

**MINUTES of the meeting of Cabinet held at THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD on Thursday 21 January 2010 at 2.00 pm**

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

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

**In attendance:** Councillors WLS Bowen, GFM Dawe, PJ Edwards, TM James and WU Attfield

**14. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor RI Matthews, Herefordshire Independents Group Leader.

**15. DECLARATIONS OF INTEREST**

There were none.

**16. MINUTES**

**RESOLVED THAT :**

- (a) That the Minutes of the meeting held on 18 December 2009 be approved as a correct record and signed by the Chairman.
- (b) That the Minutes of the meeting held on 7 January 2010 be approved as a correct record and signed by the Chairman subject to the following amendment:

*Paragraph 4 of item 13 to be amended to read; 'Assurance was sought and given that in dealing with the ongoing risk management exercise officers would look at the possibility of 'laying off risk' surrounding the liability outlined on page two paragraph d) of the report, particularly in relation to events/triggers outside of the control of the two Councils'.*

**17. ANNUAL AUDIT AND INSPECTION LETTER**

The District Auditor was invited to address the Cabinet and present a summary of the key points raised within the Audit Commission's Annual Audit and Inspection Letter for 2009. Cabinet was advised:

- that detailed reports on specific audits carried out during the year had been presented to the relevant Committees.
- that for completeness, the Annual Audit and Inspection Letter for 2009 also provided a summary of the Comprehensive Area Assessment Lead's review of how well public services were delivering results for local people.

- that there had been much progress in the previous year and that this improvement within the authority was recognised, however time was required to see demonstrable results as a result of changes implemented.
- of the positive view held of the authority's response to the District Auditor's report on planning services and the comprehensive approach taken to address the report's recommendations through changes to the constitution, structures and delegation processes.
- that the authority was progressing recommendations relating to procurement and the partnership arrangements with Amey well. Recognition was also given to the work being undertaken on Shared Services and in delivering value for money in Older Person services (a review of which was planned for early 2010).
- that the authority's waste disposal programme had made only limited progress in meeting national targets and therefore had consequential cost implications. Whilst recognising the increase in the amount of recycling and the reduction in waste to landfill, waste remained an area of risk for the authority.
- the Use of Resources assessment was broader and more demanding than in previous years and that against the new criteria the authority was assessed as performing adequately. The District Auditor emphasised that the Council had continued to make progress and that the reduction in score from 3 to 2 was in line with Councils nationally.
- that Appendix 1 of the report listed the four recommendations which the Audit Commission had identified as requiring action.

The District Auditor thanked Members and Officers for the support provided during the year and encouraged the authority to continue to improve.

In discussion Cabinet:

- Welcomed the positive comments in relation to the planning service and advised the District Auditor that reviews of the new arrangements would be undertaken (a review of planning applications over the initial three months and a wider review within six months) and that copies of the findings would be sent to the District Auditor. It was acknowledged that the new processes would require time to bed in. The District Auditor confirmed that a formal follow up review would be carried out, welcomed the authority's planned review and appreciated that time was required for the new planning system to bed in.
- Stated that significant movement was taking place in relation to the future of waste disposal which was linked to discussions with partners (through the planned development of an Energy from Waste Plant at Hartlebury Trading Estate near Kidderminster), and that the associated risks were acknowledged and monitored. The level of recycling in the county was now averaging 300 tonnes per week (prior to the wheelie bin collection the average was 93 tonnes). In acknowledging the recommendation within the Annual Audit Letter's Action Plan relating to waste management, Cabinet emphasised the partnership arrangements in place with Worcestershire (Herefordshire being the equivalent of 25%). In response, the District Auditor acknowledged the partnership arrangements in place but expressed a note of caution as the proposed development relied fundamentally on gaining planning permission. Work would be carried out by the District Auditor across both Herefordshire and Worcestershire councils in relation to issues around such PFIs.

- Was assured that work had been undertaken to address concerns raised in paragraph 19 (of the Audit Letter) that reports needed to be improved.
- Raised concerns that the key messages in the Annual Audit Letter could be confusing to the public since there had been a drop in the authority's overall score whilst at the same time being recognised for achieving process and improvements. The District Auditor confirmed that the Council had continued to make progress and to improve on areas of previous assessment. However, she stressed that new broader and demanding criteria had been developed for the 2008/09 assessment.
- Responding to a question relating to the authority's high CO2 emissions due to a reliance on cars and limited public transport, the District Auditor stated that environmental and sustainability issues had been added as a theme to the assessment criteria. Whilst it was not for the Audit Commission to set targets their assessment would measure against the Council's agreed targets and would report on progress.
- The key messages from the Annual Audit Letter were welcomed and would be used as encouragement for the continued progression of the organisation.

**RESOLVED THAT: Cabinet note the Audit Commission's Annual Audit and Inspection Letter for 2009.**

#### **18. MEDIUM TERM FINANCIAL STRATEGY**

The Chairman of Overview and Scrutiny Committee (OSC) was invited to present to Cabinet the comments of the OSC on the Medium Term Financial Strategy, as follows. The OSC:

- Noted the 4% increase in funding for 2010-2011 (the third and final year of the Comprehensive Spending Review 2007) and the probability that funding in subsequent years would be substantially cut year on year.
- Noted that the development of the budget was ongoing, but expressed concern over the projected level of Council Tax at 2.9% (given the government's expectation that Council Tax increase should be 'substantially' below 3%) and how such a proposed increase of 2.9% would be greeted by the public.
- Noted the potential pressure on the superannuation fund.
- Noted the joint work being developed regarding the tracking of savings.
- Following a review of the Capital Programme, the OSC requested that the text of the Medium Term Financial Strategy be adjusted to make clear the major schemes it is proposed to complete within three years.

The Chairman of Cabinet and the Cabinet Member for Resources set the context for the discussion which followed:

- Whilst acknowledging receipt of a 4% increase in the Formula Grant (equating to £2.2 million) it was recognised that the financial picture would change post election and on the publication of the future settlements; currently there were no formal indications for the next three years. This being the case it was necessary to have flexibility over both revenue and capital budgets to adapt to the changes in the funding environment. It was stated that the settlement received, whilst

being consistent with the projection, did not take account of loss in income to the authority.

- Two issues which would add significant pressures to the budget were highlighted as; (i) the implementation of free home care for those of critical need, of which 37% of the cost (currently estimated at £650 million) would be expected to be met by local government; and (ii) highways maintenance to address the considerable damage to the infrastructure as a direct result of the severe winter weather. Both issues required to be addressed by government and the financial impact of both issues was currently hard to gauge. Local Government was collectively lobbying government in relation to free home care, as whilst this may be a laudable aspiration the current financial realities could not sustain such a provision, especially as no base figures existed for those eligible for support. The Chairman advised Cabinet that he had written to the Minister requesting the enactment of the Belwin formula to meet costs of repairs associated with the severe winter weather, which, following an initial survey was currently estimated at £5.5million. Assurance was given that the county had appropriate stock levels of salt and grit but that reserves had been used to cover the budget overspend.
- The Chairman requested that Cabinet was cautions in their actions and delegate the revision of figures in light of additional information (the failure to do so would not be good governance).
- Within the county there had been an increase in demand for services and a reduction in income.
- Herefordshire had progressively reduced the council tax from 3.9% in 2009/10 to a proposed 2.9% for 2010/11. It was emphasised that it was the responsibility for local authorities to set a council tax level which delivered services and value for money.

The Director of Resources emphasised that:

- the key issue in relation to the draft financial strategy for 2010/13 was the high level of uncertainty of the future financial environment for the public sector.
- A reasonable estimation of -5% decrease in settlement year on year had been made for the next three years, however there was potential for a deeper impact and that there would be difficult times ahead.
- The proposed balanced budget had been considered and approved for recommendation by the Joint Management Team and incorporated inflation, service pressures and other spending requirements, service efficiencies, a proposed council tax of 2.9% as well as the Formula Grant.
- The proposed level for council tax of 2.9% would be the lowest set by Herefordshire Council, however it was probable that there would be pressure to further reduce the level in future years.
- That he would continue to advise Cabinet of any possibilities relating to the capping of council tax.

Cabinet made the following comments in respect of this item:

- That it was pleasing to note that the value of the superannuation fund was increasing and acknowledged that the resetting of contributions would be considered.
- Recognised that there had been a significant impact on the authority's income and charging.
- Reinforced the principle that savings would be sought through organisational efficiencies and streamlining prior to any impact on front line services.
- That prior to March work be carried out to:
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  - (i) Assess the impact of the severe winter weather to the 2000 mile road network, ditches and drainage.
  - (ii) estimate the number of potential service users eligible for free home care for those of critical need; this figure would need to take account of those currently self funding their home care
- In considering the repair to the road infrastructure the need to balance cost and risk of damage as a result of potholes.

**RESOLVED THAT Cabinet:**

- a) **agree the Medium Term Financial Strategy (MTFS) shown in Appendix A, which includes both the revenue overview summarised in the Finance Resource Model (FRM) and subject to adjustments needed to deal with the recent or unexpected budget pressures;**
- b) **in principle agree a proposed council tax increase of 2.9% subject to finalising MTFS; and**
- c) **agree that the Leader, in consultation with the Director of Resources, finalise budget proposals, MTFS and council tax proposals for recommendation to Council.**

**19. COUNCIL AND NHS HEREFORDSHIRE JOINT CORPORATE PLAN**

The Corporate Policy and Research Manager presented the report on the draft Joint Corporate Plan which was proposed for the Council and NHS Herefordshire. This draft Joint Corporate Plan (Appendix 1 to the report) comprised the vision, objectives and long term outcomes for the close partnership to achieve over the period 2010-2013 within the context of the proposed Medium Term Financial Strategy (considered as item 5 of the agenda). To support the Executive in ensuring the implementation of the Joint Corporate Plan, Appendix 2 to the report outlined the performance indicators and associated targets together with key projects and milestones which would be used to achieve this and provide the basis for strategic performance management. Cabinet was advised that the Joint Corporate Plan had been prepared so as to be affordable within the cautious assumptions about future funding in the Medium Term Financial Strategy but it was nonetheless recognised that it could be necessary to review the Joint Corporate Plan were the financial environment to change significantly in the future.

The Chairman of Overview and Scrutiny was invited to present to Cabinet the comments of the OSC on the Joint Corporate Plan, as follows. The OSC:

- Welcomed the new format of the Joint Corporate Plan and its close links with Performance Plus.
- While acknowledging that Appendix 2 was work in progress for the Executive to complete, emphasised the importance of ensuring that targets were realistic and achievable and that resources were in place to deliver them, noting for example the concern expressed over the resourcing of climate change work.
- That consideration be given to the specific points relating to long term outcome 1.3, 1.4, 6.1 and 6.2 (as follows):
  - (i) That a better basis for measuring the delivery of long term outcome 1.3 *'more and higher spending visitors to the county'* would be the STEAM report;
  - (ii) The targets for the processing of planning applications against long-term outcome 1.4 *'improved quality and availability of business accommodation and employment land'* did not contain any basis for measuring the quality of decisions, although it was accepted that this could be difficult to devise;
  - (iii) The targets for recycling waste at 6.1 of the Plan should be made more ambitious
  - (iv) That the key project of producing planning policy documentation did not seem sufficient in itself in relation to delivering the targets for long term objective 6.2 *'reduced CO2 emissions and successful adaptation to unavoidable impacts of climate change'*.

In discussion Cabinet:

- Formally recognised and praised the achievement of the report in bringing together the objectives, vision and long term outcomes for both organisations in a clear (colour versions were commended) and SMART approach. Such an approach embraced the ethos of Total Place and would form the basis of articulating that both organisations were working together to meet the needs of Herefordshire's residents.
- Stated that as the Plan became embedded the processes and performance would be easier to monitor.
- Whilst acknowledging that more work was necessary to refine the details in Appendix 2 Joint Corporate Plan and the strategic performance management documentation would provide a framework for members' focus.
- Measurement for 1.3 could also involve the contribution to GDP and GVA.
- There was a need to increase the average wage within the county. Since a significant proportion of employment was in tourism and agriculture, two sectors which were characterised by low wages, it would be important to do all that was possible to secure the expansion of manufacturing and technical industries
- Reducing CO2 emissions was at the heart of asset management plan.
- Thanked the OSC for their comments which would be considered in the further development of Appendix 2.

**RESOLVED THAT:**

**Cabinet recommends to Council the approval of the Council and NHS Herefordshire Joint Corporate Plan vision, objectives and long term outcomes as set out at Appendix 1 of the report.**

## **20. AMALGAMATION OF LEOMINSTER INFANT & JUNIOR SCHOOLS**

The Assistant Director, Planning, Performance and Development and the Head of Access and Capital Commissioning jointly presented the report on statutory consultation undertaken for the amalgamation of Leominster Infant and Junior Schools from September 2012, as proposed in the Council's Primary Strategy for Change.

The proposal for amalgamation has the support of the governing bodies of both schools and wider consultees and further consultation with stakeholders supported the view that Herefordshire Council should ask the Secretary of State for an exemption from competition to enable the new school to be run as a local authority Community School. An alternative considered in the consultation process was for a formal closure of one school and extending the age range of the other; however the favoured option was to open a brand new school.

The Government presumes that all new schools should be subject to the competition process; however it is indicated that an exception to competition would be given if the new school was created by a straightforward amalgamation, the approval of the Secretary of State would be sought on this; this view was additionally supported by the fact that the standard of current schools were judged as good by OFSTED and that there was already a good diversity of schools in the Leominster schools' cluster.

In discussion Cabinet

- Welcomed the proposal for a new primary school in Leominster and that this would be the last of the county's primary age schools to be split.
- Recognised that Leominster was a growing town and that it was important to build in capacity into the new school; the Local Development Framework would additionally take account of this issue.
- Acknowledged the local member briefings held on this matter.

### **RESOLVED THAT Cabinet:**

- (a) agrees to continue the statutory process for the amalgamation of Leominster Infant and Leominster Junior Schools to form a new primary school with 630 places for children aged 4 to 11 and 26 full time equivalent places for 3 year olds;**
- (b) agrees to seek the approval of the Secretary of State to establish the new primary school as a Community (Local Authority run) school, and;**
- (c) agrees to the publication of the required statutory notices, as necessary.**

The meeting ended at 3.20 pm

**CHAIRMAN**