

**MINUTES of the meeting of Council held at Council Chamber -
Brockington on Monday 18 February 2013 at 10.00 am**

Present: Councillor LO Barnett (Chairman)
Councillor ACR Chappell (Vice-Chairman)

Councillors: PA Andrews, AM Atkinson, CNH Attwood, CM Bartrum, PL Bettington, AJM Blackshaw, WLS Bowen, H Bramer, EMK Chave, MJK Cooper, PGH Cutter, BA Durkin, PJ Edwards, DW Greenow, KS Guthrie, RB Hamilton, EPJ Harvey, AJ Hempton-Smith, JW Hope MBE, MAF Hubbard, RC Hunt, JA Hyde, TM James, JG Jarvis, AW Johnson, Brig P Jones CBE, JLV Kenyon, JG Lester, MD Lloyd-Hayes, RI Matthews, Mayo, PJ McCaull, SM Michael, JW Millar, PM Morgan, NP Nenadich, C Nicholls, FM Norman, RJ Phillips, GJ Powell, AJW Powers, R Preece, PD Price, SJ Robertson, A Seldon, P Sinclair-Knipe, J Stone, GR Swinford, DC Taylor, GA Vaughan-Powell, PJ Watts and DB Wilcox

75. PRAYERS

The Very Reverend Michael Tavinor led the Council in prayers.

76. APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Councillor A N Bridges
Councillor J Hardwick
Councillor J F Knipe
Councillor P Rone

77. DECLARATIONS OF INTEREST

The following declarations of interest were made:

Councillor R J Phillips	Agenda item 7 , Medium Term Financial Strategy, Non-pecuniary
Councillor P G H Cutter	Agenda item 7 , Medium Term Financial Strategy Non Disclosable Pecuniary (in respect of the installation of Solar Panels)
Councillor P M Morgan	Agenda item 7Medium Term Financial Strategy , Non Disclosable Pecuniary interest

78. MINUTES

RESOLVED: That the Minutes of the meetings held on 23 November 2012 and 4 January 2013 be confirmed as a correct record and signed by the Chairman, subject to the following amendments:

23 November 2012 Meeting:

Minute 58: Question 14, supplementary question:
Amend the word "steering" to "task".

Minute 60: removal of the word 'unanimously'

Minute 64: resolution 4 be replaced by the following:

"that the Deputy Leaders', allowance be withdrawn from the Schedule of Member's Allowances".

Members Questions, Question 14 amend the word "Steering" to "Task".

4 January 2013 Meeting:

Minute 71:

Bullet point 6, replace "banner" with "barrier".

After Bullet Point 7, an additional bullet point stating:-

- Ledbury Ward preferred to remain as a single ward with three Councillors. The responses received from Ledbury Town Councillors were unanimous in opposition, as were the opinions of the Ward Members. The responses received from Ledbury represented 30% of the written responses received by the Council.

At the end of current bullet point 8, to add:

"Around 40% of the responses were submitted on the last day (28 August 2012) and every single one quotes the same words, including the character marks, a paragraph of text must therefore have been sent out for people to use in responses, every single one of whom was associated with the Conservative party".

After listing Bullet Point 8, a further bullet point stating:-

- For some wards it was more appropriate to leave them as they were and the 'Do Nothing' option should also be considered.

In resolution C: "wording" to be amended to "warding".

Minute 72:

After Bullet point 1 add an extra bullet point as follows:

- Concern was expressed about the subject member entering the office and removing an envelope.

79. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Councillor Richard Mayo as a new member of the Council.

The Chairman in her announcements:

- Expressed her pleasure at taking part in the Launch of the Diamond County Awards on 7 February, the closing date for nominations being 15 March 2013.
- Reported that she attended the Funeral Service of Mrs Mary Bew, a former City and Herefordshire Councillor and Former City Mayor.

- Expressed her pleasure in attending the recent Dignity Day celebrations at Hereford Football Club.
- Reported that she had met representatives of the Tbilisi Aircraft Manufacturing Company which is looking to locate to the Enterprise Zone at Rotherwas and also met delegates from Ukraine who are interested in locating to Model Farm, Ross-on-Wye.
- Drew fellow Councillors' attention to the recipients of the Council's 'Celebrating our People' awards.
- Reminded Councillors of the Civic Service and took the opportunity to encourage all Councillors to attend this service.

The Chairman reported that she had received a petition from Katie Balson on behalf of the Ledbury Children's Centre expressing concerns as to cuts to funding, which was handed to the Cabinet Member, Health and Wellbeing.

80. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions received.

81. FORMAL QUESTIONS FROM COUNCILLORS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS

A copy of the Member Questions and written answers, together with the supplementary questions and answers asked at the meeting, are attached to the Minutes at Appendix I.

82. MEDIUM TERM FINANCIAL STRATEGY

Councillor JG Jarvis, the Leader of the Council presented the report, pointing out an correction in recommendation (c) which should read 10.61 and 10.62 rather than 10.58 and 10.59 respectively. Councillor Jarvis made the following points:

- There is a challenge to all Local Authorities to address the national debt. Tough decisions were needed for tough times, which will continue well into the decade.
- The Council will have to save £9m in addition to the £21m saved in the last 2 years . The Country is in the middle of the largest reduction in public services known.
- The budget is phrased around the key proposals defined in November 2012. The Council is committed to enable residents to carry out fulfilling lives with an accent on resources being used to support the most vulnerable. When drawing these up the Council has taken into account a wide range of evidence including feedback, which will shape how matters are taken forward , to ensure that the Authority works with the community and commit to those organisations that make the most difference.
- The Authority is dealing with a £331m yearly budget and need to make the most of the changes to the way funded and need to particularly work on the

way employment takes place in the County. Consideration was given as to whether to take the Government's offer in respect of a Council Tax freeze however it has been decided to make a 1.9% increase on Council Tax this year which is equivalent to a 44.4p increase per week for a Band D property. This is the first increase since 2010/2011.

- In the forthcoming years and the short to medium term the Council must complete delivery of the Enterprise Zone at Rotherwas to stimulate Economic growth which generates income which supports the 700 plus services delivered; This will help in supporting key services.
- This is the third year of the Coalition Government's reduction programme and there has been a 3% reduction in funding .Indications are that Government is now aware of the particular problems of rural Counties due to the lobbying that has taken place.
- The issues facing social care budgets across the nation are well known but Herefordshire must continue to have a substantial social care budget .
- The Capital Programme shows that we want to continue investment in the County .
- The Council wishes to continue to pursue its carbon reduction programme.
- It is up to all of the Council to support those officers dealing with the budget and we will continue to support the most vulnerable in the County, together with the economic development that makes the County viable.

The Leader then invited Councillor Johnson, the Cabinet Member for Financial Management, to address the Council on the report and moved that Council accepts the budget.

Councillor Johnson stated:

- The demand for services has grown despite funding being cut.
- The choices made will have a more noticeable effect on protecting the vulnerable and stimulating growth .
- The Cabinet thanked the Public and Officers for the feedback from the 'Your Say, Your County,' consultation.
- Herefordshire gets 13% below the national average of funding per head (£311 as opposed to £358), similarly our level of Council Tax is below the Unitary Authority average. Lower business rates are charged. There was £5.5m less funding in 12/13 than there was in 11/12.
- The Council believes that the 1.90% increase in Council Tax is a better option than opting for the Government grant for 2 years as a significant increase in Council Tax will be needed when the grant ceases .
- There continues to be an estimated overspend, so we have prudentially included a loan of £2m from reserves.

- The way forward is not just cuts and efficiencies but growth in income; the Cattle Market and other projects will ultimately bring more income into the County.
- There are risks in all budgets, but there is a belief that this one is achievable. It has been through Overview and Scrutiny, observations of whom we are pleased to include.
- Particular thanks were extended to the Acting Chief Executive and the Chief Officer Finance and Commercial for their help.

Councillor Johnson formally seconded the motion.

In the ensuing discussion, the following points were made in relation to various headings:

The Voluntary Sector:

- There was a concern that now was the time to reward the sector, not make cuts to it.
- This was a huge resource and it was suggested volunteers be rewarded for their work (e.g. free parking).
- The Council does provide funding to the voluntary sector including HVOS.

Adult Social Care:

- That this has failed to deliver on budget for many years.
- That care home and nursing home contracts are not being managed effectively, so money was being wasted.
- That there was lack of consideration of long term consequences.
- That the targets are unsustainable and would therefore result in cuts being made to other departments.
- That the Health Overview and Scrutiny Committee acknowledged the risks in the proposed Budget but did not request revision of it as a result.

Energy:

- That there was no concise Energy Strategy.
- That the Council should have considered the options in respect of PV Cells when returns on such investment were good several years ago.

Waste Management:

- There was a risk in escalation of costs.
- There were concerns that there was a lack of detailed information in respect of costs.

- That waste should start to be considered as a resource and what returns could be obtained from it.

Educational Psychology Service:

- There are those having already waited over a year for a referral and this could only be made worse by cuts.

Herefordshire Matters:

- There were concerns that the Council could no longer afford this publication.
- It was confirmed that it would be discontinued with a resultant saving of £80k per year.

Tourism:

- Concerns were expressed about the cut in funds, for 'Visit Herefordshire', it was pointed out in 2008 £411m was generated by tourism, 11% being day visitors resulting in a spend of £27.60 per person.
- That Herefordshire contained unique qualities, farm shops, crafts etc and that 8496 jobs were tied into tourism.
- Now was not the time to cut funding but to invest in it.
- It was confirmed that support would continue for the Flavours of Herefordshire Event, despite its £40k loss to the promoters as it represented an important focal event.

Cultural Services:

- That these contribute to the quality of life.
- That organisations like the Courtyard are committed to outreach work which if it didn't take place would represent another call on the Council budget.
- For every £1 invested there is a £4 return.
- Many British cities that have committed to an arts and culture regeneration have benefitted generally from this (e.g. Glasgow, Belfast, Cheltenham).
- That consideration of setting up a staff mutual to deliver these services should be considered.
- That Halo have had recent dealings with the Council very much to their advantage regarding the budget.
- That Hoople is not the same organisation as it was when established due to the decommissioning of PCTs . However, Hoople was taking on the savings targeted to them whilst pursuing new business.

Council Tax Increase:

- That whilst unpopular may be more accepted by the public if the reasons behind it more fully explained to them.
- That the County does not have a high percentage of employment and also has a high percentage of low paid workers. The Council will therefore continually find itself chasing up poor payers and the reduction scheme should reflect this.
- That the budget was on a 'knife edge' and a fall in collection rates would have a severe impact.
- That the public would be more accepting of an increase if services were at least continuing.

Youth Services:

- That the £1½m savings targeted for the next year was serious, and that front end services help prevent costly intervention in later stages. The long term consequences would come back on the Council.
- That it would be better to direct funds to youth services than to the access road.
- That a lot of youth service resources are still on offer..

The Link Road:

- There are concerns over potentially spiralling costs.
- That cheaper options had not been considered.
- That this was a 'road to nowhere' which no-one wanted or needed.
- That a smarter attitude about funding could mean the road was paid for by any housing development at Merton Meadow.
- That if there is no link road, there can be no new houses built in the city centre.

In general discussion:

- That Overview and Scrutiny Committee would continue to have a robust role in monitoring the budget.
- That there were doubts that the £1.4m savings from Root and Branch, and Hoople was achievable. The budget document has not stated how the Root and Branch exercise will reduce demand.
- That because the budget is unachievable the history of overspend in adult social care will continue, having achieved only £3m of the £8m savings for the current year, resulting in a £5m carry over.
- There were concerns at the depletion of and rate of depletion of reserves, £8m of Council Assets had been sold already and there were concerns there could not be enough reserves to cover shortfalls in the budget for next year.

- It was suggested that the current administration had neither sought adequate funding to slow the rate of change, nor alternatively changed priorities or policies to fit the circumstances.
- That there had been no suggestions of an alternative budget as budget setting at the present time was extremely unpleasant and difficult.
- That seminars, workshops and briefings were held, briefing notes were distributed and explanations and workshops were held and meetings with Overview and Scrutiny and Cabinet and numerous meetings with the Root and Branch Group; no budget has had as much involvement as this one.
- That the budget is drafted as one for demand driven services.
- That in view of the lack of suggestions for delivery of a balanced budget Councillors were urged not to use abstention as a means of distancing themselves from any blame.
- That in view of the global economic crisis the whole Council should pull together behind this budget.

A named vote was requested in accordance with Paragraph 4.1.16.38 of the Constitution, in respect of the Motions. For each motion being proposed and seconded, the vote was taken as follows:-

Motion (a):

For: 32

Councillors: AM Atkinson, C N H Attwood, L O Barnett, P L Bettington, A J M Blackshaw, H Bramer, A C R Chappell, M J K Cooper, P G H Cutter, B A Durkin, D W Greenow, K S Guthrie, R B Hamilton, J W Hope MBE, R C Hunt, J A Hyde, JG Jarvis, A W Johnson, Brig P Jones CBE, J G Lester, R I Mayo, J W Millar, P M Morgan, N P Nenadich, R J Phillips, G J Powell, P D Price, P Sinclair-Knipe, J Stone, D Taylor, P J Watts, B Wilcox

Against: 11

Councillors: E M K Chave, EPJ Harvey, A J Hempton-Smith, M A F Hubbard, J L V Kenyon, M D Lloyd-Hayes, S M Michael, C Nicholls, F M Norman, A J W Powers, R Preece

Abstain: 11

Councillors: P A Andrews, C M Bartrum, W L S Bowen, P J Edwards, T M James, R I Matthews, P J McCall, G A Powell, S J Robertson, A Seldon, G R Swinford

Motion (b):

Unanimous

Motion (c):

For: 31

Councillors: : AM Atkinson, L O Barnett, P L Bettington, A J M Blackshaw, H Bramer, A C R Chappell, M J K Cooper, P G H Cutter, B A Durkin, D W Greenow, K S Guthrie, R B Hamilton, J W Hope MBE, R C Hunt, J A Hyde, JG Jarvis, A W Johnson, Brig P Jones CBE, J G Lester, R L Mayo, J W Millar, P M Morgan, N P Nenadich, R J Phillips, G J Powell, P D Price, P Sinclair-Knipe, J Stone, D Taylor, P J Watts, D B Wilcox

Against:12

Councillors: EMK Chave, E P J Harvey, A S Hempton-Smith, M Hubbard, J L V Kenyon, M D Lloyd-Hayes, P J McCall, S M Michael, C Nicholls, F M Norman, A J W Powers, R Preece

Abstain: 11

Councillors: P A Andrews, C N H Attwood, C M Bartrum, W L S Bowen, P J Edwards, T M James, R I Matthews, G A Powell, S J Robertson, A Seldon, G R Swinford

RESOLVED: that

- (a) the Medium Term Financial Strategy (MTFS) shown in Appendix A, which includes the 2013/14 Budget and Treasury Management Strategy and Policy Statement be approved;**
- (b) a Council Tax increase of 1.9% for 2013/14 be approved; and**
- (c) the Capital Programme outlined in paragraphs 10.61 and 10.62 of the report be approved.**

83. PAY POLICY STATEMENT

The report was presented by Councillor PD Price who proposed the motions, Seconded by Councillor B A Durkin.

In the ensuing discussion, the following points were made:

- That it would be a useful comparator to see what the staffing structure in the NHS and big organisations looked like and how the figures compared.
- With less staff to manage in theory there should be less managers, so savings could be passed up the line.
- That these salaries looked generous to a county that had a large amount of agricultural salary earners.
- That the salaries reflected the market rate of Local Authorities in all rural counties.
- That the Council should aim for a ratio of 1 to 8 and adoption of a living wage.

RESOLVED UNANIMOUSLY: that

- (a) the pay policy statement summarising existing Council Policies be approved; and**
- (b) the planned review of policies underpinning the statement be duly noted.**

MEMBERS' QUESTIONS TO COUNCIL

APPENDIX 1

MEMBERS' QUESTIONS TO COUNCIL (18 February 2013)

Question from Councillor RI Matthews

1. *As part of our savings proposals, it has been suggested that the Council considers recovering the full cost of school transport. Can you tell us how much parents pay at present, and what the sum would be if such a scheme was implemented?*

Answer from Councillor GJ Powell Cabinet Member Education & Infrastructure

Answer to question 1

Where the council has a statutory duty to provide free home to schools transport this will not change.

We do offer discretionary transport provision to enable young people to attend post-16 education, to enable children to attend faith schools outside their normal catchment area and to maximise the use of existing provision we offer vacant places on school transport at a cost.

The council has a duty to ensure that our resources are directed at supporting those most in need. In line with our agreed charging principles we endeavour to, where possible, recover the full cost of the services we provide, while working to reduce the costs of those services.

The current fee for discretionary transport averages £172 per term for the 2012/13 academic year; if the subsidy for these services were removed that fee would currently rise to £283 per term.

We propose that the subsidy will be removed over a two year period. At the same time, as a result of the Transport & Travel Root & Branch Review, we will be integrating the transport network with the aim of reducing the overall cost.

Support for low income families remains available for post-16 transport through the Further Education Bursary Scheme administered by schools and colleges, and for denominational transport or the vacant seat payment scheme (under extended rights legislation) for those in receipt of free school meals or maximum Working Tax Credits.

Supplementary Question

It will cost parents £850 per child in two years time and in my opinion that is not acceptable so will he give further consideration for reducing the fee for second children which would be of great benefit to a large number of hard-up families?

Cabinet Member response

This was expressed in termly figures; it actually works out at £2 per trip. You will be aware that we are moving more towards full cost recovery, though there is no suggestion that this will take place within one year, but perhaps two years.

The Officers involved have been asked to map where children live and we must consult with parents as to the most effective way to deliver this. It might be better to have a bus than rely on public transport. Hence we aim for full cost recovery but also to minimise impact as far as we can.

Question from Councillor C Nicholls

2. Quote from "A Tourism Strategy for Herefordshire 2010-2015" c/o Stevens & Associates:

"Herefordshire's visitors (combining overnight tourist and day visitor spending) produced almost £416 million for the local economy in 2009. That is approximately £2,311 for every resident in the County per annum – a pretty good return for the Council's current investment in supporting tourism of £465 per person: a 900% ROI. Visitor spending also helps support over 8,500 jobs in the County."

In the light of these findings, and recognising that building a strong economy in Herefordshire is one of this Council's top 2 priorities, why is this Council proposing to cut its support to tourism?

Answer from Councillor RJ Phillips, Cabinet Member Enterprise & Culture

Answer to question 2

I recognise the importance of tourism in the wider economic well-being of the county. In line with the strategy agreed by Cabinet in 2010, the recent commissioning of Visit Herefordshire to manage and oversee the development of a modern and vibrant tourism strategy in the county has reaped many benefits; the Food Festival in Hereford City Centre last year being a very obvious example of how we can work in partnership with the private sector to benefit the wider economy, in line with our corporate priorities.

Nevertheless it is entirely appropriate that the Council should seek efficiencies in its commissioning with Visit Herefordshire, as we are with all our service delivery arrangements, given the very major financial pressures to be faced both in 2013/14 and beyond. Productive discussions have already taken place with Visit Herefordshire, and Visit Herefordshire is an active member of the Local Enterprise Partnership through which they may seek support in the future. I am confident that the proposed savings can be achieved without affecting the delivery of front-line services.

Supplementary Question

Madam Chairman, I want first to congratulate you on your most excellent initiative with the Diamond award. This will focus on what is best in the County and what we are all proud to say, makes Herefordshire a special place to live, work and play. At a time when discretionary spending is so much in contention, you have shown thoughtful and purposeful leadership and it is my hope that the business and commercial sector will really get behind you and reward you for your enterprise, this fits and sits well with my supplementary question which is:-

Significant gearing and benefit would be obtained by maintaining current funding levels for tourism, while managing this investment as part of a coherent programme of support through a properly balanced programme and prioritised County-wide economic development programme. Will the Cabinet Member agree to manage our investment in tourism in this manner?

Answer from Cabinet Member

We are in difficult times but I met the Visit Herefordshire Board and they stated: “The Board is confident that the work of Visit Herefordshire will continue to market the County to the benefit of all”.

All know we have an unprecedented cut in funding. The best way forward is to talk to all organisations affected. We are not just on a 1 or 2 year lock down.

Herefordshire’s food festival was a success, but not financially. It is not something to dwell on that a £40k loss was made. We are working with Visit Herefordshire to make sure the future is assured and the food festival stays.

Question from Councillor AJW Powers

- 3 *We are told that for 2013-14 there is a “very high risk” of failing to deliver the identified savings in Adult Social Care. What assurance can be given that the proposed budget for the People’s Directorate - given both the pressures faced by this directorate and its record over recent years - is realistic, robust and achievable?*

Answer from Councillor PM Morgan, Cabinet Member Health and Wellbeing

Answer to question 3

I will not pretend that the challenge faced – not by one directorate but the whole council - is not significant.

In setting the budget we have taken into consideration a wide range of factors in determining our budget requirements, including projected demographic pressures, changes in national funding, and the resources needed to deliver the transformation. This has been a much more robust and considered piece of work than in the past. The New Leadership Delivery Board will play an essential part in delivery of this budget as the challenge must be seen in the context of the whole Council budget.

While setting the budget I invited the Health & Social Care Overview and Scrutiny Committee to review the proposed budget, and I am grateful for their consideration of the matter. The Health & Social Care Overview & Scrutiny Committee has reviewed the proposed budget and, whilst acknowledging the risks to delivery, did not suggest the budget proposals were not realistic, robust or achievable. I also welcome their continued commitment to playing a key part in the monitoring and assurance of delivery going forward.

It is also true that, even with the best planning possible, the adult social care sector has to contend with a degree of volatility over which we have no control. I cannot say strongly enough that the solution to the challenge we face in Herefordshire (which is not unique), is not restricted to the adult social care service. It requires a whole organisation – and indeed a whole community response. Whilst there is much we can, and will do, to deliver the most efficient service possible targeting our resources at those in most need, the fundamental issue is that we must all look again at our own contribution to ensuring that, as we age, we remain as healthy as possible for as long as possible, and that

people can access the information and advice they need at an early enough stage to prevent them needing high cost services at a later date.

Every member of this council, every organisation in Herefordshire, and every resident has a part to play in helping to ensure that we are able to provide the best possible service to our vulnerable people – within the resources available to us.

Question from Councillor AJW Powers

- 4 *Further 'prudential borrowing', for the capital expenditure programme to 2016 (Medium Term Financial Strategy, 5.15.7), is projected to be £60.5m. The council's treasury adviser (Arlingclose) forecasts Public Works Loan Board rates "to increase by only 0.10% per annum", but also warns that these "could be up to 1% higher" than forecast. PWLB rates (see Treasury Management Strategy, Appendix 3) for 2013-14 have already risen by up to 0.15% during the last month alone. An increase in rates of 1% would add £605K to these borrowing costs to be met from revenue, and the Operational Boundary for external debt (MTFS Appendix 2, 7.4) is based on a "prudent but not worst case scenario". What modelling and risk management has been done to ensure the viability of the MTFS if rates on PWRB and other loans turn out to be higher than forecast?*

Answer from Councillor AW Johnson, Cabinet Member Financial Management

Answer to question 4

It is important to remember that our borrowing is undertaken to deliver projects that meet community needs and support the council's agreed priorities; whether that is delivering essential flood alleviation work, environmental improvements such as energy saving measures, construction of schools, improvements to our roads condition and network, or to enable the council itself to operate more cost effectively and therefore reduce the cost to the revenue budgets.

The council's treasury management team continues to take advice from our advisors on issues such as recent changes in Public Works Loan Board rates. This helps ensure we have up to date advice to respond to any changes in borrowing rates. We model changes in rates to understand the potential impact of any such variations. The most effective mitigation is to move borrowing to lower levels of interest as and when these become available. This has given us certainty for existing borrowing.

Supplementary question

I am grateful to the Cabinet Member for his answer, but I would like to push him little further on this if I may?

I am reassured to know that "we model changes in rates to understand the potential impact of any such variations"

I repeat my question "What specific modelling and risk management has been done to ensure the viability of the MTFS if rates on PWRB and other loans turn out to be higher than forecast?"

Answer from Cabinet Member

Rates are fixed in a known quantity. We have about £12m borrowing from the banks with an interest rate of 4.5% . This is quite good; if these rates were changed by the banks we could withdraw immediately from this arrangement without charge and re-invest elsewhere.

We have achieved a reduction of our debt by £1m by the management of our borrowing by our financial team.

The meeting ended at 12.50 pm

CHAIRMAN