
| Consultation with parish and town councils | Nov-20 |
| Independently led focus group consultation (this will include businesses) | Nov-20 |
| Online survey | 19-Dec-20 – 08-Jan-21 |

| | |
|--|-----------|
| Children and young people scrutiny | 12-Jan-21 |
| Adults and wellbeing scrutiny | 13-Jan-21 |
| General scrutiny | 15-Jan-21 |
| Cabinet – consultation responses, proposed budget, capital and Medium Term Financial Strategy (MTFS) | 28-Jan-21 |
| Council – approval of budget, capital and MTFS | 12-Feb-21 |
| Council – council tax setting | 05-Mar-21 |

Community impact

18. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County plan and associated delivery plan.
19. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
20. 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.

Environmental Impact

21. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
22. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the council's environmental policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

Equality duty

23. 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.
24. Service specific equality impact assessments will be completed when the service specific proposals are developed 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

25. 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

26. 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.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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

32. 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.
33. 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.
34. The impact of the worldwide pandemic, Covid-19, continues to provide uncertainty and have far ranging consequences throughout the county. The challenges to our economy, to the vulnerable members of our communities and to our continued wellbeing are huge. The budget proposals prioritise keeping resident's safe.
35. The known most substantial risks linked to the pandemic have been assessed as part of the budget proposals in this report and reasonable mitigation has been made where possible. Continued financial support from central government has been confirmed as part of the provisional financial settlement for 2021/22. Risks will be monitored through the year and reported to Cabinet as part of the budget monitoring process.
36. There are also the additional general risks to delivery of budgets including the delivery of new homes, EU exit, government policy changes and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
37. 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. This report provides an update on the measures being implemented to address these risks.

Consultees

38. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
39. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses supported:-
 - People said it was important to avoid short-termism
 - Working with partners was supported
 - Transferring assets to communities was supported
 - Discretionary services least valued were street lighting, archive services and parks and open spaces
 - Increasing charges for parking and cremation were least popular
 - People wanted a high quality service and value for money for social care
 - Use of technology was seen as both an opportunity and a threat to vulnerable residents

- 45% of people thought the proposed council tax and social care precept increase of 4.99% was about right
 - Over 70% of people wanted to support households in financial difficulty
 - The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
 - Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
40. An online public consultation was open between 18 December 2020 and closes on 8 January 2021 in the form of a Residents Survey and Organisation Survey. The results of this survey will be reported to Cabinet.

Appendices

Appendix A Savings proposals, key directorate challenges and issues

Background papers

None identified