

**MINUTES of the meeting of CABINET held at THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD on Thursday 19 February 2009 at 2.00 pm**

**Present:** Councillor RJ Phillips (Chairman)

**Councillors:** LO Barnett, AJM Blackshaw, JP French, JA Hyde, JG Jarvis, PD Price and DB Wilcox

**In attendance:** Councillors GFM Dawe, PJ Edwards and SJ Robertson

**85. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor H Bramer, Cabinet Member Resources.

Apologies for absence were also received from Councillors: WLS Bowen, Vice-Chairman Strategic Monitoring Committee; ACR Chappell, Labour Group Leader; TM James, Liberal Democratic Group Leader; and RI Matthews, Independent Group Leader.

**86. DECLARATIONS OF INTEREST**

Declarations of a personal interest were made by Councillors: DB Wilcox, Cabinet Member Highways and Transportation and PJ Edwards, Chairman Strategic Monitoring Committee, with reference to agenda item 5.

**87. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 22 January 2009 be approved as a correct record and signed by the Chairman.

**88. INTEGRATED CORPORATE PERFORMANCE REPORT FOR APRIL TO DECEMBER 2008**

The Cabinet Member Corporate and Customer Services and Human Resources presented the report to Cabinet and advised that the style of the report was to be reviewed, so that in future it would be shorter and more analytical. Cabinet noted the report, which outlined performance for the first nine months of 2008-2009 against the Corporate Plan 2008-11, the Local Area Agreement, the Herefordshire Community Strategy, and other key indicators. In particular Cabinet was informed that no schools within the authority were now under special measures.

The report also took into account the separate but complementary financial performance report, risk and progress against the action plans produced following the Crookall review. Cabinet noted that whilst overall the picture was one of improvement as many more indicators than in the last report (to the end of September 2008) were on course to reach their target, a significant but smaller minority than before were flagged red. This was either because they were not

expected to achieve target, or because robust evidence of action being taken to achieve target had not been provided. Members were also advised that many of the judgments on indicators relating to adult social care were based on forecasts, due to the lack of updated data from the Frameworki system; this information was expected to be available at the end of March 2009.

It was noted that the economic downturn would prove challenging and had impacted on a number of targets, such as numbers of young people not in employment, education or training. However Members also noted that the authority had improved performance significantly, whilst at the same time turning what earlier in the year had been a large projected overspend in the council's budget into a small projected underspend.

The Chairman of the Strategic Monitoring Committee described his committee's consideration of the report. It has expressed some concern about some aspects of street cleaning and waste collection and wanted greater clarity on what was being done to provide more affordable housing. The Cabinet Member Environment and Strategic Housing responded and explained that Cabinet would be asked to approve land at Elmhurst and some sites on Council owned land for an option appraisal, which if approved, provided the potential for the building of affordable homes.

#### **RESOLVED**

##### **THAT Cabinet:**

- a) considers performance to the end of December 2008 and the measures taken, where necessary, to improve it; and**
- b) notes progress in implementing the action plans produced following the Crookall review.**

#### **89. HEREFORD OPEN RETAIL MARKET**

The Cabinet Member, Economic Development and Community Services presented the report to Cabinet, which outlined the result of the consultations undertaken on the proposed relocation of the Hereford Open Retail Market into the St Peter's Street/High Town interface and Commercial Street each Wednesday and Saturday.

The Cabinet Member referred to the recommendations in the report and advised that it was subject to the caveat that a one year trial period would be undertaken followed on by a detailed study of the effectiveness of the new arrangements. He emphasised that a detailed analysis of the footfall in the Butter Market itself would also be undertaken as there was understandably, considerable concern by the Butter Market stall holders over the new proposals. The Cabinet Member went on to recommend two further courses of action, that there be a detailed review of the strategy surrounding the policy of selecting new stallholders i.e. the quality of the retail offered and its geographical origin, and that a retail impact study be conducted as soon as possible.

Cabinet reiterated the need for a twelve month trial period and to ensure that the right balance was struck on the type of stalls used to ensure they were attractive to customers. It was stated that where this had been carried out in other areas the market had been effective in attracting business into the city and that other retailers had also benefitted substantially, with new trade being brought into the retail area. Cabinet emphasised it was essential to ensure that Butter Market stall holders did not lose any trade.

The Chairman of Strategic Monitoring Committee stated he was concerned with the overhead costs for retailers compared with those for stall holders and that it was vital to get the balance correct.

The local Ward Member, Councillor Hubbard spoke at the invitation of the Chairman and stated that he enjoyed street markets, which, when well presented, could be a benefit to an area. He believed that Hereford city had a good markets officer who addressed the issues raised, however, he had some concerns, which were:

- That the consultation exercise took place in the run up to Christmas in a time of recession.
- There were a number of retail stores where their views on the consultation had not been gained as the relevant Head offices had not responded during the consultation time frame.
- A number of street traders did not appear to be represented.
- The view of a number of associated traders had been reflected as being in support of the proposals but it was believed, after speaking with traders, this was not necessarily a true reflection.
- The views of the Farmers' market stall holders had not been reflected.
- The Hereford City Partnership, the City Council and ESG Ltd., were not in agreement with the proposals and this was not reflected in the report.

Councillor Hubbard added that he was of the opinion that the regeneration of the Butter Market would be very significant and was very concerned at the prospect of the open market stall holders trading in competition with the Butter Market stall holders, particularly when the Butter Market traders were moved out for the refurbishment of the Market Hall. He added that these issues were for debate and a balance needed to be struck at a time of economic difficulty.

The Cabinet Member, Economic Development and Community Services thanked the ward Member for his contribution and agreed the importance of debating the issues. Additionally, he stated that the Council would consider using Experion, the footfall performance measuring solutions company, to analyse the impact of the outside market and any other activity on the Butter Market in High Town. The concerns raised were understood by Cabinet, particularly during the current credit crunch, however, if nothing was done it could be seen as a missed opportunity. There were concerns as to whether a further delay for an impact assessment was appropriate. Officers advised that it was proposed to hold the first market following the May Fair. Cabinet re-emphasised the need to ensure that quality stalls were provided for the city centre.

## **RESOLVED**

### **THAT:**

- a) **subject to approval of the capital programme bid, the relocation of Hereford Open Retail Market to the St Peter's Street / High Town interface and Commercial Street as from 8 April 2009 (or as soon afterwards as operational arrangements allow) be approved;**
- b) **the proposed formulation of a policy governing allocation of the stalls be noted; and**
- c) **during the first year of operation a Retail Impact Assessment is undertaken and that a formal evaluation of the effectiveness of the new arrangement is considered by the Cabinet Member at the end of that period.**

**90. STRATEGIC MONITORING REVIEW OF ICT SERVICES, NOVEMBER 2008**

The Interim Head of ICT Services presented the report to Cabinet and reminded Cabinet of the terms of reference for revisiting the review of ICT Services carried out in December 2006. He stated there was a requirement to ensure value for money, that performance was improving, that ICT Services were fit for purpose to improve outcomes in the county and to make recommendations as appropriate to the executive.

The Interim Head of ICT Services stated that each recommendation and the proposed response was detailed in Appendix 2 of the report and added that a number of the key recommendations supported activity that was currently being progressed through the service plan. This included:

- the re-provision of a Data Centre,
- the use of the Community Network by the PCT and inclusion in re-procurement,
- the encryption of mobile equipment,
- ensuring that websites met accessibility standards; and
- the roll-out of enhanced broadband services to schools.

The Alliance Group Leader referred to the Data Centre at Rotherwas and to the costs. He was advised by the Interim Head of ICT Services that the original scheme cost was £1.9m, however, the revised scheme is estimated to cost approximately £400k and emphasised that costs would be closely monitored. The Leader added the need to recognise this was a five year solution.

The Chairman of the Strategic Monitoring Committee informed Cabinet that a considerable amount of time and effort had been put into the review, however, he was very concerned about the situation at Rotherwas with regards to the broad band provision and that it was a vital requirement for businesses. Cabinet was reminded of the work that was being done with BT on this issue and that a meeting was being held with BT at the end of March to press home the point.

**RESOLVED THAT: the response to the recommendations arising from the Review be approved.**

**91. BUDGET MONITORING REPORT**

The Director of Resources presented to Cabinet the Budget Monitoring Report outlining December's budget monitoring information and indication of estimated outturn. The Director advised that the report referred to the first nine months of the year and was one of good news as the authority had moved to an overall underspend.

The Chairman of the Strategic Monitoring Committee referred to the reduction in planning applications due to in the current financial climate and the use of potential Section 106 monies, the Ross flood alleviation scheme and the need for clarity on office accommodation expenses.

The Leader of the Council stated 106 monies were relevant to plans completed and details were provided to the audit section. The Cabinet Member for Highways and Transportation referred to the flood and climate issues resulting in extra winter maintenance and advised it could result in some overspend. The Chief Executive advised that there was a special reserve specifically for issues such as the additional

winter maintenance costs, which would be used in this instance.

The Director of Resources referred Cabinet to the capital budget and to the table on page 193 of the report which outlined some of the movement in the capital programme.

## **RESOLVED**

- THAT:**
- a) the forecast outturn for 2008/09 agreed with Directors based on service and financial performance outlined in the report be noted; and**
  - b) the continuing efforts of all Directors to ensure service targets were met within approved budgets be endorsed.**

## **92. DRAFT FINANCIAL STRATEGY 2009/12**

Cabinet considered the draft Medium Term Financial Strategy (MTFS) for 2009/12, particularly in relation to the current down turn in the economy, which has had a significant impact on the local economy. Cabinet noted the good work that had been done previously in raising funds from our investments; however, the current interest rates were now considerably lower. The report outlined the necessity for the reconsideration of the council's budget, which had resulted in a shortfall in projected income due to a reduction in income and investment interest rates. Cabinet discussed the ongoing efficiency savings requiring efficiency savings in 2009/10 affecting all directorate budgets. The Director of Resources advised Cabinet that previously investments could earn as much as £10k per day, in the current financial climate it looks at being little more than £2k per day.

Cabinet debated the delivering of a balanced budget in 2009/10 through the use of financial planning and effective financial management. It was proposed, as a one-off measure, to use £1m of general reserves to meet budgetary pressures, which would be paid back. Cabinet was advised the only alternative to achieve a balanced budget was to cut services by £1.7m, which Cabinet did not wish to do. It was recommended to Cabinet not to increase the Council tax above 3.9% as any less than this could create further difficulties.

The comments of the Strategic Monitoring Committee (SMC) were also taken into consideration, which were:

- i) 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;
- ii) regard needed to be had to the extent of damage to roads by the recent winter conditions; and
- iii) SMC had noted that the revised MTFS proposed a 3.9% Council Tax increase for 2009/10 and for the further years of the MTFS up to 2011/12, however the Council would have to be mindful of Government pronouncements on Council Tax levels and monitor the situation.

Cabinet commended officers for the clarity of the report and for the Medium Term Financial Management Strategy workshop that was provided to all Members. Cabinet proposed that the Council tax increase be set at 3.9% and noted the anticipated increase of 4.9% proposed by the Police and Fire Authority.

**RECOMMENDATION That: Cabinet recommends to Council the recommendations for updating of the current Medium Term Financial Strategy and resource model as highlighted in the report.**

**93. DRAFT CAPITAL PROGRAMME**

Cabinet was advised of the change in approach to the capital programme, which had been altered to reflect the impact on the economy due to economic pressures. Cabinet was reminded of the officer group that had looked at the funding bids outlined in paragraph 6 of the report and noted this year, for the first time, that the impact of carbon footprint implications formed part of the assessment.

Cabinet discussed the various bids, with particular reference to the mortgage rescue scheme, low cost home ownership, the maintenance of Halo leased properties and the possible funding of £800k per annum for three years towards the building schools for the future capital scheme. Should the bid be successful the first project would see approximately £80m capital spend for new build and significant refurbishment of six schools. The Leader reminded Cabinet that the building schools for the future bid was not supported borrowing at present, which Cabinet needed to be aware of.

In referring to page 267 of the report a question was raised about additional funding required towards corporate accommodation. The Director of Resources clarified the matter and advised that there was a reasonably health capital receipts reserve in position and that prudential borrowing was in place. He added that the small holdings improvement works could be funded from the existing capital receipts reserve and that this would then be topped up by the sale of part of the Neuport estate. The Director of Resources emphasised that capital receipts were corporate and not ring fenced for projects or directorates. The Chairman of the Strategic Monitoring Committee questioned whether housing receipts were used purely for the updating of housing. The Director advised this was not the case and added that there was still £8.24m available from the sale of council housing.

**RESOLVED**

**THAT Cabinet recommends to Council that:**

- (a) the funding available be noted;**
- (b) the funding allocations to capital bids be endorsed;**
- (c) the impact of capital spend be noted;**
- (d) the position on the capital receipts reserve be noted; and**
- (e) £500,000 per annum for three years from 2009/10 – 2011/12 be added to the Capital Programme for maintenance and enhancements to the smallholdings estate. The expenditure to be funded from the Council's Capital Receipts Reserve.**

**94. 2009/10 DRAFT TREASURY MANAGEMENT STRATEGY**

The Acting Cabinet Member for Resources presented the report on the 2009/10 Draft Treasury Management Strategy and Prudential Indicators and stated it was an important part of the way Council finances were managed. The Council must ensure it conforms with the key recommendations of CIPFA's Treasury Management code of practice.

Cabinet was reminded that effective treasury management made a significant contribution to the Council achieving business and service objectives and that the Council's already strict policy would be tightened even further whilst there was the current banking crisis.

The Leader of the Alliance Group raised a question on the total debt of the authority of £144m at the end of year. The Director of Resources advised that borrowing was at £116m and added that due to low interest rates the level of interest on borrowing was very low, with short term rates of less than 1%. Because of the current financial situation, part of the policy was to finance capital activity through internal borrowing, outlined on page 284 of the report; thereby allowing borrowing next year to remain at £116m but with the possibility of taking out supported and possibly unsupported borrowing if rates were to be attractive. Currently very low interest rates were available, which could be used to the benefit to the authority. The Director added that the aim for next year was not to increase borrowing beyond the £116m.

The Chairman of the Strategic Monitoring Committee thanked the Director for his explanation, but observed that the effect of borrowing on the Band D Council Tax rate was estimated to involve a rise from £26.68 to £97.36 in 2011/12.

**RESOLVED**

**THAT Cabinet recommends to Council that:**

- a) the Prudential Indicators detailed in Appendix 1, which includes the draft Capital Programme, be endorsed;**
- b) the Treasury Management Strategy in Appendix 2 be endorsed;**
- c) it be recommended to Council that the borrowing limits outlined in Appendix 2 be approved; and**
- d) the Council's Minimum Revenue Provision Policy for 2009/10 in Appendix 4 be approved.**

The meeting ended at 3.50 pm

**CHAIRMAN**