

**MTFS 2022/2023
Update
for General Scrutiny
27 January 2022**

MTFS 2022/2023

Herefordshire Council

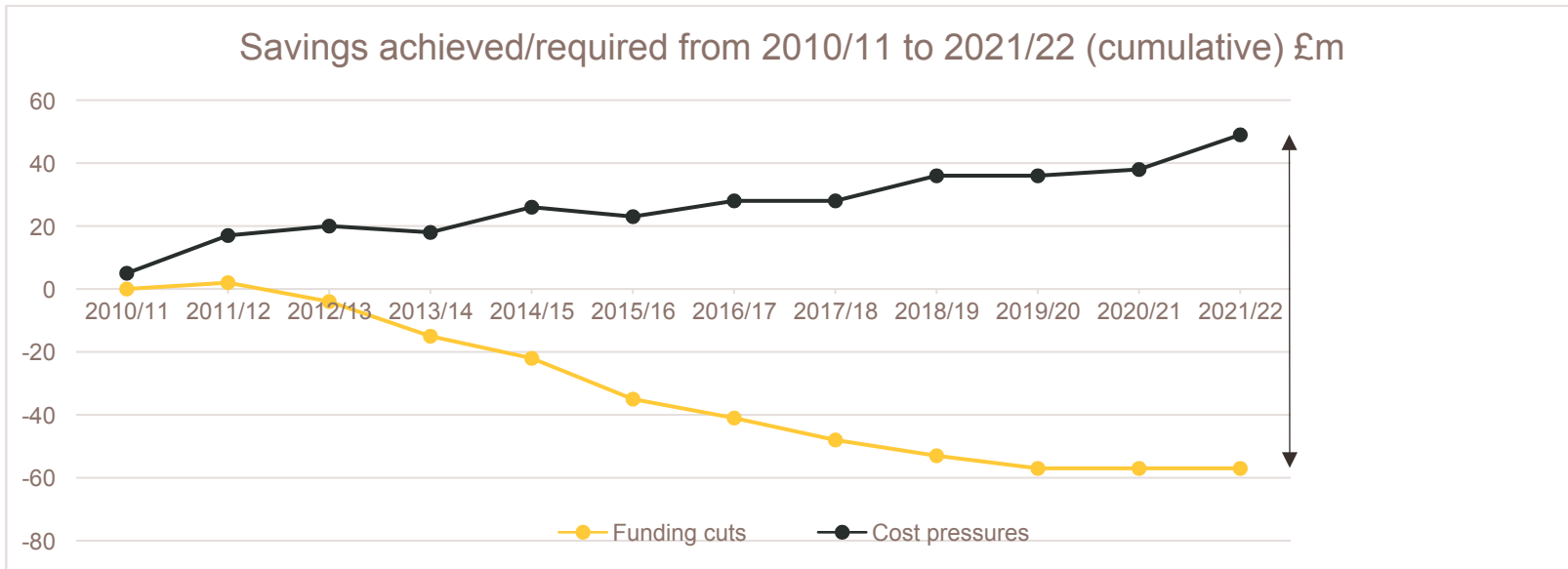
Headlines

- Balanced Revenue Budget and
 - Capital programme funded
 - Increase in Council Tax 2.99%
 - 1% Adult Social Care
 - 1.99% General Council Tax
- Government recurring revenue funding £100 million down in real terms

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Crocodile Diagram



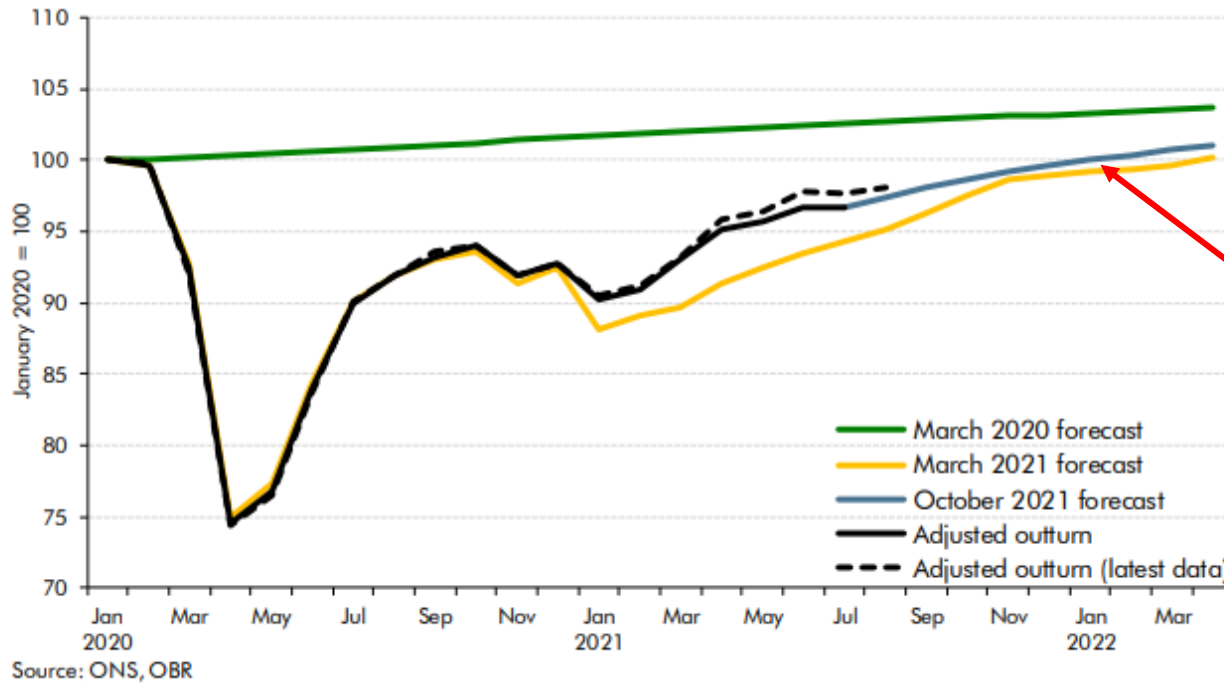
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Settlement Headlines

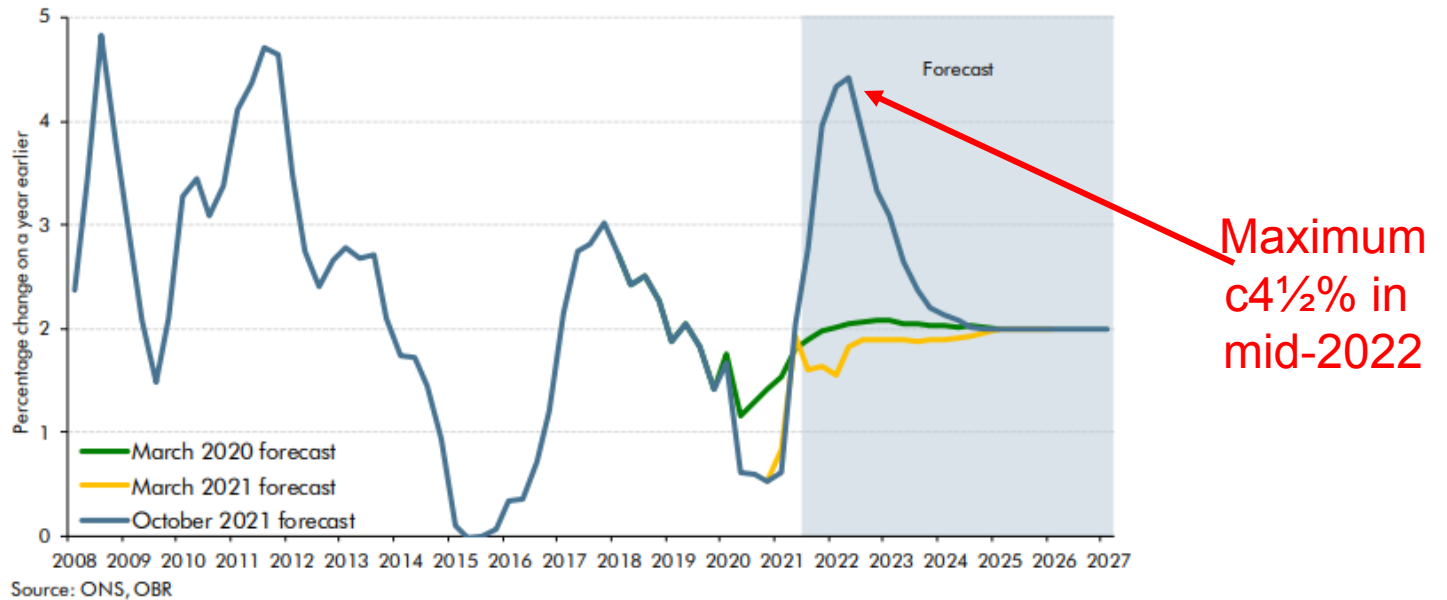
- One year settlement
- Rural Services delivery grant confirmed for another year,
 - New Services Grant –distributed for one year only
- New Social Care Funding – Market Sustainability and Fair Cost of Care Fund

UK GDP, January 2020 to Spring 2022

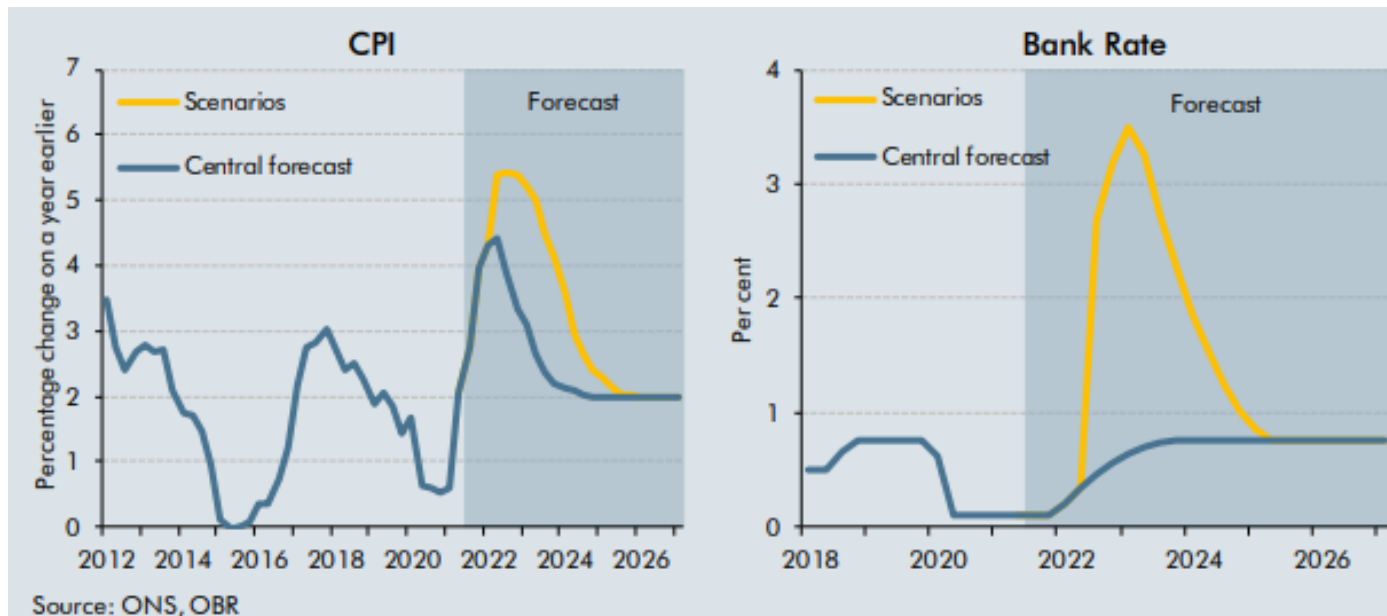


Return to GDP of January 2020

Inflation (CPI)

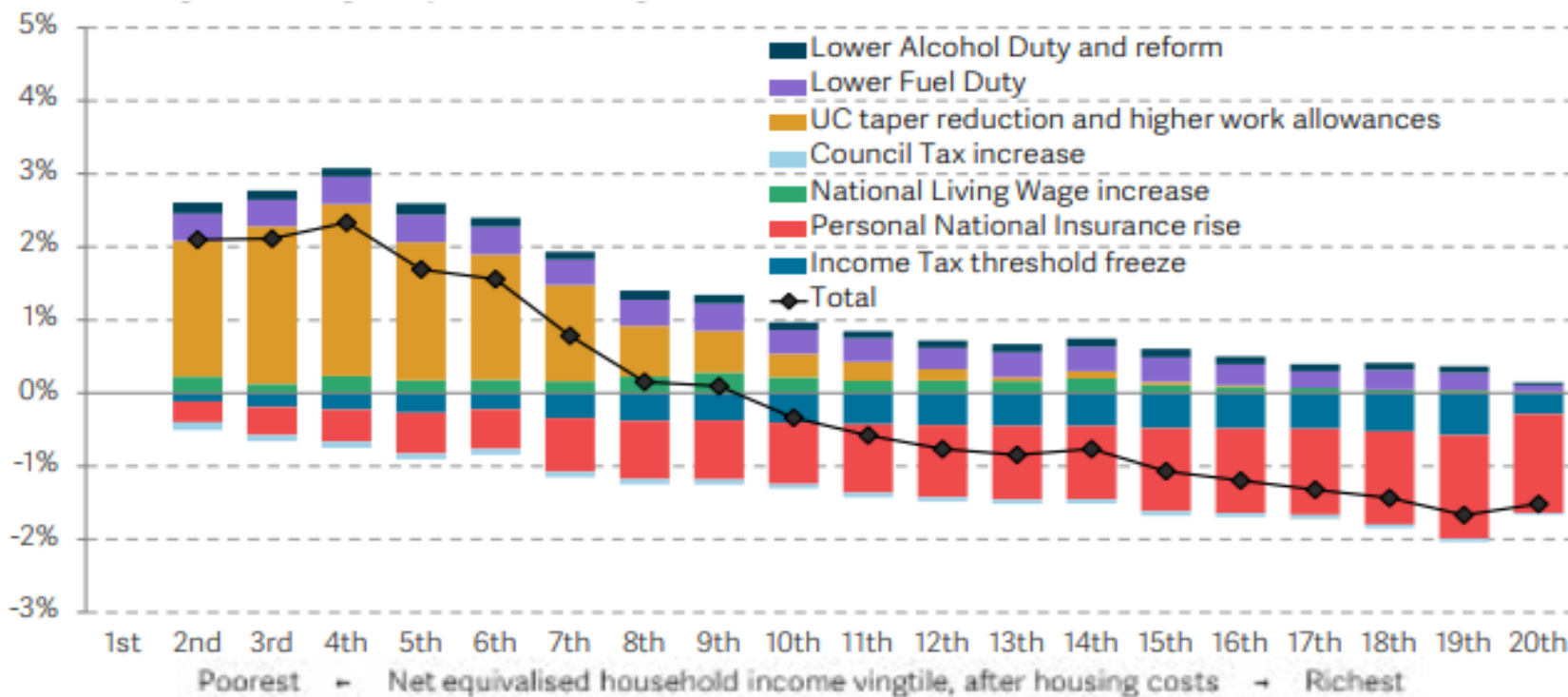


Inflation and interest rates - including pessimistic scenarios



Impact of Budget on different income groups

- it was progressive next year and into the future



Source: Resolution Foundation

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Future Years - Funding Estimates

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Council tax	112,944	119,549	122,538	125,601
Retained business rates	36,753	37,488	38,050	38,621
Collection fund surplus / (deficit)	(200)	1,260	-	-
Revenue support grant	638	663	663	-
Rural services delivery grant	5,353	5,353	5,353	5,353
Social care support grant	5,508	7,691	7,691	7,691
Market Sustainability & Fair Cost of Care	-	594	3,000	4,000
Lower Tier Services Grant	-	264	-	-
2022/23 Services Grant	-	2,250	450	450
Total	160,996	175,112	177,745	181,715

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Future Years - Funding Estimates

Detail	21/22 base budget £000	Pressures £000	Savings £000	22/23 proposed budget £000
Community and Wellbeing	58,939	4,233	(718)	62,454
Children and Young People	36,911	4,415	-	41,326
Economy and Environment	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
Sub Total	140,328	16,718	(2,102)	154,944
Central	20,668	-	(500)	20,168
TOTALS	160,996	16,718	(2,602)	175,112

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Directorate Pressures & Bids

Community and Wellbeing

Ref	Detail	Pressure £000	Budget Bid £000
	Inflation and other contractual increases	2,500	
	ILS (Independent Living Service)		115
	All ages commissioning (bolstering of Children's Quality Assurance)		118
	Loss of discharge to assess funding	1,500	
Total		4,000	233

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Directorate Pressures & Bids

Children and Young People

	Detail	Pressure £000	Budget Bid £000
	Inflation and other contractual increases	1,355	
	High needs pressure	160	
	Voice of the Child		200
	Special Education Needs (SEN) Transport	200	
	Placements	2,500	
Total		4,215	200

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Directorate Pressures & Bids

Economy and Environment

	Detail	Pressure £000	Budget Bid £000
	Inflation and other contractual increases	2,557	
	Car parking		400
	CCTV Monitoring		120
	Planning income		400
	Archaeology income		65
	Public Realm: Impact of red diesel legislation changes		60
	revenue impact of HCCI projects		100
	Unresolved Savings 2021/2022		200
Total		2,557	1,345

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Directorate Pressures & Bids

Corporate

	Detail	Pressure £000	Budget Bid £000
	Inflation and other contractual increases	1,056	
	Procurement resources: responding to the pipeline of projects	80	
	Canvassers income : end to central government funding	60	
	Additional PMO support for projects	300	
	Legal external fees	200	
	Democratic Services: additional revenue pressures expected in regard to re-thinking governance recommendations	87	
	Legal services		1,005
	Additional HR support re Childrens and Young People		60
	Additional Health and Safety resource		60
	Property Services, one year pressure to resolve structural issues	1,260	
Total		3,043	1,125

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Savings Required

Directorate	Savings Required 2022/2023 £000
Community Wellbeing	718
Children and Young People	-
Economy and Environment	1,384
Corporate	-
Sub total	2,102
Central	500
Total	2,602

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Central

Savings Proposals

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	2023/2024	2024/2025
1	Efficiencies	Efficiencies in treasury management and pensions	£500,000	0	0

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Community Wellbeing Directorate

Savings Proposals

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	2023/2024	2024/2025
1	Supported Living Service	Recommissioning Supported Living Service (annualised saving £492k)	£123,000	0	0
2	Continuing support for NHS Continuing Healthcare and NHS Section 117 Funding	Continuation of the 'Fair and consistent Care & Funding Pathway'	£250,000	0	0
3	Demand management	Management of demand using strengths-based approach and Talk Community	£345,000	0	0

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Economy & Environment Directorate

Savings Proposals

Ref	Proposal	Summary	Saving Year 1 2022/2023	Saving Year 2 2023/2024	Saving Year 3 2024/2025
1	Energy Charges	Stop free electric vehicle charging and increase charges for solar energy	£5,250	£750	0
2	Introduce charges for non-domestic waste at the Household Recycling Centres	Introduce charges for soil, DIY waste, tyres and plasterboard at Household Recycling Centres	£0	£0	£345,000
3	Waste collection charges increases	Increase charges for commercial and bulky waste services	£25,000	£25,000	£25,000
4	Introduce Parking Charges in Kington	Introduce Pay and Display parking in off street car parks in Kington	£21,500	0	0
5	General Parking Charge Increase	10p per hour increase across all tariffs in 2022/23, no increase in 2023/24, then 10p per hour increase across all tariffs in 2024/25	£170,000	£30,000	£200,000
6	On Street Parking charges expansion in Hereford	Introduction of additional on street pay and display charging in Hereford City Centre	£29,000	£12,500	0
7	Moving Traffic Enforcement by Camera	Introduction of Camera enforcement for a variety of moving traffic offences at locations across Herefordshire.	£33,500	£25,000	0

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Economy & Environment Directorate

Savings Proposals

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	2023/2024	2024/2025
8	Review of Resident Parking Permit Fees	A phased increase in residents parking permit fees in 23/24 and 24/25	£0	£30,000	£30,000
9	Review of Parking Enforcement	An external review of parking enforcement to maximise the effectiveness of the service	£0	£50,000	0
10	Increase New Roads and Streetworks Act income	Additional income from increased inspection and enforcement of 3rd Party works on the public highway	£85,000	£15,000	0
11	Review Capital Revenue splits in line with activity	Staff time spent on capital projects is appropriately recharged to capital budgets	£100,000	0	0
12	Plant Utilisation	Contractor plant and equipment is shared between services to minimise hire costs	£10,000	0	0
13	Invest to Save – purchasing plant items	Purchase of construction plant to reduce ongoing hire charges	£34,265	£11,421	0
14	Review of skips, scaffolds and drop kerbs' charges	Increased licence charges for skips, scaffolds and drop kerbs	£5,000	£1,500	£1,500
15	Home To School/ College Transport	Review and retendering of school and college transport routes to maximise efficiency	£40,000	£5,000	0

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Economy & Environment Directorate

Use of one-off monies (Local Services Grant)

One-off monies (Local Services Grant 2022/2023 £2.25m less grant assumed recurring)	£ 1,800,000
E&E shortfall 2022/2023 (Year 1)	(£807,485)
E&E shortfall 2023/2024 (Year 2)	(£601,314)
Remaining balance	£391,201
To fund:	
Decarbonising the Education Estate (12 month programme one-off)	(120,000)
Public Right of Way (PROW)/Traffic management (TRO) insourcing (12 month programme one-off)	(115,000)
Investment in Public Right of Way (PROW) and Traffic Management (3 year programme)	(156,201)
Final Balance	Nil

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Economy & Environment Directorate Savings Proposals - Summary

	2022/2023	2023/2024	2024/2025
Total Highways, Environment and Waste savings proposals identified	£558,515	£206,171	£601,500
Improvement in delivery of 2021/22 savings	£18,000	0	0
Total E&E Savings	£576,515	£206,171	£601,500
Total E&E savings requirement	£1,384,000	£807,485	£601,314
In Year Budget shortfall	£807,485	£601,314	0

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Capital

Capital Funding Requests for approval

(NB excludes provision for Flexible Futures)

Scheme	Current Capital Programme £000	Total 22/23 £000	Total 23/24 £000	Total 24/25 £000	Total Future Years £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Residual property works identified in the 2019 condition reports		1,291.6	100.0	0.0	0.0	0.0	0.0	0.0	0.0	1,391.6	1,391.6
Estates Building Improvement Programme 22-25		1,454.0	1,289.0	264.0	0.0	0.0	0.0	0.0	0.0	3,007.0	3,007.0
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		490.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	490.0	490.0
Primary Data Storage Area Network (Plough Lane)		335.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	335.0	335.0
Public Realm Maintenance - Mitigating Risk on the Network		3,685.0	1,265.0	0.0	0.0	0.0	0.0	0.0	0.0	4,950.0	4,950.0
Winter Resilience		532.0	145.0	290.0	435.0	0.0	0.0	0.0	0.0	1,402.0	1,402.0
My Account		313.0	130.0	0.0	0.0	0.0	0.0	0.0	0.0	443.0	443.0
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	250.0	750.0	6,700.0	7,300.0	0.0	9,750.0	0.0	0.0	5,000.0	0.0	14,750.0
Stronger Towns Fund - Greening the City		229.9	180.0	0.0	0.0	409.9	0.0	0.0	0.0	0.0	409.9
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	150.0	620.0	2,230.0	0.0	0.0	2,850.0	0.0	0.0	0.0	0.0	2,850.0
Herefordshire Hoard		1,500.0	0.0	0.0	0.0	0.0	0.0	1,500.0	0.0	0.0	1,500.0
Highways Equipment		548.0	0.0	0.0	0.0	0.0	0.0	0.0	548.0	0.0	548.0
Total	400.0	11,748.5	12,039.0	7,854.0	435.0	13,009.9	0.0	1,500.0	5,548.0	12,018.6	32,076.5

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Capital

Corporate Borrowing Requirement

Funding Position	22/23	23/24	24/25	Future Years	Total
Total Corporate Borrowing Required	8,100.6	2,929.0	554.0	435.0	12,018.6
Annual Funding Limit	6,700.0	6,700.0	6,700.0	-	20,100.0
Unspent 20/21 borrowing to reallocate	503.3	-	-	-	503.3
Unspent 21/22 borrowing estimated	1,500.0	-	-	-	1,500.0
Hereford Transport Package	3,750.0	-	-	-	3,750.0
Allocated Previously	(6,826.6)	(66.0)	(10.0)	-	(6,902.6)
Total Funding Available	5,626.7	6,634.0	6,690.0	0.0	18,950.7
Funding Variance	(2,473.8)	3,705.0	6,136.0	(435.0)	6,932.2

The addition of £6.7m corporate borrowing is allowed for each year in the revenue budget. For all requests to go forward this can either be funded from advance borrowing of 23/24 as there is often slippage (to cover the borrowing costs) or use of reserves if none are removed.

MTFS 2022/2023 - Update Summary

- **Balanced Revenue Budget over 3 Year Medium Term Financial Strategy (MTFS)**
- **Children and Young People (CYP) pressure from Transformation programme, will be funded from council ear marked reserves.**