

## **Title of report: 21/22 budget saving proposal amendment**

**Meeting: Adults and wellbeing scrutiny committee**

**Meeting date: Tuesday 26 January 2021**

**Report by: Cabinet member corporate strategy and budget**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards)

### **Purpose**

Following the adults and wellbeing scrutiny committee meeting held on 13 January 2021, this report provides an updated replacement 21/22 budget saving proposal for the committee to consider making 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 the committee determine any recommendation it wishes to make to Cabinet in relation to the 2021/22 proposed amended budget saving 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 was discussed at the adults and committee's scrutiny meeting held on 13 January 2021, however at that meeting one saving target presented was identified as being at risk of delivery.
4. This paper presents an alternative saving proposal to deliver a balanced 2021/22 budget position.
5. Appendix A provides details of how a saving target of £330k will be delivered through alternative means, by increasing charges for social care services to those whose circumstances have changed mainly to mirror increases in individual's income from state pension.

## **Community impact**

6. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County Plan and associated delivery plan. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
7. 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**

8. 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.
9. 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**

10. 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.
11. 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**

12. 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**

13. 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.
14. 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.
15. 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.
16. 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

## **Risk management**

17. 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.

18. 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.
19. 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 residents safe.
20. 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.
21. 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.
22. 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**

23. 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.
24. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses supported:-
  - a. People said it was important to avoid short-termism
  - b. Working with partners was supported
  - c. Transferring assets to communities was supported
  - d. Discretionary services least valued were street lighting, archive services and parks and open spaces
  - e. Increasing charges for parking and cremation were least popular
  - f. People wanted a high quality service and value for money for social care
  - g. Use of technology was seen as both an opportunity and a threat to vulnerable residents

- h. 45% of people thought the proposed council tax and social care precept increase of 4.99% was about right
  - i. Over 70% of people wanted to support households in financial difficulty
  - j. The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
  - k. Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
25. 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 Update report for adults and wellbeing scrutiny committee

## **Background papers**

None identified