

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday 16 February 2009 at 1.30 pm

Present: Councillor PJ Edwards (Chairman)

Councillors: PA Andrews, WU Attfield, TM James, RI Matthews, PM Morgan, AT Oliver and SJ Robertson

In attendance: Councillors JP French (Cabinet Member - Corporate and Customer Services and Human Resources), JG Jarvis (Cabinet Member - Environment and Strategic Housing), RJ Phillips (Leader of the Council and PD Price (Cabinet Member – ICT, Education and Achievement).

55. APOLOGIES FOR ABSENCE

Apologies were received from Councillors WLS Bowen, KG Grumbley and JK Swinburne.

56. DECLARATIONS OF INTEREST

Councillor RJ Phillips declared a personal interest in agenda item 7: Draft Financial Strategy 2209-12 as the Council's representative on the National Joint Council for Local Government Services.

57. MINUTES

The accuracy of the sentence at the first bullet point on page three of the Minutes was questioned. Instead of the reference to land "currently being £10,000 per acre" it was proposed the sentence should instead read: "The cost of acquiring a farm would in any case be likely to be prohibitive, land in some cases fetching up to £10,000 per acre, although the cost did vary and was dependent on the quality and location of the land."

RESOLVED: That the Minutes of the meeting held on 10 December 2008 be confirmed as a correct record and signed by the Chairman, subject to the amendment of the sentence on page 3 bullet point one line 4/5 being amended to read: "The cost of acquiring a farm would in any case be likely to be prohibitive, land in some cases fetching up to £10,000 per acre, although the cost did vary and was dependent on the quality and location of the land."

58. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

There were no suggestions from members of the public.

59. INTEGRATED CORPORATE PERFORMANCE REPORT

The Committee considered performance for the period April to December 2008 against the Corporate Plan 2008-11, the Local Area Agreement and the Herefordshire Community Strategy, and other key indicators where data is available against which a Red/Amber/Green rating or direction of travel judgement can be made, taking account of the separate but complementary financial performance report, and progress against the action plans produced following the Crookall review.

The Corporate Policy and Research Manager (CPRM) presented the report. He informed the Committee that a review of the Council's performance reporting and management arrangements was underway. He also reported that the results of the statutory place survey, known locally as the Herefordshire Quality of Life Survey were imminent and would make it possible to establish a number of baselines and targets.

Compared with the previous quarter's report there were many more green indicators (on target/met target) and many fewer red targets (target unlikely to be achieved). 19 of 32 Local Area Agreement indicators were on track to achieve target compared to 11 at the end of September. The Use of Resources score had increased from a 2 under the old assessment criteria to a score of 3 under the new and more stringent criteria. With a view to the final Comprehensive Performance Assessment assessment scores to be announced in March he was confident these would show an improvement in the direction of travel. It was noteworthy that improved performance had been achieved in a number of areas at a time when managers had been taking measures that had successfully brought back into line earlier projected over-spending against 2008/09 revenue budgets.

In relation to the health and well-being objective, a number of indicators were marked red because, although a meeting had now taken place with the Primary Care Trust to ensure that action would be taken, evidence about the results of this had yet to be provided.

In relation to children and young people, he highlighted the additional indicators where performance had improved to green, including as a result of there now being no schools in special measures. There were, however, still a number of red indicators, some of which were likely to be a growing problem in the current economic climate, such as the number of 16-18 yr olds not in education, employment or training.

He cautioned that, in the case of a number of social care indicators, the assessment of performance had had to be based on estimates or the previous quarter's out-turn. This was because the new Frameworki system would not produce the necessary information until the end of March.

Emerging challenges included rising unemployment and other impacts of the recession. An action plan was being developed with partners to address them.

The CPRM also drew attention to the report on progress against the action plan prepared in response to the Crookall review of the Council's ICT financial and contractual governance arrangements. He reported that satisfactory progress continued to be made and had been commented upon favourably by the Audit Commission. It was, therefore, now considered appropriate for the remaining actions to be taken forward as part of service planning and associated performance monitoring.

There was detailed discussion of the steps being taken to deliver the Council's priority of affordable housing.

The Cabinet Member (Environment and Strategic Housing) (ESH) said that a significant amount of work was being done, albeit in a rapidly changing environment which disrupted plans. One example of a successful scheme the Council had introduced was the Mortgage Rescue Scheme, seen by the Government as a model of good practice.

The Head of Strategic Housing provided an overview. He commented that under the Local Area Agreement targets had been set to provide 200 new affordable homes in 2008/09, 300 more new homes in 2009/10 and a further 350 in 2010/2011. The Council was on track to meet the target for 2008/09 with a current projection of 231 homes. It was acknowledged, however, that this level of provision did not address the extent of the need.

He added that developers had been mothballing sites in reaction to the recession. There weren't a large number of built, unsold properties but the Council was in contact with developers and Registered Social Landlords to seek to bring property into use for affordable housing where possible.

He reported that indicative programmes of development had been submitted under the Regional Funding Allocation housing programme for 907 properties in the City, 496 properties in the Market Towns and 329 for rural villages between 2009/10 and 2019.

Two reports were to be submitted to Cabinet on 19 March on the development of the former Elmhurst residential home and options for developing Council owned land.

In conclusion the position was that an ambitious programme was being submitted to the Regional Housing Partnership; officers were negotiating to bring properties into use where possible; two initiatives were shortly to be considered by Cabinet; and the service was on track to meet targets set for the current year.

The following principal points were made in discussion:

- The position on regional funding was discussed noting that the Council had submitted bids totalling approximately £8 million but had received £1.3 million. The Head of Strategic Housing explained that representations were being made at regional level about the criteria being used by the Homes and Communities Agency for awarding grant which currently were to the disadvantage of developments in rural areas.
- In response to a request to publicise the actions being taken and keep Members informed the Cabinet Member (ESH) observed that he was wary of raising public expectation unduly. He would, however, consider summarising the position for Members in Members' News.
- That it was important that investment was efficient. Reference was made to the Rose Gardens Extra Care Housing Scheme, financed by public money, which it was suggested could have been delivered by the Private Sector at much lower cost. The Head of Strategic Housing responded that the contribution of public funding was the key to creating affordable housing options.

It was noted that a request for a report on that Scheme was included in the Committee's work programme and that report would be forthcoming in the late spring/Summer once the final accounts for the Scheme had been agreed.

- That whilst the Council's proposals to increase the supply of affordable housing were welcome, they would make only a limited contribution to solving the problem given its scale.
- Asked about the position on Homelessness the Head of Strategic Housing said that there was evidence that an increasing number of households were finding it difficult to pay mortgages and rents. The Council did have preventative measures in place including rent deposit schemes and loans to make repairs.

He added that in terms of the use of bed and breakfast accommodation (b&b) there were currently no families with children in such accommodation. However, the number of cases being dealt with by each prevention team worker had increased from 20 per week to 35. He therefore foresaw pressure on temporary accommodation which was used in preference to b&b. He noted that the LAA target matched the national target of a 50% reduction in the numbers of households in temporary accommodation by 2010 against a baseline set in 2004. This meant the Council, over that period, had to achieve a reduction from 164 families in such accommodation to 82. Performance in the current year against the milestone target of 109 families had been 108 families.

- Concerns were expressed about the condition of some units of temporary accommodation and the cramped living conditions, even though rental was £200 per week. The Head of Strategic Housing said that the Service would soon be ending the use of hostel accommodation where there were shared facilities. Herefordshire Housing Ltd was ending use of hostels in the 2008/09 financial year and it was expected that other Housing Associations would follow suit.

He noted that it was to the Council's financial advantage to use temporary accommodation at £200 per week rather than b&b accommodation which could cost £1,000 per week. This was because in leasing temporary accommodation the Council was entitled to claim higher levels of housing benefit. It was, however, necessary to ensure that the quality of temporary accommodation was appropriate. It was noted that Housing Associations could be subject to enforcement action if necessary.

In conclusion the Chairman proposed that consideration be given to the need for further investigation of the position on affordable housing following the Executive's planned consideration of two reports in March.

In the remaining discussion the following principal points were made (numbering cross refers to pages in the agenda papers and indicators):

- (p24-percentage of children who were subject to S47 enquiries which led to initial child protection conferences that were held within 15 working days). Performance against this target was queried, the outturn being worse than target and performance the previous year, the commentary noting that there had been some systemic problems in the timeliness of notifying the Planning and Review Team of Section 47 investigations. The commentary went on to state that the Frameworki software system once fully achieved should address these issues. However, it remained an area requiring specific attention to ensure the system achieved that aim. The CPRM informed the Committee that an independent review of safeguarding issues had been undertaken and an action plan drawn up to address any aspects where the arrangements needed to be strengthened.
- Members noted with concern the significant number of indicators marked red (target unlikely to be achieved/ no evidence of activity taking place) under the

objective of best possible life for every child as set out on page 8 of the report including absenteeism in secondary schools and a number of targets for looked-after children.

- (p22 indicator 221 a - percentage of young people aged 13-19 gaining a recorded outcome compared to the percentage of young people in the Local Authority area). It was observed that performance was substantially below target and worse than in the previous year.
- (p26) Members also noted with concern that performance against a number of adult social care indicators including the timeliness of social care packages had been assessed as moving from amber to red.
- Attention was drawn to the apparent disparity between the statement on p54 of the agenda papers that “street cleanliness and waste collection continues to perform well against targets” and the statement in the commentary of the Director of Environment and Culture on p55 to the effect that, in respect of one element of the assessment of street cleanliness, namely the deposit of detritus, performance had worsened. The Cabinet Member (ESH) reported that an enforcement team was now in place. In response to an observation about the hours worked by dog wardens he undertook to examine whether these needed to be varied to facilitate effective enforcement.

RESOLVED:

- That (a) the need for a formal report to the Committee on affordable housing be reconsidered following consideration of reports on the matter by Cabinet in March 2009;**
- (b) the Environment Scrutiny Committee be requested to consider a report on the cleanliness of streets and other public places; and**
- (c) Cabinet be advised of the Committee’s other observations on performance.**

60. BUDGET MONITORING 2008/09

The Committee considered the Council’s performance against revenue and capital budgets as at 31 December 2008 and an indication of the estimated outturn for the 2008/09 financial year.

The Director of Resources presented the report. He informed the Committee that there was now a projected underspend of £238k on the revenue budget compared to the projected £1.53m overspend in September 2008. This improvement in the financial position was attributable to ongoing work to deliver recovery plans, the application of non-recurring funding and underspends on treasury management activities.

He noted that the position on borrowing had improved because of slippage on the capital programme and a change to the capital accounting requirements. The return on investments had also been slightly better than expected despite lower interest rates.

He commented that the position on adult social care might deteriorate, noted that it was not proposed to draw on the winter maintenance reserve and drew attention to

the work within the strategic housing service in reducing expenditure on bed and breakfast accommodation.

In terms of the capital programme he reported that expenditure to date represented 49% of the total expenditure forecast. There were a number of reasons for this, as set out in paragraph 5 of the capital programme budget monitoring report.

In the ensuing discussion the following principal points were made:

- The additional expenditure on Customer Relations Management licenses was raised. The Director of Resources explained that a review had shown that insufficient provision had been made for the necessary number of users in the original business case. He undertook to provide a reply seeking assurance that people who left the Council's employment were being removed from the list of licensees.
- The implications of the reduction in income from planning applications were raised. It was noted that development control staff were currently being redeployed to other tasks that would need to have been carried out in any event, such as work on the Local Development Framework and energy efficiency assessments. A Member suggested that staff should be deployed to ensure that all S106 monies owed to the Council were realised. It was confirmed that vacancies were not being filled and the position would be monitored. It was suggested that information on redeployments might usefully be included in Members' news.
- Clarification was sought on the additional expenses on office accommodation that had been incurred. The Director of Resources replied that it was difficult to be precise in calculating costs associated with office moves. Delays in vacating some buildings had led to some dual running costs. In response to a further question about progress on the accommodation strategy he said that the intention was to inform the Committee of the position as soon as commercial confidentiality permitted. He also confirmed that the revenue consequences of the borrowing associated with the project were factored into the cost of the scheme.
- It was asked whether the Council would receive all the grant funding associated with the Ross flood alleviation scheme that it had expected. The Director of Resources replied that he was seeking assurances that the necessary information was being provided to the Environment Agency to ensure that the Grant was secured.

RESOLVED: That Cabinet be advised of the Committee's observations.

61. DRAFT FINANCIAL STRATEGY 2009-12

(Councillor RJ Phillips declared a personal interest)

The Committee considered the draft financial strategy for 2009-12.

The Director of Resources presented the report. He commented on the challenging financial climate that had necessitated revisiting the financial assumptions that underpinned the current Medium Term Financial Strategy (MTFS).

The MTFS had envisaged that there would be £3 million available for allocation in

2009/10. However, an expected reduction in directorate based income of £500k; a reduction in income as a result of reduced investment interest rates of £1.5 million; and a reduction in the proposed Council tax income, levying a band D increase of 3.9% rather than 4.7 %, mindful of the Government's expectation that Council Tax increases would be substantially below 5%, accounted for almost all of this sum. This in turn largely accounted for the £3.6 million of extra budget pressures.

He highlighted the key elements of the Financial Resource Model, containing a series of assumptions and assessments that shaped the financial plan as set out on pages 105/106 of the report and the proposed based budget adjustments for 2009/10.

He drew attention to the intention to use £1m of general fund reserve to assist in meeting pressures. He emphasised that it was planned to back-fill the revenue budget from 2010/11 and top up the general fund reserve by £1m so that it returned to its 2008/09 level. He also indicated that the element of the Local Public Service Agreement reward grant that the Council had led on amounted to £712k and would also be used to assist the budget. This would be back-filled in 2010/11.

He referred to Directorate expenditure requirements and savings proposals as set out at Appendix B to the report. He added that the MTFs as presented did not entail enforced budget cuts. However, if a Council Tax increase of below 3.9% were to be proposed this would require difficult decisions to be made.

In the ensuing discussion the following principal points were made:

- An assurance was sought that the savings expected from the Herefordshire Connects project were as reported to Cabinet on 31 July 2008 and would not be affected by the recession. The Cabinet Member (ICT, Education and Achievement) said that the expectation was that those savings would be achieved and this should not be affected by the economic situation.
- A Member suggested that provision of an improved Broadband Service at Rotherwas was a priority in responding to the economic downturn. The Leader of the Council acknowledged this point and said discussions were taking place with British Telecom.
- In response to a question the Director of Resources confirmed that the revised MTFs proposed a 3.9% Council Tax increase for 2009/10 and for the further two years of the MTFs up to 2011/12. He emphasised, however, that the Council would have to be mindful of Government pronouncements on Council Tax levels and monitor the situation.
- The Leader of the Council stated his wish to reduce Council Tax levels but noted also the 3% efficiency savings the Council was required to make.
- A Member reiterated that he considered monies from S106 agreements were outstanding.
- Concerns were expressed over the cost to the Council of free bus travel for the over 60s.
- That regard needed to be had to the extent to which roads had been damaged by the recent winter conditions.

RESOLVED: That the Committee's observations be submitted to Cabinet.

62. DRAFT CAPITAL PROGRAMME 2009/10

The Committee considered the draft capital programme for 2009/10.

The Director of Resources presented the report. He explained that bids from Directorates were set out at appendix 2 to the report and commented on the assessment process that had been followed, as set out in paragraph 6 of the report to Cabinet on 19 February enclosed with the agenda papers. The bids recommended for funding were summarised in section 7 of the report. He cautioned that, as described in paragraph 8 of the report, the Council had submitted an expression of interest to bring forward the Building Schools for the Future capital scheme. Local authorities were expected to provide funding to implement these capital schemes at approximately 3% of the cost, amounting to £800k per annum for three years. Both the capital and revenue implications would therefore need to be assessed if the bid were successful and this would lead to additional pressure.

In the course of discussion the following principal points were made:

- A Member questioned whether an appropriate proportion of the capital funding was being allocated to schemes in Hereford City. The Leader of the Council drew attention to a number of schemes in the City in the programme, adding that account also needed to be taken of the Council's investment in the Edgar Street Grid and the Rotherwas Access Road.
- Clarification was sought and received on the funding arrangements for the Hereford Academy.
- Asked if the Council was complying with the Disability Discrimination Act the Director of Resources said that this was the case either through appropriate works or arrangements made for service delivery.

RESOLVED: That Cabinet be advised of the Committee's comments.

63. 2009/10 DRAFT TREASURY MANAGEMENT STRATEGY

The Committee considered the draft treasury management strategy and prudential indicators for 2009/10.

The Director of Resources presented the report. He reported that the Council's approach to treasury management as set out in the Treasury Management Policy Statement was consistent with the Chartered Institute of Public Finance and Accountancy guidance. He commented that the Council's estimated borrowing requirement for 2009/10 was £116m. The operational boundary for external debt, the expected maximum level of external debt for 2009/10 was 180m with an absolute authorised limit of £200m. The Council's borrowing was therefore well within these limits.

He added that the current intention was to adopt a more flexible approach to borrowing. He added that in many ways conditions for borrowing to support the Capital Programme were good because rates were at a very low level compared with recent years.

In the ensuing discussion the following principal points were made:

- In response to questions about borrowing the Director of Resources reiterated that the Council could only borrow where it had a reason to do so and the Audit Commission would examine the Council's reasons for borrowing. Slippage in the Capital Programme would not lead to difficulties in this regard. However, work was ongoing to seek to continue to improve financial modelling and reduce slippage. He added that the borrowing position was reviewed daily and refinancing of loans regularly took place, consolidating borrowing for several projects. He also clarified the position on two Lender Option Borrower option loans as referred to on page 192 of the agenda papers.
- It was observed that the effect of borrowing on the Band D Council Tax rate would involve a rise from £23.68 in 2009/10 to £97.36 in 2011/12. The Director of Resources commented that this was a correct estimate based on the current position but the intention would be to refinance borrowing to reduce the impact.

RESOLVED: That Cabinet be advised of the Committee's comments.

64. WORK PROGRAMME

The Committee considered its work programme.

The Chairman noted that the Electoral Commission was due to attend the Committee's meeting in March with the report on the scrutiny function moving to April following consideration of the external scrutiny healthcheck at an informal meeting. He proposed that consideration be given to the need for further investigation of the position on affordable housing following the Executive's planned consideration of two reports in March.

RESOLVED: That the work programme serve as a basis for further development.

The meeting ended at 3.45 pm

CHAIRMAN