

AGENDA

Cabinet

Date: **Thursday 23 January 2014**

Time: **2.00 pm**

Place: **The Council Chamber, Brockington, 35 Hafod Road,
Hereford**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

Governance Services

Tel: (01432) 260249

Email: councillorservices@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format or language, please call Governance Services on (01432) 260249 or e-mail councillorservices@herefordshire.gov.uk in advance of the meeting.

Agenda for the Meeting of the Cabinet

Membership

Chairman

Councillor AW Johnson

**Councillor H Bramer
Councillor JW Millar
Councillor PM Morgan
Councillor GJ Powell
Councillor PD Price**

AGENDA

Pages

HEREFORDSHIRE COUNCIL

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Item No	Title	Portfolio Responsibility	Scrutiny Committee	28 Day Notice Given
5	Transport and Travel Review	Health and Wellbeing	General Overview and Scrutiny Committee	15/1/14
6	Customer Services and Libraries	Corporate Services and Contracts and Assets	General Overview and Scrutiny Committee	15/1/14
7	Proposed Trust Status for Museum Service	Contracts and Assets	General Overview and Scrutiny Committee	15/1/14
8	Reduction of Public Facing Museum Delivery	Contracts and Assets	General Overview and Scrutiny Committee	15/1/14
9	Withdrawal of Arts Commissioning Grants	Contracts and Assets	General Overview and Scrutiny Committee	15/1/14
10	Programme for Investment at Herefordshire Council Leisure Facilities	Contracts and Assets	General Overview and Scrutiny Committee	8/1/14
11	Funding for Lady Hawkins' and Wigmore Leisure Centres	Contracts and Assets	General Overview and Scrutiny Committee	15/1/14

- | | |
|---|---------|
| 1. APOLOGIES FOR ABSENCE | |
| To receive any apologies for absence. | |
| 2. DECLARATIONS OF INTEREST | |
| To receive any declarations of interest by Members in respect of items on the Agenda. | |
| 3. MINUTES | 9 - 16 |
| To approve and sign the Minutes of the meetings held on 12 and 19 December 2013. | |
| 4. RESPONSE TO CALL-IN: CHANGES TO HEREFORDSHIRE SCHOOLS AND POST 16 TRANSPORT POLICY (TO FOLLOW) | |
| To consider the recommendations of the General Overview and Scrutiny Committee made on 15 January 2014, following the call-in of Cabinet's decision made on 19 December 2013. | |
| <i>(The following link will take you to the report considered by the General Overview and Scrutiny Committee on 15 January 2014. A supplement to the agenda will be published before the Cabinet meeting setting out the Committee's recommendations to Cabinet and a proposed response.)</i> | |
| http://councillors.herefordshire.gov.uk/documents/s50016495/Call-In%20Changes%20to%20Herefordshire%20Schools%20and%20Post%2016%20Transport%20Policy%20-%20Covering%20Report.pdf | |
| 5. TRANSPORT AND TRAVEL REVIEW | 17 - 30 |
| To agree the approach to reducing subsidy and delivering significant savings for passenger transport services over the period 2014/15 and 2015/16. | |
| 6. CUSTOMER SERVICES AND LIBRARIES | 31 - 62 |
| To outline options for Customer Services and Libraries in the light of continued budget pressures and for Cabinet to consider future delivery of centres and services for implementation in 2015/16. | |
| 7. PROPOSED TRUST STATUS FOR MUSEUM SERVICE | 63 - 68 |
| To consider the proposal and options for moving Herefordshire Museum services to Trust status. | |
| 8. REDUCTION OF PUBLIC FACING MUSEUM DELIVERY | 69 - 74 |
| To approve the recommendation for a reduction in opening hours of the Museum Service front of house delivery across the sites of the Museum in Broad Street and the Old House in High Town, Hereford. | |
| 9. WITHDRAWAL OF ARTS COMMISSIONING GRANTS | 75 - 94 |
| To approve the withdrawal of the Arts Commissioning Grants to external organisations from 2014-15. | |

- | | |
|---|-----------|
| 10. PROGRAMME FOR INVESTMENT AT HEREFORDSHIRE COUNCIL LEISURE FACILITIES | 95 - 104 |
| To approve in principle the investment of £9m capital, funded by Prudential borrowing for improvements at Herefordshire Council leisure facilities. | |
| 11. FUNDING FOR LADY HAWKINS' AND WIGMORE LEISURE CENTRES | 105 - 108 |
| To consider the funding for Lady Hawkins' Community Leisure Centre and Wigmore Leisure Centre. | |
| 12. WITHDRAWAL OF FUNDING FOR INFRASTRUCTURE SUPPORT (VOLUNTARY AND COMMUNITY SECTOR AND PARISH COUNCILS) | 109 - 120 |
| To approve withdrawal of funding support for infrastructure support services for parish councils (provided by Herefordshire Association of Local Councils) and infrastructure support services to the Voluntary and Community Sector, (currently provided by Herefordshire Voluntary Organisations Support Services (Hvoss)). | |
| 13. BUDGET 2014/15 AND MEDIUM TERM FINANCIAL STRATEGY | 121 - 428 |
| To propose the medium term financial strategy for 2014/15 to 2016/17 and to finalise the 2014/15 revenue and capital budget to be recommended to Full Council on 7 February 2014. | |

The Public's Rights to Information and Attendance at Meetings

YOU HAVE A RIGHT TO: -

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public Register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

Public Transport Links

- Public transport access can be gained to Brockington via the service runs approximately every 20 minutes from the City bus station at the Tesco store in Bewell Street (next to the roundabout junction of Blueschool Street / Victoria Street / Edgar Street).
- The nearest bus stop to Brockington is located in Vineyard Road near to its junction with Old Eign Hill. The return journey can be made from the same bus stop.

HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

FIRE AND EMERGENCY EVACUATION PROCEDURE

In the event of a fire or emergency the alarm bell will ring continuously.

You should vacate the building in an orderly manner through the nearest available fire exit.

You should then proceed to Assembly Point A which is located at the southern entrance to the car park. A check will be undertaken to ensure that those recorded as present have vacated the building following which further instructions will be given.

Please do not allow any items of clothing, etc. to obstruct any of the exits.

Do not delay your vacation of the building by stopping or returning to collect coats or other personal belongings.



Where possible this agenda is printed on paper made from 100% Post-Consumer waste. De-inked without bleaching and free from optical brightening agents (OBA). Awarded the Nordic Swan for low emissions during production and the Blue Angel environmental label

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 12 December 2013 at 2.00 pm

Present: Councillor AW Johnson (Chairman)
Councillor (Vice Chairman)

Councillors: PM Morgan, GJ Powell and PD Price

In attendance: Councillors P Rone (Cabinet Support Member, Contracts and Assets), PJ Edwards, J Hardwick, JLV Kenyon, FM Norman and A Seldon.

51. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors H Bramer and JW Millar.

52. DECLARATIONS OF INTEREST

There were no declarations of interest.

53. MINUTES

RESOLVED: That the Minutes of the meeting held on 21 November 2013 were approved as a correct record and signed by the Chairman.

54. WASTE MANAGEMENT CONTRACT

Cabinet received a report on the Waste Management Services Contract. The Chief Finance Officer provided an overview of the key issues of the Contract, which had been discussed at a meeting of the General Overview and Scrutiny Committee on the 10 December and highlighted the following points:

- That the joint funding arrangements between Worcester and Herefordshire Councils that had been approved by both DEFRA and HM Treasury would realise a saving of £20m and would avoid substantial termination costs of the existing contract with Mercia Waste Management Ltd.
- That when the existing contract ended in 2023, the Council would receive a 25% share of the ownership of the new site.
- That it could take between six and twelve months to agree commercial finance, particularly given the complex nature of the scheme and switch in ownership in 2023 and that this was the most cost effective option open to the Council for dealing with waste, and would provide net present value savings of £32m
- That the KPMG report had been carefully scrutinised at the last meeting of the General Overview & Scrutiny Committee.

A Member in attendance thanked the Executive for the open and forthright discussions that had been undertaken on this matter, and added that Members had a greater clarity of understanding of the issues than their opposite numbers in Worcestershire. The General Overview and Scrutiny Committee had agreed that the proposals were an appropriate way forward and had recommended to Cabinet that the contract should proceed.

In reply to comments from a Member in attendance, the Head of Specialist Projects said that the plant would be handed back to the partners in a state conversant with the lifetime of the plant. There was a complex document that laid out these terms, and it would be certified as fit for purpose by an independent consultant before it was signed off. After 2023 the Council would own 25% of the plant, and discussions would be held with Worcestershire Council concerning the future of the plant.

A Member in attendance said that the report provided by Deloitte was potentially flawed in its support of the value for money option as it had been commissioned by Worcestershire Council and Deloitte's had no responsibility to Herefordshire Council for its findings. He went on to say that the KPMG report was intended to clarify and confirm value for money for Herefordshire but he felt that it failed to do this and was concerned about the lack of assurance offered, particularly given the scale of the decision.

The Chief Financial Officer replied that the Deloitte report had been commissioned by Worcestershire Council on behalf of the Partnership and that the Council had access to the model that had been used. The KPMG report had been commissioned in order to provide an independent oversight of the overall process. In reply to a further comment, the Solicitor to the Council added that whilst it was possible that a judicial review of the process that had been undertaken could be mounted, in his opinion it would not succeed.

A Member in attendance stated that the evidence provided in support of proposal was based on a false dichotomy and the narrowness of the approach was problematic, particularly given that alternative emerging technologies were well evidenced and proven.

The Leader replied that the option before Cabinet was the most appropriate, as it utilised existing technologies. Emerging technologies might be proven in future years but there was nothing else that met the required criteria at the present time. This was the only proposal that would clearly work. He added that this was the Head of Specialist Projects would be leaving the Council at the end of the week, and thanked him for all his work on behalf of the Authority over the years.

RESOLVED

That Cabinet agreed that:

1. (a) **the current position within the parameters set out in Annex 1 represented an acceptable position for Herefordshire Council to progress Mercia Waste Management Limited's ("Mercia") proposals for the Hartlebury Energy from Waste (EfW) plant by entering variation of the existing WMSC in accordance with the following recommendations;**
- (b) **such proposals for the EfW plant were affordable (subject to 2 below) and delivered value for money if the Councils' secured funding for the project from the Public Loans and Works Board in accordance with Option 2 set out in the report;**
- (c) **the Chief Financial Officer was authorised to come to an agreement with DEFRA on a reduction in Waste Infrastructure Grant (WIG) credits (as detailed in 11.5) in order to ensure the deliverability of Option 2;**
- (d) **the Council should enter a variation of the existing WMSC with Mercia to give effect to Option 2 to enable the construction and operation of a new EfW Plant at Hartlebury for the remainder of the WMSC as the most**

appropriate approach for Herefordshire Council's waste treatment arrangements;

- (e) subject to 2 below, the Director for Economy, Communities and Corporate be authorised (in consultation with the Chief Financial Officer and in conjunction with Worcestershire County Council) to conclude a variation to the WMSC with Mercia including enabling the construction of the EfW Plant at Hartlebury and its operation for the remainder of the WMSC and to take all necessary steps to put Option 2 into effect including execution of that variation in accordance with the Council's constitution and its certification under the Local Government (Contracts) Act 1997;
 - (f) the Director for Economy, Communities and Corporate be authorised to update the Joint Working Agreement between Herefordshire Council and Worcestershire County Council to reflect the design life of the EfW Plant which will extend beyond the period of the WMSC;
 - (g) that Council be recommended through a further report direct from the Chief Financial Officer on the details of the council's position as potential providers of appropriate funding for the project, to:
 - (i) amend its Treasury Policy Strategy and associated Treasury Management Statements and authorise a loan of up to £40 million (noting that Worcestershire County Council intend to loan £125 million) to Mercia for the purposes of the varied WMSC (Option 2);
 - (ii) add up to £40 million to the Council's Capital Programme in order to enable the Council to provide such a loan to Mercia;
 - (iii) authorise the Chief Financial Officer to take all necessary steps to obtain the funding for Option 2 from the Public Works Loan Board (PWLB);
 - (iv) amend the Medium Term Financial Strategy (MTFS) as appropriate;
 - (v) consider whether any arrangements are appropriate to ensure that the Council is able to properly take account of its interests as both the Waste Disposal Authority and as the funder; and
 - (vi) authorise the Chief Financial Officer in consultation with the Solicitor to the Council to finalise a loan agreement with Mercia and advance funds as authorised above to Mercia by way of stage payments, properly authorised by the councils' joint independent certifier, as a loan repayable over the remaining life of the WMSC.
2. The authorisation in 1(e) above be conditional upon (and the matter returned to Cabinet should any of those conditions not be met):
- (a) The Council reaching an agreement with DEFRA on reduced Waste Infrastructure Grant (WIG) credits, formerly known as PFI credits, as set out in 1(c) above;
 - (b) No objection being received in writing from DEFRA or Her Majesty's Treasury (HMT) to Option 2 before 20 December 2013;
 - (c) Final discussions with Mercia to (i) bring the proposal within what the Leader in consultation with the Chief Financial Officer considered to be sufficiently close to the affordability envelope as set out in the report

- and (ii) conclude negotiations with the Engineering, Procurement and Construction Contractor, before executing the variation;
- (d) Worcestershire County Council giving approvals substantially in the same or a substantially similar form as those contained within 1 (a) to (e) above; and
 - (e) agreement being reached with Worcestershire County Council on the terms of the revised Joint Working Arrangements between the two councils.
3. Cabinet noted the progress in relation to the Waste Management Service Contract (WMSC) since the reports to Cabinet in February 2012 and December 2012.

The meeting ended at 2.40pm

CHAIRMAN

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 19 December 2013 at 2.00 pm

Present: Councillor AW Johnson (Chairman)
Councillor (Vice Chairman)

Councillors: JW Millar, PM Morgan, GJ Powell and PD Price

In attendance: Councillors AJW Powers, TM James, A Seldon, JG Jarvis, AM Atkinson, J Hardwick, EPJ Harvey and RI Matthews

55. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors H Bramer (Cabinet Member, Contacts and Assets) and WLS Bowen (Herefordshire Independents Group Leader).

56. DECLARATIONS OF INTEREST

There were no declarations of interest made.

57. BUDGET MONITORING REPORT

Consideration was given to the report of the Chief Officer - Finance which provided Cabinet with assurance on the robustness of budgetary control and monitoring across the Council. The report also highlighted the key financial risks within directorates and identified the mitigation measures being implemented to bring the Council within its overall approved budget. The Chief Officer - Finance drew attention to the following points:

- i. The Council continued to forecast an overspend for the year; this was approximately £2.5m at October 2013, compared to £3.3m in September 2013.
- ii. The key pressure continued to be Adult Wellbeing; with a projected overspend of £3.9m at October 2013, compared to £3.4m in September 2013.

RESOLVED: That

- (a) Cabinet notes the projected overspend of £2.5m for 2013/14, an improvement on the September position of £0.8m, the potential impact on reserves and the 2014/15 budget;
- (b) Cabinet supports the continuing action by Directors to identify further financial savings to mitigate the impact.

58. ADULT SOCIAL CARE NEXT STAGE INTEGRATION - COMMISSIONING OF DAY OPPORTUNITIES

The Cabinet Member, Health and Wellbeing introduced the report of the Director, Adults Wellbeing, which sought approval of the underpinning principles, the specification, process

and transition plans to support the procurement and implementation plan for the day opportunities that are part of the Next Stage Integration (NSI) programme.

The Cabinet Member, Health and Wellbeing highlighted the key points of the report:

- a. The council was meeting its commitment to consult service users and carers, and the consultation and engagement process had led to the development of key service principles in the procurement specification.
- b. This included a commitment that the council would resource a process that ensured a full assessment of needs of service users before any changes were implemented. No changes would take place until the service user had had an appropriate assessment of their needs, and a support plan was in place to meet their eligible needs.
- c. In response to a question from Councillor Powers, Councillor Powell confirmed that there were enough potential providers to carry out the proposals, and to ensure that they offered quality at the right price. He explained care costs were higher in Herefordshire than in other areas, but that, while the council sought to control costs, it would always meet its responsibility to meet eligible needs.
- d. In response to a question from Councillor James, Councillor Powell confirmed that eligibility would not change and that every user would be assessed.

RESOLVED: That the proposals for implementing the approach set out in the report to deliver Day Opportunities Services be approved, and the Director for Adult Wellbeing be authorised to proceed to invite tenders for providing Day Opportunities Services based on the principles set out in the report.

59. CHANGES TO HEREFORDSHIRE SCHOOLS AND POST 16 TRANSPORT POLICY

The Cabinet Member, Young People and Children's Wellbeing introduced the report of the Head of Sufficiency and Capital Commissioning, which set out proposals for changes to the discretionary transport policies.

Councillor Millar reported that the council's current subsidy to the cost of school transport exceeded its statutory responsibility, and that the council's financial position was such that it could no longer deliver services over the statutory minimum. The council had consulted widely on the proposals, and had made concessions on the proposals in response to feedback. Councillor Millar explained that alternative sources of funding were available for post-16 students.

In response to questions from Councillor Harvey and Councillor Matthews, Councillor Millar explained that secondary schools could work with feeder schools to seek ways to mitigate any adverse effects. The Interim Head of Service, Children's Wellbeing, reported that Herefordshire was a net importer of pupils from other counties, and would continue to be even if all those affected by the changes were to choose schools outside the county. He reported that there were a number of schools with places available, should the nearest suitable school be full.

Councillor Millar explained that the council was currently providing services in excess of the statutory minimum, and that this created inequalities. The savings from the proposal were substantial, and the change would clarify policy and minimise future risk.

In response to a question from Councillor Seldon, the Solicitor to the Council reported that, if there was a legal challenge to the proposals in relation to post-16 students, he was satisfied that in all the circumstances the council was acting reasonably and thus lawfully.

In response to questions from Councillor Powers, Councillor Millar reported that colleges had discretion to award bursaries to any child in genuine need. He explained that staff dealing with education and those dealing with transport would, in the future, be working together and could be better able to deal jointly with any issues that arose, and to consider school transport issues as part of the wider public and community transport policies.

Councillor Johnson, Leader of the Council, reported that, should the proposals be approved, the Cabinet would continue to monitor the situation and seek to work with schools.

RESOLVED: That Cabinet agrees the recommendation(s) to:

- (a) withdraw the Herefordshire free home to school transport policy eligibility based upon nearest and catchment school and replace with eligibility based upon:
 - i) nearest suitable school with places,**
 - ii) in England;****
- (b) continue to provide the Herefordshire free home to school transport policy eligibility based upon nearest and catchment school only for those pupils entering Y10 or in Y11 at their current school on 1 September 2014 so they may complete their study programmes;**
- (c) continue to charge parents for a seat on a school bus (because the child is not eligible for free transport) but reduce the Council's subsidy by increasing annual charge by £60 (£1.58 a week) from £660 to £720 (£17.36 - £ 18.95) in September 2014 and to annually review the subsidy each September thereafter to take account of operating costs;**
- (d) continue to charge post 16 transport but to reduce the Council's subsidy by increasing the annual charge by £60 (from £660 to £720) in September 2014 and to annually review the subsidy each September thereafter to take account of operating costs;**
- (e) withdraw free transport for Herefordshire post 16 years with SEN and replace with the requirement to meet the annual charge of £720 from September 2014. This is to be annually reviewed each September thereafter to take account of operating costs; and**
- (f) The implications of these policy changes be reviewed annually or sooner in the event that the impact of the proposed changes is materially worse than anticipated.**

The meeting ended at 3.50 pm

CHAIRMAN



MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	TRANSPORT & TRAVEL REVIEW
REPORT BY:	HEAD OF TRANSPORTATION AND ACCESS

Classification

Open

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

And

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards Affected

County-wide

Purpose

To agree the approach to reducing subsidy and delivering significant savings for passenger transport services over the period 2014/15 and 2015/16.

Recommendation(s)

THAT:

- a) the approach to reducing passenger transport subsidy and securing savings of £1M over the period 2014/15 to 2015/16 including a comprehensive review and re-planning of passenger transport services in an integrated way (including the approach to consultation) as outlined in this report be approved; and**
- b) authority be delegated to the Director of Economy, Communities & Corporate, in consultation with the Cabinet Member for Health and**

Further information on the subject of this report is available from Steve Burgess, Head of Transportation and Access, on Tel 01432 260968

Wellbeing, to finalise and implement service changes following the public consultation and contract tendering.

Alternative Options

1. An alternative option would be for the council to provide sufficient funding to continue with current levels of service. However, given the overall budget pressures it is acknowledged that this could only be achieved through cuts to other council services.
2. This report sets out a measured approach to secure savings comprising integration of services, commercialisation of currently supported services and reduction in service frequencies. Consultation carried out in development of the Local Transport Plan supported the principle of maintaining a core network of services providing passenger transport between Hereford and the market towns and larger villages.
3. It is unlikely that all savings will be achieved through efficiencies and therefore withdrawal of some services is also likely to be necessary to deliver the full savings requirement. Options for service reduction have been identified through consultation with users and will inform the service review and prior to determining the final network.

Reasons for Recommendations

4. The recommendations will contribute towards the council's overall plan to set a balanced budget for 2014/15 and will result in further savings in the following financial year.

Key Considerations

5. The Transport and Travel review is considering all aspects of passenger transport in which the council has an involvement. The table below sets out typical annual spend on passenger transport services.

Element	Description	£m (budget)
Education transport	Mainstream home to school transport; special education needs transport; post-16 transport	3.54m
Public transport	Supported local bus services; community transport	1.6m
	Concessionary travel for older and disabled people (free travel on buses after 0930 Monday – Friday and all day at weekends)	1.4m
Social care transport	Transport for adult day care services	0.44m
In-house fleet	Operating vehicle and staff costs	0.6m
Community Transport	Grant provided to support 7 schemes operating countywide	0.18M
	Total	£7.76m

6. A key element of the savings plan is to reduce subsidy of £1M over the period of 2014/15 – 2015/16 through a programme of comprehensive network reviews and transport integration, covering all aspects of passenger transport provision (supported local bus, mainstream school and special educational needs (SEN) transport, and social care transport).

Other Savings

7. Changes to school transport policies are being progressed separately by the Children's Wellbeing service and have been the subject of a separate Cabinet decision in December. As part of the wider network review set out later in this report, discussions will be undertaken with schools about the transport options that might be made available for those pupils who are no longer entitled to free transport.
8. During 2013, the opportunity was taken to review certain local bus service contracts and negotiate changes with operators. With some amendments and reductions in services, together with renegotiation of a number of contracts, savings of £305k (£205k in 2013/14 and £100k in 2014/15) will have been achieved.

Team integration

9. The process of bringing together the teams that deal with education, social care and public transport is complete. The Integrated Passenger Transport Team was established on 1 December 2013 and will provide the capacity and knowledge to undertake the network review and achieve efficiencies through integrated procurement of services.

Refreshing the Transport Operator Framework

10. In readiness for the network review and tendering of repackaged services, the operator framework is being renewed in order to encourage more potential operators to take an interest in running transport services in Herefordshire.

Public transport policy

11. Following public consultation regarding transportation strategies, the Local Transport Plan sets out the council's priorities for the provision of a core bus network (see Appendix A). This includes the maintenance of key arterial services radiating from Hereford, particularly to surrounding market towns, on a regular service pattern for the main daytime period Monday – Saturday. It sees other areas served by feeder services, linking to the core network, offering the facility to access key facilities and activities.
12. This core network and feeder services fulfil the 'lifeline' provision for communities that previous consultations have highlighted as being important.
13. In 2011, a comprehensive consultation on supported bus services (with 1386 responses) identified the services most valued by people. Top priorities (top first) were:
 - Monday to Friday daytime
 - Monday to Friday early morning
 - Saturday daytime
 - Market day

Lowest priorities (lowest first) were:

- Saturday evening
- Friday evening
- Sunday

Reasons for these priorities were:

- Access to essential services (health and shopping etc)
 - Access to education or employment
 - Most used service
 - Lifeline for people
14. These priorities will inform our approach to optimising network integration and identifying those services where formal provision may no longer be affordable and will have to be withdrawn.
15. Value for money is another factor to be taken into consideration in decisions to support bus services. The subsidy per passenger for each supported service is shown in the list given in Appendix B. We have applied an upper cost per passenger threshold in previous years as an indicator above which a service is scrutinised more closely. The most recent threshold applied for this purpose was £4.04. Where bus services are not viable, it is the aim to support a community transport alternative. The council supports a number of community transport schemes, which between them provide voluntary car schemes available countywide.

Network review and transport integration efficiencies

16. The current bus network consists of a mix of commercial and supported bus services, provided by a number of different operators. Daytime Hereford city services and key arterial routes radiating from Hereford are provided commercially, without subsidy. Other services are wholly or partially supported by the authority and would otherwise not operate. Outside of the principal network there are many services which offer minimal travel opportunities, ranging from a couple of journeys per day to one bus per week. These are 'lifeline' services which enable people to access basic facilities. These types of services have been prioritised, alongside weekday services in consultation with users and have been re-emphasised in the recent corporate consultation on savings.
17. The network as a whole is one that seeks to serve the needs of those who do not have access to a car, providing access to shops, education, health facilities and employment. Therefore, it is very important to young people and older people in particular. Its key function is social inclusion and providing basic access. Bus services also support the local economy, bringing people into Hereford and the market towns for shopping and employment opportunities.
18. The importance of the lifeline services to reducing burden on adult social care services has been raised by senior officers in the Adult Wellbeing Directorate. There are concerns that if these types of services reduce significantly that elderly people in more isolated communities will suffer reduced independence and will require increasing levels of directly provided support.
19. As part of the Transport and Travel Review, the greatest element of potential savings is identified through a comprehensive network review and service redesign. This involves re-examining over 300 separate contracts that currently exist and are operated by a range of bus, taxi, private hire and community transport operators, together with transport provided with the council's own fleet of minibuses.
20. This exercise incorporates a number of techniques to achieve the efficiencies, including:
- Using vehicles over a greater part of the day, meeting different needs

- Transferring pupils onto local bus services from dedicated school services
- Working with operators to amend services to reduce subsidy
- Withdrawal of some less used bus services
- Re-planning of services into effective packages that will be more attractive to operators and increase competition
- Encouraging greater involvement by community transport
- Reducing transport provision as part of the wider review of social care services

Support for this approach

21. During 2013, some of these techniques have been successfully applied, achieving savings as follows:

- **Re-planning and tendering of school transport arrangements to John Masefield School** – In response to changing circumstances, the opportunity was taken to terminate the five school transport contracts serving the school. Routes were re-planned and pupils reallocated to three school services, with others allocated to an existing supported local bus service. The combination of fewer dedicated contract vehicles, and the award of a contract to a community transport provider, resulted in savings of £39k pa. In addition, there was some increase in income for the local bus service, providing a marginal reduction in council support.
- **Changes to school transport arrangements in Hereford** – Following an assessment of arrangements made for pupils receiving transport on denominational grounds within the city, contracts for four dedicated contract vehicles were terminated in the summer. Negotiations took place with a bus operator providing a commercial service in the city, which agreed to increase the capacity of vehicles on some of its existing commercially operated services. Taking the revenue risk for this move (with no cost to the council), the operator drafted in two double deck buses increasing capacity for the services and made its own season tickets available for purchase by parents. An added benefit of these tickets is that pupils can travel on the operator's bus services within Hereford city at any time. These changes provided savings of £21k pa.

22. The team has been developing opportunities for efficiencies, looking across local bus and education transport services. Estimates of the savings that might be achieved are summarised below, although their delivery will be subject to procurement process, negotiation with operators and more detailed re-planning.

Action	Opportunities (full year savings in £000s)	£
	Savings already achieved through service integration (as outlined in the first two examples above)	60
Integration	Re-planning, service integration and procurement; may involve provision of feeder services and interchange to other services, rather than direct services to Hereford or market towns	160
Thinning	'Thinning' of the supported bus network (e.g. reducing frequencies on services)	160

Further information on the subject of this report is available from Steve Burgess, Head of Transportation and Access, on Tel 01432 260968

Negotiation	Working with operators to reduce subsidy / increase commercial provision (e.g. re-timing or re-routing of commercial bus services to incorporate currently supported services in part or totally)	130
Review	Other opportunities (e.g. in-house transport and social care reductions)	100
Withdraw Council Subsidy	Withdrawal Council subsidy for evening and Sunday supported services	200
	Withdrawal of other Council subsidies, taking into account value for money and opportunities for alternative provision.	190
	Total	1000

23. Appendix B provides a list of all supported local bus services and current costs and patronage.
24. Integration opportunities, service thinning and negotiation with operators may achieve savings of £610k. This will leave a 'gap' of £390k. Whilst there may be additional integration opportunities that as yet have not been identified, the achievement of these further savings is likely to involve withdrawing council subsidy. If we are required to withdraw subsidy we will have regard to the priorities established by users.

Statutory Responsibilities

25. Under the requirements of the Transport Act 1985, local transport authorities must have regard to the needs of communities in determining whether to support 'socially-necessary' local bus services. However, the legislation does not define the level of service to be provided. Some urban unitary authorities have withdrawn all support on the basis that most needs are still comprehensively provided by the commercial network. More rural authorities that have sought to remove support have met with legal challenges on the basis of inadequate consultation or on grounds of inequality. Shropshire is currently facing a judicial review over the withdrawal of its ShropshireLink service. Following a legal challenge, Cambridgeshire was forced to rethink its strategy and take a more considered approach to funding reduction, including more resources for community transport.
26. On this basis, it will be important to take a considered approach to service reductions in Herefordshire, the proposals for which will be consulted upon fully with those most likely to be affected.

Consultation

27. Changes to bus services can have significant impacts on communities and particularly those people who rely on them for accessing facilities and services. It is important, therefore, to consult with people and other interested parties over any proposals.
28. The bus user consultation in 2011 provided a clear indication of service priorities and these are informing our approach to reviewing the network.
29. The corporate consultation on the council's priorities and savings, which concluded on 20 December 2013, included questions about the relative importance of public

transport. The outcome of this will be part of the evidence used to inform this review of services.

30. Once Cabinet has approved the next steps of this review, details of the options being considered will be published and distributed to key stakeholders (local members, parish councils, operators, other interested organisations). The aim will be to raise awareness of proposals and to invite feedback, comments and ideas. As some of the options will involve the integration of education and public transport services a programme of meetings with head teachers is underway and will conclude in February.
31. Tendering will enable us to establish more detailed proposals and identify more specific impacts on local communities providing an opportunity for targeted consultation. The feedback from the consultation will be used to refine the final proposals for service changes.

Adult social care transport

32. Adult social care transport is provided using both in-house and contracted transport. Much of this involves transporting people to and from day centres.
33. Significant changes are expected in the way that care is provided. Less formal day care will be provided, and a more varied mix of activities offered. This will link to personalisation, where individuals will be provided with personal budgets and be able to choose their care package accordingly. Currently, market engagement is underway to put in place a variety of service providers, some of whom may offer and provide their own transport. As a result of these changes, it is likely that transport demands will be more varied and dispersed, with greater emphasis on individualised (rather than minibus) transport. In addition, it is likely that a thorough re-assessment of day care clients will result in more tightly defined group of people who will be eligible for day care opportunities. This is likely to reduce direct transport demands.
34. Potential future transport demands are currently being assessed. However, there is likely to be the need for a number of different approaches to provision, including:
 - Greater demand for independent travel training to social care clients, to help them use public transport services rather than rely on specialist transport.
 - Greater use of community transport provision.
 - Provision of brokerage facility by the Integrated Passenger Transport Team to enable demands to be linked and met in a co-ordinated way, to secure economies of scale in the transport costs for individuals and Adult Wellbeing.
 - Less requirement for in-house provision and replaced by contracted transport, procured through the refreshed framework by the Integrated Passenger Transport Team.

In-house transport fleet and passenger assistants

35. The council has a small fleet of minibuses that are used for transport to day centres and special schools. Some of these remain at day centres for use through the day, and some are the joint responsibility of schools. The fleet is ageing and there is no budget in place to cover replacement.
36. As the council becomes a smaller organisation, with a focus on commissioning rather than direct service provision, and with the likely reduction in eligibility for day care and consequent transport provision, it is considered that the council should commence a

process of withdrawing the fleet. This process will need to be managed with regard to employment policies and TUPE, if appropriate, and in consultation with current and future day opportunity providers. There may also be opportunities to transfer the fleet to existing transport providers and these will be explored prior to determining the most appropriate course of action.

37. Where needs dictate, the authority provides passenger assistants (PAs) to accompany certain users.
38. Historically, all PAs were employed by the council and deployed on in-house or externally-provided transport. More recently, a shortage of directly-employed PAs has resulted in some contractors being asked to supply their own, whilst there are instances of others coming via agencies or Hoople. Three are linked to schools. There are currently two pools of PAs: 18 for social care and 33 for special educational needs (SEN).
39. The integration of passenger transport functions within the council provides the opportunity to look at PAs as a single pool and to manage them more proactively. As the council slims down its internal operations to achieve efficiencies, we will move to a position where PAs are provided by the transport operators themselves, on a phased basis, again taking account of employment policies.

Community transport

40. Seven community transport schemes are currently supported at a total cost of £180k a year. Between them they provide countywide provision of voluntary car schemes, together with some minibus services. Over recent months, officers have been working closely with the sector to ensure it is prepared to meet future challenges, with an ability to offer transport as a last resort for areas where other provision might be reduced or withdrawn.
41. The sector is being encouraged to build capacity and look to take on new activities, such as contract work. Already, there has been some success in this area (e.g. with a contract service to John Masefield School). Also, encouragement is being given to schemes to better co-ordinate their activities and share resources.
42. It is intended to introduce new service level agreements from April 2014, which will reinforce the desire to see joint working and encourage schemes to work with local communities to develop their own transport solutions. A revised funding formula is being developed with the sector, to provide consistency and ensure adequate infrastructure to respond to need and work with communities to find local solutions. Whilst there is optimism for the sector, it is important to be realistic about its capacity to take on more activity. The council will continue to work with and support the sector to increase its capacity and resilience but will place an increasing emphasis on local communities and providers to work directly with each other.

Timetable for Delivering Savings

43. The following table sets out timescales for the network review and implementation. We need to finalise service changes to award contracts by the end of June to allow for 56 days notice for operators to register changes to services with the traffic commissioner. Contracting of schools and bus services is coordinated with the school year to come into effect in September. The programme will allow us to consult on our initial proposals and for further consultation to take place as detailed service planning is finalised in the light of tendering information and likely contract costs.

	2014	F	M	A	M	J	J	A	S
Consultation - initial proposals									
Services reviewed / replanned									
Contracts tendered (with options)									
Consultation - detailed proposals/changes									
Finalise contracts / service design									
Prepare and distribute publicity									
New service network introduced									

Community Impact

44. The revenue pressures faced by the council are unprecedented and have resulted in challenging budget reductions for all service areas. The integration of our passenger transport services provides the best basis for reducing costs on procurement of transport whilst ensuring we continue to support key priorities including supporting vulnerable people and economic growth. The planned approach to achieving substantial savings through greater efficiency as outlined in this report will help minimise community impacts through the continued support for a countywide transport network. Ongoing support for the community transport sector will provide communities with further opportunities to work directly with community transport providers to develop their own solutions particularly where the council can no longer directly support passenger transport services.

Equality and Human Rights

45. An equality impact assessment was undertaken in 2011, following a wide ranging consultation regarding bus services, to ensure that our approach to achieving the required savings would not disadvantage specific groups within the community. In summary, the council sought to minimise the overall impacts of the required savings on the communities in the county and within specific vulnerable groups. Whilst it is not possible to define specific services in respect of individual groups such as young people, the elderly and people with disabilities we do know that these groups are particularly dependent on bus services in general. This is due to their limited access to private transport (either financially or reduced individual mobility) and is more acute in rural locations which are more physically remote from services. With this in mind and having regard to the priorities established through the public consultation, this review has been guided by the need to prioritise bus services which maintain access to key services and also to maintain 'lifeline' services where there are no viable alternatives immediately available for essential journeys. Further consultation on detailed proposals will assess the equality impacts of any changes planned for September 2014.

Financial Implications

46. The recommendations set out in the report will help achieve the required savings, whilst seeking to maintain key lifeline services and services to meet statutory requirements concerning education and social care transport.

Legal Implications

47. The council has a statutory requirement under Section 63 of the Transport Act 1985, to secure the provision of socially necessary passenger transport services. The planned process by which we are proposing to achieve the required savings demonstrates the council's on-going commitment to fulfilling its duties under the Act. Some transport

authorities have proposed to remove all financial support for subsidised local bus services and faced legal challenges.

Risk Management

48. The major risk associated with the review is the potential for reduction or withdrawal of bus services and the resultant impact on bus users and communities. This in turn could have a significant impact on the reputation of the council. These risks will be reduced by the measured approach proposed for undertaking the review, as detailed in this report. The public consultation will enable users and communities to set out their priorities for bus services. The review aims to continue with a bus network which supports essential journeys to key services, helping to sustain the county's economy and providing a 'lifeline' for some of our more remote rural communities.

Consultees

49. As indicated in the report, consultation with users has informed the approach to progressing the network review including direct user consultation and in the development of the Local Transport plan.
50. Further consultation will take place with transport users, local members, parish councils, schools and transport operators as set out in this report.

Appendices

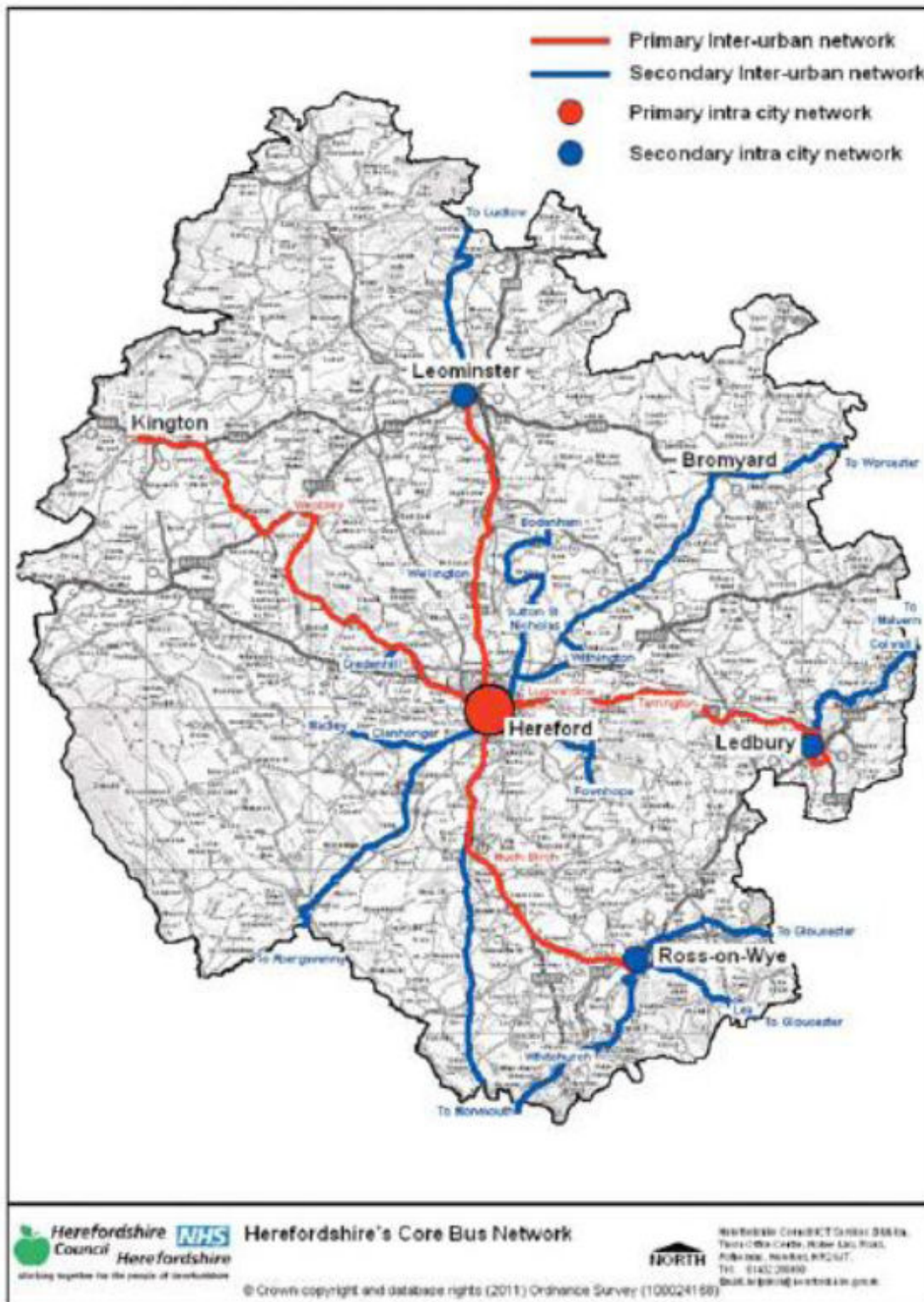
Appendix A Local Transport Plan core bus network (primary services)

Appendix B List of supported bus services

Background Papers

- None identified.

Appendix A: Local Transport Plan – priority network of core services



Appendix B - List of Supported Bus Services					
Service	Route	Operates	Pax	Net cost	Sub/pass
31/45/459	Ledbury/Whitchuch - Ross-on-Wye	Thurs	3286	7482	2.28
32/33	Hereford - Ross-on-Wye - Gloucester - Evenings	Mon-Sat	24502	22887	0.93
33	Ross-on-Wye - Gloucester	Mon-Sat	78500	46940	0.60
34	Ross-on-Wye - Monmouth	Mon-Sat	31980	57513	1.80
35	Ross-on-Wye - Coleford-Monmouth	Mon-Sat	18356	20387	1.11
36	Hereford - Monmouth	Mon-Sat	38652	36420	0.94
39A	Hereford - Hay-on-Wye - Brecon	Sun	3555	13516	3.80
40	Ross Town Service	Mon-Sat	52718	41702	0.79
44	Ross - Hoarwithy - Hereford	Mon-Sat	8341	32204	3.86
54	Bridstow - Llangarron - Monmouth	Thurs	689	3052	4.43
55	Howle Hill - Ross-on-Wye	Thurs	1458	4488	3.08
72/74/75	Hereford City Services - Evenings	Mon-Sat	27531	39576	1.44
71/74/79A	Hereford City Services	Sundays	6596	10173	1.54
75/420	Hereford - Bromyard/ Hampton Park	Sundays	5645	10784	1.91
76/76A	Hereford - Bartonsham linked with 502 Leominster - Hereford	Mon-Sat	42371	51016	1.20
78	Hereford - Rotherwas	Mon-Sat	31590	25669	0.81
388	Hereford - Cheltenham	Sat	3217	7490	2.33
400	Bromyard Town Service linked with 672/3/4	Mon-Sat	35292	50916	1.44
401/2/3/6	Leominster Town Services	Mon-Sat	97102	43752	0.45
405	Cradley - Bromyard - Hereford	Wed	1712	5972	3.49
411	Ross - Llangarron - Hereford	Wed	1791	3812	2.13
412	Garway - Hereford	Mon-Fri	8441	42163	5.00
417	Worcester - Ledbury	Mon-Sat	30228	49427	1.64
420	Bromyard - Hereford	Sunday	5187	21594	4.16
426	Leominster - Bodenham - Hereford	Mon-Sat	56000	119288	2.13
436	Kinnersley - Hereford	Wed	1004	4462	4.44
437/477	Tillington - Hereford	Mon-Sat	22245	40738	1.83
440	Abbeydore - Pontrilas	Mon-Sat	10821	48160	4.45
441/442	Clodock - Hereford, Clehonger - Abergavenny	Tues/Wed	3602	9385	2.61
444	Kilpeck - Hereford	Wed			
446	Almeley - Hereford	Mon-Sat	22869	36506	1.60
448	Bredwardine - Hereford	Tues/Thurs	2282	10541	4.62
449	Madley - Hereford am and evenings	Mon-Sat	13772	33423	2.43
453/4	Woolhope - Hereford	Mon-Sat	37005	63213	1.71
456/7	Newent - Hereford	Wed/Sat	1264	3906	3.09
460	Kington Town Service	Tues/Fri	3252	7624	2.34
461/2	Llandrindod Wells - Kington - Hereford	Mon-Sat	170042	118372	0.70
476	Ledbury - Hereford	Daily	21176	50203	2.37
478	Much Marcle - Hereford	Wed	1108	3621	3.27
479	Much Marcle - Ledbury	Tues	957	5525	5.77
482	Bromyard - Leominster	Fri	2268	4504	1.99
488/509	Woofferton - Leomister-Kinnersley	Fri	1949	5689	2.92
489/507	Wigmore - Leominster - Weobley	Tues / Fri	3521	5192	1.47
491/8	Leintwardine - Hereford	Wed	1255	6680	5.32
492	Ludlow - Leominster - Hereford	Daily	57360	106838	1.86
492	Ludlow - Leominster - Hereford	Sundays	5196	22133	4.26
493-7	Leomister - Presteigne/Kington	Mon-Sat	25117	78992	3.14
499	Burford - Hereford	3rd Wed	269	526	1.96
500	Burford - Leominster	Fri	1125	4228	3.76
501/504	Leominster - Canon Pyon - Hereford	Mon-Sat	24989	73672	2.95
666	Newent - Ross-on-Wye	Th	523	3806	7.28
672-4	Bromyard - Ledbury	Mon-Fri	35292	50916	1.44
600/675	Ledbury Town- Great Malvern	Mon Sat	41449	57013	1.38
903/905/ 913	Hereford Access Bus	Mon-Fri	17303	26308	1.52



MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	CUSTOMER SERVICES AND LIBRARIES
REPORT BY:	HEAD OF COMMUNITY AND CUSTOMER SERVICES

Classification

Open

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

and

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

County-wide.

Purpose

The purpose of this report is to outline options for Customer Services and Libraries in the light of continued budget pressures and for Cabinet to consider future delivery of centres and services for implementation in 2015/16.

Recommendations

THAT:

- (a) authority be delegated to the Director for Economy, Communities and Corporate, in consultation with the Cabinet Members for Corporate Services and Contracts and Assets, to implement changes to service delivery (points 23 to 32) in order to release savings for April 2015;**
- (b) consideration be given to closing the customer services centre at Franklin House and offering a combined customer and library service at the Broad Street site; and**
- (c) should the decision taken in respect of recommendation (b) above be to progress a combined customer and library service at the Broad Street site, the cost of modernising the premises be financed through capital receipts from the disposal of selected operational properties to avoid extending the council's borrowing requirements.**

Alternative Options

- 1 Earlier release of budget savings – recommendation (a) is founded on realising the savings from April 2015 based on the findings of the Impact and Needs Assessment (Appendix 1) to allow for service transformation, establishment of community partnerships and wider cultural change in how services are accessed. The alternative is to achieve the savings earlier through the immediate withdrawal services, with the consequent community impacts.
- 2 Retain current operation – this option would retain the overall current model of service based on the revised opening hours (as of 3rd February 2013). However, a reduced level of savings would be achieved (approx. £100,000) based on the bringing together of operations in Ledbury, reconfiguration of the Bromyard Centre, and efficiencies regarding redesign of face to face and phone contact, requiring commensurate savings to be made in other service budgets.

Reasons for Recommendations

- 3 The report and corresponding recommendations aim to balance the requirement for savings, with delivery of a countywide library and customer services presence based on contemporary way of accessing services. The proposals also reflect the drive towards greater community involvement and management of services.
- 4 The outline budget saving for customer services and libraries within the budget consultation was £700,000. A proportion of these savings have already been met through the redesign of service implemented as a result of the Cabinet decision on the 19th September 2013. Therefore the recommendation is based on achieving an additional £423,978 (rounded up to £424,000) from customer services (which includes the running front facing library service and contact by phone).

Key Considerations

Background

- 5 This report is concerned with customer services as one form of interaction with residents and businesses of the county. Citizens have a range of opportunities to interact with the local authority depending on the nature and range of service required.
- 6 The 19th September 2013 Cabinet decided on a programme of retaining customer services and libraries facilities in the county through reduced hours and establishment of community libraries. These were preliminary recommendations with a requirement to return to Cabinet with additional savings to meet the on-going financial pressure of the local authority and redirect resources to areas of greatest need.
- 7 Since the September 2013 Cabinet budget reductions have been implemented via the following:
- 8 **Redesign of services** – formal staff consultation on service redesign started on 2nd October 2013. This has resulted in a reduction of 25% of the Customer Services workforce (using April 2013 as the baseline) with a refocus of services to meet priorities. The new opening times will be implemented from 3rd February 2014 (published on the council's weekly update on 18th December and available on the council website).

- 9 **Community and partnership libraries** – Good progress has been made in the establishment of community libraries in Weobley, Colwall and Leintwardine with strong and encouraging local interest – these centres will follow the model of the existing Peterchurch library and support the network of small independent libraries across the county. These are likely to be operational from April 2014. Belmont will become a partnership library with the parish council in which it resides contributing to the rent and the community association (which owns the building) reducing the rent requirement.
- 10 **Top-up services** – the September Cabinet report included an outline of a “top-up” approach for other organisations/groups to use the sites for additional service delivery. This has taken off significantly in Ross where an external partner plans to deliver their service at the venue from May 2014 with a contribution to premise costs, and the Ross Library Development Group running activities in the Denis Potter Room both outside and during the opening hours. Bromyard library has operated a co-location of services for a number of years sharing facilities and costs.
- 11 **Self-service** – with the reduction in hours it is expected that there will be the same people using the service in a more concentrated period. Therefore, to support capacity, self-service for issuing and returning library stock will be introduced from April 2014. There will also be an increase in the number of public access PCs at relevant locations to enable greater use of the internet to access services.
- 12 **Different approach to customer service** – this includes transfer of one member of staff to Environmental Health and Trading Standards to take their own calls (therefore, not necessary to route calls through customer services); benefit calls routed back to Hoople to the relevant team; increased opportunities to access services via the web including payments, fault reporting on-line, and e-form to replace emails in order to better guide electronic queries.
- Future Policy for Customer Services**
- 13 Customer Services is one route in which citizens of the county interact with the local authority. The historic model has been to filter queries through one customer service that interfaces with the public. In some areas this has worked well (e.g. waste and housing benefits), in other areas it has only worked superficially, and sometimes the structure means customers are “bounced” between departments. Consequently the new approach is based on:

- **Digital Choices:** that more services are provided on-line to enable 24 hour access to information and services. This means additional improvements to the website, web access and behaviour change for customers.
- **First time, one time:** services and contractors taking direct responsibility for their interaction with customers where possible and relevant. This means dealing with public enquiries in a timely and effective way that will significantly improve customer experience and the reputation of the local authority, as well as save resources.
- **Case-base approach:** That current service continues to be delivered for people who have no option but to contact the council (by phone or face to face) because of the nature of the service or their personal circumstances. The service will focus on the individual and the potential to solve a number of requirements at one time by providing a joined up service. For example an older person could at one time query their council tax requirement, be supported to access a benefit entitlement, report a faulty path, access a bus pass and apply for a blue badge. It may be relevant to refer that person to other forms of support provided by internal services or external agencies.

- **Prevent and self-serve:** the case-based approach is also designed to catch people before their issue becomes a crisis and pulls on the resources of other services. Also, to stop reporting escalating to a complaint or ombudsman investigation. The services will also raise the awareness of digital access and look to provide access to the internet and some training on site.
- **Traded Services:** greater opportunity for trading in terms of income generation; or trading partnership with external provider to run services.
- **Partnerships:** that services and sites are delivered through partnerships. This is either through a “traded” partnership where there is a financial transaction to enable services to be delivered, or through a “mutual” partnership where there is joint benefit without a financial exchange.

14 An example of a mutual partnership is back office library support to enable community libraries through the management of the book stock; a financial partnership is the contribution from Homepoint to enable dedicated support at Franklin House for housing benefit.

Delivery Options

15 The current usage is reflected below and will need to be considered when making future decisions to balance finance with demand. This data represents the total use of the county’s funded customer services and library sites according to the collated data set.

Site	Annual Library Face-to-Face Transactions	Annual Customer Services Face-to-Face Contact	Annual Customer Services Payments
Hereford Library	90,659	-	-
Belmont Library	10,440		
Franklin House Customer Services	-	32,290	41,809
Bromyard Library and Customer Services	19,123	3,193	3,774
Kington Library and Customer Services	15,368	4,111	4,217
Ledbury Customer Service Centre		5,335	6,073
Ledbury Library	33,887	-	-
Leominster Library and Customer Service Centre	56,909	16,611	14,584
Ross-on-Wye Library and Customer Services	56,466	12,595	6,810

Calculated via visitors who have borrowed one or more library item in an hour and face to face contact for customer services. These figures cover 1.7.2012 to 30.6.2013.

16 The following delivery options consider the current use and future operation of customer services, with the requirement for budget savings.

Hereford Library Services

17 Hereford is the highest use library by far (227,240 visitors for 2012/13). For decades the site has needed improvement as a central county library.

- Aim to achieve: co-locate the library and customer services centre potentially at the Broad Street site to maximise the use of the venue and staffing complement.

- Belmont Library Services**
- 18 This is the remaining library run by Herefordshire Council that is not based in a market town, though the position is in an urban area and on one of the main routes in/ out of Hereford city means that use is relatively high - 25,020 visits for 2012. However, this does make it the lowest use of all the libraries under consideration. The library space is leased from South Wye Community Association with a reduced rent from April 2014 combined with a grant from Belmont Rural Parish Council for a year in recognition of the financial pressures on the authority and the local desire to retain the facility (including supporting the wider operation of the community centre).
- Aim to achieve by April 2015: become a community library with continued local partnership and in-put.
- Leominster Contact Centre and Library Services**
- 19 Customer and Library Services joined on one site in July 2013. The user numbers for the library element are high, with 105,283 visits for 2012/13 making it the third most used facility. The site is leased so has a rent liability.
- Aim to achieve by April 2015: seek additional use, income and co-tenants at the current site.
- Ross Contact Centre and Library Services**
- 20 Customer and Library Services are joined on one site in a local authority owned property. The user numbers are high, with 115,219 library visits for 2012/13 making it the second highest used centre. An external partner plans to relocate to the site in May 2014 which will provide an income and the Ross Library Development Group are maximising the site in and out of current opening times.
- Aim to achieve by April 2015: continue with co-occupancy plans.
- Ledbury Contact Centre and Library Services**
- 21 Currently the services are at two different sites but are due to amalgamate on the completion of the Masters House redevelopment. The library use is 72,583 for 2012/13 and the level of customer service access makes both sites fourth in level of use.
- Aim to achieve by April 2015: co-location of the customer service centre and library; retain the library access through self-service and community involvement coupled with retaining staffing levels for libraries and customer services to allow for some professional presence on-site. To potentially extend the opening hours through community partnerships and design of the building.
- Bromyard Contact Centre and Library Services**
- 22 The site is owned by the local authority, but occupied by Halo with services paying for utilities based on footprint use. There has been a decreased use of the site (outlined in the equalities impact and needs assessment) though is still fifth in the level of use of customer services and libraries.
- Aim to achieve by April 2015: to reconfigure the use of spaces to create a reduced library footprint with Halo occupying a larger proportion of the site. Retain the library access through self-service and community involvement coupled with revised staffing levels for libraries and customer services.
- Kington Contact Centre and Library Services**
- 23 Customer and Library Services are a combined function on a single site, with 36,227 library visits in 2012/13 which makes it sixth in usage. The building is owned by the local authority and is in a prime position and in good condition.
- Aim to achieve by April 2015: to seek a co-tenant that would cover the costs of staffing or become a community operated library working in tandem with the town council on any future plans.

Customer Services

24 The customer service centre (at Franklin House) houses the face to face service and the telephone service. The phone and face to face functions have already been brought closer together to create flexibility in meeting the demands of both elements. The building is not ideal for the functions it provides especially as the service moves to a more case based approach.

25 The table below is a summary of the volume of calls in a sample period 1/1/2013 – 30/11/2013.

Service	Revised Percentage
Highways	11.2%
Council Tax	35.7%
ECA*	1.0%
EHTS**	7.5%
INFO	24.1%
Planning	9.3%
Licensing	1.4%
Waste	9.8%

*Exceptional Circumstances Award - and is the local welfare provision calls that we take for the Welfare Rights.

**As part of the redesign of service the EHTS calls have been transferred to the service (with budget for one FTE).

26 Customer services also provide the opportunity to make cash payments. This can range from paying for green sacks, penalty charges, credit union, rail cards, spot fines, benefit overpayments, business rates, blue badges, range of photocopying, taxi licensing, commission charging, planning fees, parking fines, school transport, etc. This is costly to implement as needs secure collection and staff involved in the payment process. The intention is to move all payments to PayPoint (i.e. post office or shops displaying PayPoint sign) or via the web.

- Aim to achieve by April 2015: Instigate case-based approach; migrate customer interaction to services where relevant and cost effective; withdrawal of cash payments option; further introduce self-service option, sign-post customers to alternative providers.

Links to Corporate Plan

27 The proposed options are reflective of the policy framework in which Herefordshire Council is operating:

Corporate Plan 2013/14 - specific areas of relevance:

- Public services are prioritised to support those in need of services to maintain their independence or stay safe.
- Ensuring that all council and partner delivery services are responsive to customer needs, engage customers effectively, and enable access to services at as local a level as possible and information through the most appropriate channel.
- Maximising self-help where possible, focussing on prevention and demand management, and diverting unnecessary demand on services.

28 **Herefordshire Digital Strategy (Cabinet, April 2013)** – outlines the intention of providing excellent online transactions to aid access to a range of services through

Further information on the subject of this report is available from
Natalia Silver, Head of Community and Customer Services on Tel (01432) 260732.

digital channels.

- 29 **Digital County (Cabinet, September 2012)** – ambition for the county in being at the forefront of digital opportunity supported through faster broadband across the county, improved services through the use of technologies, and mobile coverage in “not-spot” areas.

Community Impact

- 30 There were 652,530 visits to libraries in 2012/13, with 31.36% of the Herefordshire population classed as active borrowers (who have borrowed an item in the last 2 years). This is inline with national use, though slightly higher. Additionally there were 120,300 queries to customer services between January 2012 and May 2013.
- 31 Community impact is also considered in Appendix 1 of the Equalities Impact and Needs Assessment for Customer Services and Libraries – Phase 2.

Equality and Human Rights

- 32 The equalities impact and needs assessment presented for the 19th September Cabinet contains the relevant information and recommendation regarding further changes to Customer Services and Libraries. In addition Appendix 1 contains more detailed work on specific impacts where the phase two changes will affect people who use the service. This is based on the impact of:
- Potential reduction or withdrawal of services from Belmont, Bromyard, Kington and Ledbury if community, partnership and traded solutions are not found.
 - Changing the model of customer services along with reducing the opportunity to access services by phone, face to face services and moving to cashless based provision, relying on people to migrate to digital interaction.
- 33 Geography in terms of access to services is not a protective characteristic, but is considered in this report due to the rural nature of the county and the sparseness of the population. Poverty is also not listed as a protective characteristic but consideration given due to Herefordshire’s low wage economy and the multiplier effect poverty has on disadvantage.
- 34 The findings from the initial equalities impact and needs assessment shows that four key factors affect people’s ability to access services under the service proposals presented in this report which can often be combined to have a substantial impact:
- No or limited access to transport if living in a rural area
 - Mobility challenges for older people and people with disabilities
 - Poverty and low disposable income
 - No or limited access to the internet
- 35 Initial recommendations from the equalities impact and needs assessment are:
- Conduct further impact assessment between April and September 2014 to understand alternative methods of accessing services for people most affected.
 - Delay budget savings until April 2015 to develop opportunities to work with local communities and to support change in use of accessing services.
 - Instigate change in advance of April 2015 when there is limited impact on the protected characteristics.

- Develop programmes that encourage greater awareness and training for people to use the internet.
- Work across department to ensure mechanisms are in place for people to pay through cashless systems.
- Conduct relevant training for volunteers operating the library service, including equality training.
- The case based approach is considered a positive way forward in addressing needs of people who have a combination of issues and can be a way of preventing people reaching crisis point.

Financial Implications

36 The financial constraints on the council are well known and very real as the authority faces continuing reductions in central government funding and needs to resign resources to services that cater for the most vulnerable in the community, via Adult Wellbeing and children's safeguarding.

37 The table below outlines the cost of delivery of customer services and operation of libraries:

Site / function	Staff Costs	Premise & Revenue Costs	Library Income	Customer Service Income	Net cost (less income)
Hereford Library	148,017	94,483	-38,854	0	203,646
Belmont Library	20,000	9,960	-2,366	0	27,594
Ross Centre	126,928	54,809	-20,420	-3,009	158,308
Ledbury Library	50,698	27,519	-9,427	-3,009	65,781
Ledbury Contact Centre	56,440	6,527		-3,009	59,958
Leominster Centre	191,056	60,824	-25,286	-186	226,408
Bromyard Centre	74,106	15,734	-3,000	-186	86,654
Kington Centre	33,496	27,643	-5,304	-186	55,649
Franklin House Face to face and contact centre	679,471	32,175		-214,886*	496,760
Total	1,380,212	329,674	-104,657	-224,471	1,380,758

Note: *income includes specific service level agreement charges for operating services, general income through fees and charges and £125,000 for internal recharges.

38 The savings proposals are based on the following. This includes additional income that will reduce the budget liability:

Site / function	Optimal Saving £
Belmont Library	20,000
Bromyard Centre	59,000
Kington Centre	30,000
Ledbury combined centres	75,000
Franklin (incorporates site merge with Hereford Library services)	200,000
Ross Centre	20,000
Leominster	20,000
Totals	424,000

Legal Implications

39 The Libraries and Museums Act 1964 requires the council to provide a ‘comprehensive and efficient’ library service. If the Secretary of State is concerned that a library authority is in breach of this duty s/he may order a Public Inquiry. The remodelling of library services across the country has generated several legal challenges in recent years.

40 These legal challenges have tended to focus on whether the authority has complied with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED). This duty imposes a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine ‘protected characteristics’ (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have ‘due regard’ to the PSED when taking any decisions on service changes. However, the courts also recognise that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government.

41 Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. The more serious the residual detrimental impact, the greater the financial savings must be to justify the decision. The harm can only be justified if it is proportionate to the financial benefit and if there have been reasonable efforts to mitigate the harm.

42 The library at Broad Street is subject to restrictive covenants on the title restricting its use which would adversely impact on any sale of the site unless consent could be obtained to a change of use which the Church who have the benefit of it are in no way obliged to give and would be likely to charge a considerable sum for its discharge if they agree at all.

43 Legal need to undertake a title review for all affected sites and identify whether the Council’s interest is freehold/leasehold and the terms of the same as to options for

Further information on the subject of this report is available from Natalia Silver, Head of Community and Customer Services on Tel (01432) 260732.

transfer to groups for community libraries. The legal identity of such groups also to be established and verified and risk assessment carried out by Finance. Consideration will then need to be given as to the type of disposition to be effected to the group(s) i.e. long lease or freehold.

Risk Management

- 44 The risks below are general considerations in the delivery of change and rated after mitigation.

Risk No.	Risk	Mitigation	Likely rating	Impact rating
1	Judicial review as a result of reduced library service within the small centres.	Retain function through community or partnership arrangement.	3	4
2	Unable to secure agreement to operate community libraries or unable to secure/retain a partner.	Allow time and capacity to secure partners and community arrangement.	3	4
3	Negative media coverage affecting reputation.	Explain rationale of decisions and work with local user groups and council to explain reasons for the changes.	4	3
4	Lower than anticipated take up of digital access to services.	Raise awareness and allow time and capacity for take-up.	3	4
5	Service capacity to take on greater customer contact.	Raise awareness and increase use of digital to enable access to services.	3	4
6	Budget consultation and further impact work show that savings and service change unworkable.	Consider alternative options for savings within the Directorate.	3	4

Key

LIKELIHOOD	IMPACT
5 Certain	5 Catastrophic
4 Likely	4 Major
3 Possible	3 Moderate
2 Unlikely	2 Minor
1 Rare	1 Insignificant

Consultees

- 45 Impact Survey for Customer Services and Libraries. Future consideration of impact to take place between April and September 2014.

Further information on the subject of this report is available from Natalia Silver, Head of Community and Customer Services on Tel (01432) 260732.

46 "Save Herefordshire Libraries" 38 Degrees Petition currently 9,431 signatures (as of 12.1.14).

Appendices

Appendix one: Equalities Impact and Needs Assessment for Customer Services and Libraries – Phase 2.

Background Papers

- None identified.

Impact and Needs Assessment Customer Services and Libraries – Phase 2

1. Introduction

The report to Cabinet for the 23rd January 2014 outlines changes in policy and practice for the operation of customer services which incorporates the front line delivery of library functions.

The purpose of an Impact and Needs Assessment is to enable Cabinet to make an informed decision in understanding the consequences of services changes, and recommend forms of mitigation to minimise the impact.

This impact assessment looks at the key elements of those changes and the potential consequence on customers who will be affected by the changes. The impacts need to be considered in the light of any savings will be redirected to address the needs of the most vulnerable in the community via Adult Well Being and Children Safeguarding.

This impact assessment should be considered as a supplement to the Equalities Impact and Needs Assessment that accompanied the Cabinet Report of the 19th September 2013 which outlined the options for Customer Services and Libraries. Reference is made to the Impact Survey that ran from 4th July to 8th August 2013 to specifically understand real and current usage of customers and how possible change would have an effect on them.

This report, therefore, will focus on the second phase of changes effecting customer services and libraries, cross referenced with the highest impact categories previously highlighted as:

Age – Children

- The evidence suggests that young children benefit from a library service in terms of their reading and education attainment.
- Families in crisis affecting children's prospects and development.

Age – Older

- Impact study found high use of service by 65+.
- Less likely to use the internet to access services.
- At risk of isolation.

Disability

- Less likely to use the internet.
- Isolation and mobility challenges.
- Use of services such as talking books.
- Multiple disabilities need to be considered.

Poverty

- Less likely to afford computer and access to the internet.
- Higher use of public access PCs.
- Less funds available to spend on travel.
- Combined factor of being in crisis.

Rural

- Access to services locally.
- Reduced options for public transport.
- Combined factor with poverty, disability and age to create isolation.

Geography in terms of access to services is not a protective characteristic, but is considered in this report due to the rural nature of the county and the sparseness of the population. Poverty is also not listed as a protective characteristic but given consideration in this report due to Herefordshire's low wage economy and the multiplier effect poverty has on disadvantage.

The 19th September Impact and Needs Assessment also highlighted that a person might face several challenges that will have an impact on ability to access services. Also, characteristics will change during people's life time, for example disability or poverty may be a temporary factor.

2. New Approach to Service Delivery and mitigation

The tables below offer an overview of the impact on the people likely to be affected by the new approach to service delivery.

Key: Under each category is a "star" system with the following relevance:

*no or limited negative impact

**relevant negative impact but not significant with mitigation

***high negative impact with high levels mitigation required

2.1 Case Base

Case based approach to focus on combined needs of people who have no other option to use face to face or phone contact due to the nature of the service or personal circumstances.	
Age – Children *	Limited relevance with positive impact in dealing with a range of family based issues captured or referred at one time.
Age – Older *	Positive impact in enabling several issues to be addressed at one contact.
Disability *	Positive impact as a person with disability may have a number of interactions with the council that need to be addressed.
Poverty *	Positive impact to support a range of opportunities that may help a person or family in poverty.
Rural *	Limited relevance.

Mitigation:

- Ensure a joined-up approach to cross department services and effective back office referral system.

2.2 Use of the Internet

To migrate use to internet access from people phoning or visiting one of the contact centres.	
Age – Children *	Limited impact as children and young people are high users of the internet.
Age – Older ***	High impact with high proportion of older people never having used the internet.

Disability **	High impact with evidence that disabled people are less likely to use the internet.
Poverty **	High impact with citizens unable to access the internet because of cost of equipment and subscription.
Rural **	Medium impact due to broadband coverage in some rural areas.

Mitigation:

- Increase the number of services available to access via the web.
- Continue to deliver superfast broadband roll-out in rural areas.
- Campaign of training and awareness for maximising internet use, specifically targeting older people and people with disabilities.
- Support service transformation through digital technologies to foster cultural change within service delivery and user experience.
- Increase the number of public access PCs and wifi in Customer Service Centres and Libraries, as well as other publicly used venues.

2.3 Retain services in Hereford, Ross and Leominster

Retain the level of Customer Service Centres and Libraries in Hereford, Ross and Leominster.	
Age – Children *	Positive impact for access to learning through libraries, and family access to Customer Service Centres.
Age – Older *	High usage of libraries from older people having a positive impact on retaining services, with the potential to access other services on sites.
Disability *	Positive impact on access to library buildings as considered “safe” centres with access to learning and recreation.
Poverty *	Positive impact on accessing services. Free library service, including public access PCs and information on job opportunities. Access to benefit advice, home point services and payment at customer service centres.
Rural *	Positive impact as major bus routes lead to Hereford City and the market towns.

Mitigation:

- Maximise the use of the sites through offering a range of services from across the local authority and external partners.

2.4 Risk to centres in Kington, Bromyard, Belmont and Ledbury

Reduced funding for the smaller libraries of Kington, Bromyard, Belmont and Ledbury.	
Age – Children ***	High impact on children who access the libraries in those areas and who use the services to access reading material, use the public access PCs or use the centres for recreation.
Age – Older ***	The impact study showed high use of libraries by older people, therefore high impact on older people in that area who use the facilities, includes older people who prefer face to face customer services.
Disability ***	High impact on people who use the venues as considered “safe” sites. Specific issue for people who access services and benefits via customer services.
Poverty ***	High impact specifically on users of the public access PCs. Use centres to access benefits, advice or employment opportunities.
Rural ***	High impact on people who use the sites, especially considering potential reduction to public transport and higher cost of fuel for additional travel.

Mitigation:

Realise the savings from April 2015 in order to explore and establish ways of retaining services through partnership by:

- Work with local groups / local councils to facilitate the existing opening hours including becoming community libraries
- Generate external income to cover costs, include hire of venue
- Create co-located services to maximise the use of the centres and share costs
- New partners based on cost sharing and mutual benefits in the operation of sites.

2.5 Cashless services

Operate a cashless system within the Customer Service to reduce officer time and additional space made available in the facilities.	
Age – Children *	No impact. Some links to families in poverty to pay in cash.
Age – Older ***	High impact with older people using centres to make payments based on trust of the local authority and less likely to use the internet.
Disability **	Medium impact as customers with disabilities will have to change their payment methods which may cause difficulties.
Poverty ***	High impact with people on low incomes as less likely to have bank account to use. Cashless approach. Also poverty a barrier to access services via the internet.
Rural *	Low impact, though an issue when compounded with limited access to the internet and need to travel to locations to make payments.

Mitigation:

- Promote alternative payment locations and methods, including PayPoints, post office payments, via phone and on-line
- Ensure all payments to the council have the ability to make alternatives to cash payments
- Additional public access PCs in libraries and other public venues.

2.6 Traded Service

Increase opportunity for traded services, generating additional income and instigate partnership based on financial benefit.	
Age – Children *	No impact. Possible link to families in poverty if services are charged for.
Age – Older *	No impact. Possible link to older people in poverty.
Disability *	No impact. Possible link to disabled people in poverty.
Poverty ***	Potentially high impact on people in poverty depending on the nature of the service being charged for and linked to increased cost of living.
Rural *	No impact, though compounded when linked to other factors that reduce disposable income e.g. increased cost of living, fuel poverty, utility charges.

Mitigation:

- Consider charging on a case by case basis and its effects of people in poverty.

3. Data and Evidence Base

This part of the report reviews relevant data and evidence on highest levels of negative impacts relating to:

- Reducing or withdrawing lower use Customer Service Centres and Libraries
- Migrating to digital services with less face to face, phone services and cashless systems.

This is set against highest level of negative impact:

- People of an older age
- Low income and poverty
- Ability to access services due to rural isolation.

3.1 General profile of Herefordshire by Age and Disability

Herefordshire has an older age profile than both the region and England and Wales, with a noticeably higher proportion of its population in the older age groups. Just over a fifth of Herefordshire's population is aged 65 and over (22%), compared to 16% nationally¹. The numbers of older people have grown more rapidly locally than nationally, a trend which is expected to continue as the post-war 'baby-boom' generation moves into old age.

Age profile of Herefordshire

Age Group	Male		Female		Total	
	number	%	number	%	number	%
0-15	16,200	17.8%	15,400	16.4%	31,500	17.0%
16-24	9,200	10.1%	8,600	9.2%	17,800	9.6%
25-44	21,200	23.3%	20,800	22.2%	42,100	22.8%
45-64	25,900	28.4%	26,800	28.5%	52,700	28.5%
65-74	10,600	11.6%	11,200	11.9%	21,800	11.8%
75+	8,000	8.8%	11,100	11.8%	19,000	10.3%
All ages	91,100	100.0%	93,900	100.0%	184,900	100.0%

Source: Office for National Statistics 2012 mid-year estimates

The number of people aged 65+ forecasted to be living in Herefordshire by 2031 will be 62,600. In particular, the number of people aged 85+ to 12,200 in 2031. This is reflected in the table below.

Mid-year estimates and forecasts

	Mid-year estimates			2011-based forecasts	
	2001	2011	2012	2021	2031
Under 16	34,000	31,400	31,500	32,400	32,300
16 to 64	107,200	112,900	112,600	110,600	110,300
65 and over	33,700	39,400	40,800	50,700	62,600
Total population	175,800	183,600	184,900	193,700	205,300

Source: Office for National Statistics mid-year estimates; 2011-based forecasts, GL Hearn Property Consultants

¹ Understanding Herefordshire, 2013

Enabling older people to stay in their homes rather than residential care can enable people to have more control over their lives and is more cost effective than residential care (for the public sector or individual). However, isolation can be a key factor - 3.1m people in the UK over 65 years of age don't see family, friend or neighbour even once a week² and 51% over 75 years of age live alone, with just over 1 million (11%) aged 65+ say they always or often feel lonely³.

Impact on age was by far the most common characteristic mentioned in the responses to the Impact Study. Over a third (35%) of answers to the question of which groups would be particularly affected by the proposals mentioned the elderly or older people.

Impact survey age profile

	Number of respondents	Per cent of respondents	Per cent of population
0-15 years	91	3%	17%
16-24 years	116	3%	10%
25-44 years*	526	16%	23%
45-64 years*	1,021	31%	29%
65-74 years	935	28%	12%
75+ years	657	20%	10%
All ages	3,346	100%	100%

Source: Herefordshire Council

*c20 year measure

Often linked to older age is disability, specifically mobility. In the 2011 Census 18.7% of people said they had some form of limiting long term health problem or disability. This is similar to the national percentage and to the 2001 Census - this can include problems related to old age.

The 2012 Herefordshire Quality of Life survey asked the 22% of adults (aged 18+) respondents who said they had a limiting long-term illness what was the nature.

Limiting long term illness

Nature of limiting long term illness	% of adults respondents who had an LLTI
Deaf / hard of hearing / acute hearing	12%
Blind / partially sighted / sensitive to light	4%
Learning disability or difficulty	4%
Mental health	10%
Progressive / chronic illness (e.g. MS, cancer)	16%
Mobility difficulties	41%
Other	42%

Source: 2012 Herefordshire Quality of Life Survey (people can have more than one disability)

Responses to the Impact Study were broadly representative of the population, with 19% of respondents saying they had a disability, long-term illness or health problem (12 months or more) which limits their daily activities or the work they can do.

Disability was one of the most common characteristics mentioned in the responses to the question about whether the proposals would particularly affect any group of people. Comments ranged from

² Participle.net

³ Agenda for Later Life, Age UK

people with mental disabilities needing face-to-face help, to the social aspect of talking to people (staff and others). From the transport difficulties that having to travel further would pose for those with mobility problems.

3.2 Poverty and Low Income

Poverty is a lack of income (or material possessions) to such a level that it is not considered acceptable by society. Officially a household is considered to be in poverty if its income (after taxes and housing costs) is less than 60% of the average (median) income nationally. In 2007-08 (the latest date for which local authority estimates are available) this was equal to £199 per week for a couple with no children. In the same year an estimated 19% of households (14,500 households) in Herefordshire had income below this level⁴.

Nationally, of those people classed as living in poverty:

- 22% are married families
- 22% are working age adults (16-59 years)
- 46% are lone parent households
- 29% are under 16 years old
- 16% are older people

Poverty can be a symptom of several circumstances – low wages (Herefordshire weekly wage is £384 compared to £512 nationally); unemployment which has increased as a result of the recession; under employment with the proportion of people working part-time. In Herefordshire 15% work part-time compared to 14% nationally⁵.

Also, there are links between poverty and health risks, poverty and education attainment for the most deprived neighbourhoods in Herefordshire⁶.

Whilst the greatest numbers of households in poverty live in urban areas, some households in rural areas also live in poverty. There are also other financial pressures associated with living in rural areas that, whilst not relevant to the official definition of poverty, do make it harder for residents of rural areas. Additional costs associated with transport and domestic heating mean some rural households have to spend more to achieve the same standards of living as equivalent households living in urban areas⁷.

3.3 Rurality

54% of Herefordshire's population live in rural areas, of which 44% live in the most rural locations. Access to services particularly some health services such as the dentist, GP and hospital were felt to be difficult to access by Herefordshire residents, along with other services such as post office and public transport⁸. Also, internet coverage is often harder to deliver in rural areas as premises are a distance away from structures to enable broadband.

⁴ Poverty in Herefordshire (2012): <http://factsandfigures.herefordshire.gov.uk/1975.aspx>

⁵ 2011 Census, Annual Population Survey, Annual Business Inquiry, Herefordshire Employers' Survey 2010 and the UK competitiveness index

⁶ Herefordshire Joint Strategic Needs Assessment 2010

⁷ A Minimum Income Standard for Rural Households, Rowntree Foundations, 2010

⁸ Understanding Herefordshire, 2013

49% of responses to the impact survey drove to a centre (41% “drove myself”, and 8% via a lift). 44% people walked to a site showing that there was very local use (though a high number of responses came from the use of Hereford facilities reflecting the higher population use). Public transport was relatively low use at 10% of respondees.

4. Reducing or Withdrawing lower use Customer Service Centres and Libraries

The following data profiles the centres at risk of closure referencing customer data, modes of access centres and a profile of the area in terms of poverty.

4.1 Kington

Customer Trends

The Kington Centre is a combined Customer Service Centre and Library and has seen steady use over the last five years. The number of issues of stock (whether books or other media) has decreased likely based on the easier access to books over time, whilst as expected public access PC use has increased.

Library Service

Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Visits	38,242	35,096	35,434	34,435	36,227
Issues	42,368	39,567	37,301	35,687	33,223
Reservations	1,202	1,497	1,379	1,567	1,296
PC Sessions	3,064	4,747	5,381	5,619	5,472

Customer Services

Site	Annual Customer Services Face-to-Face Contact	Annual Customer Services Payments
Kington Customer Services	4,111	4,217

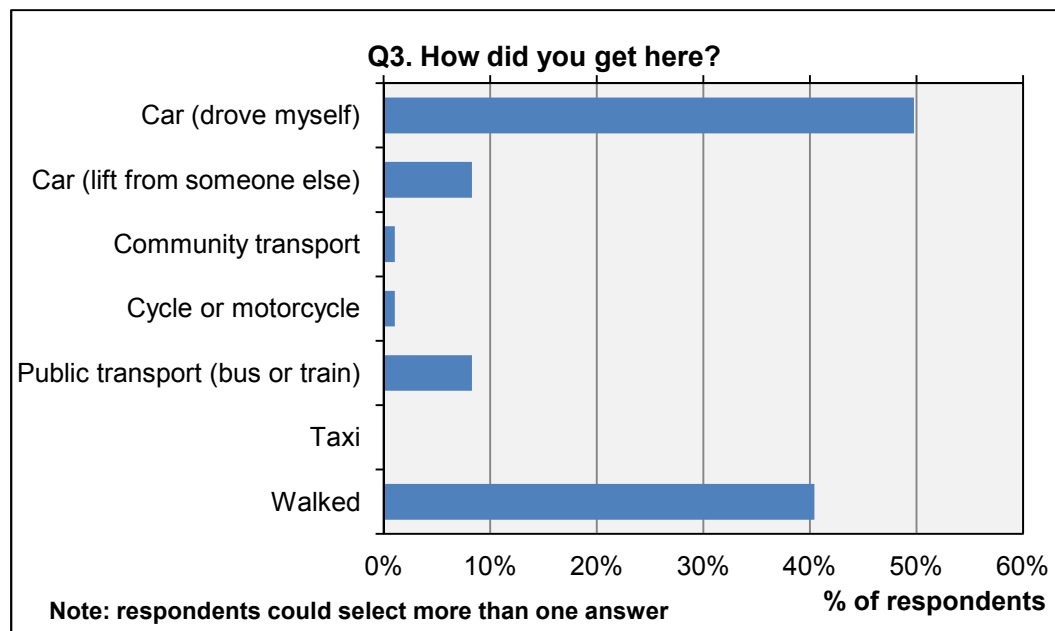
Access Accounts

The table below shows by use the type of library stock accessed which reflects the number of issues under each category and gives some insight into age use. The library service offers access accounts (self-selected) which gives an insight of use by some protected characteristics, specifically disability.

Adult	Age 18+	12,163
Teenplus	Age 15-17	242
Teenage	Age 12-14	386
Junior	Age 5-11	1,505
Under 5	Age 0-4	497
The criteria for entitlement to an Access card are:	Access Adult	461
• Unpaid carers	Access Teenplus	55
• Looked after children	Access Teenage	24
• Blind and partially sighted	Access Junior	0
• Claiming Disability Living Allowance or a Blue Badge holder	Access Under Five	0
• Disability which prevents the holding of a book		
• Dyslexia and others whose ability to read is impaired		
• Learning difficulties.		

Travel

This information taken from the Impact Study show modes of transport is relatively evenly split between car use and walking. This suggests high local use, but also use from the rural areas surrounding Kington.



Poverty

The following information is taken from the facts and figures data produced by Herefordshire Council: as well as being amongst the most employment deprived in the county, 'Kington Central' falls within the 20% most deprived in Herefordshire in terms of overall income deprivation as well as income deprivation affecting children and income deprivation affecting older people. The town has a high rate of housing benefit claimants – close to a quarter of households – only lower than Leominster and south Hereford.

Mitigation for Kington Centre

Though usage is generally low and likely to be based on the same people using the facility several times the recommendations are to:

- Focus on retaining a library function, whilst raising awareness of how people can make payment in the town or on line.
- Maximise the use of the building through co-location with a tenant.
- Explore the potential for community asset transfer of the building run as a community library.
- Retain public access PCs in the Town.
- To explore an outreach option of at least one day a week provision for customer services.

4.2 Bromyard

Customer Trends

The Customer Services Centre and Library is co-located with Halo facilities offering a range of recreational opportunities. The library use in Bromyard has declined quite dramatically in the last five years reflective of visits and issues. However, public access PC use has risen linked to the world wide increase in use of technology and access to services digitally.

Library usage:

Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Bromyard					
<i>Visits</i>	64,564	60,909	59,193	55,125	50,916
<i>Issues</i>	53,117	49,460	44,887	41,724	38,993
<i>Reservations</i>	931	1,062	1,029	989	1,033
<i>PC Sessions</i>	4,618	4,580	11,076	12,201	11,333

Customer Services usage:

Site	Annual Customer Services Face-to-Face Contact	Annual Customer Services Payments
Bromyard Customer Services	3,193	3,774

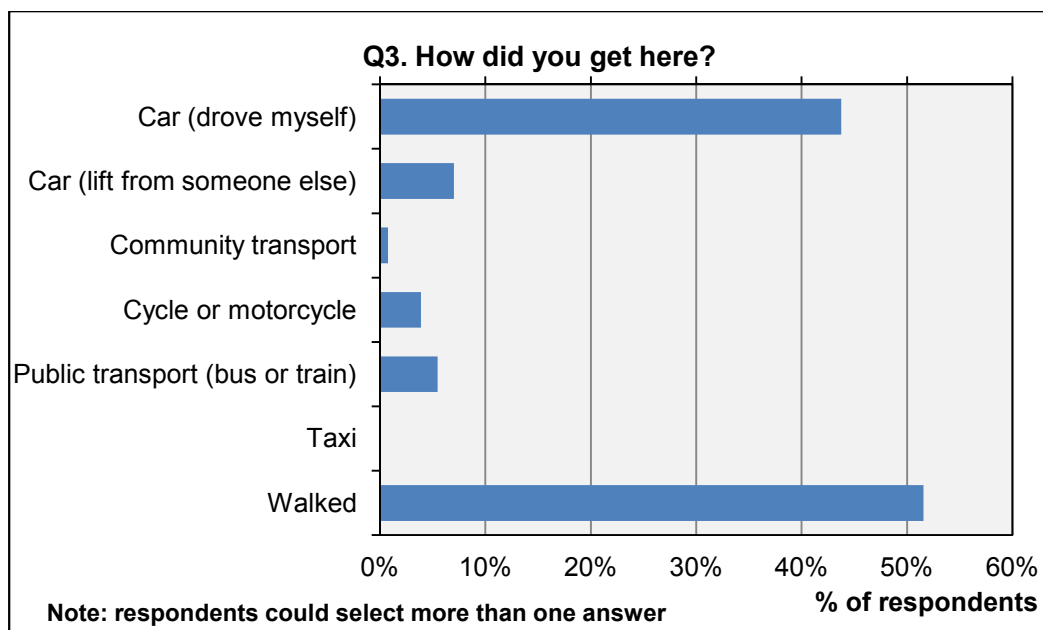
Access Accounts

The table below shows by use the type of library stock accessed reflective of the number of issues under each category giving some insight into age use. The library service offers access to accounts which gives an insight into where there is use by people who will be linked to the protected characteristics, specifically disability.

Adult	Age 18+	15465
Teenplus	Age 15-17	144
Teenage	Age 12-14	277
Junior	Age 5-11	1887
Under 5	Age 0-4	750
The criteria for entitlement to an Access card are:	Access Adult	555
• Unpaid carers	Access Teenplus	2
• Looked after children	Access Teenage	5
• Blind and partially sighted	Access Junior	20
• Claiming Disability Living Allowance or a Blue Badge holder	Access Under Five	0
• Disability which prevents the holding of a book		
• Dyslexia and others whose ability to read is impaired		
• Learning difficulties.		

Travel

This information taken from the Impact Study shows model of transport is relatively evenly split between car use and walking – high walking to the site suggests strong local use.



Poverty

The following information is taken from the facts and figures data produced by Herefordshire Council: 'Bromyard central' and 'Bromyard rural' are amongst the 20% most employment deprived areas of the county. Overall the area has the third highest proportion (after Leominster and south Hereford) of working age people that are employment deprived (11%). One in six people of working age in 'Central' claim an out-of-work benefit – the proportions claiming incapacity and income related benefits are particularly high compared to other parts of the county.

Mitigation for Bromyard Centre

- That there is a focus on library services using a smaller footprint of the building to enable services to be retained.
- Explore ways in which a reduced customer service can be provided working with external provider or outreach service.
- Raise awareness of alternative payment outlets including on-line and in the Town.
- That the public access PCs remain in the Town.

4.3 Belmont

Customer Trends

Belmont offers a library service on the southern edge of Hereford City in an urban area on one of the main routes into Hereford. The use over five years has been relatively consistent.

Library usage:

Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Visits	23,671	29,815	29,235	27,714	25,020
Issues	33,058	34,747	30,437	29,654	26,497
Reservations	931	1,190	1,209	1,216	1,153
PC Sessions	761	1,468	1,133	1,084	1,027

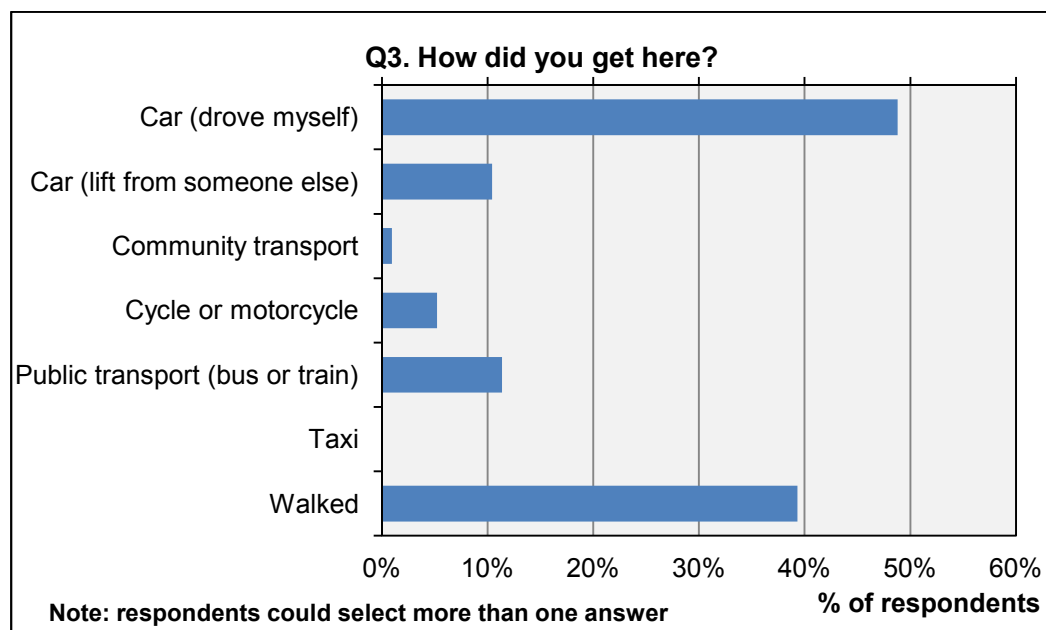
Access Account

The table below shows by use the type of library stock accessed which reflects the number of issues under each category and gives some insight into age use. The library service offers access accounts which gives an insight into use by some protected characteristics, specifically disability. The number of “Access Adults” and “Access Junior” is high for the number of total users compared to the other sites and fits with the local demographic.

Adult	Age 18+	7435
Teenplus	Age 15-17	87
Teenage	Age 12-14	214
Junior	Age 5-11	1006
Under 5	Age 0-4	666
The criteria for entitlement to an Access card are:	Access Adult	790
• Unpaid carers	Access Teenplus	11
• Looked after children	Access Teenage	0
• Blind and partially sighted	Access Junior	231
• Claiming Disability Living Allowance or a Blue Badge holder	Access Under Five	0
• Disability which prevents the holding of a book		
• Dyslexia and others whose ability to read is impaired		
• Learning difficulties.		

Travel

As expected the mode of travel shows that people will use the library from outside of the catchment because it is close to a main route (and possibly because of its proximity to high use shopping facility). Walking remains high due to its urban location, along with alternative methods of transport, specifically public transport.



Poverty indicator

This information is taken from the facts and figures data produced by Herefordshire Council: South Hereford has the county's highest rate of out-of work benefit claiming: more than one in five people of working age in 'Newton Farm-Brampton Road', 'Hunderton', 'Redhill-Belmont Road', 'Bishop's Meadow-Hunderton' and 'Golden Post-Newton Farm' (one in three people in the latter). This applies to both jobseekers (i.e. high unemployment rates) and those claiming incapacity and other income-related benefits. The proportion of young people aged 16-19 not in education, employment or training is the highest in the county.

All except the areas of 'Broadleys', 'Dales and Pastures' and Belmont Rural are amongst the 25% most deprived in Herefordshire in terms of employment (five of these are amongst the most deprived in England). Of those who do work few are self-employed and a relatively high proportion work part-time. In contrast the two newer areas of Belmont are amongst the least deprived with the highest rates of economic activity in the county and relatively few working part-time. South Hereford has the second highest rate of employment deprivation (11%) after Leominster town.

Mitigation for Belmont Library

A significant factor for Belmont Library is the catchment that will include people in poverty and low income.

- That a local partnership is established to share / cover costs based on a community library model.

4.4 Ledbury

The Ledbury Library is currently housed separately from the Customer Services Centre which is based close by. The functions will be brought together on the single site at the Masters House. The move to the single site will create positive benefit for people with disability to access library services.

Customer Trends

The use of the library has decreased over the last three years quite significantly, with corresponding reduction of issues. This can be down to the poor quality of the site, and people choosing to travel to other locations.

Library usage:

Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Visits	91,355	88,666	82,655	77,948	72,583
Issues	85,755	85,472	83,111	78,349	68,517
Reservations	3,137	3,203	3,732	3,672	2,808
PC Sessions	8,201	9,435	8,014	6,415	7,313

Customer services usage:

Site	Annual Customer Services Face-to-Face Contact	Annual Customer Services Payments
Ledbury Customer Service Centre	5,335	6,073

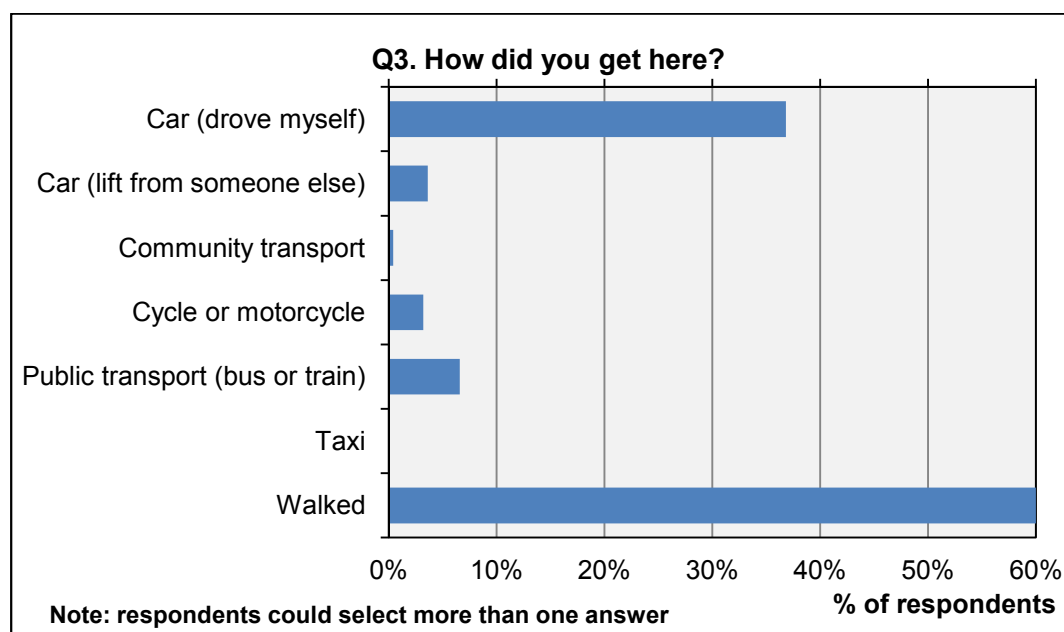
Access Accounts

The table below shows by use the type of library stock access which reflects the number of issues under each category and gives some insight into age use. The library service offers access accounts (self-selected) which gives an insight into use by some protected characteristics, specifically disability. High "Access Adults" is reflective of the general higher use.

Adult	Age 18+	27,517
Teenplus	Age 15-17	150
Teenage	Age 12-14	778
Junior	Age 5-11	2,894
Under 5	Age 0-4	1,156
The criteria for entitlement to an Access card are:	Access Adult	1,229
• Unpaid carers	Access Teenplus	4
• Looked after children	Access Teenage	3
• Blind and partially sighted	Access Junior	38
• Claiming Disability Living Allowance or a Blue Badge holder	Access Under Five	3
• Disability which prevents the holding of a book		
• Dyslexia and others whose ability to read is impaired		
• Learning difficulties.		

Travel

By far the most popular mode of transport is walking which implies that use is local, with some car use capturing use by surrounding areas.



Poverty indicator

This information is taken from the facts and figures data produced by Herefordshire Council: Ledbury has relatively low levels of income deprivation, with 'New Mills' and 'Spiral' amongst the least deprived both nationally and locally. The exceptions are 'Central' and 'Ring Road', which are amongst the most deprived in Herefordshire in terms of income deprivation – for the total population and for children. 'Central' is also one of the most deprived in Herefordshire in terms of income deprivation affecting older people.

Mitigation for Ledbury Customer Services and Library

- Retain an element of staff presence to support the library and customer service functions, balanced with community support
- Design the public spaces of the building that allows for self-service
- whilst raising awareness of how people can make payment in the town or on line
- Maximise the use of the building through co-location, including collaboration with co-tenants to even extend opening hours.
- Retain public access PCs in the Town.

5. Digital Exclusion

This Impact and Needs Assessment considers digital exclusion because of the increased reliance of services being accessed on-line, specifically payments and access a range of customer services and fault reporting.

This data assesses who currently use and don't use the internet, the barriers for being on-line, and any mitigation that can be put in place.

5.1 Use and Non-Use

Internet use has increased significantly over time, more frequently and through a range of devices which make connection much more flexible and available. For example in 2013, 36 million adults (73%) in Great Britain accessed the Internet every day, 20 million more than in 2006; and using a mobile phone to access the internet has more than doubled between 2010 and 2013, from 24% to 53%⁹.

Percentage of internet users and non-users, by low level geographical location, UK (Persons aged 16 years and over)

	Ever used %		Never used%	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
UK	84.3	85.9	15.5	13.9
West Midlands	81.8	84.1	18.0	15.7
County of Herefordshire	85.0	87.6	15.0	11.7
Worcestershire	80.3	89.3	19.7	10.7
Warwickshire	81.1	83.9	18.8	15.8
Telford and Wrekin	78.8	79.5	20.3	20.5
Shropshire CC	86.3	87.5	13.7	12.0
Stoke-on-Trent	84.5	79.5	15.2	20.5

Source: Office of National Statistics

Information from the Office for National Statistics also shows that certain protected characteristics are less likely to use the internet¹⁰.

⁹ Statistic Bulletin: internet access, households and individuals, 8 August 2013

¹⁰ Office for National Statistics Quarterly Update on Internet Access, August 2013

Older people less likely to use the internet: Almost all adults aged 16 to 24 years (99%) had ever used the Internet (7.1 million people). In contrast, only 33% of adults aged 75 years and over had ever used the Internet.

Internet non users by age, 2013 Q2

	Survey estimate
All (thousands)	7,075
All (%)	13.9
Age group (years; %)	
16-24	0.5
25-34	1.1
35-44	2.6
45-54	6.8
55-64	14.3
65-74	32.5
75+	67.3

Source: Office of National Statistics

Difference in use between genders is higher in older age: Non-use was relatively similar for males and females aged 16 to 64 years, however, internet non-use differed for adults aged 65 years and over. Where 28% of males aged 65 to 74 years had never used the Internet, the corresponding total for females was 36%. This difference grows to 14 percentage points for males and females aged 75 years and over.

Older people access the internet less frequently: adults over 75 years were the most likely to have last used the Internet more than 3 months ago. In contrast, less than 1% of Internet users aged 16 to 24 years had last used it more than 3 months ago.

When adults last used the Internet by age group (%), Q2 2013

	16-24	25-34	35-44	45-54	55-64	65-74	75+
Within last 3 months	99.3	99.0	98.7	97.5	95.7	92.2	85.8
More than 3 months ago	0.7	1.0	1.3	2.5	4.3	7.8	14.2

Source: Office of National Statistics

Disabled people are less likely to use the internet: Individuals with a disability are approximately four times more likely to have never used the Internet than individuals without a disability. At Q2 2013, there were 3.8 million disabled adults, as defined by the Disability Discrimination Act (DDA), who had never used the Internet. This represents 33% of those who were disabled and over half (54%) of the 7.1 million adults who had never used the Internet.

Internet non-users by disability status %

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
DDA disabled	35.8	36.8	36.3	34.5	34.6	33.7	33.4	32.8	31.9
Work limiting disability only	11.2	11.4	11.1	10.8	10.3	10.0	9.6	8.7	8.0
No disability	11.9	11.6	10.8	10.9	10.6	10.1	9.6	9.3	8.6

Source: Office of National Statistics

People on lower income less likely to use the Internet: Of those adults in employment whose gross weekly pay was less than £200 per week, 6% (315,000) had never used the Internet. Internet use has almost reached full coverage for those earning in excess of £500 a week, with Internet use at 99% or above for all adults with weekly pay rates above this level.

Internet use and non-use by gross weekly pay % (persons 16 years and over)

Pay Band	Never used					
	2011 Q2	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
<£200	9.2	6.5	6.6	5.7	5.4	5.9
£200-£299	7.5	5.1	5.5	4.9	4.3	4.6
£300-£399*	4.7	4.1	4.3	3.1	4.1	2.2
£400-£499	3.3	2.6	3.0	2.3	2.4	1.9
£500-£599	2.5	1.3	1.7	1.7	1.1	0.9
£600-£699	1.8	2.1	1.4	0.3	0.5	0.6
£700-£799	0.7	0.6	0.3	0.4	0.6	1.0
£800-£899	0.8	1.0	0.9	0.4	0.2	0.0
£900-£999	1.4	0.0	0.3	0.4	1.8	0.8
£1000-£1499	0.0	0.2	0.2	0.4	0.0	0.0
£1500-£1999	0.0	0.0	0.2	0.0	0.0	0.0
£2000+	0.0	0.0	0.0	0.0	0.0	0.0

Source: Office for National Statistics

*Herefordshire average weekly wage is £384

Moving in the right direction: There is a range of evidence that is indicating that more people are using the Internet – across the age, ability and wage spectrum:

- Internet use has increased over time for those individuals earning less than £200 per week.
- At Q2 2011 approximately 9% (511,000) had never used the Internet, this compares with 6% (315,000) at Q2 2013.
- A sizable increase in daily computer use, by age, in the past seven years has been for adults aged 65 and over.
- In 2006, just 9% reported that they used a computer every day, this compares to 37% in 2013¹¹.
- 18% of pensioners are now signed up to one social networking site¹² and 2% of UK Facebook visitors were over the age of 65¹³.

5.2 Barriers to Use

Of the 4 million households without Internet access, the majority (59%) said that they didn't have a connection because they 'did not need it'. Approximately (20%) indicated that they did not have the Internet in their household due to a lack of computer skills, with equipment costs (13%) and access costs (12%) being barriers to use¹⁴.

¹¹ Statistic Bulletin: internet access, households and individuals, 8 August 2013

¹² WeLoveLocalGov Blog, What Can Change in Five Years, 2011, From Housing and Litter to Facebook and Twitter Updating your Status, BDO Local Government, March 2012

¹³ From Housing and Litter to Facebook and Twitter Updating your Status, BDO Local Government, March 2012

¹⁴ Internet Access - Households and Individuals, 2013, 8 August 2013

Barriers	2006	2013
Don't need Internet (not useful, not interesting, etc.)	34	59
Lack of skills	-	20
Equipment costs too high	21	13
Access costs too high (telephone, broadband subscription)	16	12
Have access to the Internet elsewhere	10	7
Privacy or security concerns	8	2
Physical or sensorial disability	3	2
Other reason	13	13

Source: Internet Access - Households and Individuals, 2013, 8 August 2013

These findings reflect research regarding Herefordshire residents' internet use through a survey that ran from September 2011 to February 2012 and generated 5,057 responses from the county with 157 responses were from residents without the Internet. Also more recent work conducted across the LEP area of the Marches and Gloucestershire shows barriers of need within people who do not have access to the internet.

By putting the data together it can be assumed that over half of the people who have never used the internet consider they do not need or want it. This would be approximately 6% of the Herefordshire population (11.7% of the population never used the internet next to 59% of people never used the internet don't consider they need to). Again based on data this is likely to be older people and specifically older women. The trend data shows that more people are migrating to using the internet, though this cultural shift will take more effort and longer with the later adapter.

Recommendations

Based on the Impact and Needs Assessment findings the recommendations are based on:

- Conduct further impact assessment between April and September 2014 to understand alternative methods of accessing services for people most affected.
- Delay budget savings until April 2015 to develop opportunities to work with local communities and to support change in use of accessing services.
- Instigate change in advance for April 2015 when there is limited impact on the protected characteristics.
- Develop programmes that encourage greater awareness and training for people to use the internet.
- Work across department to ensure mechanisms are in place for people to pay through cashless systems.
- Conduct relevant training for volunteers operating the library service, including equality training.
- The case based approach is considered a positive way forward in addressing needs of people who have a combination of issues and can be a way of preventing people reaching crisis point.

Usage across libraries					
Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Hereford					
<i>Visits</i>	262,042	254,803	236,182	232,817	227,240
<i>Issues</i>	273,715	263,550	251,849	241,398	212,577
<i>Reservations</i>	5,753	5,872	6,204	6,265	5,245
<i>PC Sessions</i>	39,304	47,660	38,166	37,355	35,868
Leominster					
<i>Visits</i>	131,928	122,478	112,540	111,954	105,283
<i>Issues</i>	173,699	163,101	151,497	156,528	142,058
<i>Reservations</i>	4,334	3,980	3,864	3,804	3,632
<i>PC Sessions</i>	17,513	22,203	17,957	17,455	16,604
Ross					
<i>Visits</i>	114,982	112,022	109,916	108,275	115,219
<i>Issues</i>	138,747	137,886	132,998	132,493	130,241
<i>Reservations</i>	3,431	4,187	4,333	4,329	3,462
<i>PC Sessions</i>	15,266	21,885	14,655	12,334	18,888
Ledbury					
<i>Visits</i>	91,355	88,666	82,655	77,948	72,583
<i>Issues</i>	85,755	85,472	83,111	78,349	68,517
<i>Reservations</i>	3,137	3,203	3,732	3,672	2,808
<i>PC Sessions</i>	8,201	9,435	8,014	6,415	7,313
Bromyard					
<i>Visits</i>	64,564	60,909	59,193	55,125	50,916
<i>Issues</i>	53,117	49,460	44,887	41,724	38,993
<i>Reservations</i>	931	1,062	1,029	989	1,033
<i>PC Sessions</i>	4,618	4,580	11,076	12,201	11,333
Kington					
<i>Visits</i>	38,242	35,096	35,434	34,435	36,227
<i>Issues</i>	42,368	39,567	37,301	35,687	33,223
<i>Reservations</i>	1,202	1,497	1,379	1,567	1,296
<i>PC Sessions</i>	3,064	4,747	5,381	5,619	5,472
Belmont					
<i>Visits</i>	23,671	29,815	29,235	27,714	25,020
<i>Issues</i>	33,058	34,747	30,437	29,654	26,497
<i>Reservations</i>	931	1,190	1,209	1,216	1,153
<i>PC Sessions</i>	761	1,468	1,133	1,084	1,027
Colwall					
<i>Visits</i>	16,662	16,229	16,230	16,886	14,685
<i>Issues</i>	21,504	21,871	21,574	21,539	18,687
<i>Reservations</i>	1,223	1,181	1,216	1,424	1,266
<i>PC Sessions</i>	4,419	5,906	3,824	3,526	3,362
Weobley					
<i>Visits</i>	3,780	3,499	3,040	3,167	2,930
<i>Issues</i>	9,264	9,579	7,669	7,699	7,039
<i>Reservations</i>	546	550	531	671	522
<i>PC Sessions</i>	425	404	223	128	113
Leintwardine					
<i>Visits</i>	2,590	2,359	2,079	2,703	2,427
<i>Issues</i>	6,669	5,998	4,699	5,673	5,324
<i>Reservations</i>	465	545	348	440	456
<i>PC Sessions</i>	131	114	52	81	101



MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	PROPOSED TRUST STATUS FOR MUSEUM SERVICE
REPORT BY:	CULTURAL SERVICES MANAGER AND ARCHIVES AND COLLECTIONS MANAGER

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3. Wards Affected

County-wide

4. Purpose

To consider the proposal and options for moving Herefordshire Museum services to Trust status.

5. Recommendation(s)

THAT: a procurement process is undertaken to solicit tenders from charitable trusts for the purpose of delivering the Museum service in Herefordshire.

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager, and Elizabeth Semper O'Keefe, Archives and Collections Manager on Tel (01432) 260631/260056

6. Alternative Options

- 6.1 An alternative option would be to continue to manage the service by the Herefordshire Council. This option was explored within the Cabinet Report of 19 September 2013 and it was judged that the long-term sustainability of the Herefordshire collection was best provided for within a trust arrangement as it makes external financial funding easier to access and also brings management and associated financial efficiencies.
- 6.2 Should there be no existing trust forthcoming to enter into an arrangement with the museum service the option of considering a small independent trust may be appropriate. However advice from a specialist museum consultant indicated that the small critical mass of the Hereford service may make this option unviable.

7. Reasons for Recommendations

- 7.1 On 19 September 2013 a Cabinet decision was made for the museum service to undergo a restructure to a reduced level of service and to commence negotiations with existing trusts in order to find a sustainable and safeguarded future for the museum service and the Hereford collection.

8. Key Considerations

- 8.1 The council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and the level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise.
- 8.2 The museum collections consist of approximately 100,000 objects, most of which are held in trust by the local authority on behalf of the community. These are catalogued, conserved and curated at the Museum Resource and Learning Centre. It has already been established in the Cabinet Report of 19 September 2013 that the dispersion of the collection would prove disproportionately costly in terms of time, resources and legal fees.
- 8.3 The reduction in funding is related to the fact that these services, whilst valued by the community and contributing to the overall quality of life in the county are not essential to achieving the key service priorities of Herefordshire Council.
- 8.4 An arrangement with an existing trust for example would be where that trust establishes a new section for the museum services as part of the parent trust's group structure. The council would then enter into contractual arrangements with the new trust to include funding and operational requirements.

8.5 The range of aims for a trust include:

- Securing a sustainable future for the museum service.
- To maintain the curatorial expertise and safe-keeping of the Hereford.
- Providing savings for the local authority.
- To ensure continuous improvements to the services.
- To encourage effective partnership working.
- To reach new audiences.
- To achieve freedom to operate in an entrepreneurial manner such that new opportunities can be seized.

8.6 The benefits of associating with an existing trust include:

- Entering a partnership with an existing charitable trust to maximise NNDR, VAT and tax savings.
- An opportunity to realise savings from a reduction of overhead costs and economies of scale.
- An opportunity to attract external funding.
- Robust contractual arrangements to ensure the trust delivers on local requirements and issues.
- Governance arrangements which addresses issues relating to local representation.

8.7 Included within the scope of services transferred to a trust are:

- The Museum Resource and Learning Centre.
- Broad Street Museum and Art Gallery.
- Old House, Hereford.

8.8 Staff would be subject to a TUPE process from Herefordshire Council to the trust organisation.

8.9 The report of the Cultural Services Task & Finish Group was received on 8 January 2014 and as this report was being finalised. Its recommendation 7 indicates that proposed trust arrangements should allow reasonable time for the establishment and support for any future Trust. This approach is reflected in both the approach set out in this report, and the identification of appropriate risks.

9. Community Impact

9.1 The formation of a sustainable trust for museum services would have not have a negative community impact. It would also continue to contribute to the council priorities in the following ways:

Health and well-being

The trust would continue to provide a universal service providing education, learning and cultural activity opportunities for school pupils, research specialists, volunteers and the wider community.

Economy

The economic tool kit used to calculate the impact of museum services on the local economy indicates that for every £1 invested in the service £8 is generated as spend by visitors to the area.

10. Equality and Human Rights

The formation of a sustainable trust would continue to pay due regard to public sector equality duty. This would be a feature of the commissioning framework.

By continuing to provide a museum service with public access and management of the collection groups with protected characteristics would continue to benefit from having access to the service:

Disability groups

The tactile service providing access to the collection for people with visual impairment.

Age

The largely elderly volunteers would continue to have opportunities to be involved with the service continuing a appositive contribution to their well-being.

People of all ages would continue to have access to the cultural and learning opportunities the service provides.

11. Financial Implications

11.1 The current cost of the service is £454,616 plus £175,000 back office costs.

11.2 The breakdown of costs for the trust option is as follows:

Item	Cost
Museum and Resource Centre Building & service costs	59,113
Collections and curatorial budget	12,050
Exhibition budget	9,600
Hereford Museum Budget	4,790
Old House Building and service costs	23,238
Staff costs	180,927
Total	281,078

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager, and Elizabeth Semper O'Keefe, Archives and Collections
Manager on Tel (01432) 260631/260056

11.3 *Back Office Costs*

A new trust will require back office support in areas of IT, Human resources, Legal support and Finance. The current back office costs of the service are £175,000. By joining with an existing trust these could be reduced considerably. Due to the accountancy processes of the council these costs cannot be shown in the budget but for a trust of this size they would be in the order of £90,000.

11.4 *Core Funding*

The period of core funding needs to be decided upon both in terms of achieving savings targets and also to provide sustainability for the start-up of an external organisation. Initial feedback from existing trusts has indicated that they would be most unlikely to consider any partnership arrangement with a museum trust unless there was a long term commitment from Herefordshire Council to provide an assurance of core funding.

11.5 The refurbishment of the Museum Resource & Learning Centre was carried out with Heritage Lottery Fund (HLF) support. The condition of this funding means that the building must be used for heritage/museum collections for a period of 25 years or the funding (£1,233,000) would need to be repaid. 19 years remain of this 25 year term. A portion of the core funding would be required to meet this obligation on behalf of Herefordshire Council. The minimum level of core funding would need to be commensurate with the obligation to HLF.

11.6 In the eventuality that there is no existing trust that considers the core funding to be a viable and sustainable proposition consideration would have to be given to the scope of the service still wished to be retained. A further decision would have to be taken if no existing trust is willing to deliver the service on behalf of Herefordshire Council.

12. Legal Implications

12.1 Herefordshire Council has a 25 year contract with HLF which provided £1.2 million funding for the Museum Resource and Learning Centre. There are 19 years left of this agreement to run. A condition of the grant is that HLF would seek to reclaim funding if the facility was closed, if its purpose changed from its original purpose and/or if access to the collection was not maintained.

12.2 A covenant for the use of the Old House stipulates that it cannot be used for commercial purposes or be sold. A covenant for Broad Street Library and Museum states that it has been entrusted for use as a library which would adversely impact on any sale of the site and impact potential changes of use. It is possible consent could be sought to a change to those covenants however the body having the benefit of a covenant is not obliged to give consent and would be likely to charge a considerable sum for its discharge if they agree at all.

13. Risk Management

13.1 The risk is recorded in the Environment, Economy and Culture risk register.

- 13.2 Failure to maintain Museum Resource and Learning Centre both for its purpose and for an acceptable degree of curatorial expertise and access to the collection would be a potential breach of the 25 year contract Herefordshire Council signed with HLF in 2006 and may result in HLF seeking to reclaim a portion of the £1.2 million investment they invested in the facility.
- 13.3 If the recommendations are agreed Herefordshire Council will undertake to support the core funding for a stipulated period.
- 13.4 If the report is not agreed and a level of core funding is not established it could put at risk the willingness of existing trusts to engage with incorporating the museum service and alternative options will need to be sought.

14. Consultees

- 14.1 Museum Service Staff
Museum Working Group
Friends of Herefordshire Museums and Arts
Halo Leisure
Courtyard Arts Centre
Herefordshire Trust/Visit Herefordshire
Hereford City Tourism
Marches Network
Volunteers
Ward Members through Stakeholder Group
Scrutiny Task and Finish Group

15. Appendices

- 15.1 None

16. Background Papers

- 16.1 None



MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	REDUCTION OF PUBLIC FACING MUSEUM DELIVERY
REPORT BY:	COLLECTIONS AND ARCHIVE MANAGER; AND CULTURAL SERVICES MANAGER

Classification

Open

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards Affected

Central ward and County-wide

Purpose

To approve the recommendation for a reduction in opening hours of the museum service front of house delivery across the sites of the museum in Broad Street and the Old House in High Town, Hereford.

Further information on the subject of this report is available from
Elizabeth Semper O'Keefe, Collections and Archive Manager or Mick Ligema, Cultural Services
Manager on Tel (01432) 260056/260631

Recommendation(s)

THAT:

- (a) the opening hours for the Hereford Museum and Old House be reduced to achieve the required savings; and**
- (b) authority be delegated to the Director of Economy, Communities and Corporate to determine the detailed implementation of this reduction.**

Alternative Options

- 1 To maintain current opening hours of the Hereford Museum and Old House (Tues to Sat, plus Sun and bank holiday Mondays through the summer). This would have greater costs associated with regard to building running costs and staffing and require commensurate savings to be found in other budgets.
- 2 To close fully the front of house delivery of the museum service from Hereford Museum and Old House. This would leave only the Collections Team based at Museum Resource and Learning Centre and which would be less attractive for a trust to take on, as well as having a negative impact on the tourist offer for the city and the county.

Reasons for Recommendations

- 3 The council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and the level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise.
- 4 The reduced hours option will allow us to reduce costs, whilst maintaining a core level of service across both collections and front of house, to ensure that a viable and attractive service model is brought to the discussions with trusts.
- 5 The current restructure in the museum service will deliver a reduced level of staffing across the new structure, therefore leading to a reduction in opening hours likely to begin in February 2014.
- 6 Heritage tourism is worth £26.4bn to the UK economy, according to research by the Heritage Lottery Fund (HLF). A new report reveals that the new figure is £5.8bn higher than previously estimated in 2010. The increase is mainly due to a 13% rise in international visits and overnight holidays made by UK residents between 2007 and 2011. Tourism is an important local industry and the museum sites play a vital role in this.
- 7 In Herefordshire the analysis of the economic impact of the museum service has been assessed by applying the Economic Toolkit. This indicates that the service generates a wider income of £5,603,493, or a spend of £8.24 into the local economy for every pound invested in the service. For the Old House in Hereford there is a return of £41 for every pound spent on running the service in that facility. Within the community, museums support local businesses and the visitor attractions they

Further information on the subject of this report is available from
Elizabeth Semper O'Keefe, Collections and Archive Manager or Mick Ligema, Cultural Services
Manager on Tel (01432) 260056/260631

provide engage visitors and encourage tourism. The museums help to make Herefordshire a vibrant place to visit, live and work.

Key Considerations

- 8 On 19 September 2013 a Cabinet decision was made for the Museum service to undergo a restructure to a reduced level of service and to commence negotiations with existing trusts in order to find a sustainable and safeguarded future for the Museum service and the Herefordshire collections. The reduction in sites, staffing and, subsequently in opening hours, will enable the agreed savings target to be met.
- 9 Star Chamber discussions in October 2013 further proposed that a reduction in the front of house service be undertaken, moving towards a complete closure of the Broad St museum, and to stop work on future exhibitions. This would create further savings in 2014/15, but would also incur costs for safe removal and storage of artefacts from the closed sites. This would also leave a minimum service with no regular public facing museum delivery which would be an unattractive service for a trust to take on.
- 10 Ross Market House Heritage Centre is being offered to Ross Town Council as a Community Asset Transfer from April 2014, though the negotiations on this are not yet concluded. The restructure will result in this Heritage Centre closing before April 2014 – though this will allow the Museum Service to complete an externally funded project to update the displays.
- 11 Ledbury Heritage Centre has also been offered as a Community Asset Transfer. These negotiations are being finalised and a Ledbury based group will take over this site from 1 April 2014. This will have no impact on staffing levels as it is manned by volunteers.
- 12 Plans for exhibitions other than those already booked in for 2014 have been suspended. Those external exhibitors that are already booked in have signed an agreement with the museum service. The WW1 exhibition planned for next Summer is part of a wider HLF funded project to commemorate Herefordshire's contribution to the Great War.
- 13 The Old House is covenanted by a deed of gift to the Council, the terms of which state that "The Old House shall not at any time hereafter be used for any commercial purpose of any kind whatsoever or re-sold by the Corporation". It has been offered to the City Council as a Community Asset Transfer but this offer has been declined.
- 14 The refurbishment of the Museum Resource and Learning Centre was carried out with HLF funding. The condition of this funding means that the building must be used for heritage/museum collections for a period of 25 years or the funding (£1,233,000) would need to be repaid. At this stage 19 years remain of this 25 year term.
- 15 If the front of house provision is stopped, the sites will lose their accredited status. The UK Accreditation scheme is the mark of a professional museum service which also enables access to funding for project and development work and supports the county-wide network of independent museums for curatorial advice and mentoring.
- 16 The museum service holds a collection of objects which tell the story of the people and the life of Herefordshire. It sets out to record history, for current and future enjoyment and stimulation, for learning, research and pleasure. The service has a

Further information on the subject of this report is available from
Elizabeth Semper O'Keefe, Collections and Archive Manager or Mick Ligema, Cultural Services
Manager on Tel (01432) 260056/260631

moral and legal responsibility for the collection which is held in trust by the council on behalf of the donors. There is a universal market for the service including local people, national and international visitors, including research visitors, also schools, the cared for community and the voluntary sector. The wider service and professional staff also support the work of the independent museums around the county, including supporting their accreditation applications.

- 17 The reduced resource will require some reduction in opening hours at the remaining facilities. It is proposed to use this remaining resource as flexibly as possible to maintain a core offer that can be transferred to a future museum trust. Any reduction in hours must be widely communicated to local users and via the website etc. to national and international visitors.
- 18 The report of the Cultural Services Task & Finish Group was received on 8 January 2014 and as this report was being finalised. Its recommendation 6 indicates that no arrangements for the closure of public facing museum services shall take effect until reasonable time is given to the feasibility of other Trusts and community groups taking over the service. The establishment of a trust is considered elsewhere on this agenda. This report's focus is on the reduction in opening hours at the Hereford Museum and the Old House rather than their closure. Nevertheless the report sets out the measures that are being put in place to consult with staff and stakeholders on the details of the package.

Community Impact

- 19 The museum service contributes to the vitality of the county – providing opportunities for citizens and visitors to find out about the history of the area and explore this through outreach activities and events, as well as the permanent and temporary exhibitions. Knowledge of a person's past can help to enhance their well-being and sense of connection to a place.
- 20 The museum contributes to “vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally”. The museum service also provides a range of formal and informal learning opportunities – contributing to the Corporate Plan's aim: “there is access to excellent education and learning opportunities at all levels”. Further the museum service has a large number of dedicated volunteers – further contributing to the Corporate Plan's aim to “increase the % of residents who volunteer at least once a week”.
- 21 Visitor and user numbers for the Old House and Museum in 2012/13 were 34,762 and 28,726 respectively. This represents a mix of residents, national and international visitors.

Equality and Human Rights

- 22 It is not expected that this recommendation will impact our public sector equality duty.

Financial Implications

- 23 The approved option in September was to reduce the service to make the identified savings of £239,274. The restructure and its consequent reduced service offer will make these savings in 2014/15, besides the £48,000 savings in 2013/14. The service will continue to be funded internally whilst discussions with trusts are ongoing.

Further information on the subject of this report is available from
Elizabeth Semper O'Keefe, Collections and Archive Manager or Mick Ligema, Cultural Services
Manager on Tel (01432) 260056/260631

It is anticipated that a trust will be responsible for the museum service from April 2015, with a core funding SLA. A separate report on this agenda addresses this matter in greater detail.

- 24 Herefordshire Council has a 25 year contract with the HLF and which provided £1.2 million funding for the Museum Resource and Learning Centre. There are 19 years left of this agreement to run. A condition of the grant is that HLF would seek to reclaim funding if the facility was closed, if its purpose changed from its original purpose and/or if access to the collection was not maintained.

Legal Implications

- 25 The Old House is covenanted by a deed of gift to the council, the terms of which state that "The Old House shall not at any time hereafter be used for any commercial purpose of any kind whatsoever or re-sold by the Corporation". It is possible consent could be sought to a change to the covenant however the body having the benefit of a covenant is not obliged to give consent and would be likely to charge a considerable sum for its discharge if they agree at all.

Risk Management

- 26 The broader risks associated with reduced funding for cultural services will be captured in the risk register of the Economic, Environment and Cultural Services.
- 27 That the local economy is adversely affected by a reduction in hours or whole closure of the public facing delivery. This will be mitigated by continuing to offer outreach activities from the remaining site or sites
- 28 That the savings targets will not be met if the current opening hours remain. This will be mitigated by the reduction in hours following the restructure.
- 29 That a local trust will not wish to take on the museum service with no public facing offer, meaning that there may not be a sustainable future for the service and its collections. Mitigated by retaining some public facing service delivery, albeit at reduced hours.

Consultees

- 30 Ongoing engagement with ward members and partners has been through the stakeholder group. Following the completion of the recent staff restructure there will be further with staff and stakeholders regarding the reduced opening hours, to confirm the days and opening times.

Appendices

None

Background Papers

None

Further information on the subject of this report is available from
Elizabeth Semper O'Keefe, Collections and Archive Manager or Mick Ligema, Cultural Services
Manager on Tel (01432) 260056/260631



MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	WITHDRAWAL OF ARTS COMMISSIONING GRANTS
REPORT BY:	CULTURAL SERVICES MANAGER

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 10 (General exception) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

3. Wards Affected

County-wide

4. Purpose

To approve the withdrawal of the Arts Commissioning Grants to external organisations from 2014-15.

5. Recommendation(s)

THAT: The payments of Arts Commissioning Grants made by Herefordshire Council to external arts organisations are withdrawn from April 2014.

6. Alternative Options

- 6.1 *The payment of Arts Commissioning Grants is continued.*
- 6.2 The Council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and the level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise.
- 6.3 If the Arts Commissioning Grants are not withdrawn the Council will have to make further reductions elsewhere in its service provision.
- 6.4 *The payment of Arts Commissioning Grants are continued but at a reduced level, for example a 50% decrease in the total funding available for 2014-15, reducing to zero funding by end of 2015-16. This would enable organisations to plan for adjustments to their funding and to mitigate the impact on their activities.*
- 6.5 In relation to the potential disproportionate impact upon groups with Protected Characteristics an option would be to maintain 50% of the funding and commission it to organisations which focus their activity on these groups.

7. Reasons for Recommendations

- 7.1 To make a saving of £65,296 in 2014-15 to support the corporate financial strategy and enable Council resources to be focussed on priority services.

8. Key Considerations

- 8.1 Herefordshire Council signed one year commissioning agreements with local arts organisations for a total of £58,200 of grants in 2013-14 for the delivery of cultural activities which support the Council's strategic priorities. The total amount in the budget is £65,296.
- 8.2 Eleven organisations received the grants in 2013-14 and which ranged from Borderlines Film Festival and Arts Alive to the Music Pool, Echo and Fetch Theatre. Appendix 1 sets out a full list of organisations and the amounts paid.
- 8.3 The purpose of the grants is to use cultural activity to support people and the economy across the county as outlined below.
- 8.4 **Economy**
- Support economic growth & connectivity (*includes broadband, local infrastructure, transport and economic development*).
 - Makes Herefordshire more attractive to younger age groups for a more balanced age profile.
 - Supports the improvement and quality of our natural and built environment.

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

- Has vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally.

8.5 Supporting people

- Enable residents to be independent and lead fulfilling lives.
- Sustain people to be physically and mentally healthy and stay healthy for longer.
- Support outcomes for children and young people improve.
- Support access to excellent education and learning opportunities at all levels (*includes early years/schools/FE/HE/adult learning*).
- Enable people to take more responsibility for themselves (*includes making healthy choices & focus on prevention*).
- Enable people to be more active in their communities and look out for the more vulnerable so they live independently.

8.6 Anticipating pressure on the budgets a consultation process was carried out with the beneficiary organisations in August/September 2013 to identify what the impact would be on the possible reduction or withdrawal of the grants. All eleven of the organisations responded to the consultation.

Appendix 2 sets out a summary of the comments received with regard to the impact of both the payment and loss of the grants.

Appendix 3 sets out detailed feedback from Borderlines Film Festival.

Appendix 4 sets out detailed feedback from Arts Alive.

Appendix 5 sets out feedback from DanceFest.

8.7 Box Office sales at the Borderlines Film Festival devolve back to the villages hosting events. The festival is also having a positive impact on tourism by attracting people into the county to spend.

8.8 The organisations create jobs in the county e.g. Rural Media 16 posts, 2Faced Dance, 2 posts

8.9 Hereford Media Network (Rural Media) promotes employment and training, currently having three trainees working for the organisation.

8.10 Ledbury Poetry Festival draws in over 5,000 people and 1,000 participants into the town, bringing spending potential to the visitor and tourism economy.

8.11 A number of the organisations which receive funding (Arts Alive, Dancefest, Ledbury Poetry Festival) are National Portfolio Organisations whose funding from Arts Council England (ACE) is reliant upon support from the local authority. Withdrawal of the funding would put their status, their ability to deliver their programmes and their funding at risk.

Herefordshire Council Arts Commissioning grants

2013-14

Performance Table

Organisation	Grant 2013-14	Leveraging impact of funding	User figures	Equality Protected Audience	Volunteers
2 Faced Dance Company	£3800	£150,000	15,000	Age & Disability	25 = 120 hours
Arts Alive (& Flicks in the Sticks)	£12000	£96,000	11,000	Age & Disability	250= 2500 hours
Borderlines Film Festival	£8000	£36,000	18,000		300
Dancefest	£4500		800	Age & Disability	15= 150 hours
Echo (About Face Theatre)	£5550	£26,330	300	Age & Disability	2=450 hours
Feral Productions	£1500	£102,206	750	Age-young people	70=700 hours
The Fetch Theatre	£1400		1800	Age & Disability	8=320 hours
Ledbury Poetry Festival	£3000	£132,960	5500		90
Meadow Arts	£1500	£182,000	80 participants 1000 education engagement		4=40 hours
The Music Pool	£10500	£102,645	6694	Age & Disability	30=350 hours
The Rural Media Company	£6500	£39,650	1100	Age & Disability	3=192 hours
Total	£58,250	£586,073	44,024		797=4822 hours

- 8.13 The report of the Cultural Services Task & Finish Group was received on 8 January 2014 as this report was being finalised. Its recommendation 4 relates to this issue and indicates that the executive should give an assurance that all impacts shall be sufficiently considered when making any decisions on reducing or stopping Herefordshire Council support. Such information is set out in this report and its appendices. Particular issues are set out in paragraph 8.11 and Sections 11 and 13 of this report.

- 8.14 It is clear that there would be considerable merit in continuing with the current arrangements for arts commissioning grants. They are well received in the community and lever in significant sums of other income and businesses. Nonetheless the Council is faced with a particularly challenging budget for 2014/15 and the various organisations that benefit from these grants are not directly providing statutory services. It is on this basis and on balance that the recommendation is that the grants are withdrawn.

9 Community Impact

- 9.1
- The organisations create community led projects involving large numbers of volunteers. Rural Media recently ran a large scale community project in Ledbury. The Music Pool have run gathering Wave, Stonemason's Tale, music for Flavours of Herefordshire.
 - They create activity to support people's health and wellbeing - Dancefest run dance programmes linked to health.
 - Activity is devised for young people to improve their skills and self-esteem. In 2011/12 Rural Media enabled in excess of 3,000 people from rural and disadvantaged communities to participate in creative media activities, to develop skills, promote self-confidence and find 'a voice'.
 - Cultural projects run to give rural communities a focus. Volunteering is a huge part of Arts Alive work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.
- 9.2 The organisations create community-led projects involving large numbers of volunteers. Rural Media recently ran a large scale community project in Ledbury. The Music Pool have run gathering Wave, Stonemason's Tale, music for Flavours of Herefordshire.
- 9.3 They create activity to support people's health and wellbeing - Dancefest run dance programmes linked to health outcomes. Ledbury Poetry Festival is running a programme for people with Dementia. They have also been working with local GPs to support people with health conditions.
- 9.4 Cultural projects help to give rural communities a focus. Volunteering is a significant part of Arts Alive work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.

10. Equality and Human Rights

- 10.1 The grant funding provides participation, opportunities, training for groups with Protected Characteristics in a rural setting which could be adversely and disproportionately affected by the withdrawal of the awards.

10.2 The two key Protected Characteristics are Disability and Age.

Music Pool

The Music Pool works with NEETS; 120 SEN children per week; 70 PRU pupils per week, 70+ looked after children per week; 100+ via SCOPE; 90+ older people per week. Their partner organisations include Youth Offending Team, West Mercia Police, Social Care.

Dancefest

- **The Jigsaw Project:** This is integral to the work of Dancefest Herefordshire with huge reach and engagement to over 140 people of all ages and abilities. This is a unique opportunity in Herefordshire and is not duplicated elsewhere. Herefordshire community and school groups benefit hugely from this biennial dance and disability performance particularly those with a physical or learning disability who achieve not only creatively through the project but also as performers in a professional venue (the CYD).
 - The total number of project attendances was more than 2000 throughout the project.
 - 700 people saw the performances including local school children, parents, friends and family.
 - The exit routes into successful weekly community classes for young people take place in Hereford.
 - On average 130 children, young people and adults with varying disabilities benefit from this unique project.

Projects/workshops for older people in Herefordshire:

- Moving Pictures: Out in rural communities.
- Chance to Dance weekly sessions
- Workshops in residential homes
- One off special projects

Regular participation for Children/ young people/ adults /older people:

- Children's classes in urban and rural Herefordshire
- Young people's dance groups and youth companies
- Adult contemporary / choreography/creative dance workshops.
- Inclusive dance workshops for disabled and non-disabled dancers.
- Older people's sessions- creative movement/dance in residential settings
- One off special workshops with visiting professional dance companies to The Courtyard- young people/adults.

About Face Theatre Company

About Face is Herefordshire's only theatre company for actors with learning disabilities. It is a vital and vibrant part of the county's cultural diversity. They provide opportunities for people with learning disabilities to explore theatre as a means of communication, expression, development and to provide a voice for personal and social issues affecting people with disabilities. For the 2013-14 investment of £5500 About Face will reach an audience of over 500, have 150 total participants, a positive experience rating of 85% and support 450 volunteer hours.

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

11. Financial Implications

- 11.1 The grants are used by organisations as match funding to enable them to bring further finance into the cultural economy .The £58,250 total funding in 2013-14 was used to lever in an overall total of £586,073 to support the activity programme of the eleven organisations. Appendix 6, Further Funding Leverage sets out the impact of Herefordshire Council Funding.
- 11.2 Many of the organisations are funded by ACE (Arts Council England) on a project basis. If organisations were to lose the Herefordshire Council support as it would significantly weaken their future applications for ACE and other funders.

12. Legal Implications

- 12.1 Contracts have been signed and agreed with organisations for 2013-14. By the time the report is considered over 85% of the funding for 2013-14 will have been issued.

13. Risk Management

- 13.1 The risks for the Arts organisations would be an inability to continue with their current level of programme due to insufficient funding and further reducing their ability to draw in further funding. The risks are that due to the withdrawal of these grants, the Arts organisations are unable to continue with their current programme of activity and that this may affect their ability to draw in other funding.
- 13.2 These risks would be mitigated through early communication to the organisations, enabling them to make the necessary strategic plans to manage the removal of the grants.
- 13.3 There would be damage to the council's reputation with the local organisations and the cultural community, as well as regionally and nationally with the Arts Council England.
- 13.4 If the recommendation is not supported the Council would need to find alternative ways in which the necessary savings can be achieved.

14. Consultees

- 14.1 Borderlines Film Festival
Arts Alive
Echo
The Music Pool
Rural Media Company
Meadow Arts
Dancefest
Ledbury Poetry Festival
2 Faced Dance
Feral Productions

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

Fetch Theatre
Herefordshire Council Scrutiny Cultural Services Task and Finish Committee.
(The group published its finding in January 2014)

15. Appendices

- Appendix 1 - List of Commissioned organisations
- Appendix 2 - Summary of feedback from Commissioned organisations
- Appendix 3 - Detailed feedback from Borderlines Film Festival
- Appendix 4 - Detailed feedback from Arts Alive
- Appendix 5 - Detailed Feedback from DanceFest
- Appendix 6 – Arts Commissioning Performance Table

16. Background Papers

- 16.1 None identified.

Appendix 1

Herefordshire Council Arts Commissioning grants

2013-14

Organisation	Grant 2013-14
2 Faced Dance Company	£3800
Arts Alive (& Flicks in the Sticks)	£12000
Borderlines Film Festival	£8000
Dancefest	£4500
Echo (About Face Theatre)	£5550
Feral Productions	£1500
The Fetch Theatre	£1400
Ledbury Poetry Festival	£3000
Meadow Arts	£1500
The Music Pool	£10500
The Rural Media Company	£6500
Total	£58,250

Appendix 2

Summary of Feedback from Arts Organisations

Impact of the Arts Commissioning Grants

2012-13 £61,300 awarded to 11 organisations

2013-14 £58,200 awarded to 11 organisations

The focus of these grants is using cultural activity to support people and the economy in Herefordshire by commissioning organisations to deliver activity on behalf of the Council. Activities of all the organisations contribute to the following Council priorities:

1 Economy

Create and maintain a successful economy that

- Supports economic growth & connectivity (*includes broadband, local infrastructure, transport and economic development*)
- Makes Herefordshire more attractive to younger age groups for a more balanced age profile
- Supports the improvement and quality of our natural and built environment
- Has vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally
-

2 People

Enable residents to be independent and lead fulfilling lives

- People are physically and mentally healthy and stay healthy for longer
- Outcomes for children and young people improve
- There is access to excellent education and learning opportunities at all levels (*includes early years/schools/FE/HE/adult learning*)
- People are able to take more responsibility for themselves (*includes making healthy choices & focus on prevention*)
- People are more active in their communities and look out for the more vulnerable so they live independently

Key Impacts

- 1. The value of the Council's endorsement of the organisations activities particularly with other funders. All the organisations see the Arts Grants as essential for leveraging further funding and report on the value of the council endorsement with other funders.**

e.g. About Face Theatre Company over the last 2 years has received £12,000 which has led to leveraging of a further £26,000

e.g. In addition to the Herefordshire Council grant and the ACE grant (which when reviewed takes into account the level of council funding), Arts Alive generates at least £30,000 extra income from events, as well as extra investment from other funders such as Lottery and Sponsorship. They estimate that the Herefordshire Council grant is matched by a factor of 8

e.g. in 2012-13 £61,300 in grants paid out helped to realise a further £2 million of income across the organisations

2. The impact on the people that these organisations reach including disadvantaged, rurally isolated, people with a disability, older people, young people without sufficient education and skills, people with mental health issues, unemployed

e.g. The Music Pool works with NEETS; 120 SEN children per week; 70 PRU pupils per week, 70+ looked after children per week; 100+ via SCOPE; 90+ older people per week. Their partner organisations include Youth Offending Team, West Mercia Police, Social Care

e.g. organisations contribute to the health agenda in terms of prevention. Ledbury Poetry Festival has developed a GP referral scheme working with a particular health issue. They also work with people with dementia and with the Hospice

3. The impact on communities and the people in them particularly in rural areas. All the organisations offer volunteering opportunities

e.g. the organisations create community led projects involving large numbers of volunteers. Rural Media recently ran a large scale community project in Ledbury. The Music Pool have run gathering Wave, Stonemason's Tale, music for Flavours of Herefordshire

e.g. they create activity to support people's health and wellbeing - Dancefest run dance programmes linked to health

e.g. activity is devised for young people to improve their skills and self-esteem. In 2011/12 Rural Media enabled in excess of 3,000 people from rural and disadvantaged communities to participate in creative media activities, to develop skills, promote self-confidence and find 'a voice'

e.g. Cultural projects run to give rural communities a focus. Volunteering is a huge part of Arts Alive work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.

4. Contribution these organisations make to the economy and bringing money into communities

e.g. Box Office sales at the Borderlines Film Festival devolve back to the villages hosting events. The festival is also having an impact on tourism by attracting people into the county to spend.

e.g. the organisations create jobs in the county e.g. Rural Media, 2Faced Dance, Dancefest, Music Pool

e.g. in 2012-13 Dancefest spent £35,000 in the county

e.g. Hereford Media Network (Rural Media) promotes employment and training

e.g. Ledbury Poetry Festival draws in over 5,000 people and 1,000 participants into the town, bringing spending potential

Appendix 3
Detailed Feedback from Borderlines Film Festival

Mick Ligema
Cultural Services Manager
Herefordshire Council

29 July 2013,

Dear Mike,

Re: Arts Commissioning Grants

Thank you for your letter of 27 June 2013 requesting feedback on the proposed review of funding for Arts Organisations through the Arts Commissioning Grants that will take place shortly.

Borderlines Film Festival has been awarded Arts Commissioning Grants since its inception as a separate organisation in 2006. The grants from Herefordshire Council form a corner stone in the funding package that we bring together annually to stage the Festival and the support from the Council represents 22% of our income from funding agencies, local authorities and trusts. Without the support from the Council we would be in serious financial difficulties and it would be doubtful that we could replace this sum through other avenues which are becoming either increasingly restricted and /or fiercely competitive.

As a Film Festival, Borderlines is not able to apply for Arts Council core funding, and our main funder the British Film Institute only supports the Festival on an annual project by project basis. Local authority support is seen as crucial in applications to the BFI and is also vital in providing a guaranteed match funding element for the application. This year the BFI awarded Borderlines £20k for the Festival in 2014.

The Festival budget for 2014 is £129k consisting of: £56k of box office income; £36k from grants and trusts; £14k from private sources (sponsorship, etc); and £12k from other earned income. Box office income devolves back to the village halls and market towns that we work with (usually around 20-23 in Herefordshire annually) and they also benefit from increased bar takings which do not feature in our budgets. The fact that new villages are constantly seeking to join the Festival demonstrates the cultural, social and economic benefits that village promoters anticipate if they join the Festival roster.

Our main venue The Courtyard benefits enormously from participation in the Festival. Cinema attendances during the 17 day period of the Festival account for 28% of their *annual* attendance. The Festival also makes a big impact on their bar and cafe takings: the first week's takings for the Festival in 2013 were the highest ever weekly takings in The Courtyard's 15 year history.

The Festival clearly keeps people spending within the county supporting local cultural and social spaces and enterprises. Increasingly we are bringing in more out of county day visitors and tourists to the county. In our recent Audience Survey 95% agreed Borderlines contributes positively to the image and reputation of the area. We regularly have national press attention (*The Times*, *The Guardian* and *The Observer*) and regional TV and press coverage. Our audiences rate the Festival highly and we have attendances that range up to 18,000.

The benefits that the Festival brings to the county represents excellent value for money on the one hand at a minimal cost and on the other, the Festival would be hard pressed to replace this figure in the present climate, and indeed its loss might threaten the Festival's existence in the long term.

Yours sincerely,

Naomi Vera-Sanso
Festival Director

Arts Commissioning Grants – Feedback on Consultation

Arts Alive is extremely grateful for the support of Herefordshire Council over the past few years, especially at a time when the Council has been making some very difficult decisions.

Herefordshire Council supports the work of Arts Alive and Flicks in the Sticks with an investment of £12,000.

Based on the last full year of activity we provided the following:

- 60 live professional events in 26 different communities
- 330 film screenings in 32 different communities
- Training events for volunteer promoters
- Audiences of over 17,000 people
- Over 3,500 volunteer hours
- Several partnerships with other Herefordshire based organisations
- Applied and received extra support for specific projects – such as Satellite installation in Ledbury Market Theatre and extra marketing support from LEADER.

Arts Alive receives a grant of over £58,000 from the Arts Council of England (ACE) to support our work in both counties. Having discussed this situation with the ACE, their view is this:

“Arts Alive is a National Portfolio Organisation (NPO) and currently has a three- year funding agreement. Following the spending review, Arts Council England will be looking to open an NPO/MPM application process between autumn 2013 and spring 2014. This will be an open application process.”

Our view is that the Arts Council will look at our application including the support we have from our local authorities, and will decide if our application is strong enough to be successful. Our concern is that if we lose local authority investment that this could prejudice the strength of our application.

In addition to the Herefordshire Council grant and the ACE grant, we generate at least £30,000 extra income from events, as well as extra investment from other funders such as Lottery and Sponsorship.

We estimate that the Herefordshire Council grant is matched by a factor of 8.

Our biggest concern with a reduction of funding is that other funders may see it as an opportunity to reduce funds also – and both of these mean that we would have to reduce the number of events, which again impacts on income – launching us into a downwards spiral.

With increasing unemployment and closing of basic local rural services such as shops, schools, libraries and pubs, Arts Alive and Flicks in the Sticks provide vital opportunities for communities to come together, to get to know and support each other and to from the sale of refreshments raise small amounts for their important community venues. This service helps to keep it viable and appealing for **all ages** to live and work in our rural communities.

Apart from the obvious outputs of the events, and the earned income as a result of Herefordshire Council investment, there are less obvious, but equally crucial aspects to our work.

Volunteering is a huge part of our work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.

We very much hope that the council can find a way to continue our funding, so that our important work which represents great value for money can go from strength to strength.

Ian Kerry

July 2013

Appendix 5 Detailed Feedback from dancefest



30 July 2013

Dear Mr Ligema,

Thank you for your letter requesting feedback from Dancefest regarding the review of the arts commissioning grants. I think it is important to say everyone understands that very difficult decisions have to be made by local authorities and government departments.

General points

- Funding from Herefordshire Council demonstrates support for the quality, ethos and goals of the organisation
- It demonstrates support to other potential funders
- Having the Herefordshire Council logo on marketing tools demonstrates to the general public the belief in the quality of work
- Small organisations face tough competition to get funding from charities, trusts, individual donors and sponsors

Withdrawing or reducing Herefordshire Council support from the arts:

- Reduces the social impact of the arts to local communities
- Reduces the impact of the arts to physical and mental wellbeing of people who take part
- Reduces the opportunity for children and young people to develop skills
- Endangers livelihoods
- Reduces the economic input provided by the arts
- Reduces the value of the arts to tourism
- Demonstrates a lack of belief in the value of culture to society

From our organisation's perspective Herefordshire Council's input of £4,500 was 4.4% of grant aid received in 2012-13. Although not a large proportion it was very important in terms negotiating our NPO status with the Arts Council who value our provision in the county. At a time when government funding to ACE is being reduced by 5% and there will be another very difficult round of funding to maintain NPO status for 2015-2018, it will be crucial for Dancefest to be able to demonstrate Herefordshire Council support.

In 2012 – 13, Dancefest's direct expenditure to deliver its Herefordshire programme was just under £35,000, whilst the income generated was £27,000. The Dancefest Board has long acknowledged the difficult financial situation faced by the organisation in Herefordshire, but has demonstrated its belief and commitment to the work by continuing. However as the situation worsens we could not continue to invest in staffing and delivering a programme that creates a financial risk for the organisation.

Dancefest is based at The Courtyard (CYD): This gives Dancefest a strong focus in the arts across Herefordshire. The base is vital for networking opportunities with other organisations including the Courtyard to continue to develop exciting and innovative projects. For example 'Wye Tea Dance', an older persons project supported by the Courtyard and led by Dancefest. Other collaborations made possible by our presence at The Courtyard include The MusicPool, who were heavily involved with the Jigsaw Project, 2Faced Dance Company, The CYD's older person's coordinator, the education manager and the drama department. The CYD base also assists with promotion through the marketing department.

Dancefest outlook with funding reduction

Dancefest currently employs a p/t coordinator (17 hours) and a dance worker (18 hours) in Herefordshire. These posts enable projects, performances and a regular participatory programme to take place all of which would be endangered if these posts ceased to exist.

The following workshops/ projects and performances would cease to continue as they exist now:

- **The Jigsaw Project:** This is integral to the work of Dancefest Herefordshire with huge reach and engagement to over 140 people of all ages and abilities. This is a unique opportunity in Herefordshire and is not duplicated elsewhere. Herefordshire community and school groups benefit hugely from this biennial dance and disability performance particularly those with a physical or learning disability who achieve not only creatively through the project but also as performers in a professional venue (the CYD).
 - The total number of project attendances was more than 2000 throughout the project.
 - 700 people saw the performances including local school children, parents, friends and family.
 - The exit routes into successful weekly community classes for young people take place in Hereford.
 - On average 130 children, young people and adults with varying disabilities benefit from this unique project.

School projects that promote out of school community opportunities:

2012-13 events to which Dancefest initiated or contributed:

- Moving Targets: creative projects culminating in 2 performances at the Courtyard, working in partnership with Whitecross High School
- The Jigsaw Project: 2 performances at the Courtyard working in partnership with The Music Pool with Blackmarston and Marlbrook Primary, Westfield, The Brookfield School and Dancefest community groups
- Spill: As part of The cultural Olympiad Dancefest organised performances of this production for playgrounds to be performed in Ledbury and Hereford and which had associated workshops

Projects/workshops for older people in Herefordshire:

- Moving Pictures: Out in rural communities.
- Chance to Dance weekly sessions
- Workshops in residential homes
- One off special projects

Regular participation for Children/ young people/ adults /older people:

- Children's classes in urban and rural Herefordshire
- Young people's dance groups and youth companies
- Adult contemporary / choreography/creative dance workshops.
- Inclusive dance workshops for disabled and non disabled dancers.
- Older people's sessions- creative movement/dance in residential settings
- One off special workshops with visiting professional dance companies to The Courtyard- young people/adults.

Site specific performances

- Dancefest have become synonymous with large scale community projects which are one-off, very wide-reaching and special for all involved (e.g. Forbidden a Tale of love and War at Goodrich Castle in 2008). These unique performance opportunities are especially important for those people living in more rural isolated Herefordshire communities such as Goodrich/Ross where the social side and local opportunity is as important as the performance. Over 100 schools and community performers worked together alongside professional dancers.

Future plans

- Youth Dance Tour: 3 performances visiting 3 Secondary schools throughout Herefordshire (spring 2014), involving young people performing to their peers
- Big Dance: Dancefest has been invited to be the lead organisation for the West Midlands part of this national Project, Just waiting to hear about funding, success would mean a week of activities in Herefordshire in 2014 and 16, the opportunity for local dance workers to be part of a large choreographic project that will tour the region, schools and community groups being part of the national pledge in 2015
- Dance Squad: Dancefest has applied to the National Lottery for funding for a 2 year Dance Squad project which if successful will employ 2 dance workers 1 day a week to work with children, young and older people in projects that link dance and health.
- Dancefest is the lead organisation in a consortium of three that includes 2Faced Dance Company that has been awarded funding from Arts Council England's Catalyst programme. This offers organisational development and training geared towards

To summarise I feel that the return on Herefordshire Council's investment in Dancefest is enormous financially, culturally and socially. Dancefest in turn is part of the wider arts, education and community sector that provides a programme that benefits the local population as well visitors.

I would be happy to discuss the issues further.

Yours sincerely,

Rose Beeston
Manager

Appendix 6

Herefordshire Council Arts Commissioning grants

2013-14

Further Funding Leverage impact of HC funding

Organisation	Grant 2013-14	Leveraging impact of funding
2 Faced Dance Company	£3800	£150,000
Arts Alive (& Flicks in the Sticks)	£12000	£96,000
Borderlines Film Festival	£8000	£36,000
Dancefest	£4500	
Echo (About Face Theatre)	£5550	£26,330
Feral Productions	£1500	£102,206
The Fetch Theatre	£1400	
Ledbury Poetry Festival	£3000	£132,960
Meadow Arts	£1500	£182,000
The Music Pool	£10500	£102,645
The Rural Media Company	£6500	£39,650
Total	£58,250	£586,073



MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	PROGRAMME FOR INVESTMENT AT HEREFORDSHIRE COUNCIL LEISURE FACILITIES
REPORT BY:	CULTURAL SERVICES MANAGER

1. Classification

Open

2. Key Decision

This is a key decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3. Wards Affected

County wide

4. Purpose

To approve in principle the investment of £9m capital, funded by Prudential borrowing for improvements at Herefordshire Council leisure facilities. This is part of a package of changes to the contractual arrangements between the council and Halo Leisure to support the delivery of financial savings whilst enhancing service quality by increasing income levels.

5. Recommendation(s)

THAT:

- (a) subject to Council approval of the Capital Programme in February, up to £9m of capital funding for investment in improvement programmes at the following leisure facilities across the county: Hereford Leisure Centre, Hereford Leisure Pool, Leominster Leisure Centre, Ledbury Swimming Pool and Ross-on-Wye

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager on Tel (01432) 260631

Swimming Pool be approved;

- (b) the investment to be funded via prudential borrowing and repaid by the leisure operator, currently Halo Leisure, via a rental charge over 25 years using increased income;**
- (c) authority be delegated to the Director for Economy, Communities and Corporate, in consultation with the Chief Finance Officer and Cabinet Member Contracts and Assets to approve fully costed business cases and implementation arrangements for individual schemes within the programme prior to any draw down of capital;**
- (d) authority be delegated to the Solicitor to the Council, in consultation with the Director for Economy, Communities and Corporate to conclude and execute revised legal agreements between the council and Halo Leisure to reflect the complete package of revised arrangements between the parties;**
- (e) subject to the completion of a Sports Facilities Strategy application is made to the Sport England facilities funding programme for up to £2m for larger schemes and £0.5m for smaller schemes; and**
- (f) that further investigation is continued regarding funding through a planning application for the redevelopment of Ledbury swimming pool to assist with mitigation of the total amount of borrowing.**

6. Alternative Options

6.1 *Not allocating Prudential Borrowing monies*

If the investment programme is not approved Halo's financial recovery model enabling them to become sustainable on the reduction of the management fee will not be achievable.

The investment will also attend to long term maintenance and energy efficiency issues at the facilities which remain in the council ownership. Failure to invest in the council owned assets could put some of the facilities at risk of closure for health and safety risks in the future.

6.2 *Allowing the current contractual arrangements to continue*

There are currently leases in place for Halo occupied sites which are not on a full repairing basis, leaving liability for repairs to the Council which to date have not been carried out. There is also still in place a management agreement obliging Halo to carry out management duties in relation to the sites in return for a management fee of over £1.5m per year. This obligation has been amended by agreement in principle only to reduce this spend. No legal variation of the full payment obligation has been agreed or effected to date. If the current contractual arrangements are not amended Halo could at any time call upon the Council to honour these contractual obligations leaving the Council with arrears of management fees to pay and repair liability to carry out. Provided the advancement of borrowing is subject to variation of all current contractual arrangements the proposed expenditure could ensure essential

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

repair works are carried out and the sites improved at the cost of Halo with reduction in contractual liability of the Council to these sites and this provider.

7. Reasons for Recommendations

- 7.1 Up until 2013-14 Halo received a service fee totalling £1.5 million to manage the council's leisure facilities.
- 7.2 To support the Corporate Savings Plan this was reduced to £840k in 2013-14, £676k in 2014-15, £386k in 2015-16, reducing to zero in 2016-17.
- 7.3 To date Halo have reduced staff pay by 5% and restructured terms and conditions. Many of their business processes have also been stream-lined to further increase efficiency to manage the effect of the reduced payments.
- 7.4 Halo have won additional contracts in Bridgend and Shropshire spreading their management costs and proving their competitiveness in the market
- 7.5 The capital investment in council owned facilities will facilitate increased income, the third segment of their financial strategy to meet the zero subsidy target.
- 7.6 The investment will help to ensure the long term structural viability of the facilities and attend to a number of long standing and outstanding maintenance issues affecting the buildings.

8. Key Considerations

- 8.1 There is currently a 25 year Management Agreement with Halo Leisure which commenced in 2002. The existing contract will need to be varied to reflect the changes as a result of this investment including the new rental charges falling due post investment up to 31 March 2027.

8.2 *Repair and maintenance*

- The stock of council leisure facilities managed by Halo is between 12 and 30 years of age and requires ongoing repair and maintenance to secure the future of the asset.
- A condition survey with costs was undertaken by property services to cover the period 2010-15.
- The condition survey indicated an indicative investment cost requirement of £2.8m for the remaining twelve year term of the Lease. See Appendix A.

The mitigation and management of these costs will be supported by:

- Out of the current fees paid to Halo there is an £85k provision for maintenance which amounts to £1m over the twelve year period.
- Any out performance of the Halo sites against the targets set for income would contribute towards the maintenance costs.
- Through application for Section 106 funding to replace existing facilities in

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager on Tel (01432) 260631

need of renewal e.g. the all-weather pitch at Bridge Street Sports Centre.

- The development of a new swimming pool in Ledbury funded through developing the current site would reduce the demand on borrowing and reduce maintenance costs.
- Further consolidation of the service would reduce the profile of maintenance costs e.g. Ledbury Leisure Centre = £444k.

8.3 All the projects include solutions to improve DDA access including a platform lift at Ross Pool to access the first floor viewing area, gym and spectator seating in the pool Hall. Ledbury Pool will have a platform lift to access the gym. The new spa facility at Leominster Leisure Centre will have a DDA compliant ramp to access the thermal pool. All of the schemes will have DDA compliant receptions including hearing loops.

8.4 Carbon emissions will be reduced significantly by increased insulation and cladding to the building fabric and also replacing old plant with more efficient plant such as condensing boilers and heat pumps.

8.5 The total amount of borrowing being requested is up to £9m.

Below is the current set of estimated costs for the capital works.

See below a summary of the investment projects

Project	Estimated cost £m
Hereford Leisure Centre Refurbishment	3.0
Ross swimming pool refurbishment	2.3
Leominster Soft play, spa and fitness suite	1.2
Hereford Leisure Pool diving Pool	0.2
Ledbury Swimming Pool Refurbishment	2.0
Total	8.7

8.6 The borrowing will be repaid over 25 years at an assumed annual interest rate of 3.6%, the annual cost of financing this borrowing is £511k pa.

8.7 In liaison with Sport England Herefordshire Council will commission a Sports Facilities Strategy to be written by an approved consultant which will place the

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

authority in the position to apply for Sport England grants from two programmes supporting facility development for up to £0.5m for smaller schemes and £2m for larger schemes.

- 8.8 If we were successful in obtaining grant funding this would reduce the borrowing amount and the rental payment due from Halo.

9. Community Impact

- 9.1 The investment and improvement in Leisure facilities will strengthen the alignment of the business of Halo towards the council's core strategies and priorities through supporting Vulnerable People, Supporting Economic Growth and by developing the infrastructure for Stronger Communities.

9.2 Supporting vulnerable people

- Halo has a strong track record of providing health and well-being based activities that support vulnerable people in their communities.
- Further development of smoking cessation, weight management and obesity management programmes.
- Further development of the Health Check programme in liaison with Public Health.
- Further development of exercise referral programmes, cardiac rehabilitation and programmes for people with special health needs.

All the above programmes and activities make a long-term contribution to prevention and early intervention health programmes and thus reduce the long costs of latter stage health care.

9.3 Supporting Economic Growth

- Halo provides opportunities for employment for local people in Hereford and across the Market Towns. These will be enhanced through the investment and by the growth of their business.
- Halo sources local business to support its core activities, helping to support the local economy.
- The increased footfall will result in greater local spend in the communities.

The investment in improved facilities will enable services to continue across the county and to be run at no cost to the council.

9.4 Stronger Communities

The leisure facilities provide a county-wide infrastructure of safe and sustainable accessible buildings and services open for long hours with improved Disabled access which is available to the whole community for the joint benefits of health and well-being, social interaction, community integration and community welfare.

10. Equality and Human Rights

- 10.1 This report pays due regard to the Human Rights Act, Equality Act 2010 including section 149, the 'General Duty' on public authorities.

The recommendations and actions if implemented will have a significant positive effect on disabled people. These improvements will enable disabled people greater choice and control over local services and provision, and;

1. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
2. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 10.2 The investment will heighten the capacity of Halo to support the community toilet scheme across Herefordshire by providing free access to toilet and changing facilities for people with disabilities. This will further be supported by trained staff.

- 10.3 Issues of Disability access to the leisure facilities will be addressed through the investment, additionally an improvement in the quality of the facilities will enhance the quality of life for Herefordshire residents and make a positive contribution towards the health and wellbeing of residents.

11. Financial Implications

- 11.1 The capital investment programme of £9m will be funded via Prudential borrowing, the cost of which will be financed from increased income which will finance rental charges to be included in the new management agreement. The business cases setting out the affordability of the borrowing and the reduction of the management fee have been prepared by Halo. Due diligence has been carried out on the business plans by an independent leisure consultancy, Leisure Republic, to provide independent reassurance that the income projections are sufficiently robust, include suitable contingencies and review the sufficiency of latent demand in support of the higher membership base projections.

- 11.2 The investment will impact on the Council's VAT partial exemption limit and which if breached would result in a repayment of £1m of VAT recovered to HMRC. To mitigate this risk investment will need to be phased over a number of financial years and some of the improved properties will be opted to tax securing VAT recovery. The phasing of each scheme will be based upon prioritising those sites which will result in the greatest return from income uplift expectations.

- 11.3 The impact of this mitigation is the rental charge to Halo on the opted to tax properties will be plus VAT and any phasing could delay the reduction of the management fee reduction to zero in 2016/17. This will be managed as each business case is reviewed.

- 11.4 The base case for investment is considered deliverable. Further options though will be considered on particular sites to strengthen these further before individual developments are approved. These include considering alternative sites or

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

accessing external funding contributions.

12. Legal Implications

- 12.1 Before any monies are advanced to Halo Leisure it is essential that a revised legal agreement is executed by the Council and Halo Leisure to reflect the complete package of revised arrangements between the parties. A revision to current contractual arrangements is currently being negotiated. It is essential that formal legal agreements are put in place to secure such revisions in the form of a deed of variation of the management agreement and of the leases. Those variations can effect the reduction of the management fee and revision to management obligations incumbent on Halo and the repair liability for the leases of the sites. It is also suggested by this report that the leases are varied to ensure that repayment of the borrowing is secured via increased rentals. This can form part of the deed of variation of the leases. It is strongly suggested however that consideration is also given to other means of securing the repayment via a charge over a legal asset owned by Halo. A commercial lender would not advance funds without adequate security and repayment via a lease is a contractual obligation only which would leave the Council vulnerable in the event of an adverse change in the economic stance of Halo. Without a charge to secure the borrowing over a suitable asset of Halo there is otherwise the risk that should Halo go into administration/receivership/liquidation the Council is left with irrecoverable financial loss.
- 12.2 In addition to the above, this matter poses other legal risks to the Council namely procurement challenge and State Aid rules. It is essential that revision to the current arrangements do not improve the position of Halo currently. That would include any extension of the current term of the leases or management agreement. If Halo is commercially advantaged by these variations a mandatory legal requirement to re-tender pursuant to procurement regulations would be triggered and failure to comply would render the Council open to legal challenge and financial penalties.
- 12.3 It is therefore essential that all elements of the Halo arrangements are viewed and dealt with as a whole to avoid such risks. Provided the overall effect of the changes to Halo is not to improve but to 'worsen' its position (in terms of increasing its liabilities) the Council's position is defensible.
- 12.4 It is suggested that as an alternative to loaning monies to Halo to undertake works to the existing buildings, those works are undertaken by the Council itself in return for Halo then taking on a full repairing liability.
- 12.5 Statutory powers are in place to allow borrowing and lending of money by local authorities and as follows
- The Local Government Act 2003 allows borrowing for expenditure on any purpose relevant to the authority's functions or for the prudent management of its affairs. Such borrowing must be in accordance with the Prudential

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

Borrowing Code.

- Section 111(1) of the Local Government Act 1972 allows an authority to both borrow and lend to facilitate the discharge of its functions or is conducive or incidental to them.
- Section 1(1) of the Localism Act 2011 provides the authority with a general power of competence i.e. the ability to do anything an individual might do, including the lending of money. To an extent this supersedes the powers contained in the preceding Local Government Acts as it is far more widely drawn.

12.6 In any event any loan must comply with the Prudential Borrowing Code.

13. Risk Management

13.1 The wider funding of leisure services is recorded in the Economy, Communities and Corporate (Economic, Environment and Cultural Services) Risk Register: (EEC 005).

13.2 The risk to the borrowing programme is the potential for Halo to be unable to maintain the repayment on the loan.

13.3 The mitigation for this has been the Council's acting with due diligence by requesting an independent expert consultant to assess and comment upon the Halo business model.

13.4 Further assurance is also provided by the Halo track record in achieving financial return from investment. The most recent example of this track record has been the refurbishment of Hereford Leisure Pool fitness and group exercise facilities in 2012 and which demonstrated a 19% increase in swimming activity and a 60% increase in gym and fitness use for a comparable period from the previous year.

14. Consultees

14.1 Halo Leisure Services Limited
Herefordshire Council Finance, Legal and Property Departments

15. Appendices

Appendix A – Condition Survey and Maintenance Costs

16. Background Papers

16.1 None identified.

Appendix A

Condition survey and maintenance costs for leisure facilities

- A condition survey was carried out by Herefordshire council in 2010 to cover the period 2010 to 2015
- The elements have been stripped out the elements that would be renewed as a result of the capital works for the 4 sites.
- Below are the total figures for each centre at this stage as there is a lot of work to do to schedule the items out over the remaining term of the leases.
- The costs out based on a remaining 12 year term after the capital works have been completed.

Site	Maintenance costs
Hereford Leisure Pool	£658,000
Hereford Leisure Centre	£342,850
Bridge St Sports Centre	£308,780
Leominster Leisure Centre	£256,000
The Bromyard Centre	£276,500
Ledbury Swimming Pool	£246,435
Ross Pool	£300,000
Ledbury Leisure Centre	£444,520

- Total for all sites £2,833,085 I would add a 10% contingency so the figure is £3,116,395.
- If Halo commissions the work we would be liable for VAT payments as well so would need to add a further 20%.
- This is an estimate only at this stage, a more detailed costing exercise would need to be carried out once the capital schemes are completed to ensure elements were included or not as the case may be.



MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	FUNDING FOR LADY HAWKINS' AND WIGMORE LEISURE CENTRES
REPORT BY:	CULTURAL SERVICES MANAGER

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

AND NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3. Wards Affected

Kington Town and Mortimer Wards

4. Purpose

To consider the funding for Lady Hawkins' Community Leisure Centre and Wigmore Leisure Centre.

5. Recommendation(s)

THAT:

- (a) authority be delegated to the Director for Economy, Communities and Corporate, in consultation with the Chief Finance Officer, to pursue negotiations to implement the asset transfer of the Lady Hawkins Community Leisure Centre by September 2014; and**
- (b) the funding for Wigmore Leisure Centre be reduced to £15,000 pa from 2014-15.**

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager on Tel (01432) 260631

6. Alternative Options

- 6.1 An alternative option would be for both leisure centres to close to the public.
- 6.2 In the instance of Lady Hawkins' Community Leisure Centre the facility could be handed to Lady Hawkins' School to run and which could include some public access.
- 6.3 An alternative option would be to continue support at existing funding levels. This would require commensurate savings to be made in other budget areas and not be consistent with other changes to council funding of leisure provision within the county.

7. Reasons for Recommendations

- 7.1 To make budget savings to support the corporate financial strategy and enable council resources to be focused on priority services.

8. Key Considerations

- 8.1 The leisure centres are dual-use facilities used by schools in the day time and open to members of the public outside these times.
- 8.2 The 2013-14 budget for Lady Hawkins' Community Leisure Centre is £60,637. This budget provision is offset by income generation of between £35 and £40k per annum.
- 8.3 The council currently delivers the service at Lady Hawkins Community Leisure Centre and has been in negotiations with Halo Leisure in relation to transferring that service to Halo and to enter a TUPE arrangement for the staff.
- 8.4 As this matter would be additional to the core service arrangement with Herefordshire Council Halo has indicated that they could not deliver a service for no cost within the current operational scope but has indicated that it could reduce the subsidy to £28k with a reduced service, reduced opening times, staff reduction and a lone working model.
- 8.5 Halo have stated that it could not absorb any additional redundancy costs.
- 8.6 The 2013-14 budget for Wigmore Leisure Centre is £22,000
- 8.7 For its operation of the Wigmore Leisure Centre Halo currently receives a £10k management fee and the council pays a split percentage with the school for the utility charges.
- 8.8 Halo has indicated that while it could not achieve a zero subsidy it could commit to a reduced funding package for a £5k management fee. An allowance would still need to be made for the utility charges.
- 8.9 Lady Hawkins' School has been consulted on the proposals and would wish to continue to have access to the facility for the purposes of their lessons and also to be kept informed of the ongoing process.

- 8.10 Negotiations will commence with Kington Town Council and Lady Hawkins School to seek the asset transfer of the Kington Community Leisure Centre.

9. Community Impact

- 9.1 The recommendations would support retention of these facilities in areas where there are no other public leisure services and there is considerable distance to be travelled to next closest services in Leominster. There are currently 28,000 users pa of the Lady Hawkins' Community Leisure Centre.
- 9.2 In 2012-13 the Wigmore Leisure Centre attracted a total of 2300 users for use of the fitness facilities, exercise classes and use of the sports hall. The majority of these users are males age 16-24 for whom this is the only leisure provision within the Mortimer Ward.

10. Equality and Human Rights

- 10.1 There is no perceived detrimental impact to those people that share a protected characteristic as no change to the service delivered is being proposed at this time, rather the management arrangements for that service.

11. Financial Implications

- 11.1 If recommendation (b) is accepted a decision regarding the length of core funding for both facilities will also need to be made. Halo has indicated that a longer commitment would allow time to develop a meaningful and sustainable alternative.
- 11.2 If the savings are not made from these costs centres they will have to be made elsewhere.

12. Legal Implications

- 12.1 If the council enters into an agreement with Halo to carry out services, procurement obligations will be triggered. Failure to comply with procurement legislation leaves the decision open to challenge with potential overturn of any arrangements made and would render the council liable for financial penalties. The level of tendering required before any provider can be determined will depend on the value of the contract.
- 12.2 A report elsewhere on this agenda addresses a wider programme of investment in leisure facilities. It would be appropriate to capture revised arrangements for those two facilities within this wider context.
- 12.3 There is an existing contract in place between the council, the governors of Lady Hawkins and the trustees of the community centre who are a registered charity for joint use in relation to the community centre. Any change to the current arrangements cannot be imposed unilaterally. The agreement of the other parties to the contract will need to be obtained in the first instance.
- 12.4 Any variation of management fee for any of the council's leisure sites necessitates the variation of the current management agreement with Halo. Until that is varied liability for management fees will remain.

- 12.5 The Wigmore site is let under long lease to the Academy. As such no arrangements can be put in place without the consent of the Academy.

13. Risk Management

- 13.1 The risk is recorded in the Environment, Economy and Culture risk register.
- 13.2 The mitigation for the risk would be made through the asset transfer of the Kington Community Centre to a third party who would in turn procure a delivery agent.
- 13.3 There are presently a number of negotiations under way in Kington regarding the asset transfer of leases on the local museum, the market, toilets and the Old Police Station. The future delivery of leisure services needs to be considered alongside the impact of these other activities within the town. The risk of closure can be mitigated through the provision of a reduced funding package.
- 13.4 The risk that the council is unable to secure agreement to a community asset transfer of Lady Hawkins' Leisure Centre will be mitigated by allowing sufficient time for these discussions to take place.

14. Consultees

- 14.1 Halo Leisure
Herefordshire Council Finance and Property Departments
Lady Hawkins School, Kington
Kington Town Council
Kington Local Member
Mortimer Ward Local Member

15. Appendices

- 15.1 None

16. Background Papers

- 16.1 None



MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	WITHDRAWAL OF FUNDING FOR INFRASTRUCTURE SUPPORT (VOLUNTARY AND COMMUNITY SECTOR AND PARISH COUNCILS)
REPORT BY:	SUSTAINABLE COMMUNITIES MANAGER

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

County-wide

Purpose

To approve withdrawal of funding support for infrastructure support services for parish councils (provided by Herefordshire Association of Local Councils) and infrastructure support services to the Voluntary and Community Sector, (currently provided by Herefordshire Voluntary Organisations Support Services (Hvoss)).

Recommendation(s)

THAT:

- (a) the Service Level Agreement is not renewed for Herefordshire Association of Local Councils (HALC) with effect from 1st April 2014, leading to a saving of £3,000 in 2014/15; and
- (b) withdrawal of dedicated funding for infrastructure support services to the Voluntary and Community Sector when current contract with Herefordshire Voluntary Organisation's Support Services (Hvoss) ceases on 31st July 2014, leading to a saving of £97,000 in 2014/5 and a further £38,500 in 2015/16.

Alternative Options

1. The two key alternative options are to:

Further information on the subject of this report is available from
Nina Bridges, Sustainable Communities Manager on Tel (01432) 260624

Retain funding level to HALC and to resume the procurement process for voluntary sector infrastructure support.

To delay withdrawal of funding until March 2015 to enable HALC and Hvoss to further plan reduced funding.

2. For HALC the withdrawal of Council funding (£3,000 per annum) for the representation and training functions will mean that HALC either increases its membership fees, reduces its offer or finds alternative sources of funding. Herefordshire Council may consider commissioning HALC for individual items of work in the future if the need arises.
3. For infrastructure support services to the voluntary and community sector some of the outcomes seen as a priority by the council can be delivered at least in part by redesigning roles and responsibilities within the authority. Hvoss has also been the lead partner in the recent local Transforming Local Infrastructure Fund (TLIF) programme which has identified a number of actions to increase self-help and self-reliance within the Voluntary and Community Sector (VCS) itself.
4. Herefordshire Council may consider commissioning an appropriate VCS organisation for specific items of infrastructure support in the future if the need arises.

Reasons for Recommendations

5. The council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise. If these savings are not made, the council will have to make further reductions elsewhere in its service provision.
6. To make savings of £100,000 in 2014/15 and a further £38,500 in 2015/16 to support the corporate financial strategy and enable council resources to be focussed on priority services.
7. The financial allocation under consideration is funds towards support services commissioned to external providers to support voluntary sector organisations and parish councils. Herefordshire Council will continue to enable voluntary groups more directly and in more targeted ways.

Key Considerations

8. Herefordshire Council has paid £3,000 in 2013/14 to HALC to support the following: provision of information to parish and town councillors and clerks, which includes information from Herefordshire Council; advice and support for people interested in becoming parish councillors/clerks and training to parish councillors to promote the powers of local councils, effective community engagement and best practice. The 2013/14 figure is less than 1/3rd of the funding received in 2012/13.
9. The council also had an 18 month contract (ending 31.10.13) with Hvoss to deliver support services to the VCS including governance, access to funding, business planning, project development, training, supporting market development and the personalisation agenda as well as volunteering brokerage and support, community development and supporting community asset transfer. This contract was extended to July 2014 to enable a full tendering exercise was due to take in readiness for a longer

Further information on the subject of this report is available from
Nina Bridges, Sustainable Communities Manager on Tel (01432) 260624

term contract and test the wider market to deliver services. (See appendix 1 for revised outcomes). Hvoss is also delivering the youth participation and voice element, funded by Children's Well-Being, with the latter to lead on how this will continue to be delivered.

10. The council has seconded its Project Development Officer to Hvoss who supports voluntary and community groups for the period up to end July 2014. This post is not included in the savings identified. However, it is proposed that the focus of this officer's role should be reviewed to ensure that it is targeted on supporting the Council's priorities.
11. Herefordshire's TLIF Programme (the aim of which is to transform local support services to the VCS) has been focussed on 'doing things differently', rationalising the number of support services and developing innovative, low or no cost ways of capacity building for frontline VCS organisations including exploring 'charged for services' to bring greater sustainability. A number of initiatives and service areas have already been identified, such as a self assessment of needs for frontline organisations through an online diagnostic; the development of peer to peer networks and a mentoring scheme; development of a business offer from the VCS to the private sector. A co-production action plan has been developed with Hvoss as the identified lead for a number of the initiatives.

Community Impact

12. Local councils and the voluntary and community sector are key partners in supporting communities and local residents. Over a third of residents volunteer on a regular basis (at least once a month). As the local authority is able to deliver less, there is an expectation that local communities take on more responsibility for helping each other and delivering the services that the council no longer provides. In order to do this, communities and their local councils will need the capacity, capability and confidence to take more on. The services provided by HALC and Hvoss support this approach with the risk of reduced number of support services provided to frontline organisations in the voluntary and community sector when the Hvoss contract comes to an end. Delivering face to face support is particularly valued by frontline organisations, but this is likely to be reduced with more services delivered online and via the telephone. Hvoss is developing an approach to minimise the impact on voluntary and community organisations.
13. As the role of the local authority changes, so has the relationship with the voluntary sector. This means more targeted and direct support drawn from across the local authority to meet priority areas, which impact at a local level, including:
 - Community asset transfers – supporting and enabling local groups to manage assets for the public value of the community.
 - Devolved services – transfer of services to be run and operated more locally.
 - Sourcing funding – giving advice and expertise of local groups acquiring funding to run their own activity.
 - Social enterprise – support the establishment and best practice management of setting up and running locally run social enterprises.
 - Support for VCS organisations to adapt their business practices to better meet the challenge of personalisation.
 - Support for communities and professionals to work together to enable vulnerable people to live safe, healthy and independent lives.
 - Development of a skills bank to target voluntary action to fill skills gaps in VCS

Further information on the subject of this report is available from
Nina Bridges, Sustainable Communities Manager on Tel (01432) 260624

organisations to enable them to both improve and remain sustainable.

- Bespoke programmes and partnerships – to include areas of neighbourhood development plans, lengthsman scheme, community libraries, working in partnership with the local authority or its contractors to provide services valued in the community
- Procurement guidance – supporting the development of the voluntary sector market to bid for contracts.

Equality and Human Rights

14. The council must be able to show that it has paid due regard to the public sector quality duty as contained in section 149 of the Equality Act 2010 i.e. the need to:
 - a. Eliminate discrimination, harassment and victimisation
 - b. Advance equality of opportunity between those who have a protected characteristic (including a disability) and those who do not
 - c. Promote good relations between those who have a protected characteristic and those who do not.
15. Specifically the council needs to have considered the impact of the proposal to terminate the contracts and then further considered whether that impact is consistent with the public sector equality duty. This consideration should be undertaken prior to the decision being made and there should be made with “rigour and an open mind” i.e. there must be no pre-determination of the issue.
16. Although there is no legal duty to carry out an equality impact assessment the council should be able to provide documentary evidence that it has paid due regard to its sector equality duty, either by reference to an appropriate policy and/or a specific record of the consideration given to the duty.
17. The funding for Hvoss provides support services for Voluntary and Community organisations many of which provide services and activities for individuals with protected characteristics, including age, gender and disability. The monitoring information provided by Hvoss highlights that it provides support to a number of organisations that advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it as well as foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. Hvoss also delivers the youth participation and voice element, funded by Children’s Directorate, with the latter to lead on how this will be continued to be delivered.
19. The cross sector Volunteering Development Group, facilitated by Herefordshire Council, is assessing the likely impact, and will evaluate alternative mechanisms and options to ensure effective volunteering support which is sustainable.

Financial Implications

20. The current annual budget is £138,500 and if the above recommendations are approved, Herefordshire Council will save £100,000 in 2014/15 and a further £38,500 in 2015/16 in line with the directorate savings plan.

Further information on the subject of this report is available from
Nina Bridges, Sustainable Communities Manager on Tel (01432) 260624

Legal Implications

21. A contract has been signed and agreed with HALC for services to 31st March 2014. A waiver and subsequent contract extension to the Hvoss contract has been signed and agreed until 31st July 2014. The contract will then be terminated in accordance with the terms of the contract. It was envisaged that any further contract for such services would be awarded through an open tender process, but due to budget constraints this was not progressed.

Risk Management

22. The majority of risks to the Council are indirect in that reduced local infrastructure support to the VCS may impact on the level and effectiveness of volunteering and community action in the county. However there could be secondary risks particularly to assistance in the delivery of the Council's priorities.
23. Particular consideration should be given to the role of the volunteering services currently provided through the Hvoss contract which aims to increase the number of people volunteering, the quality and variety of volunteering activities and the support volunteers can expect from organisations they help.

Risk No.	Risk	Mitigation	Likely rating	Impact rating
1	Reduced infrastructure support to voluntary and community groups leading to reduced capacity for community action and reduced support to VCS providers.	Functions maintained, although on a reduced basis through redesigning services provided through Hvoss and other VCS infrastructure services. Council works directly with those organisations which support future HC priorities, including project development support.	4	3
2	Negative media coverage affecting reputation.	Explain rationale of decisions and reasons for the changes with VCS organisations and community representatives.	3	3
3	Reduced support for volunteering support services leading to reduction in opportunities and effectiveness.	Cross sector working group to assess the likely impact, evaluate alternative mechanisms and options.	4	3

Key

Further information on the subject of this report is available from
Nina Bridges, Sustainable Communities Manager on Tel (01432) 260624

LIKELIHOOD	IMPACT
5 Certain	5 Catastrophic
4 Likely	4 Major
3 Possible	3 Moderate
2 Unlikely	2 Minor
1 Rare	1 Insignificant

Consultees

24. Consultation has been via the Budget Consultation 2014/15. Hvoss submitted a response to the budget consultation on behalf of the Voluntary and Community Sector. The overriding concern expressed was the expectation being placed on communities and voluntary organisations to replace public sector services and the lack of capacity and resources to support this. It is the role of Hvoss to support and increase capacity within the VCS as it is HALC's role to do the same within the parish council sector.

Appendices

HALC – service outcomes

Hvoss – service outcomes

Hvoss – Equality Impact Assessment

Background Papers

None

**SERVICE LEVEL AGREEMENT 2013/14
between HALC and Herefordshire Council
August 19th 2013**

NB Unless otherwise specified, all activities relate to
HALC member parish/town councils only

Representation Role

Activity:

1. Advice and bi-monthly information to parish/town councillors and clerks.
2. Advice and support for people interested in becoming parish councillors/clerks.

Parish Council Training

Activity:

3. Provision of training / information sessions to a minimum of 10 parish councils involving at least 30 councillors to include promoting the powers of local councils, effective community engagement and best practice.

Hvoss Extension Outcomes 1/11/13 – 31/07/14

Vision of Herefordshire Council Investment for this nine month period:

To support a coherent mechanism for the VCS to both assist HC in achieving its objectives and their own. It is expected that delivery will consider and explore the most effective and cost-effective methods including new technology.

Commissioned outcomes:

1. VCS organisations are willing and able to grasp new opportunities, whether financial or collaborative
2. Communities are actively supported to be resilient, creative and self-sustaining and can deliver some of the services they need themselves, including activity related to health, well-being and social care
3. Young people are supported to engage with the decisions that affect their lives and are actively involved in their communities as well as having sufficient positive activities.

Activity to meet those outcomes:

- Funding support
- Governance advice and support
- Business planning support
- Consultation support
- VCS partnership facilitation to support collaboration and co-production
- Response to specific need of HC commissioners in strengthening the sector to be able to tender and deliver services
- Youth engagement activity
- Appropriate training to support positive activities
- Generic support for Community Asset Transfer (to include all assets, not just buildings) and devolved services from public sector to community ownership
- Support and brokerage of quality volunteering focussed to HC priorities
- Engaging the sector in conversation and information related to HC service redesign and emerging priorities.

Hvoss – Provision of infrastructure support to parish councils / voluntary and community organisations

Information from provided quarterly monitoring

Protected Characteristics identified under the Equality Act 2010	Considered impact of change. (positive, negative, neutral)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route
Age	Neutral	Some specific work with older people detailed in monitoring for this contract. No clear evidence that interest groups facilitated by hvoss have impact on older people themselves.	Minimal - reputational with the groups who attend the interest group and are supported by hvoss	Ongoing direct contact with organisations involved in this area to ensure their engagement in future HC work and direction
Disability	Neutral	Some specific work with disabled groups detailed in monitoring for this contract. No clear evidence that interest groups facilitated by hvoss have impact on disabled people themselves .	Minimal - reputational with the groups who attend the interest group and are supported by hvoss	Ongoing direct contact with organisations involved in this area to ensure their engagement in future HC work and direction
Gender Reassignment	Neutral	No specific work with gender reassignment or to support organisations working in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Marriage and Civil partnership	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary

Pregnancy and maternity	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Race	Neutral	Some specific work in relation to community cohesion and working with new communities detailed in monitoring for this contract.	Minimal - reputational	Ongoing direct contact with organisations involved in this area to ensure their engagement in future HC work and direction.
Religion or Belief	Neutral	No specific work in this area detailed in monitoring or annual report, other unfunded infrastructure supports these organisations	None	None needed other than signposting to Diocese where necessary
Sex	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Sexual Orientation	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary

The Equality Duty 2010 has 3 aims (general duty)

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those that do not.

The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services.



MEETING:	CABINET
MEETING DATE:	23 JANUARY 2014
TITLE OF REPORT:	BUDGET 2014/15 AND MEDIUM TERM FINANCIAL STRATEGY
REPORT BY:	CHIEF FINANCIAL OFFICER

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

County-wide

Purpose

To propose the medium term financial strategy for 2014/15 to 2016/17 and to finalise the 2014/15 revenue and capital budget to be recommended to Full Council on 7 February 2014.

Recommendation(s)

THAT: Cabinet recommends to Council on 7 February;

- (a) Approval of the revenue budget set out in Appendix 1; and**
- (b) Approval of a band D council tax of £1,251.32, a council tax increase of 1.9%, therefore rejecting the 2014/15 council tax freeze grant; and**
- (c) Approval of the medium term financial strategy shown in Appendix 3 ;**
- (d) Approval of the Capital Programme outlined in Section 4.13 of the medium term financial strategy; and**
- (e) Approval of the Treasury Management Strategy for 2014/15 attached as Appendix 4.**

Alternative Options

- 1 It is open to Cabinet to amend the proposals; however, any amendments to increase expenditure in one area must be accompanied by compensating savings elsewhere to ensure the budget is balanced.

Reasons for Recommendations

- 2 The council has a legal obligation to set a balanced budget.

Key Considerations

3 Summary

- The budget proposals (appendix 1) will mean a band D council tax of £1,251.32, a below inflation increase of 1.9% and below that required for a referendum
- The council's draft medium-term financial strategy is attached as Appendix 3. As a result of reduced funding from central government, compounded by increasing costs and demands for services, Herefordshire Council will need to save £33m by 2016/17.
- In order to achieve this target the council must make savings of £15.4m in 2014/15. This is in addition to the £34m savings required in the previous three financial years.
- The 2014/15 proposed capital programme, included in Section 4.13 of the medium term financial strategy totals £85.3m and is funded by borrowing (£57.2m), grants (£24.9m) and the capital receipts reserve (£3.2m).
- The draft Treasury Management Strategy is attached as Appendix 4

4 Pensions

- 4.1 The pension fund's Actuaries have undertaken their triennial review of the pension fund assets and liabilities and revised the contribution rates required to bring the fund into balance over a period of 21 years. The financial implications are included in the council's medium term financial plan.
- 4.2 The estimated deficit on the fund for Herefordshire is £138m, against a required balance to pay future liabilities of £394m. This proportionate level of deficit is normal for Local Authority pension funds and relates to falling returns on investments and employees living significantly longer than anticipated when the scheme was initially set-up. We have agreed with the Actuary that in order to recover the deficit over 21 years that the employer's deficit contribution increases from £4.5m in 2014/15 to £7.6m by 2016/17 (£4.2m in 2013/14). The Actuary has also requested that the element of the employer's contribution related to clearing the deficit is paid as an annual cash sum. This amount will be reflected in a percentage charge still but it will be recognised as a fixed cost rather than a variable one based on staff numbers employed.
- 4.3 The Actuary has confirmed that the future employers service contribution rate, which is paid as a percentage of current employees' gross pay, is to increase from 11.7% to 14.6%. We have agreed with the Actuary to phase this in by paying 12.2% in 2014/15 and 14.6% from 2015/16. This equates to an increase from £4.2m per annum in 2013/14 to £4.6m in 2014/15 and £5.5m per annum thereafter based on current employee numbers.

5 Waste Disposal Contract

- 5.1 Cabinet have approved the recommendation to conclude a variation to the Waste

Disposal contract within the parameters defined within the Cabinet report dated 12th December 2013. For 2014/15 the waste disposal revenue budget has been increased by £400k to reflect this approval. This is a saving of £100k from the previous revenue budget increase included in Appendix B of the Medium Term Financial Strategy (MTFS) approved by Full Council on the 18th February 2013.

- 5.2 The capital budget implications of this decision are covered in paragraph 18.3 below and the borrowing requirements have been included in the Treasury Management Strategy. Borrowing to fund this variation will result in a surplus being generated on the loan provided. An element of this surplus will be used to improve the affordability of the variation and the remainder will be set aside to the waste disposal reserve. Contract negotiations will continue until financial close, expected in March 2014, and continued professional industry advice is being obtained to ensure the council takes all precautions to mitigate all financial risks that this variation may pose.

6 Savings

- 6.1 A budget gap of £33m has been estimated in the medium-term financial plan. However, there is further work to do to ensure there is allowance in the budget for slippage, changes arising out of the Local Government Settlement and other potential changes in assumptions. Directors have been tasked with identifying further savings.

- 6.2 Proposed savings for 2014/15 to 2016/17 are as follows;

	2014/15	2015/16	2016/17	Total
	£000	£000	£000	£000
Childrens Wellbeing	2,500	1,632	2,236	6,368
Adults and Wellbeing	5,490	3,435	3,146	12,071
Economy, Communities & Corporate and Organisational Development	7,407	3,602	4,269	15,278
Savings Identified	15,397	8,669	9,651	33,717

- 6.3 In 2014/15 over £10m of the savings, approximately 65%, relate to efficiency savings.
- 6.4 The council will also receive a £7.9m ring-fenced grant from the Department of Health for Public Health responsibilities as set out in the Health and Social Care Act 2012. This grant comes with a set of conditions for its use. The Director of Public Health works collaboratively within the council to maximise use of the grant for demand management on other services, enabling them to make further efficiencies.

7 Revenue Budget

The recommended budget position is as follows;

	£000
Directorate budgets	128,431
Capital Financing – principal/debt repayment	10,196
Capital Financing – interest	5,929
Managing change	2,000
Central Government grants	(5,064)
Other centrally held budgets	1,384
Repayment of 13/14 overspend/top-up reserves	3,580
Net revenue budget requirement	146,456

Funding for the budget will be:	£000
Revenue support grant	35,803
Council tax	81,263
Retained business rates	22,704
Business Rates top-up from central government	6,686
	146,456

- 8 A summary of the draft budget proposal is attached as Appendix 1.
- 9 In the 2013 Spending Round the Government announced funding will be made available to support local authorities that choose to freeze their council tax in 2014/15 and 2015/16. Authorities that freeze or reduce their band D council tax will receive a grant equivalent to a 1% increase on 2013/14 Band D council levels for 2014/15 and 2015/16. A 1% increase for Herefordshire equates to £0.8m. The draft budget proposal has assumed a council tax increase of 1.9% which equates to £1.5m which is below the anticipated threshold for a referendum of 2%.
- 10 The council tax collection fund is estimated to break-even at 31st March 2014. In terms of performance, the in-year collection rate is expected to be 98.5% in line with the target set, with a final collection rate over future years of 99.5%. For 2014/15 the assumed final collection rate has been reduced to 99% to take account of additional risks around the impact of welfare reforms, the council tax reduction scheme and the continuing effects of the economic downturn.
- 11 The business rates collection fund is also estimated to break-even for 2013/14, so there is no impact on the 2014/15 budget.
- 12 The provisional settlement for 2014/15 was announced on 18th December 2013. The Settlement Funding Allocation is £64.9m but may change in the Final Settlement expected in early February 2014. This includes Revenue support grant, estimated local rates and a business rates top-up. The provisional settlement confirms that Herefordshire will face another year of funding reductions with more than £6m being cut in 2014/15 and a further £9m in 2015/16. The position for Herefordshire is broadly in line with budget assumptions in the medium-term financial plan. However, additional funding for rural authorities of £9.5m has been included in the Settlement which has given Herefordshire an extra £598k in 2014/15 and 2015/16.
- 13 The estimated Amount of Dedicated School grant for Herefordshire to be received in 2014/15 is anticipated to be £110.6m of which an estimated £34.5m will go directly to Academy schools and £76.1m through the council to County schools.
- 14 The government has announced the creation of a Better Care Fund (BCF) in 2015/16, in order to improve integration across health and social care. A key component of this will be funding (section 256) received from the Department of Health to support activities and programmes that are jointly agreed with the Clinical Commissioning Group (CCG) and have joint benefits. Confirmation of 2014/15 funding has not yet been received but is estimated to be approximately £4.3m (an increase of £0.6m from 2013/14) and this funding has been assumed within Adult Wellbeing budgets for 2014/15. The allocation method for distribution of the BCF has yet to be confirmed but the government has confirmed a proportion of the funding will be performance based. The fund will also contain capital elements including the Disabled Facilities Grant and capital funding for adult social care (2013/14 values £0.7m and £0.5m respectively).

15 Reserves and Balances

The projected general fund working balance, based on the October forecast is as follows;

	£m
31 st March 2013	4.6
31 st March 2014	2.2
31 st March 2015	5.7

The proposed 2014/15 budget includes repayment of the potential overspend in 2013/14 plus an additional £1m contribution to reserves.

- 16 In addition the council has a number of revenue reserves which are earmarked for specific purposes; note the council cannot use schools balances. Including these earmarked reserves total reserves are estimated as follows;

	General working balance £m	Earmarked reserves £m	Schools £m	Total £m
31 st March 2013	4.6	8.5	5.5	18.6
31 st March 2014	2.2	9.0	5.0	16.2
31 st March 2015	5.7	8.8	4.5	19.0

17 Medium Term Financial Strategy (MTFS)

- 17.1 The MTFS (Appendix 3) covers the period 2014/15 to 2016/17 and is designed to match available resources to corporate priorities, which are;

- To keep Children and Young People safe and give them a great start in life
- Enable residents to live safe, healthy and independent lives
- Invest in projects to improve roads, create jobs and build more homes

- 17.2 The strategy sets out the projected financial position for the council, the funding gap and the savings proposals to deliver a balanced budget.

18 Capital Programme

Capital scheme	2014/15	2015/16	2016/17	Total
	£000	£000	£000	£000
Capital Schemes approved in prior years	57,075	17,609	3,066	77,750
New Capital Schemes – all self funded / equivalent savings				
Energy from waste plant	11,000	14,000	15,000	40,000
Road infrastructure	15,000	5,000	-	20,000
Leisure Centres	2,000	3,300	3,370	8,670
Disabled Facilities Grants	200	-	-	200
Closed Landfill Sites	76	-	-	76
Total	85,351	39,909	21,436	146,696

Further detail is included in section 4.13 of the Medium-term financial strategy

- 18.1 The following additional capital schemes are proposed as part of the 2014/15 capital budget.
- (a) **Closed landfill sites** – This is for replacement boreholes at the Belmont site and improvements to the Leominster site, the total for both schemes being £76k with the cost of borrowing funded by a revenue budget contribution.
 - (b) **Disabled Facilities Grants (DFGs)** - The council has a statutory duty to provide DFGs and providing funding reduces the risk of the hospitalisation of vulnerable people, enabling them to remain in their own homes. The council receives grant funding from the Government, which used to require a match funding commitment and although this requirement has been removed the need exceeds current grant value by an estimated £200k. The cost of borrowing (£200k) will be funded by a revenue budget contribution.
- 18.2 The capital programme also includes an additional £20m (£15m in 2014/15 and £5m in 2015/16) to be spent on road improvements which will reduce the need to spend on road maintenance, this was approved by Cabinet on 25th July 2013. Spending will be funded by prudential borrowing, with the repayments funded by Local Transport Plan (LTP) capital grant and the commensurate savings in the roads revenue maintenance budget.
- 18.3 Approval of the proposed variation to the waste disposal contract will add up to £40m to the capital programme (exact value to be confirmed at financial close expected in March 2014) to support the capital cost of building the new Energy from Waste plant in Hartlebury. The cost of borrowing will be financed by the contractor Mercia via loan repayments as detailed in the Cabinet report approved on the 12th December 2013. The scheme is projected to save £32m over the life of the plant in comparison to continuing as is (sending residual waste to landfill) based on Net Present Values.
- 18.4 An indicative allocation of £8.67m has been included as capital investment in the refurbishment and enhancement of leisure centres. The investment is anticipated to increase usage of Herefordshire Leisure Centres and thus income covering both the cost of borrowing and planned reductions in the leisure subsidy paid by the council built into the MTFS. The full details and approval of this funding is planned for January 2014. The cost of borrowing will be financed by rental charges for the centres payable by the provider, currently Halo Leisure.

19 Treasury Management Strategy

- 19.1 The Treasury management strategy, attached as Appendix 4, sets out the council's borrowing and investment strategy for 2014/15 and includes the Prudential Indicators for the budget proposals.
- 19.2 The strategy, based on the proposed capital programme, includes an estimated additional borrowing requirement of £57.2m for new capital spend in 2014/15.
- 19.3 The borrowing requirement has been calculated by reference to the projected Balance Sheet position which is set out below.

	2014/15	2015/16	2016/17
	£m	£m	£m
Borrowing Requirement b fwd (excl. PFI contracts and long-term liabilities)	190.8	237.8	264.9
New borrowing	57.2	37.4	20.8
Less MRP (provision for principal repayment)	(10.2)	(10.3)	(10.7)
Borrowing Requirement c fwd	237.8	264.9	275.0
Less existing long-term loans	(132.5)	(124.3)	(117.2)
Less estimated revenue and capital reserves	(19.6)	(18.9)	(18.5)
Less capital receipts reserve from proposed asset sales (cumulative)		(20.0)	(40.0)
Additional Borrowing Requirement (excl. PFI contracts and other long-term liabilities)	85.7	101.7	99.3

- 19.4 It should be noted that the above projection includes a proposal to reduce borrowing through the sale of assets (realising total receipts of £60m or £20m per annum over the three years 2015/16 to 2017/18 inclusive).
- 19.5 The forecast is for interest rates to stay low for the foreseeable future. Therefore council strategy is to continue to use short-term loans, which are the cheapest source of finance available both in the short and over the medium/long term. Also, the anticipated sale of assets supports the policy of borrowing in the short-term rather than locking in loans in advance of receiving capital receipts.
- 19.6 By the end of 2014/15 short-term loans could reach a total of £85.7m. Of this amount £57.2m relates to the borrowing requirement for 2014/15 with the balance relating to prior years. The advice from our Treasury Management Advisors is that this level of short-term borrowing, as a percentage of total debt, is in line with other local authorities. Interest rate projections are constantly monitored to ensure the strategy is in the long-term interests of the council. The Prudential indicator for the Upper Limit for Variable Interest Rate Exposure is set at 45% of debt in the draft Treasury management strategy.
- 19.7 The council is required to make an annual provision for the repayment of borrowing charged to its Revenue Account, £10.2m in 2014/15, referred to as the Minimum Revenue Provision. Prudential borrowing is repaid over the life of the asset on an equal instalment basis commencing in the year following the year in which the asset first becomes operational.

20 Consultation

20.1 Internal

- The budget proposals are considered to be deliverable by the Management Board
- The Chief Finance Officer held a cross party budget consultation event on 18th December 2013.
- The budget proposals will be considered by General Overview and Scrutiny Committee on 13th January 2014

20.2 External

20.2.1 The council has consulted with the public on the proposed budget for 2014/15 and the plan for Herefordshire Council 2014/15 to 2016/17. As a result of this consultation we propose to vary our proposals in the following ways:

- We do not propose to trigger a referendum by planning for a 5% rise in council tax.
- We have looked again at the budget for next year. If we did not increase the level of council tax by 1.9% we would have to find an additional £700,000 in savings, on top of the £15.4million we have already identified. Given both the demographic and inflationary pressures and very legitimate concerns raised in other parts of the consultation we will need to raise council tax by 1.9% this year.
- We will do everything we can to ensure that the vital 'market day' bus services in rural areas are protected.
- We agree with the comments that suggest we could further reduce our core and management costs by more outsourcing and by merging particular service areas with other councils or organisations. We will do as much of that as possible over the next three years.
- Working age people who qualify for council tax reduction will have to pay a bigger share of their bill themselves under our budget. We recognise that this is a big change so we will phase the increases over the next three years.
- We will remove the discounts people receive on the council tax bills when their properties are empty. Where properties are empty for two years or more we will charge a premium. Long-term empty properties will be charged at 150% of the standard council tax rate.
- We will be forced to continue to reduce the funding to library services from April 2015. We will work even harder to facilitate the use of self service, online services, greater support from volunteers and user groups, opportunities for trading, and possibly local financial support.
- While we do need to change the way we work with voluntary and community groups, we agree with some of the concerns raised and recognise that this will take some time and we would not want to destabilise any group. We do want to be consistent with all the groups in this sector while ensuring best value for the Herefordshire taxpayer.
- We believe we can support this sector in many different ways including the transfer of buildings and the provision of training and expert advice. We will

phase in funding reductions over the next 3 years to both HVOSS and CAB and work with them to see what other forms of support are available.

- We will continue to talk to local councils and community organisations to find opportunities to transfer appropriate buildings and pieces of land to communities.
- We have agreed with our partners in the Herefordshire Business Board to support them in holding an economic summit in Herefordshire. This will enable businesses to agree what they will do and what the council will do to deliver many new jobs to Herefordshire.
- We will continue the existing business engagement contract with Hereford and Worcester Chamber of Commerce but with a reduced level of funding.

The full consultation response is attached as Appendix 6

20.2.2 A budget consultation meeting with Parish council representatives was held on 5th December 2013.

21 Risk Assessment

The most substantial risks have been assessed in the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to Cabinet as part of budget monitoring.

21.1 **Substantial Reductions to Directorate Budgets** - £15.4m of reductions have been identified within the draft budget proposals. These are in addition to the £34m savings in the previous three financial years, with savings also identified for 2015/16 and 2016/17 of £18.3m. Key risks for Directorates are set out below;

21.2 Economy, Communities and Corporate

- The economic climate continues to have a direct impact on income (planning and parking fees). The budget reflects prudent assumptions around the continued impact of the economic situation.
- There is risk to the budget for the emergency costs in response to severe weather conditions, such as flooding or harsh winter conditions. Whilst DCLG assist in the funding of these costs through the Bellwin scheme, the council would have to fund the remainder within current budgets. £450k has been included in the financial plan to cover this cost.

21.3 Adults Well-Being

- Demographic Pressures have been included within the draft budget proposals for expected growth, but pressures within Health funding may result in added costs due to earlier hospital discharges.
- Re-commissioning of services is dependent upon successful contract negotiations and an appetite within the marketplace for change and the management of delivering to proposed timescales.
- Reviews of high cost packages run the risk of care packages also increasing in value as well as decreasing in value.

- Increased income expectations are at risk as if successful at preventative and redirection demand initiatives, then this may reduce the ability to increase income generation.

21.4 **Childrens Well being**

- Social Work Recruitment within Children's Services remains a risk and the use of agency staff has been profiled to reduce over the year. This national shortage is seen across the country. Work is progressing on a local social work academy to support a "Grow your Own" and "Progression" initiative in order to support a more sustainable workforce for the future.
- Foster Carers may be required to look after children until the age of 21. The Government are currently looking at proposals to extend the current age with circa £40m being allocated across the country. However, there is an expected increase in foster carers within Herefordshire of circa 20-30 by 2017 in order to meet current demand.
- Children's Placement budget has increased risks due to the transfer of responsibilities of Court Ordered Placements to the Local Authority. The lack of local residential opportunities has lead to increased cost. Work is underway to look at early intervention work, MST (Multi- Systemic Treatment Programme). In addition specialist foster carers are due to be recruited to support children with complex and challenging behaviours.
- Court Costs are a risk due to an increase in care proceedings.

22 **Equality Impact assessment**

- 22.1 The impact of the main budget proposals in terms of equality issues has been assessed by each Director and are summarised in Appendix 2.
- 22.2 The possible cumulative impacts of budget reductions have been assessed and can be found in Appendix 5.

23 **Statutory Statement by the Council's Chief Finance Officer**

- 23.1 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer must report on the:
- Robustness of the estimates made for the purposes of the budget calculations.
 - Adequacy of the proposed financial reserves.
- 23.2 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the Council when it is setting the budget and precept (Council tax). The Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 23.3 The Chief Finance Officer states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:

- The council's corporate plans and strategies;
- The council's budget strategy;
- The need to protect the council's financial standing and manage corporate financial risks;
- This year's financial performance;
- The Government's financial policies;
- The council's medium-term financial planning framework;
- Capital programme obligations;
- Treasury Management best practice;
- The strengths of the council's financial control procedures;
- The extent of the council's balances and reserves; and
- Prevailing economic climate and future prospects.

Community Impact

24 Not applicable.

Equality and Human Rights

25 These are contained within the report.

Financial Implications

26 These are contained within the report.

Legal Implications

- 27 When setting the budget it is important that Councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
- 28 The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the Council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure. The Act also covers the legal issues around council tax setting.
- 29 Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under Local Government legislation.
- 30 Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

- 31 Local government legislation requires an authority's Chief Finance Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the paragraph 23 of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the Chief Finance Officer's statutory report. If they do not they must provide clear reasons for not following the professional advice put forward by the Chief Finance Officer.
- 32 Legal challenges to local authority budget setting processes have tended to turn on whether the authority has complied with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED). This duty imposes a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the PSED when taking any decisions on service changes. However, the courts also recognise that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government.
- 33 Where a decision is likely to result in detrimental impact on any group sharing a protected characteristic it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. The more serious the residual detrimental impact, the greater the financial savings must be to justify the decision. The harm can only be justified if it is proportionate to the financial benefit and if there have been reasonable efforts to mitigate the harm.

Risk Management

- 34 None.

Consultees

- 35 The Health and Social Care Overview and Scrutiny Committee and the General Overview and Scrutiny Committee considered the proposals in this report on 13 January 2013. Their recommendations and any response will be published as a supplement in advance of the Cabinet meeting.

Appendices

Appendix 1 – Draft Revenue Budget Summary 2014/15.

Appendix 2 – Savings Proposals 2014/15

Appendix 3 – Medium term financial strategy

Appendix 4 – Treasury Management Strategy

Appendix 5 – Equality impact of budget proposals

Appendix 6 – Budget Consultation Analysis of Results and Response

Background Papers

None identified.

APPENDIX 1

Draft Revenue Budget Summary 2014/15

Directorate	Base Budget 2013/14 £000	Net changes £000	Draft Budget 2014/15 £000
Adults Wellbeing	53,873	1,060	54,933
Childrens Wellbeing	28,380	(1,879)	26,501
Economies, Communities, Corporate, Chief Executive and Organisational development	51,877	(4,880)	46,997
Total Directorates	134,130	(5,699)	128,431
Capital financing - principal/debt repayments			10,196
Capital financing - interest			5,929
Severence			2,000
Government grants			(5,064)
Other central budgets			1,384
Top-up reserves/repayment of overspend			3,580
Total net spend (Budget Requirement)			146,456
Financed by;			
Formula grant			35,803
Council tax			81,263
Retained business rates (NNDR)			22,704
Business rates top-up from central government			6,686
			146,456

REVENUE BUDGET 2014/15

ADULTS WELLBEING

Service	Base Budget 2013/14	Pensions and Inflation	Pressures	Savings	Other Adjusts	Budget 2014/15
	£000	£000	£000	£000	£000	£000
Adults Operations						
Locality Operations	2,128	42	0	(888)	2,699	3,981
Operations Mgt	403	8	540	356	(441)	866
Provider Services	1,024	19	0	(569)	1,543	2,017
Total Adults Operations	3,555	69	540	(1,101)	3,801	6,864
Commissioning Adults						
Commissioning Staffing	1,016	1,218	272	316	(650)	2,172
Total Commissioning	1,016	1,218	272	316	(650)	2,172
Housing and Independent Living						
Housing	3,477	28	(30)	(631)	(24)	2,820
Total Housing and Independent Living	3,477	28	(30)	(631)	(24)	2,820
Commissioned Care						
Adults	1,684	(15)	2,941	(1,701)	(3,760)	(851)
Learning Disabilities	15,911	(25)	(28)	(546)	(5)	15,307
Mental Health	8,409	(35)	35	(356)	633	8,686
Older People	12,605	(85)	1,211	(1,212)	144	12,663
Physical Disabilities	7,216	(14)	371	(259)	(42)	7,272
Total Commissioned Care	45,825	(174)	4,530	(4,074)	(3,030)	43,077
Total Adults Wellbeing	53,873	1,141	5,312	(5,490)	97	54,933

REVENUE BUDGET 2014/15

CHILDRENS WELLBEING

Service	Base Budget 2013/14	Pensions and Inflation	Pressures	Savings	Other Adjusts	Budget 2014/15
	£000	£000	£000	£000	£000	£000
Education and Commissioning						
Additional Needs	2,311	10	100	(85)	34	2,370
Children's Commissioning	1,172	8	0	(187)	128	1,121
Commissioning Management	507	6	0	(61)	(77)	375
Development and Sufficiency	5,205	(4)	0	(40)	393	5,554
Education Improvement	1,337	4	0	(80)	(242)	1,019
Total Education and Commissioning	10,532	24	100	(453)	236	10,439
Directorate						
Business Support	1,033	15	0	(250)	(33)	765
Directors Office	273	407	0	(343)	(70)	267
DSG Schools	226	0	74	(500)	(164)	(364)
Improvement	470	6	0	0	121	597
Directorate ESG Income	0	0	0	0	(1,785)	(1,785)
Total Directorate	2,002	428	74	(1,093)	(1,931)	(520)
Safeguarding and Early Help						
Safeguarding and Review	533	6	0	0	226	765
Early Help and Family Support	2,991	30	0	(543)	(31)	2,447
Fieldwork	2,722	25	0	(60)	398	3,085
Looked After Children	3,904	11	0	0	496	4,411
LAC External Placements	5,195	14	443	(281)	(13)	5,358
Safeguarding Training	145	1	0	0	4	150
Safeguarding and Early Help Management	356	4	0	(70)	76	366
Total Safeguarding and Early Help	15,846	91	443	(954)	1,156	16,582
Total Childrens Wellbeing	28,380	543	617	(2,500)	(539)	26,501

REVENUE BUDGET 2014/15

ECC, CHIEF EXECUTIVE and PUBLIC HEALTH

Service	Base Budget 2013/14	Pensions and Inflation	Pressures	Savings	Other Adjusts	Budget 2014/15
	£000	£000	£000	£000	£000	£000
Economic, Environment & Cultural Services						
Car Parking & Community Protection	(1,888)	(65)	0	(176)	1	(2,128)
Cemeteries & Crematorium	(442)	(19)	0	0	0	(461)
Cultural Services	2,929	10	0	(549)	(109)	2,281
Environmental Health	1,252	3	0	(120)	0	1,135
Markets & Fairs	(241)	(10)	0	0	0	(251)
Planning	1,578	(1)	(130)	(490)	(105)	852
Economic Development	835	5	0	(169)	0	671
Total Economic, Environment & Cultural Services	4,023	(77)	(130)	(1,504)	(213)	2,099
Placed Based Commissioning						
Commercial	245	(3)	200	0	4	446
Directorate Support	170	1	0	0	30	201
Highways	8,276	3	(250)	(1,169)	1,107	7,967
Parks Countryside & Prow	1,627	4	0	(212)	(1,047)	372
Transport	4,517	9	175	(729)	240	4,212
Waste & Sustainability	12,955	(9)	0	(188)	625	13,383
Total Placed Based Commissioning	27,790	5	125	(2,298)	959	26,581
Finance & Corporate Management						
Chief Officer Finance	161	2	0	0	15	178
Internal Audit Services	345	0	0	(75)	(15)	255
Benefits & Exchequer	(21)	2	91	(100)	(19)	(47)
Corporate Services	1,665	1	580	(250)	(280)	1,716
Finance Support	1,778	6	0	(225)	0	1,559
Total Finance & Corporate Management	3,928	11	671	(650)	(299)	3,661
Community & Customer Services						
Customer & Library Services	2,672	23	0	(348)	1	2,348
Community Regeneration	1,026	8	0	(151)	0	883
Economic Projects (Broadband)	257	4	0	0	0	261
Total Community & Customer Services	3,955	35	0	(499)	1	3,492
Law, Governance and Resilience						
Assistant Director Law & Governance	164	2	0	0	(43)	123
Electoral	369	3	0	0	(94)	278
Governance	1,305	3	0	(59)	79	1,328
Legal Services	684	12	0	126	108	930
Policy & Performance	347	2	0	(67)	1	283
Total Law, Governance and Resilience	2,869	22	0	0	51	2,942
Directorate Management						
Management*	237	956	167	0	(640)	720
Total Directorate Management	237	956	167	0	(640)	720
Property Services						
Property Management	2,369	(4)	71	(169)	(39)	2,228
Property Strategy	(784)	(43)	150	(263)	(42)	(982)
Total Property Services	1,585	(47)	221	(432)	(81)	1,246
Chief Executive & ODT						
Chief Executive	385	140	0	(95)	(29)	401

REVENUE BUDGET 2014/15

ECC, CHIEF EXECUTIVE and PUBLIC HEALTH

Service	Base Budget 2013/14 £000	Pensions and Inflation £000	Pressures £000	Savings £000	Other Adjusts £000	Budget 2014/15 £000
Organisational Development	7,105	14	0	(1,297)	(106)	5,716
Total Chief Executive Directorate	7,490	154	0	(1,392)	(135)	6,117
Total ECC and Chief Executive	51,877	1,059	1,054	(6,775)	(357)	46,858
Public Health	0	0	0	0	139	139
Total ECC,Chief Executive and Public Health	51,877	1,059	1,054	(6,775)	(218)	46,997

* This budget includes non pay inflation to be allocated.

APPENDIX 2**Savings Proposals Summary 2014/15 to 2016/17**

	2014/15 £000	2015/16 £000	2016/17 £000	Total £000
Adults	5,490	3,435	3,146	12,071
Childrens	2,500	1,632	2,236	6,368
Economic Communities & Corporate & CEODT	7,407	3,602	4,269	15,278
	15,397	8,669	9,651	33,717

**Draft Savings Proposals
Adults Well-Being**

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
Manage demographic pressures/Improvements in Demand Management		This proposal will result in those people who do not have 'eligible' adult social care need provided with information, advice and guidance on how to live independently. If they wish to purchase care and support given information on how they can do this, and advice on accessing independent financial advice	Detailed EIA required for strands within this proposal. However high level analysis has identified that the majority of proposals will have a neutral or positive impact on service users and their families with protected characteristics. This is about adopting a more preventative approach to social care, encouraging people to address their care and support needs by first looking towards the social capital within their community and working in partnership with NHS colleagues to enable as many people as possible to live independently.	1,160	616	588	2,364
Recommissioning & Reductions in Cost of Older People Residential and Nursing Care		Good quality Residential and Nursing care for Older People that demonstrates value for money and effective use of council funding	EIA completed 2013 with ongoing review of impact during decision making and implementation process. This should have a positive and/or neutral impact on groups with protected characteristics, maximising value for money and standardising approaches to quality monitoring within care homes .	300	75	95	470
Recommissioning and Reductions in the cost of Homecare		Good quality and affordable homecare for service users, that offers choice and control through a range of personal budget payment mechanisms, including Direct Payments and Individual Service Funds	Detailed EIA completed 2013. Proposal should have a positive impact on groups with protected characteristics delivering greater value for money, maintaining as wide a range of services as possible despite significant cuts in funding and re directing resource where possible as part of a whole system approach to prevention including intermediate care and reablement.	765	0	0	765
Workforce Reshaping		Realignment and re shaping of the workforce to deliver a more efficient and effective workforce at a reduced cost	Detailed EIA to be completed but high level analysis has identified that this will have a neutral and/or positive impact on groups with protected characteristics as increased resource directed towards care and support	315	0	100	415
Revising personalisation offer		Improving how we communicate with eligible adult social care users about the amount available within their personal budget, based on the resources available to the council and the number within the population requiring support. Offering a range of mechanisms for people to exercise their choice and control including increasing the numbers taking a direct payment	Detailed EIA required for each strand of implementation. High level initial analysis has identified that the majority of the proposals will have a neutral or positive impact on people who use services and their carers. Where a potential negative impact is identified due to service users and their carers within the protected groups having a reduced indicative amount of money available to meet their need, this will be mitigated by clear guidance on how the council will discharge its responsibilities to meet assessed need.	450	450	450	1,350
Contract Changes		Completing contractual changes commenced and consulted on within 2013/14, including the ending of the remainder of funding for village wardens and subsidy for meals on wheels so all service users who should pay for meals do so.		300	1,021	976	2,297
Service redesign - operational services		Completion of the Next Stage Integration programme, with all direct provision externalised and provided by the independent and voluntary sector through contracts delivering greater flexibility and creativity for individual service users and better value for money for the council	Detailed EIA completed 2013 and ongoing review of potential impact and mitigating actions if a negative impact may affect service users and their families who are within the groups with protected characteristics.	1,100	0	0	1,100
Reductions in accommodation based support		The effectiveness of current contracts will be reviewed in line with the priorities to focus on those people who are eligible for adult social care and who are homeless where we have a statutory responsibility. This will release savings and we will look to informal social networks and local communities to support the transition to minimise any negative impact on service users	N/A	0	623	287	910
Increased income		Continuing to implement the Fairer Charging policy which was consulted on in 13/14 will ensure all service users who are assessed as required to pay, do so, so that it is equitable for everyone.	Detailed EIA completed as part of Fairer Charging Consultation 2012. This is a continuation of applying Fairer Charging across all eligible service users	50	50	0	100
High Cost care reductions		Increased local capacity for people with a Learning Disability and mental health will enable more people to live near their communities and friends and families at a lower cost. Ensuring that the cost of care is based on need and reflects local market variations will support the council in making sure it can support people within the available resources.	Detailed EIA required but high level analysis has identified that this should have a neutral and/or positive impact on people and their carers across the protected characteristics. It will maximise value for money and maintain as wide a range of services as possible despite significant cuts in service	100	100	100	300
Remove funding for non eligible services		In line with the council's priorities and statutory responsibilities, this will ensure that those who have the most need are able to be supported effectively		900	300	300	1,500
Use of technology to reduce cost of care		Enables more people to live independently at home and uses council resources effectively so that those with eligible need are supported reducing the cost of care through increased use of technology	Detailed EIA requires completion. High level analysis identifies that this is expected to have an overall positive impact by enabling people to stay independent for longer in their own homes and by supporting carers in their caring role. There is however a potential negative impact around the removal of personal/human contact for some people	50	200	250	500
Total	53,873			5,490	3,435	3,146	12,071

Draft Savings Proposals
Children's Wellbeing Directorate

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
Reducing Residential Care - Children currently looked after by the authority reaching adulthood and ceasing to receive residential care		Potential risks include homelessness / reoffending. This will be mitigated by the work carried out by the aftercare service	N/A	366	422	611	1,399
Target reduction in children's residential placement costs from service redesign and development of alternative / preventative approaches to reduce need for high cost residential placements	2,599	Around 1 to 2 children per annum do not need to be placed in a residential setting but can either be successfully kept within the family through early interventions work, or where behaviour/ needs escalation is controlled so can be placed with foster carers rather than residential placement	More children kept with own family, or within a family environment through foster care placement. This improves outcome for the child and future life expectations.		200	200	400
Reshape Social Care Management including a reduction in the requirement for agency social work staff		Safeguarding staffing reconfiguration and reductions in 2014/15, 15/16 & 16/17. To be achieved through reductions in agency staff as case numbers reduce the requirement for additional social workers. The impact of a regular employment of newly qualified social workers as the 'Grow our Own' strategy takes effect will also impact on costs in this area.	Potentially may affect opportunities for some children and families with protected characteristics if savings are taken but caseloads do not reduce, therefore increasing the caseload per worker and potentially reducing service quality and levels. Will be addressed through reconfiguration of service and maximising the effectiveness and targetting of early help services to reduce the demand for social care intervention	130	260	325	715
Social work academy set up to recruit, train support career progression. In addition the Authority will also investigate alternative funding methods e.g. Social Impact Bonds in order to invest in areas which will provide future financial benefits and support a sustainable financial position.	2,188	The Social Work Academy will lead to a better long term flow of newly qualified staff and staff supported through their first three years employment which will improve quality, retention and reduce cost of recruitment and agency staff. Developing new models of service delivery, includes identifying new models of financing those models, such as social impact bonds.	By its nature, these services are there for children and young people with protected characteristics. Finding new ways of funding those services protects them and potentially enhances them.			500	500
Management Workforce Reshaping	1,346	Work being taken on by Head of Children's Commissioning and team, which requires reprioritisation of work programme, including service development work for early years and safeguarding services	Potentially may affect opportunities for some children and families, particularly those with protected characteristics, included Troubled Families due to capacity being stretched and it taking longer therefore to deliver all statutory duties effectively. Will be addressed through prioritisation and developing sector led approaches, including work with adults services.	149			149
Redesign Children's Centre offer, Early help/family support Remodelling - use of voluntary sector to deliver universal services / integrate with local services / potential reduced hours to divert centre staff to undertake activities in social care such as supervised visits. Renegotiate existing contracts.	2,222	Developing new service models may impact on individual children and families by changing services they may have been used to receiving.	Many of the parents and children who may be impacted either positively or negatively by these proposed changes will have one or more of the Protected Characteristics.	470	100		570
Remodelled Early Years Development and Sufficiency services to deliver statutory responsibilities	93	Redesign of functions to meet Local Authority responsibilities and focus on challenge and quality assurance, as well as meet the 2 year old offer. Some responsibilities for payments transferring to Hoople.	Potential high impact for children and families, particularly with protected characteristics. Identified that Herefordshire has significant gaps in early years development between vulnerable groups and their peers. To be addressed through strong focus on quality assurance and challenge, development of 2 year old offer and clarifying the relationships with the voluntary, independent and school sectors	40			40
Youth Services - Impact of staffing cuts in year	132	Reduction in spend covered by previous budget consultation and equalities impact assessment	N/A	87			87
Short breaks. Reduce universal provision as part of joint commissioning exercise	383	Reduction in direct funding for universal short break services as they are able to access other sources of funding e.g. lottery funding.	Potentially may limit opportunities for some children and families with protected characteristics. Will be addressed through market development and working with individual providers to access different funding which is available and reduce the reliance of some providers on Council funding.	100			100
Contract Changes	311	Review impact of bringing services in-house and alignment to existing services in order to create greater efficiency	A better performing contract, whether delivered by the council or by others, will benefit positively people with protected characteristics.	80			80
Reshape functions - identified savings	1,032	Reduce staffing levels in business support and performance. Transfer some functions to adult services and ECC. Establish different ways of working, whilst ensuring statutory duties (including statistical returns) are met. Expect some staff including social workers to carry out more tasks themselves and be supported through technology. Requires changes to some Council business processes, being led by the Assistant Director for Organisational Development.	Potentially may affect opportunities for some children and families, particularly those with protected characteristics, included those open to social care and Troubled Families. Services including social workers, peripatetic teachers, commissioning and improvement staff may be stretched due to taking on tasks no longer being delivered by business support and performance. This may result in delays with work and poorer service user experience (including early years providers and schools). Will be addressed through developing more effective service processes, including technological solutions, and stopping some back office activities which are of lower priority. Priority will be given to essential safeguarding and improvement services.	250	150	100	500

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
Collaborative use of the public health grant		Use of public health investment for transformation and demand management across council services		500	500	500	1,500
Use of non-pay inflation		Service will deliver within the same budget as 2013/14	N/A	328			328
OTHER SERVICES WITHOUT SAVINGS	18,074						
	28,380			2,500	1,632	2,236	6,368

** Net Budget includes contributions from Dedicated Schools Grant and CCG

Draft Savings Proposals
Economy, Communities & Corporate

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
Waste & Sustainability Introducing alternate weekly collection of waste and limited collection to the contents of a refuse wheelie bin.	4,630	Non-Recyclable waste will be collected every fortnight rather than weekly. Limiting the amount of non-recyclable waste collected will mean families will need to re-cycle more or dispose of excess household waste at a Household waste disposal site.	Should be minimal impact as there is an 'assisted collection' requirement within the existing contract for disabled residents which will be retained	188	412	50	650
Waste Disposal Contract - No changes	8,307						0
Roads and Public Spaces Cleaning and Maintenance Efficiency Improvements: Reducing the amount of amount spent on highways and public spaces whilst prioritising road repairs. Full year effect of toilet closures and transfer of responsibilities to Town Councils in 2013/14 - no further changes planned.		Grass will not be cut as frequently and litter not collected as often.	None	1,231			1,231
Country Parks and Picnic Sites - Disposal of small sites and reduction in subsidy for larger sites at Queenswood and Bodenham Lake	9,881	May lead to introduction of car parking charges which could discourage use	None	150	150		300
Public Transport Fewer bus services across the County	4,673	Increased social isolation amongst rural and vulnerable groups due to lack of transport. Potential increase in cost of statutory school transport. Potential increase in road accidents. Adverse impact on local economy as people unable to access retail, particularly market towns. Does not support growth agenda and consequent economic impact of lack of infrastructure.	Significant impacts amongst key groups (elderly, disabled, low income etc.) in respect of reduced bus network. Impacts on some vulnerable groups in respect of road safety. Potential financial barrier for disabled to access post 16 educational opportunities	729	776	250	1,755
Council Tax reduction Scheme - reduction in discount awarded for some council tax payers in receipt of welfare benefits from 91.5% to 84% in 2014/15, reducing further in 15/16 and 16/17. Note: Pensioners are exempt from the changes		The lowest earners in Herefordshire, approximately 5,000 individuals currently only have to pay 8.5% of their total bill. These people will have to pay 16% of their total Council Tax bill from April 2014.	To be completed	362	308	230	900
Council Tax Discount - Removal of 25% Council Tax discount of six or 12 months for empty properties and charge an additional 50%, i.e. 150% Council Tax for properties empty for over two years.		Owners of empty properties will have to pay 100% Council Tax despite not living in the premises. The 150% charge for properties empty over two years will encourage landlords to get the properties back into use. This will have the added advantage of the council receiving a New Homes Bonus, the equivalent of an additional council tax payment from government for six years.	To be completed	270			270
Discretionary Rate Relief - Removal of discretionary National Non-Domestic Rates/Business Rate relief for some voluntary organisations		From April 2014 discretionary relief is only available to top up the 80% mandatory relief for those: <ul style="list-style-type: none"> Charities that are locally based (are not national organisations) and which provide facilities that benefit the wider community of Herefordshire and are of a social/welfare nature; Community Halls – provide non-profit making community users are in paramount occupation. Scouts and Guides – where the Scouts or Guides are in paramount occupation. Credit Unions - where dividend or interest is available for distribution to its members and assistance is provided to avoid social exclusion 	To be completed	250	150		400
Back Office Services (including Finance, Revenues and Benefits, Legal and Equality teams & Info)	5,406	No impact - efficiency saving	None	400	200		600
Housing Benefits	(1,297)						0
Property Services Reduced property services focussed on a smaller estate with maintenance reduced to ensure legal compliance. Reacting to basic statutory emergencies etc.	1,637	No impact - efficiency saving	None	432			432
Asset Review Disposal or increased income to reduce debt charges		Capital receipt from sale of assets utilised to offset current or future debt costs. Loss of annual rental income.	None			2,750	2,750
Cultural Services - Remodelling of Museum Services so that funding is only supporting the Collections Service at Friar Street and not to Hereford Museum.		Museum offer confined to Friar Street.	Minimal. There could be reduced opportunities for disabled individuals to access these facilities.	239			239
Withdrawal of Subsidies to Cultural Services partners		Withdrawal of Halo management fees by end of 2015/16 and for Kington and Wigmore by 2014/15.	None				

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
		Reduction to Visit Herefordshire and Courtyard management fees in 2014/15.	None				
		Reduction to zero of Brightstripe management fee from 2016/17.	None				
	2,901	Withdrawal of Arts Commissioning grants from 2014/15.	None	310	453	724	1,487
Regulatory Services Reduction in all regulatory services to the statutory minimum, unless supported by income generation or necessary to facilitate economic growth. Planning - priority given to supporting economic development with potential reduced capacity to deal with low level applications, slowing down of processing of applications, reactive enforcement. Reduction in other regulatory services likely to result in increased antisocial behaviour, environmental degradation and community safety issues.	3,243	No impact - efficiency saving	None	786	90	100	976
Car Parking Provide adequate supply of parking to support economic activity whilst maximising financial return from HC's land holding.	(2,273)	Increase and introduction of parking charges	No impact upon disabled groups as free parking provided.		600		600
Economic Development & Community Regeneration Service prioritises Business Support (grant delivery and business advice), Capital Infrastructure delivery (Hereford Enterprise Zone) and attracting Government and EU funding (including working with the LEP and other partners). Remaining funding withdrawn from Hereford Futures executive team and reduction of funding to the Chamber of Commerce for their Strategic Business Engagement contract. Reduction in infrastructure investment.			none	169			169
Removal of funding to HVOSS, HALC & CAB	2,064	Reliance on voluntary sector to provide for itself.	Adverse impact on low income and vulnerable groups.	151	40	165	356
Customer & Library Services Remove funding from all libraries with the exception of Hereford, Leominster and Ross.	2,538	Reduced opening hours in Hereford, Leominster and Ross, along with potential closures in Bromyard, Ledbury and Kington.	EIA completed for 19-Sep Cabinet. Combined impact on older people without use of the internet, in rural areas unable to access travel, people in crisis.	348	423		771
OTHER SERVICES WITHOUT SAVINGS	2,676						0
	44,386			6,015	3,602	4,269	13,886

Chief Executive & Organisational Development Team

Savings Proposal	Net Budget 13/14 £000	Impact	Equalities Impact	Proposed Reduction 2014/15 £000	Proposed Reduction 2015/16 £000	Proposed Reduction 2016/17 £000	Total 2014/15 to 2016/17 £000
Chief Executive - FYE of post reduction June 2013	385	No impact - efficiency saving	None	95			95
Back Office Services (including Communications, HR & ICT)	7,106	No impact - efficiency saving	None	1,297			1,297
Total	7,491			1,392			1,392

Total	51,877			7,407	3,602	4,269	15,278
Council tax and business rates collection fund				(632)	(458)	(230)	(1,320)
General fund				6,775	3,144	4,039	13,958

Herefordshire Council DRAFT Medium Term Financial Strategy

2014/17



This page is intentionally blank

DRAFT

Medium Term Financial Strategy - Contents

	Page
1. Introduction	4
2. Herefordshire's Characteristics	5
2.1 Rural pressures	5
2.2 Adult social care	5
2.3 Children	6
2.4 Value for Money	7
3. National Financial Context	9
3.1 Introduction	9
3.2 2010 Comprehensive Spending Review	9
3.3 2013 Spending Round	9
3.4 Autumn Statement December 2013	9
3.5 Provisional Local Government Settlement 2014/15 and 2015/16	10
4. Herefordshire Council's Financial Context	12
4.1 Introduction	12
4.2 Comparative Funding Position	12
4.3 Funding Gap 2014/15-2016/17	13
4.4 Local Government Settlement 2014/15 and 2015/16	15
4.5 Funding Allocation 2014/15 and 2015/16	16
4.6 New Homes Bonus	16
4.7 Specific Grants	17
4.8 DSG	17
4.9 Council Tax	19
4.10 Reserves	19
4.11 Capital Reserves	20
4.12 Funding Arrangements for Capital Investment	20
4.13 Capital Programme	21
4.14 Treasury Management Strategy	24
5. Medium Term Financial Resource Model (FRM)	26
5.1 Background	26
5.2 Assumptions	26
5.3 Pensions	26
5.4 Funding Assumptions Included in the FRM	27
5.5 Directorate Pressures	27
5.6 Waste disposal	28
5.7 Savings targets	28
5.8 Budget proposal 2014/15	29
5.9 Budget risks	30
Appendix A – Autumn Statement	32
Appendix B- Financial Resource Model	34

1. Introduction

- 1.1. The MTFS covers the financial years 2014/2017 and demonstrates how the council will maintain financial stability, deliver annual efficiencies, and support investment in priority services, whilst demonstrating value for money and maintaining service quality.
- 1.2. The MTFS is a key part of the council's integrated corporate, service and financial planning cycle. This cycle is designed to ensure that corporate and service plans are developed in the context of available resources and that those resources are allocated in line with corporate priorities set out in the Corporate Plan. Herefordshire's key priority areas are to keep children and young people safe and give them a great start in life, enable residents to live safe, healthy and independent lives, and invest in projects to improve roads, create jobs and build more homes.
- 1.3. All local authorities are reducing services as the Government continues to significantly reduce the funding it provides to local governments across England.
- 1.4. The Local Government provisional settlement announced on 18th December 2013 set out the funding assessment for local authorities. As expected this settlement confirmed further substantial cuts for the council and local authorities nationally in 2014/15 and 2015/16. The position for Herefordshire is a reduction in the funding allocation in 2014/15 of £6.7m and a further £9m in 2015/16.
- 1.5. In addition the demand for services has grown and we have been serving more and more people, particularly in essential areas such as childrens' safeguarding and adult social care.
- 1.6. The reduction in funding compounded by the additional service pressures have resulted in a funding gap of £33m in the period 2014/15 to 2016/17. Savings proposals have been identified to meet this gap, including £15.4m in 2014/15.

2. Herefordshire's Characteristics

2.1 Rural Pressures

- 2.1.1 Herefordshire Council has consistently argued that the costs associated with delivering services in rural areas are not adequately funded through the current national formula. This is particularly acute for Herefordshire, which is the most sparsely populated county in England according to measures used in this formula – with residents scattered right across its 842 square miles. Areas of poverty and deprivation exist in Herefordshire and there are crucial economic, geographic and demographic factors, relating to distance, population sparsity, ageing, social inclusion and market structure.
- 2.1.2 Social isolation is a growing concern, not least because of the disproportionately increasing number of older people living in Herefordshire – but also due to poverty and deprivation. The cost of living in rural areas, for example transport and domestic fuel costs, can be higher than in urban areas. There is also recognition that it is often the most vulnerable members of the community, such as frail elderly people and deprived families, who suffer most from the loss of local services and the high cost of living.
- 2.1.3 54% of Herefordshire's population live in rural areas; 42% in the most rural locations. Providing services to a scattered population across a large geographic area is a challenge and additional resources will be required for professionals that need to visit clients across the county. Some health services - such as a dentist and GP - are difficult to access for a significant minority of Herefordshire residents, along with other services such as a post office and public transport.
- 2.1.4 The historic under funding of rural areas means that the range and level of services provided in rural areas was much lower than in urban areas before the introduction of the austerity measures. The impact of the austerity measures has therefore been much greater in rural areas.

2.2 Adult Social Care

- 2.2.1 Adult Social Care faces significant future pressures due to increased life expectancy and future demand due to an aging population
- In 2012, the over 65 population of Herefordshire was 40,800. In 2015, it is projected to be 44,700 which represents 24% of total population, by 2020 49,600 it will increase to 26% of total population, by 2025 54,800 (28% of population) and in 2030 it is projected to be 61,400 or 30% of the total population.
 - In the corresponding periods the population growth / growth in the over 65 / over 85 population compared to a 2012 baseline are shown in the table below;

% Growth in Population v 20120 base	2015	2020	2025	2030
Total Population	1%	4%	7%	10%
Over 65	10%	22%	34%	50%
Over 85	15%	30%	45%	62%

2.2.2 In Herefordshire many people over 65 years old are active and well. However, there is a sizeable and growing group of over 65s living with chronic health conditions; dementia and increasing frailty, and it has been recently reported that Herefordshire has one of the lowest rates for diagnosis of dementia in England. The full extent of the implications of managing the increase in dementia is therefore likely to be underestimated.

2.2.3 The proposed changes through the creation of the Better Care Fund which will create a pooled budget across health and social care worth £3.8bn nationally in 2015/16 will have significant implications for the future design and development of services across Herefordshire. The council and the Clinical Commissioning Group are actively working on the implications and improvements this will mean for the county.

2.3 Children

2.3.1 Based on October 2013 pupil numbers, primary school numbers (including nursery classes) are predicted to increase in 2013/14 by 302 pupils or 2.5%. Secondary school numbers are predicted to fall by 162 pupils or 2%. Since the establishment of Herefordshire Council in 1998, primary school numbers have fallen by 1,799 from a high of 14,230 in 1998, a reduction equivalent to 12.6%. From a high point in January 2005, secondary numbers have fallen from 10,511 to 9,405 a reduction of 1,106 (equivalent to 10.5%) and are expected to continue to fall until 2017. School Funding is based upon pupil numbers in October each year and the Dedicated Schools Grant in 2014/15 is expected to be funded on 12,432 primary pupils and 8,685 secondary pupils (excluding sixth form pupils). Pupil numbers will be confirmed by the Department for Education in late December 2013.

2.3.2 The new schools funding formula distributes the same amount of funding to Herefordshire Schools but on a different basis from 2014/15, creating winners and losers. The Minimum Funding Guarantee (MFG) limits the budget losses to -1.5% per pupil and those schools gaining budget, will be capped by a similar percentage in order to fund the cost of the MFG protection. After protection has been phased out, it is estimated that most schools will gain or lose funding within a + /- 5% band. A handful of schools will lose or gain a greater amount.

- 2.3.3 The numbers for Looked After Children (LAC) had stabilised in 2013/14 and were set to be maintained. However, the transfer of responsibilities of court ordered placements to the Local Authority from April 2013 will continue to cause budget pressures. The lack of local residential opportunities has also led to increased cost. Work is underway to look at early intervention work, MST (Multi-Systemic Treatment Programme). In addition specialist foster carers are due to be recruited to support children with complex and challenging behaviour.
- 2.3.4 Foster Carers will be required to look after children until the age of 21 from April 2014 as the Government are currently looking at proposals to extend the current age with circa £40m allocated across the country. However, there is an expected increase in foster carers within Herefordshire of circa 20-30 by 2017 in order to meet current demand with associated staff costs.
- 2.3.5 The increasing number of children requiring protection or care has placed additional pressures on the Safeguarding staffing budget. Social Work Recruitment within Children's Services remains a risk and the use of agency staff has been profiled to reduce over the year. This national shortage is seen across the country. Work is progressing on a local social work academy to support a "Grow your Own" and "Progression" initiative in order to support a more sustainable workforce for the future.
- 2.3.6 Court Costs are a risk due to an increase in care proceedings per 10,000 of the population in line with other Authorities. Some of this is attributed to the renewed emphasis on permanency planning and recognition of the 1989 Children Act.
- 2.3.7 The number of children with Complex Needs cases continues to rise and show an increase in average cost per placement.

2.4 Value for Money





- 2.4.1 The Audit Commission has published comparative data, which enables councils to focus on the areas which vary significantly from other authorities.
- 2.4.2 The following is an overview of the authority's spend on its services expressed per head of total population (or subsections of the population for adult social care and children's services). Most of the expenditure data comes from the 2011/12 Revenue Outturn return, however, spending on children's services and the planned net current expenditure come from different sources and are for different time periods

Overview

This is an overview of the authority's spend on its services expressed per head of total population (or subsections of the population for adult social care and children's services). Most of the expenditure data come from the latest Revenue Outturn return however spending on children's services and the planned net current expenditure come from different sources and are for different time periods. Each indicator links to another set of related indicators. You can view an indicator in detail by clicking on the icon next to the indicator name.

Indicator	Period	Value	% change	DoT	Rank	Average
Total net spend per head	2011/12	£1,597.91 per head	-8%	↓	 Average	£1,624.51 per head
Spend on adult social care per adult	2011/12	£440.62 per head 18+	2%	↑	 In the highest third	£401.53 per head 18+
Spend on council tax benefits and housing benefits administration per head	2011/12	£0.00 per head	-100%	↓	 In the lowest 10%	£11.15 per head
Planned spend on children's services per young person aged 0 to 17	2012/13	£956.77 per head 0-17	14%	↑	 Average	£1,000.66 per head 0-17
Spend on culture and sport per head	2011/12	£64.89 per head	-20%	↓	 Average	£73.49 per head
Spend on environmental services per head	2011/12	£90.19 per head	0%	↑	 In the highest 20%	£85.57 per head
Spend on housing services per head	2011/12	£40.75 per head	-28%	↓	 In the highest third	£30.11 per head
Spend on sustainable economy per head	2011/12	£136.93 per head	10%	↑	 In the lowest third	£150.65 per head

Benchmarking data gives an indication of areas of comparative high cost to examine compared to other, similar, authorities. In Herefordshire's case our costs in Adult Care are comparatively high which reflects the position to reduce costs in the MTFS over the planning period while maintaining service levels.

Indicator	Period	Value	% change	DoT	Rank	Average
Spend on all social care for older people including older mentally ill per adult aged 65+	2011/12	£825.33 per head 65+	-9%	↓	 Average	£884.55 per head 65+
Spend on all social care for adults with mental health needs per adult aged 18-64	2011/12	£40.45 per head 18-64	2%	↑	 In the highest 20%	£30.19 per head 18-64
Spend on all social care for adults with learning disabilities per adult aged 18-64	2011/12	£191.28 per head 18-64	20%	↑	 In the highest 10%	£158.50 per head 18-64
Spend on all social care for adults with a physical disability or sensory impairment per adult aged 18-64	2011/12	£85.39 per head 18-64	6%	↑	 In the highest 5%	£48.40 per head 18-64

3 National Financial Context

3.1 Introduction

3.1.1 This section of the MTFs sets out the financial context at national level. Central government's plans for public spending are documented in the following sections.

3.2 2010 Comprehensive Spending Review

3.2.1 The 2010 Comprehensive Spending Review set out the overall spending for the public sector for four years from 2011/12 to 2014/15. This set out the Government's proposals for tackling Britain's deficit, including significant reductions in public spending.

3.2.2 Since 2010 a number of changes to the 2010 Spending review totals have been announced, further reducing public sector budgets.

3.3 2013 Spending Round

3.3.1 On 26 June 2013 the Chancellor of the Exchequer, George Osborne MP, announced the outcome of the Spending Round 2013 (SR2013), which set out public spending totals for the financial year 2015/16. In his speech he said the three principles applied to the Spending Round were 'growth, reform and fairness'. The key SR2013 announcements for local authorities are summarised below;

- The Communities and Local Government department's resource budget is to reduce by 10% in real terms (8.2% cash).
- From 2015/16 £400m of New Homes Bonus was proposed to be pooled with Local Enterprise Partnership areas to support strategic housing and economic development priorities.
- £100m collaboration and efficiency fund will be available to support 'upfront costs' of local authorities working together and encourage 'better ways of operating', such as for new IT systems.
- The Chancellor announced that funding will be made available to support local authorities that choose to freeze their council tax in 2014/15 and 2015/16. Authorities that freeze or reduce their band D council tax will receive a grant equivalent to a 1% increase on 2013/14 Band D council levels in both years.

3.4 Autumn Statement – December 2013

3.4.1 On 5th December 2013 the Chancellor of the Exchequer delivered his Autumn Statement to the House of Commons updating MPs on economic and fiscal forecasts for the UK economy.

3.4.2 The Chancellor made a number of key announcements affecting local government, which are summarised in Appendix A.

3.4.3 The significant points for Herefordshire were;

- Plans to top-slice £400m of the New Homes Bonus for the single pot will not now be imposed. This benefits Herefordshire Council by around £1.1m per annum from 2015/16.
- The Government will cap the RPI increase in business rates to 2% in 2014/15.
- The Small Business Rate Relief (SBRR), doubling to provide 100% relief from business rates, will be extended again to April 2015. This will benefit Herefordshire businesses by around £2m.
- A discount of up to £1,000 will be introduced against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014/15 and 2015/16.
- A temporary reoccupation relief will be introduced, granting a 50% discount from business rates for new occupants of previously empty retail premises for 18 months.

3.5 Provisional Settlement 2014/15 and 2015/16

3.5.1 On 18th December 2013, the 2014/15 and 2015/16 Provisional Local Government Finance Settlement was published. Key announcements for Herefordshire were as set out below.

3.5.2 The position for Herefordshire is in line with budget assumptions in the medium-term financial plan, with three main changes improving the overall position;

- Additional funding for rural authorities of £9.5m has been included in the Settlement. This has given Herefordshire an extra £598k in 2014/15 and 2015/16. (In 2013/14 a specific grant was awarded as part of the Final Settlement).
- £50m previously to be held back for capitalisation has been returned to authorities in proportion to their settlement funding assessment, after meeting the cost of additional funding for rural authorities and a cap on spending power reductions. This has resulted in an estimated additional £77k for Herefordshire in 2014/15.
- The planned top-slice from Revenue Support Grant to fund the New Homes Bonus for local councils has been reduced from £800m to £700m (the specific amount for Herefordshire has not been disclosed)

3.5.3 The position may change as further information on specific grants is published. Given the uncertainty and low level of grants it is not proposed to adjust the overall budget proposals but use the additional funding as a contingency against specific grant reductions or to increase our level of reserves.

3.5.4 The Settlement confirms Government funding reductions of £6.7m in 2014/15 and a further £9m in 2015/16;

	2013/14	2014/15	2015/16
	£000	£000	£000
*Efficiency support for services in sparse areas	531		
Settlement Funding Assessment	71,376	64,873	55,807
Compensation for 2% rates freeze		374	399
	71,907	65,247	56,206
Reduction in Formula funding		(6,660)	(9,041)

*In Settlement from 2014/15

3.5.5 Prior to the Chancellor's Autumn Statement on 5 December local government were expecting an RPI increase in Business Rates for 2014/15. However, the Chancellor has capped the rise in the business rate multiplier at 2%. DCLG has confirmed that local authorities will be fully compensated for the loss of income. We have now learnt that this compensation grant will be for 2014/15 and 2015/16 in the first instance – with future years to be decided by the government in place after the 2015 general election. DCLG have not yet been able to publish the exact way in which all the compensating section grants will be calculated but we have included an estimate of the impact of these changes in our budget plan.

4 Herefordshire Council's Financial Context

4.1 Introduction

4.1.1 This section of the MTFs describes the council's financial position and approach for:

- Revenue spending.
- Capital investment.
- Treasury management.

4.2 Comparative Funding Position

4.2.1 Herefordshire is not a well-resourced council. Government grant systems attempt to make allowance for the additional cost and complexity of delivering services in a sparsely populated area but do not do enough for councils like Herefordshire where its sparse population is more evenly distributed throughout the area.

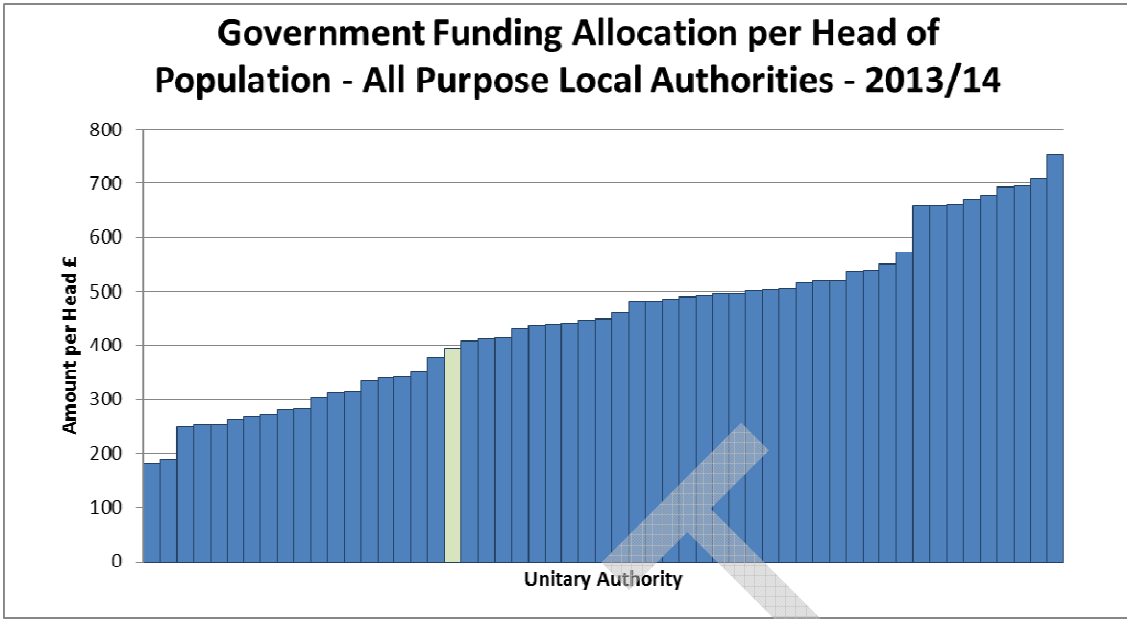
4.2.2 Herefordshire Council has consistently argued that the costs associated with delivering services in rural areas are not adequately reflected in the current formulae. The Rural Services Network (SPARSE), a body representing rural councils in England, established that an urban area on average receives 50% greater central government assistance than a rural area.

4.2.3 The Government has now accepted that rural areas have been comparatively underfunded. This was reflected in an additional one-off grant allocation of £531k in the final settlement for 2013/14 and an Efficiency Support for Sparse areas grant has been added into the financial settlement for 2014/15 and 2015/16. This has benefited Herefordshire by £598k in both years.

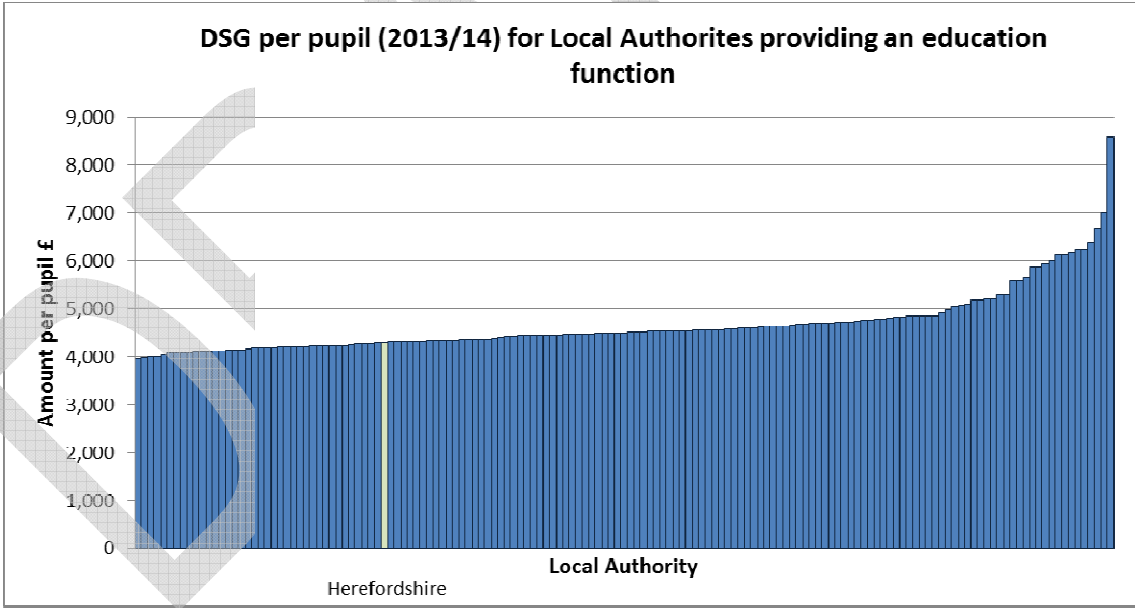
4.2.4 The 2013/14 budget figures show that:

- a) The Government Funding Allocation per head of population is £392.42, 12.2% below the national average of £446.77; and
- b) Indicative Dedicated Schools (DSG) Grant per pupil is £4,306.44, 5% below the average for education authorities of £4,550.54.

4.2.5 The graph below shows Formula Grant per head of population for all unitary authorities 2013/14. It shows that Herefordshire is 37th out of 55 unitary authorities.



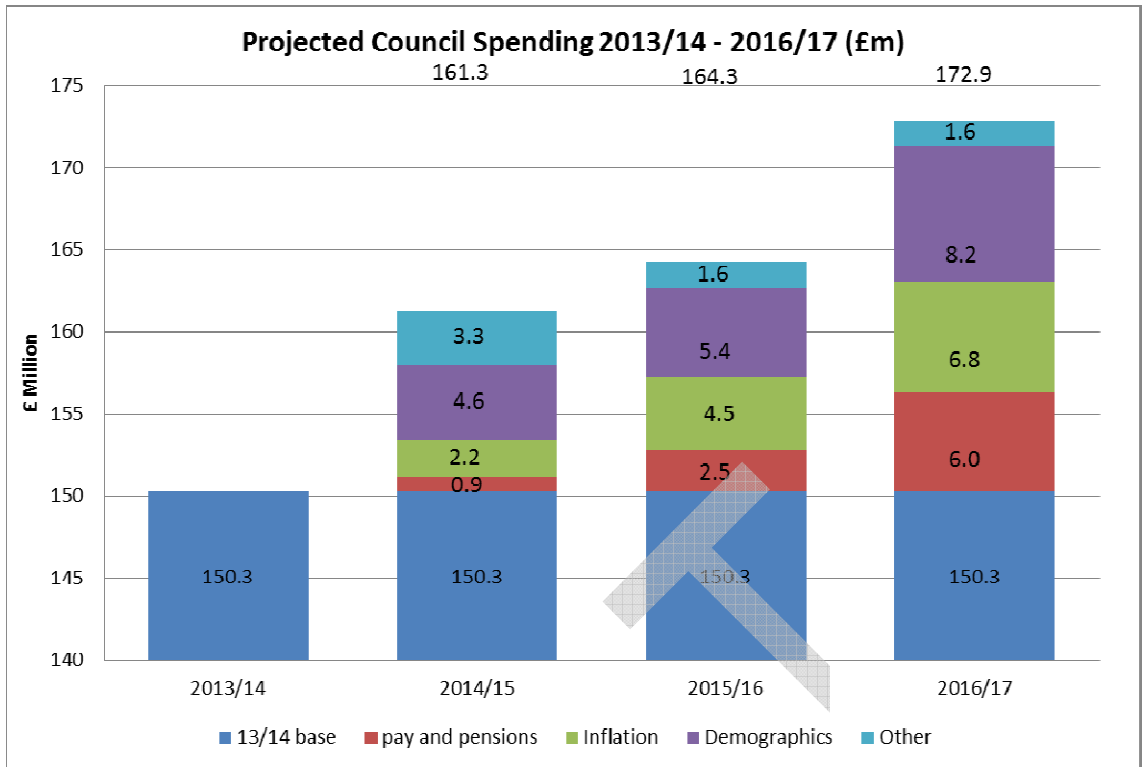
4.2.6 The graph below shows DSG per pupil for local authorities providing education functions (before deductions for academies recoupment and direct funding of academy High Needs). Herefordshire is placed 113 out of 151 authorities.



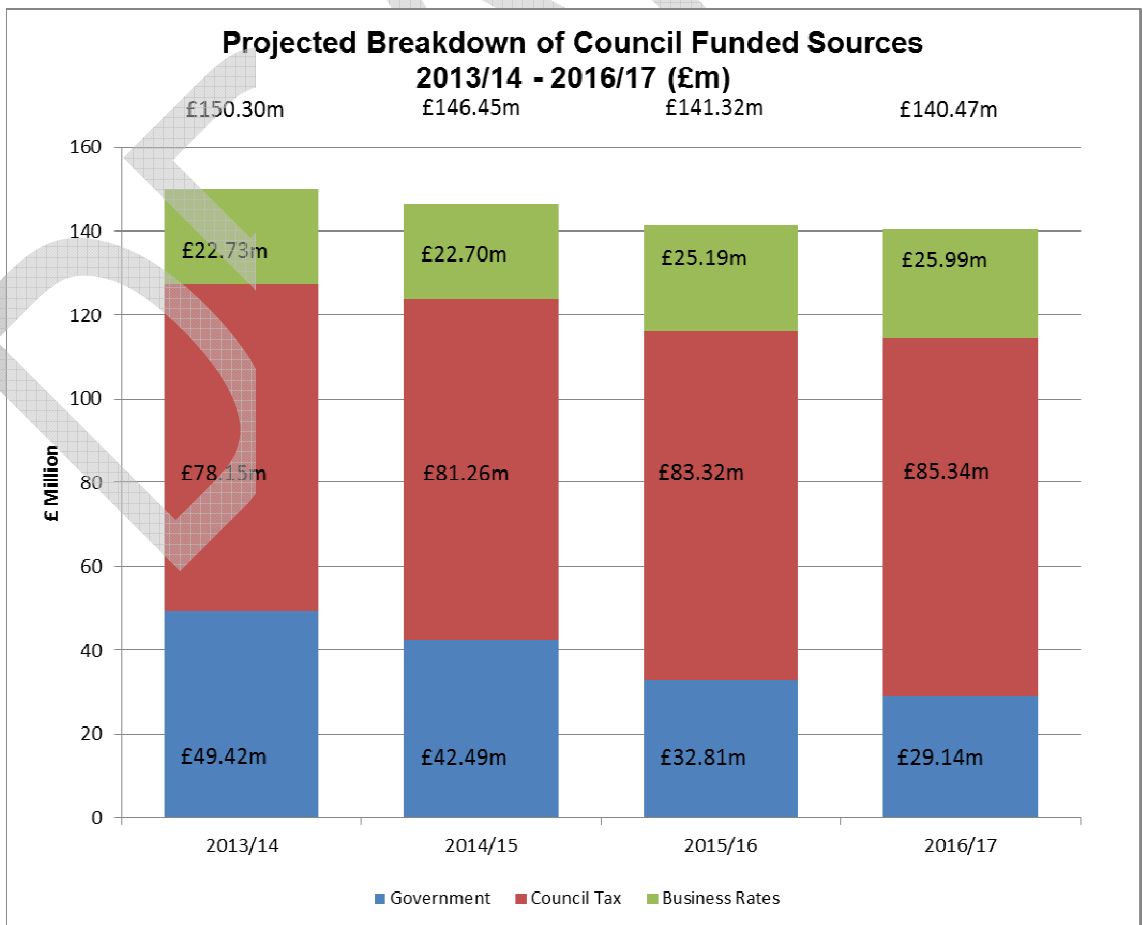
4.3 Funding Gap

4.3.1 Between 2014/15 and 2016/17 the council will need to make savings of £33m to balance the budget.

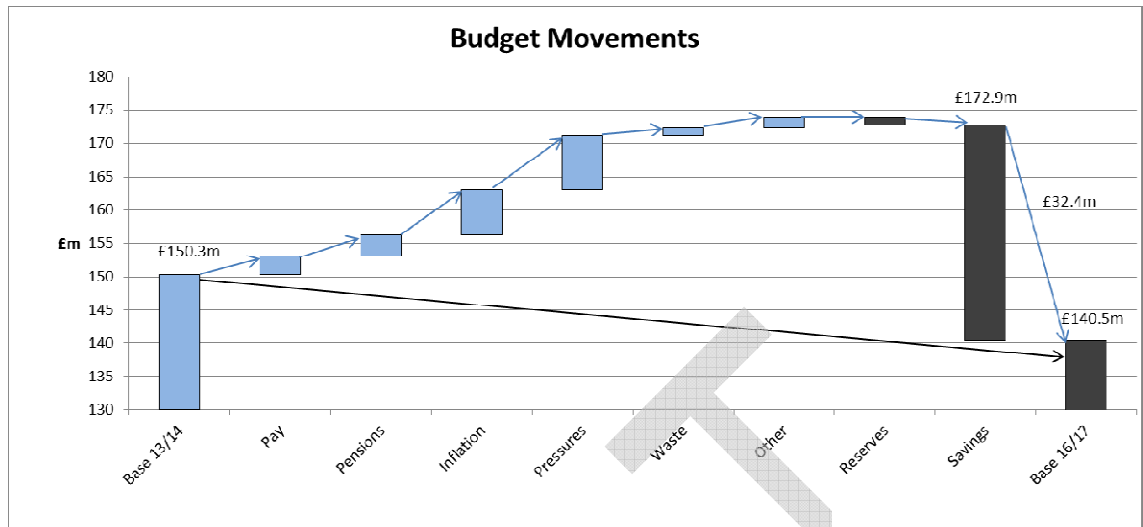
4.3.2 The chart below shows an analysis of council spend growth over the period 2013/14 to 2016/17.



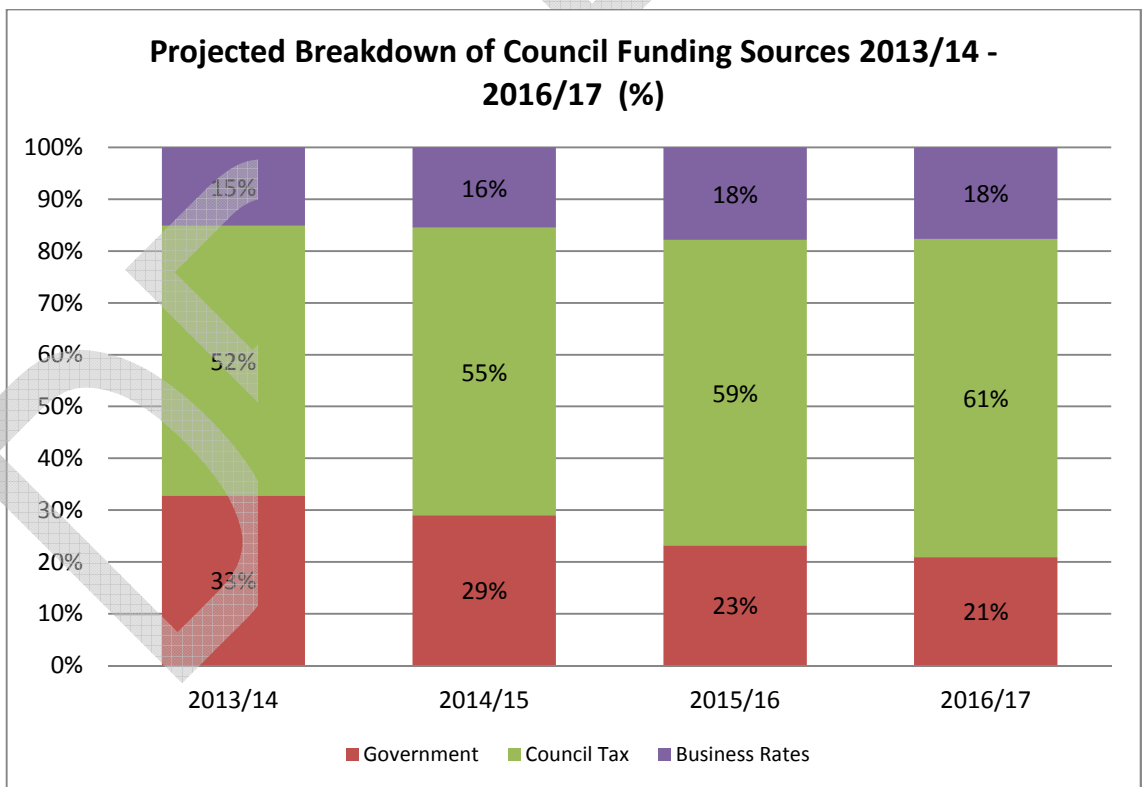
4.3.3 The chart below shows the projected breakdown of the council's funding by amount.



4.3.4 The chart below shows the funding gap arising out of cost increases and funding reductions.



4.3.5 The chart below shows the projected breakdown of the council's funding by %



4.4 Local Government Settlement 2014/15 and 2015/16

4.4.1 On 18 December 2013, the Communities and Local Government Minister Brandon Lewis announced the publication of provisional 2014/15 and 2015/16 settlements. The position for Herefordshire is in line with budget assumptions in the medium-term financial plan

4.5 Funding Allocation 2014/15 and 2015/16

4.5.1 The Provisional Settlement Funding assessment for Herefordshire for 2014/15 is £64.9m in 2014/15 and £55.8m in 2015/16 made up as follows:

	2014/15 £000	2015/16 £000
Baseline rates*	22,384	23,001
Top-up	6,686	6,871
Revenue Support Grant	35,803	25,935
Funding assessment	64,873	55,807

*The rates figure in the Financial Resource Model (FRM) differs from this as the above is the Government's estimate of rates

4.5.2 The same level of breakdown as 2013/14 has not been supplied (council tax support element not given), but the following former specific grants have been included;

	2014/15 £000	2015/16 £000
Specific grants		
11/12 Council tax freeze	2,143	2,143
EIG	4,863	4,447
Homelessness	203	203
Lead Flood	128	128
Learning Disability and Health reform	3,879	3,877
Efficiency support for Services in sparse areas	598	598
Returned funding for capitalisation top-slice	77	

4.6 New Homes Bonus

4.6.1 The New Homes Bonus commenced in April 2011, which match funds the additional council tax raised for new homes and empty properties brought back into use for the following six years.

4.6.2 Herefordshire has been awarded the following since 2011/12;

	Annual £000	Cumulative £000
2011/12	591	591
2012/13	842	1,433
2013/14	654	2,087
2014/15 estimated	751	2,838

4.7 Specific Grants

4.7.1 The table below sets out the specific grants for Herefordshire announced at the time of the Settlement:

Grant	2013/14 £000	provisional 2014/15 £000
Social Fund	371	366
Local Reform and Community Voices	154	159
Lead Local Flood Authority	70	70
Housing Benefit Admin Subsidy	1,075	tbc
Community Right to Bid	8	8
Community Right to Challenge	9	9
Council Tax Support – new burdens	91	98
Social care funding	3,152	tbc
Public Health Grant (new in 2013/14)	7,752	7,970
Troubled families	576	145
Extended rights to schools	364	147
Education Support Grant	1,905	

4.7.2 The government has not yet announced some of the 2014/15 grants and 2015/16 grants.

4.8 Dedicated Schools Grant

4.8.1 The Dedicated Schools Grant (DSG) is paid as a ring-fenced specific grant and funds the Schools Budget. DSG is split into three distinct blocks as follows,

- Schools Block - funding delegated to schools as determined by the new national funding formula
- High Needs Block – all funding for special educational needs including post-16
- Early Years Block – funding for Private, voluntary, independent nursery providers and central early years services. This includes a transfer of funding for 2 year old nursery education previously paid by separate grant.

4.8.2 DSG is the main source of income for schools. Each block within DSG, although not ring-fenced, will in future be funded separately. The schools block will be based upon a per pupil formula using the actual pupil numbers from the October school census data, The Early Years block will be calculated on a rolling basis through the year based on three termly pupil census dates. The High Needs Block will be determined on an assessment of the 2013/14 spend as previously submitted by the authority. Responsibility and funding for post-16 high needs transferred to the authority from August 2013 and the 2014/15

settlement includes additional funding for the full year cost of post-16 high needs. There is specific grant certification and audit requirements to ensure appropriate use of the grant and any under or overspends must be carried forward to the next financial year.

- 4.8.3 A national review of the distribution formula for DSG based around the introduction of a national schools funding formula is expected to be phased in over a number of years from April 2013. A further consultation paper from the DfE is expected in January 2014 further setting out the process for new school funding arrangements from April 2015. As a high delegator of funding to schools early indications from the Institute of Fiscal Studies suggest that Herefordshire schools will lose funding in the move to a national funding formula.
- 4.8.4 As expected there is no uplift in DSG funding rates for 2014/15 which will continue to be paid at the same rate as in previous years i.e. the Schools Block continues to be funded at £4,306.44 per school pupil and the Early Years Block at £3,454.43 per early years pupil. In addition pupil numbers for the Early Years Block will be revised throughout the year so final funding for early years will match changes in pupil numbers.
- 4.8.5 The totals for the three blocks and top-slice for academies are estimated to be;

2014/15 DSG Allocations	£m
Schools Block 21,107 pupils x £4,306.44 per pupil	90.9
High Needs Block	13.1
Estimated Early Years Block 1,420 pupils x £3,454.43 per pupil	4.9
Additional funding for two year old grant, early years	1.7
Additional funding for hospital education grant and growth in special school places – to be advised in due course	n/a
TOTAL DSG 2014/15	110.6
Less estimated academy recoupment at source	(34.5)
DSG received by the council	76.1

- 4.8.6 For 2014/15 spend will be contained within each spending block and detailed budget planning will be undertaken with the Schools Forum. The pupil premium for 2014/15 is set at £1,300 per eligible primary pupil, £953 per eligible secondary pupil and £1,900 for Looked After Children and children adopted from care. The grant is estimated at approximately £1.6m for Herefordshire in 2014/15 and the final allocation is determined by the number of Herefordshire pupils entitled to Free School Meals (Ever-6) in the January 2014 school census.
- 4.8.7 Academies are publicly funded independent local schools. Academies are independent of the council and responsible directly to and funded directly by government. They are freed from national restrictions such as the teachers' pay and conditions documents and the national curriculum. Many Herefordshire schools have embraced the change and approximately 40% of pupils will be educated in Academies from April 2014.

4.8.8 Academies provide a teaching and learning environment that is in line with the best in the maintained sector and offer a broad and balanced curriculum to pupils of all abilities, focusing especially on one or more subject areas (specialisms). As well as providing the best opportunities for the most able pupils and those needing additional support, academies have a key part to play in the regeneration of disadvantaged communities.

4.8.9 Academies receive additional top-up funding from a share of the Education Services Grant to reflect their extra responsibilities which are no longer provided by the local authority. Academies can choose to buy these services from the local authority.

4.9 Council Tax

4.9.1 The council chose to freeze council tax and take up the Government's council tax freeze grant in 2011/12 and 2012/13. However, when the Government offered a further council tax freeze grant for 2013/14 the council did not accept this and approved a 1.9% increase.

4.9.2 In the 2013 Spending Round the Chancellor announced a further council tax freeze grant for 2014/15 equivalent to a 1% council tax increase. Budget planning is based on not accepting the council tax freeze and, instead, planning for a 1.9% increase. The level at which a referendum has been set is 2%.

4.9.3 The average Band D council tax for 2013/14 is £1,227.99, compared to the average Band D council tax for English Unitary authorities at £1,227.39. A 1.9% increase would result in a Band D council tax for 2014/15 of £1,251.32.

4.9.4 The estimated net base after local scheme deductions is estimated to be 64,942.09 and £797k for every 1% on current council tax levels.

4.9.5 A 1.9% council tax increase equates to an increase of £1.5m

4.10 Reserves

4.10.1 Herefordshire has two main sources of reserve funding to support the day to day spending that is recorded in the revenue account, the General Fund balance and Specific Reserves. As the titles suggest, the latter are held for a specific purpose whilst the former could be considered a general contingency.

4.10.2 The following table shows the year-end balance on the General Fund for the last three financial years and the estimated position at 31st March 2014.

Balance as at:	General Fund £000	Specific Reserves		Total £000
		Schools	Other	
31 st March 2011	6,349	6,002	11,570	23,921
31 st March 2012	6,113	5,789	7,669	19,571
31 st March 2013	4,656	5,535	8,433	18,624
31 st March 2014 (est)	2,210	5,000	9,000	16,201

4.10.3 A significant proportion of the specific reserves belong to schools and cannot be used to help pay for non-schools services and unspent government grants carried forward in future years.

4.10.4 Herefordshire's General Fund opening balance for 2013/14 was £4.66m, which was slightly in excess of the policy in place to maintain a minimum balance of £4.5m (3%). However, based on the projected out-turn for 2013/14 using the October monitoring information the general reserve would be below the minimum prudent level at 31st March 2014, at £2.2m. The 2014/15 budget includes £3.58m to repay the overspend and add an additional £1m.

4.11 Capital Reserves

4.11.1 There is one capital receipts reserve that represents cash available to support spending on the creation or enhancement of assets that is recorded in the capital account. It is known as the Usable Capital Receipts Reserve. The following table shows the level of usable capital receipts for the last 3 financial years and the estimated position at 31st March 2014;

Balance as at:	Opening Balance £'000	Receipts £'000	Spend £'000	Closing Balance £'000
31st March 2011	13,565	2,097	(8,908)	6,754
31st March 2012	6,754	516	(4,501)	2,769
31st March 2013	2,769	2,872	(2,948)	2,693
31st March 2014 (est)	2,693	2,500	(3,271)	1,922

4.11.2 The council has a policy that ensures capital cash resources are used effectively in support of corporate priorities. As a result all capital receipts are a corporate resource and not 'owned' or earmarked for directorates unless allocated for a specific purpose.

4.12 Funding Arrangements for Capital Investment

4.12.1 Capital expenditure can be funded from capital receipts, borrowing, grants and revenue contributions.

4.12.2 Government support for capital investment is through the allocation of grants, known grant funding allocations for 2014/15 are:

- **Local Transport Plan** - £10.6m
- **Fastershire** - £6.1m
- **Destination Hereford** - £1.054m
- **Community Capacity Grant for Health** - £0.483m
- **Basic Need** - £0.432m
- **Universal Free School Meals** - £0.247m

4.12.3 The Local Transport Plan (LTP) grant funding includes £857k additional roads maintenance funding announced in the 2012 autumn statement. This additional funding has been allocated from a dedicated fund to provide for essential maintenance to renew, repair and extend life of the highway network in England. The amount allocated is based on the County's road length. This added to the original LTP funding allocation represents an overall decrease in funding from 2013/14 of £731k.

- 4.12.4 Fastershire (increasing internet broadband access in rural areas) and Destination Hereford (improving Herefords active travel schemes) are specific capital project grant funding allocations allocated in prior years.
- 4.12.5 The Community Capacity Department for Health capital grant represents funding to support development in three key areas: personalisation, reform and efficiency and has been held constant in real terms from 2013/14 to 2014/15 with the distribution based on the total adults social care relative needs formulae.
- 4.12.6 Basic Need and Universal Free School Meals grant funding allocations are recently announced capital grant funding allocations linked to providing additional school places and free school meals.
- 4.12.7 The council is waiting for confirmation of the grant funding allocation from the DCLG towards Disabled Facilities Grants; this is expected in March 2014, £679k was allocated in 2013/14.
- 4.12.8 **Council Borrowing** - This medium-term strategy reflects the borrowing funding requirement implied by the Treasury Management Strategy to support the capital programme. All new capital schemes funded by borrowing are only recommended for approval where the cost of borrowing is fully funded.
- 4.12.9 **Capital Receipts Reserve** – as shown in paragraph 4.11.1 the capital receipts reserve totalled £2.693m as at 1 April 2013. This is likely to fall to around £1.922m by the end of this financial year. This remaining balance has been committed to fund the capital programme in future years.
- 4.12.10 **Other Funding opportunities** - The financial management strategy for increasing capital investment capacity centres on:
- **Maximising Capital Receipts** – by disposing of assets
 - **Maximising Developers' Contributions** – through planning gains and the future adoption of a Community Infrastructure Levy
 - **Pinch Point Grant Funding** – an application has been submitted to the Department for Transport to ease traffic congestion
 - **LEP Major Scheme Grant Funding** – applications will be made for infrastructure schemes
 - **External Funding Bodies** – to distribute funding for projects that satisfy their key criteria and objectives; bids are submitted where appropriate.
 - **New Homes bonus and Retained Business Rate Income Growth** – these revenue funding streams will be linked, where appropriate, to support the cost of financing capital expenditure.
- 4.12.11 The challenges given to retaining assets will be based on value for money and the delivery of strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested. The disposal of land will be allowed after consideration of sacrificing a capital receipt for transfer of the land for use as social housing or as a community asset transfer.

4.13 Capital Programme 2014/15 to 2016/17

- 4.13.1 The 2014/15 to 2016/17 capital programme represents funding allocations received to date, commitments from previous years and new capital schemes.

4.13.2 The council's capital programme is funded by grants, borrowing and capital receipts. The following capital schemes are proposed to be included in the 2014/15 capital budget, all funded by borrowing on a self-financed basis;-

- a. **Energy from Waste Plant** – approval to fund up to £40m of the capital construction cost of an Energy from Waste plant in Hartlebury was approved by Cabinet on the 12th December 2013. The cost of financing the borrowing will initially be received from the waste contractor loan repayments during the remaining PFI term and subsequently from the waste disposal revenue budget.
- b. **Road Infrastructure** – Cabinet approved on the 25th July 2013 to invest £20m in the improvement of road conditions from spring 2014. The cost of providing this finance will be met from both the Local Transport Plan capital funding and savings in the annual revenue road maintenance budget.
- c. **Leisure Centres** – a separate report detailing the requirements for the improvements to the county's leisure centres will be submitted for approval in January 2014. These improvements will generate extra income from increased participation enabling the reduction of the current management fee arrangement to zero over the coming years as well as fund the cost of debt repayment which will be funded by rental charges to the leisure provider, currently Halo.
- d. **Disabled Facilities Grants (DFGs)** – the council has a statutory duty to provide DFGs and providing funding reduces the risk of the hospitalisation of vulnerable people, enabling them to remain in their own homes. The council receives grant funding from the Government, which used to require a match funding commitment and although this requirement has been removed the need exceeds current grant value by an estimated £200k. The cost of borrowing (£200k) will be funded by a revenue budget contribution.
- e. **Closed Landfill Sites** – this is for replacement boreholes at the Belmont site and improvements to the Leominster site, the total for both schemes being £76k with the cost of borrowing funded by a revenue budget contribution.

4.13.3 The addition of the above self-financed capital schemes will add £68.9m prudential borrowing funded capital budgets over the next three years. Due to the self-financing nature of the schemes there is no overall revenue budget impact with no cost of borrowing requiring financing by the council tax payer.

4.13.4 Agreement of the additional self-financing schemes will not breach the council's prudential indicators for borrowing. The above schemes have been included in the Treasury Management Strategy within this MTFS.

4.13.5 The council needs to increase the number of special school places available to children with severe and complex difficulties over the period of this MTFS. The SEN school in the north of the County will be extended, adapted and improved through a series of phases to address this as capital funding is secured.

4.13.6 The following table summarises the existing and proposed capital investment programme;-

Total 3 year budget 2014/15 to 2016/17

Scheme	Spend in prior years £'000	14/15 Budget £'000	15/16 Budget £'000	16/17 Budget £'000	Sub Total £'000	Total Budget £'000
Fastershire Broadband	4,000	7,600	6,200	2,400	16,200	20,200
Local Transport Plan	n/a *	10,645	**	-	10,645	10,645
Corporate Accommodation ***	9,673	6,211	976	-	7,187	16,860
Link Road	9,064	10,708	7,228	-	17,936	27,000
Leominster Primary School	4,451	5,729	437	-	6,166	10,617
LED Street Lighting ***	-	5,655	-	-	5,655	5,655
Hereford Enterprise Zone	n/a *	1,967	1,467	-	3,434	3,434
Others	n/a *	2,090	667	-	2,757	2,757
Schools Basic Need	n/a *	1,008	634	666	2,308	2,308
Solar photovoltaic panels ***	293	1,841	-	-	1,841	2,134
Destination Hereford	2,207	1,054	-	-	1,054	3,261
Masters House, Ledbury	3,419	606	-	-	606	4,025
Hereford City Surface Car Parking	434	566	-	-	566	1,000
Community Capacity Grant	n/a *	483	-	-	483	483
Disabled Facilities Grant ***	n/a *	462	-	-	462	462
Yazor Brook Flood Alleviation	4,426	450	-	-	450	4,876
SUB TOTAL	37,967	57,075	17,609	3,066	77,750	115,717
New capital schemes (funded)						
Energy from Waste Plant		11,000	14,000	15,000	40,000	
Road Infrastructure		15,000	5,000	-	20,000	
Leisure Centres		2,000	3,300	3,370	8,670	
Disabled Facilities Grant		200	-	-	200	
Closed Landfill Sites		76	-	-	76	
TOTAL		85,351	39,909	21,436	146,696	
<i>Financed by:-</i>						
<i>Prudential Borrowing</i>		57,237	37,371	20,770	115,378	
<i>Local Transport Plan Grant</i>		10,645	-	-	10,645	
<i>Fastershire BDUK Grant</i>		6,100	-	-	6,100	
<i>Standards Fund Grant</i>		5,205	-	-	5,205	
<i>Destination Hereford Grant</i>		1,054	-	-	1,054	
<i>Schools Basic Need Grant</i>		1,008	634	666	2,308	
<i>Community Capacity Grant</i>		483	-	-	483	
<i>Other Capital Grants</i>		410	-	-	410	
<i>Capital Receipts Reserve</i>		3,209	1,904	-	5,113	
TOTAL		85,351	39,909	21,436	146,696	

* number of schemes, not scheme specific

** allocation to be via the LEP, amount not yet confirmed

*** schemes partly or wholly funded by savings

4.13.6 The above table does not show any commitment to fund the capital programme from the anticipated receipts from the sale of assets. However, the anticipated reduction to borrowing overall is taken account of in the Treasury Management Strategy.

4.14 Treasury Management Strategy

4.14.1 The council is required to approve an annual treasury management strategy each year as part of the budget setting process. Herefordshire's Treasury Management Strategy for 2014/15 complies with the detailed regulations that have to be followed.

4.14.2 The Treasury Management Strategy sets out the council's strategy for making borrowing and investment decisions during the year in the light of its view on future interest rates. It identifies the types of investment the council will use. On the borrowing side, it deals with the balance of fixed to variable rate loan instruments, debt maturity profiles and rescheduling opportunities. The strategy also included the Minimum Revenue Provision (MRP) policy.

Investments

4.14.3 During 2013/14 interest rates on both instant access accounts and term deposits have fallen. At present the council is earning an average rate of 0.60% compared to 0.90% at the start of the year. Interest rates for 2014/15 are not expected to improve. Therefore the budget for 2014/15 has been set assuming an average interest rate of 0.60%.

4.14.4 The council's primary objective in relation to the investment of public funds remains the security of capital. The Banking Reform Act 2014 and the EU Bank Recovery and Resolution Directive both reflect a reduced likelihood of the government supporting failing banks in future, with the possibility of unsecured creditor balances being reduced to provide finance. The council will consult with its treasury adviser, Arlingclose, in order to identify low-risk counterparties and to set prudent limits relating to the amounts invested and the associated maturity periods.

4.14.5 Because of increased credit risk the budget for 2014/15 has been set assuming investment balances of £10 million less than the current financial year.

Borrowing

4.14.6 On the borrowing side, the strategy, based on the proposed capital programme, includes an estimated additional borrowing requirement of £54.8m for 2014/15. This is the net figure after taking account of estimated capital spend, the refinancing of existing loans and MRP.

4.14.7 The borrowing requirement has been calculated by reference to the projected Balance Sheet position which is set out below. (The borrowing supports fixed assets valued at more than £447 million in the balance sheet)

	2014/15	2015/16	2016/17
	£m	£m	£m
Borrowing Requirement b/fwd (Excluding PFI's & other long-term liabilities)	190.8	237.8	264.9
New borrowing	57.2	37.4	20.8
Less MRP (provision for principal repayment)	(10.2)	(10.3)	(10.7)
Borrowing Requirement c/fwd (Excluding PFI's & other long-term liabilities)	237.8	264.9	275.0
Less existing long-term loans	(132.5)	(124.3)	(117.2)
Less estimated revenue and capital reserves	(19.6)	(18.9)	(18.5)
Less capital receipts reserve from proposed asset sales (cumulative)		(20.0)	(40.0)
Additional Borrowing Requirement	85.7	101.7	99.3

4.14.8 The above projection includes a proposal to reduce borrowing through the sale of assets (realising total receipts of £20m per annum in 2015/16 to 2017/18 inclusive).

4.14.9 The forecast is for interest rates to stay low for the foreseeable future. Therefore council strategy is to continue to use short-term loans, which are the cheapest source of finance available both in the short and over the medium/long term. Also, the anticipated sale of assets supports the policy of borrowing in the short-term rather than locking in loans in advance of receiving capital receipts.

5. Medium-Term Financial Resource Model (FRM)

5.1. Background

5.1.1 The FRM shown in Appendix B takes into account the corporate financial objectives and approach set out in this document. The FRM is designed to provide an assessment of the overall resource availability for the revenue account over the medium-term. It sets the financial context for corporate and service planning so that the two planning processes are fully integrated. It covers the period from 2014/15 to 2016/17.

5.2 Assumptions

5.2.1 The FRM includes a number of key assumptions on which the financial strategy is based. The current planning includes the following;

- a) Council Tax - a 1.9% increase for 2014/15 and there-after.
- b) Government funding – the FRM reflects the provisional settlements for 2014/15 and 2015/16 plus an estimated further reduction in funding for 2016/17.
- c) New Homes Bonus – the provisional 2014/15 allocation for Herefordshire is estimated at £751k, giving a total of £2.82m for the 4 years of the scheme. Further growth has been anticipated for future years.
- d) Inflation -the FRM includes 2% inflationary uplift on non-pay expenditure and income
- e) Pay – 1% awards are assumed
- f) Employers' superannuation costs – the FRM includes increases in employers' contributions following the 2013 valuation (see Section 5.3).
- g) Interest Rates – the FRM reflects interest rate assumptions for investment income and borrowing costs in line with the Treasury Management Strategy 2013/14.

5.2.2 There is less certainty around assumptions for 2016/17 and therefore the FRM includes a higher level of contingency in that year.

5.3 Pensions

5.3.1 The pension fund's Actuaries have undertaken their triennial review of the pension fund assets and liabilities and revised the contribution rates required to bring the fund into balance over a period of 21 years.

5.3.2 The estimated deficit on the fund for Herefordshire is £138m, against a required balance to pay future liabilities of £394m. This proportionate level of deficit is normal for Local Authority pension funds and relates to falling returns on investments and employees living significantly longer than anticipated when the scheme was initially set-up. We have agreed with the Actuary that in order to recover the deficit over 21 years that the employer's deficit contribution increases from £4.5m in 2014/15 to £7.6m by 2016/27 (£4.2m in 2013/14). The Actuary has also requested that the element of the employer's contribution related to clearing the deficit is paid as an annual cash sum. This amount will be reflected in a percentage charge still but it must be recognised as a fixed cost rather than a variable one based on staff numbers employed.

5.3.3 The Actuary has confirmed that the future employers service contribution rate, which is paid as a percentage of current employees' gross pay, is to increase from 11.7% to 14.6%. We have agreed with the Actuary to phase this in by paying 12.2% in 2014/15 and 14.6% from 2015/16. This equates to an increase from £4.2m per annum in 2013/14 to £4.6m in 2014/15 and £5.5m per annum thereafter.

5.4 Funding assumptions included in the FRM

5.4.1 The following funding assumptions are included in the FRM.

	2014/15	2015/16
	£000	£000
Estimated rates (retained by council)	22,704	25,189
Top-up	6,686	6,871
RSG	35,803	25,935
Council tax	81,263	83,323
Funding for net budget requirement	146,456	141,318

5.4.2 The settlement also set out the specific grants for Herefordshire, as detailed in Section 4.7. These grants are used to fund specific functions with Directorates. We await details of some grants from central government.

5.5 Directorate pressures

5.5.1 The total of Directorate pressures which are included in the FRM are:

Directorate	2014/15	2015/16	2016/17	Total
	£000	£000	£000	£000
Adults demographic pressures	4,082	767	742	5,591
Childrens' safeguarding	543			543
Loss of property rental income	221			221
*LDF	(130)	(100)	50	(180)
*Public realm procurement	(400)			(400)
*Belmont transport package	175	(675)		(500)
*Elections		130	(130)	0
Procurement targets	480			480
Adverse weather incl. Bellwin	150	150	150	450
Insurance costs	300			300
Reduction in HB admin subsidy	91			91
Total	5,512	272	812	6,596

*Negative figures are reversals of one-off funding in previous years

5.5.2 Any further growth will have to be self-funded by directorates

5.6 Waste Disposal Contract

5.6.1 The councils FRM includes the financial impact of the decision to conclude negotiations to execute a variation to the current waste disposal contract within the parameters approved by Cabinet on 12th December 2013. This variation will see the council provide financing for their share of an Energy from Waste plant with the cost of financing to be funded from the waste disposal revenue budget.

5.6.2 To enable the conclusion of the variation negotiations Herefordshire has amended its Treasury Management Strategy and increased its Authorised Borrowing Limits and council credit ceilings. Also Prudential Indicators, Minimum Revenue Provision and the capital programme has been updated with the financial consequences of the decision to proceed. The scheme is projected to save £32m over the life of the plant in comparison to continuing with continuing to landfill based on Net Present Values.

5.7 Savings Targets

5.7.1 The budget gap of £33m has been identified with some contingency in the medium-term financial plan. Proposed savings for 2014/15 to 2016/17 are as follows;

	2014/15	2015/16	2016/17	Total
	£000	£000	£000	£000
Children's and Public Health	2,500	1,632	2,236	6,368
Adults Wellbeing	5,490	3,435	3,146	12,071
Economy, Communities and Corporate (ECC) and CEOD	7,407	3,602	4,269	15,278
Savings Identified	15,397	8,669	9,651	33,717

5.7.2 For Children's Wellbeing the savings plans cover the following areas;

- Making better use of data to target work where its most needed
- Reviewing family support services
- Redesigning children's' centres offer
- Exploring ways to bring in external funding
- Develop opportunities for other bodies to run services for children
- Cutting back office costs

5.7.3 For Adults Wellbeing the savings plans cover the following areas;

- Stopping funding people who are not eligible for adult social care
- Maximising income through charging for services
- Shifting to providing enablement focused and time limited support
- Improving how we communicate with service users
- Offering a range of mechanisms to exercise choice on purchasing care
- Service redesign
- Recommissioning services

5.7.4 For ECC the savings plans cover the following areas;

- Roads and public spaces cleaning and maintenance
- Waste collection
- Public transport
- Back-office
- Reduced property services

- Changes to council tax discounts and council tax reduction scheme
- Removal of discretionary rate relief to some voluntary organisations

5.7.5 For Chief Executive and Organisational development the savings plans cover the following areas;

- Reduce back-office support
- Reduce ICT costs

5.8 Budget proposal 2014/15

5.8.1 The recommended budget position for 2014/15 is as follows;

Directorate	Base Budget 2013/14 £000	Net changes £000	Draft Budget 2014/15 £000
Adults Wellbeing	53,873	1,060	54,933
Children's Wellbeing	28,380	(1,879)	26,501
Economies, Communities, Corporate, Chief Executive and Organisational development	51,877	(4,880)	46,997
Total Directorates	134,130	(5,699)	128,431
Capital Financing – principal/debt repayment			10,196
Capital Financing – interest			5,929
Change management			2,000
Government grants			(5,064)
Other central budgets			1,384
Transfer to General Balances			3,580
Total net spend (Budget Requirement)			146,456
Financed by;			
Formula grant			35,803
Locally retained rates			22,704
Rates top-up from government			6,686
Council tax			81,263
			146,456

5.9 Budget risks

5.9.1 The most substantial risks have been assessed in the budget process and reasonable mitigation has been made.

5.9.2 Substantial Reductions to Directorate Budgets totalling £15.4m have been identified within the draft budget proposals, which are in addition to the £34m savings in the previous three financial years. Key risks for Directorates are set out below;

5.9.3 Economy, Communities and Corporate

- The economic climate continues to have a direct impact on income (planning and parking fees). The budget reflects prudent assumptions around the continued impact of the economic situation.
- There is risk to the budget for the emergency costs in response to severe weather conditions, such as flooding or harsh winter conditions. Whilst DCLG assist in the funding of these costs through the Bellwin scheme, the Council would have to fund the remainder within current budgets.

5.9.4 Adults Well-Being

- Demographic Pressures have been included within the draft budget proposals for expected growth, but pressures within Health funding may result in added costs due to earlier hospital discharges.
- Re-commissioning of services is dependent upon successful contract negotiations and an appetite within the marketplace for change and the management of delivering to proposed timescales.
- Reviews of high cost packages run the risk of care packages also increasing in value as well as decreasing in value.
- Increased Income expectations are at risk as if successful at preventative and redirection demand initiatives, then this may reduce the ability to increase income generation.

5.9.5 Children's Well-Being

- Social Work Recruitment within Children's Services remains a risk and the use of agency staff has been profiled to reduce over the year. This national shortage is seen across the country. Work is progressing on a local social work academy to support a "Grow your Own" and "Progression" initiative in order to support a more sustainable workforce for the future.
- Foster Carers may be required to look after children until the age of 21. The Government are currently looking at proposals to extend the current age with circa £40m being allocated across the country. However, there is an expected increase in foster carers within Herefordshire of circa 20-30 by 2017 in order to meet current demand.
- Children's Placement budget has increased risks due to the transfer of responsibilities of Court Ordered Placements to the Local Authority. The lack of local residential opportunities has led to increased cost. Work is underway to look at early intervention work, MST (Multi- Systemic

Treatment Programme). In addition specialist foster carers are due to be recruited to support children with complex and challenging behaviours.

- Court Costs are a risk due to an increase in care proceedings

DRAFT

Autumn Statement – December 2013

Key Announcements

- **Asset Sales** - To incentivise asset sales and support investment in transforming local services, the Government will allow local authorities new flexibility to use £200m of receipts from asset sales over 2015/16 and 2016/17 to pay for the one-off costs of service reforms. They will publish a prospectus inviting bids to access a share of this flexibility in the New Year.
- **New Homes Bonus** – An evaluation of the New Homes Bonus will be carried out for completion by Easter 2014. A consultation will also be carried out on measures to further improve the incentive provided by the New Homes Bonus, in particular through mechanisms to withhold payments where planning approvals are made on appeal.
- **NHB and Single Local Growth Fund** - Plans to top-slice £400m of the New Homes Bonus for the single pot will not now be imposed. The Government will maintain a £2 billion Local Growth Fund, but will not be requiring authorities (except for London) to pool a portion of their New Homes Bonus income. This benefits Herefordshire Council by around £1.1m per annum from 2015/16.
- **Carbon Reduction Commitment (CRC)** – CRC allowance prices in 2014/15 will be priced at £15.60 per tonne of carbon dioxide in the forecast sale and £16.40 per tonne of carbon dioxide in the buy to comply sale. This does not currently affect Herefordshire Council.

Business Rates

- **Business Rate Increases** - With no policy change, business rates for 2014/15 would have risen by the September 2013 RPI. Autumn Statement 2013 announced that the Government will cap the RPI increase in business rates to 2% in 2014/15.
- Under the business rates retention scheme the 2% cap will also be applied to the annual increase for tariffs and top-ups (Herefordshire is a top-up authority).
- **Appeals Backlog** - 95% of outstanding business rate appeal cases will be resolved by July 2015
- **Rateable values** - In 2014 a consultation will look at changes to provide greater transparency over how rateable values are assessed, improve confidence in the system and allow challenges to be resolved faster, preventing backlogs building up in future.
- **Small Business Rates Relief** - The Small Business Rate Relief (SBRR), doubling to provide 100% relief from business rates, will be extended again to April 2015. This will benefit Herefordshire businesses by around £2m.
- **Business Rate Discount** - A discount of up to £1,000 will be introduced against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014/15 and 2015/16.

- **Reoccupation Relief** - A temporary reoccupation relief will be introduced, granting a 50% discount from business rates for new occupants of previously empty retail premises for 18 months.
- **Instalment Changes** - Legislation will be made to allow business rates bills to be spread over 12 months rather than 10 months as currently, with effect from 1 April 2014
- **Administration Reform** - A discussion paper will be published in spring 2014 on options for longer-term administrative reform of business rates post-2017.

Schools and Children's Services

- **Early Education** - Free early education will be extended to the 40% most disadvantaged 2 year olds by September 2014.
- **Free School Meal** - The Government will make funding available to offer every pupil attending a state-funded school in reception, year 1 and year 2 a free school lunch from September 2014. Pupil Premium rates and eligibility will be unaffected. Capital funding will also be provided to increase capacity in school kitchens and eating areas.
- **Innovation Programme** – Details of a programme to increase the level of innovation in children's services to help local authorities improve outcomes and increase value for money, and will announced details ahead of Budget 2014.

FINANCIAL RESOURCE MODEL 2014/15 to 2016/17
APPENDIX B

MTFRM	2013/2014 Budget £'000	2014/2015 Budget £'000	2015/2016 Budget £'000	2016/2017 Budget £'000	2014/15 to 2016/17 £'000
Base Budget	143,359	150,296	146,456	141,318	
Inflation - Pay Award	536	416	427	436	1,279
Superannuation - future service (2013 review)		300	631		931
Superannuation - deficit (2013 review)		230	529	1,649	2,408
Inflation - Non-Pay Expenditure (2%)	2,499	2,693	2,747	2,802	8,242
Inflation - Income	(432)	(479)	(489)	(499)	(1,467)
Additional NI from 2016/17				1,400	1,400
Inflated base budget	145,962	153,456	150,301	147,106	12,793
2013/14 Grants rolled into Central Funding					
Early Intervention Grant (excl 2 yr olds)	5,271	(336)			(336)
DoH Learning Disability & Health Reform Grant	3,842	96			96
Other	336				
Waste disposal - PFI Contract	250	400	400	400	1,200
MTFMS Changes 2013/14	(529)				
Capital Financing Costs					
- Cost of borrowing (Other than EfW plant)	(868)	884	(839)	(310)	(265)
- Investment Income	153	79	(45)	(75)	(41)
Identified Pressures					
Income shortfall (car parking, land charges etc)		(112)	(113)		(225)
Management change - £2m p.a.	1,000				0
Additional budget pressures identified:					0
Adults	6,950	4,082	767	742	5,591
Childrens Wellbeing - demographic pressure		543			543
Contingency - unforeseen items/grants		720	1,051	2,182	3,953
ECC	2,030	887	(495)	70	462
Virement to ASC		1,204			1,204
Backfunding element of savings plans		267	98	35	400
Funding					
New Homes Bonus	(654)	(751)	(654)	(654)	(2,059)
Education support grant	(2,085)				0
CT Support Grant to be passed to parishes	289				0
Transitional grant for local ctax support	(259)	259			259
2% cap on rates- s31 grant		(374)	(25)	399	0
Other rates changes -s31 grant		(1,663)	1,663		0
Reserves					
Top up contingency/insurance reserves	(450)				0
Repayment of 13/14 overspend and £1m top-up p.a.	2,000	1,580	(2,580)		(1,000)
					0
Capacity/(shortfall) to achieve desired Tax increase	(12,942)	(14,765)	(8,211)	(9,421)	(32,396)
TOTAL BUDGET	150,296	146,456	141,318	140,474	

Herefordshire Council

Treasury Management Strategy 2014/15

Contents

- 1. Background**
- 2. Summary of Strategy for 2014/15**
- 3. Capital Financing Requirement**
- 4. Borrowing**
- 5. Investments**
- 6. 2014/15 MRP Statement**

Appendices

- 1. Existing Borrowing and Investments**
- 2. Borrowing Outlook**
- 3. Prudential Indicators**
- 4. Outlook for Interest Rates**
- 5. Treasury Management Policy Statement**

Treasury Management Strategy Statement 2014/15

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) requires the council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. The TMSS also includes the Annual Investment Strategy as required under Investment Guidance provided by Communities and Local Government (CLG).

1.2 The council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the council's treasury management strategy.

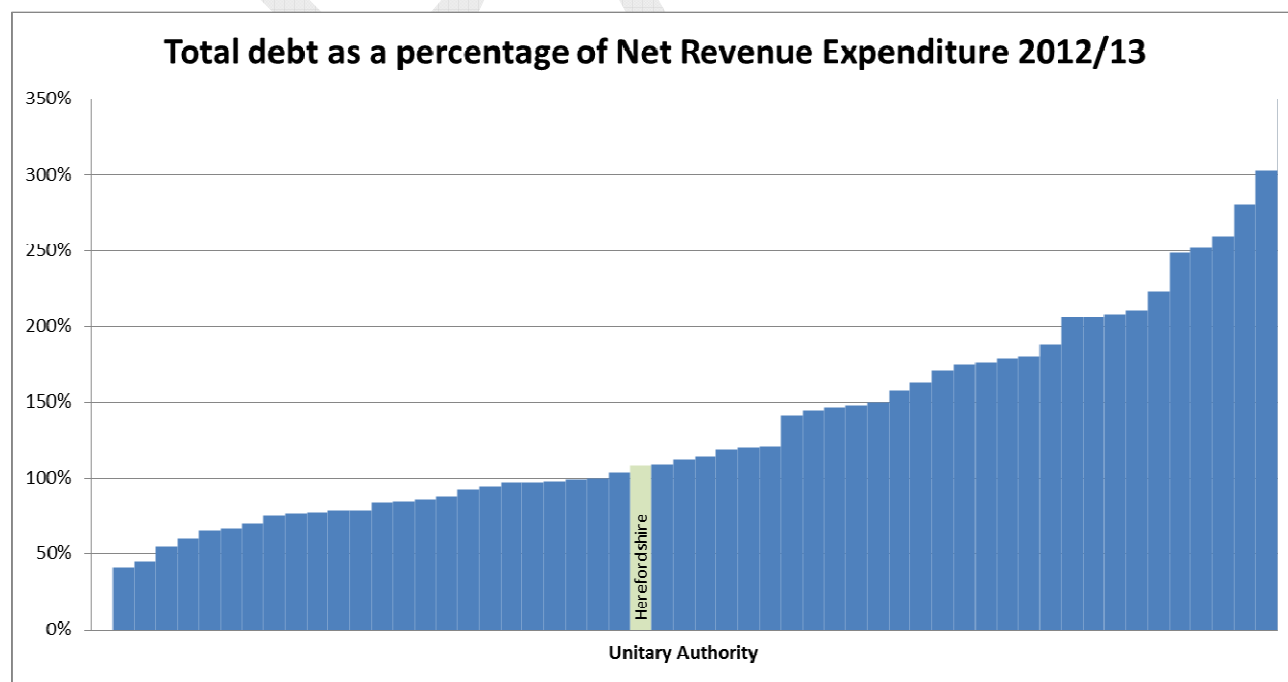
1.3 The purpose of this TMSS is to approve:

- Treasury Management Strategy for 2014-15 (Borrowing – Section 4 and Investments – Section 5)
- MRP Statement – Section 6
- Prudential Indicators - Appendix 3

2. Summary of Strategy for 2014/15

Borrowing

2.1 The graph below shows Herefordshire's total debt as a percentage of its net revenue expenditure is less than the average of all unitary authorities as at 31.03.13.



Treasury Management Strategy Statement 2014/15

- 2.2 The council does not borrow against individual assets but manages its cash flow overall after taking into account reserves and investments. In the current economic climate, where return on investments is low and suitable counter-parties are reduced, the council has used its own reserves before borrowing externally.
- 2.3 The council's policy on external borrowing continues to be to utilise short-term variable borrowing, which is much cheaper than fixing longer term borrowing. Compared to a 20 year EIP loan (currently at 3.80%) short-term finance (at 1%) will save the council at least £1.6 million in revenue interest costs in 2014/15 (being the average amount of short-term debt outstanding during 2014/15 of £58.3m at 2.80%).
- 2.4 In 2014/15 council borrowing is estimated to increase by £50.8m from £167.4m to £218.2m. The two largest capital schemes are expenditure on the roads (£15m in 2014/15) and a new Energy from Waste Plant (£11m in 2014/15), a joint project with Worcester County Council.

Investments

- 2.5 Credit risk will increase for 2014/15 due to new banking regulations which, in the absence of government support, put the council's deposits at risk when banks get into difficulty. As a response the council will:
- Maintain lower investment balances during the year (a policy only possible with short-term loans which can be matched to the council's cashflow profile);
 - Deposit funds with only the strongest of the banks; and
 - Make greater use of building societies which at present have better regulations than the banks in terms of safeguarding council deposits; and
 - Consider other creditworthy investments to increase diversification.

3 Capital Financing Requirement

- 3.1 Capital expenditure can be financed in a number of ways including the application of usable capital receipts, a direct charge to revenue, the application of a capital grant or by securing an up-front contribution from another party towards the cost of a project.
- 3.2 Capital expenditure not financed by one of the above methods will increase the capital financing requirement (CFR) of the council.
- 3.3 The CFR reflects the council's underlying need to finance capital expenditure by borrowing or by other long-term liability arrangements.
- 3.4 The use of the term "borrowing" in this context does not necessarily imply external debt since, in accordance with best practice, the council has an integrated treasury management strategy. Borrowing is not associated with specific capital expenditure. The council will, at any point in time, have a number of cash flows both positive and

Treasury Management Strategy Statement 2014/15

negative and will be managing its position in terms of its borrowings and investments in accordance with its treasury management strategy.

- 3.5 The forecast movement in the CFR over future years is one of the Prudential Indicators which can be found in Appendix 3. The movement in actual external debt and usable reserves (which have a direct bearing on when any internal borrowing may need to be externalised) combine to identify the council's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis				
	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Capital Financing Requirement	218,276	264,038	289,809	298,547
Less: Other Long Term Liabilities:				
PFI schemes	26,853	25,707	24,489	23,208
Finance leases	320	320	320	320
Salix loan	341	208	74	0
CFR excluding other long-term liabilities	190,762	237,803	264,926	275,019
Less: Existing Profile of Longer Term Borrowing – PWLB and bank loans	136,535	132,523	124,285	117,243
Cumulative Maximum External Borrowing Requirement	54,227	105,280	140,641	157,776
Estimated Usable Reserves*	23,323	19,613	38,935	58,435
Cumulative Net Borrowing Requirement	30,904	85,667	101,706	99,341
*Usable Reserves includes fixed asset sales of £20 million in 2015/16 and £20 million in 2016/17				
Total Council Borrowing	167,439	218,190	225,991	216,584

4 Borrowing

- 4.1 At 30th November 2013 the council had £138.4 million of longer term loans, £23 million of short-term loans and £33.6 million of investments. These are set out in further detail in Appendix 1.
- 4.2 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board
 - UK local authorities
 - Any institution approved for investments (see below)

Treasury Management Strategy Statement 2014/15

- Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
 - UK public and private sector pension funds
 - Capital market bond investors
 - Special purpose companies created to enable joint local authority bond issues.
- 4.3 The council has two LOBO loans (Lender's Option Borrower's Option) of £6 million each on which the council pays interest at 4.5%. Every six months, when the interest charges become due, the lenders have the option to increase the interest rate being charged at which point the council can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the council since the decision to amend the terms is entirely at the lender's discretion.
- 4.4 The council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, by fully utilising usable reserves.
- 4.5 Given the significant cuts to public expenditure, and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than longer-term rates, it is likely to be more cost effective in the short-term to use internal resources and to borrow short-term. By doing so, the council is able to reduce net borrowing costs and reduce overall treasury risk. Such a strategy is most likely to be beneficial over at least the next 2-3 years as official interest rates remain low.
- 4.6 The benefits of short-term borrowing are monitored regularly. Analysis comparing the cost of a longer term loan with short-term finance indicates that, with current and projected interest rates, the savings arising from short-term loans outweigh any increased cost in later years. However, as and when short-term rates increase and the gap between short-term and longer-term finance reduces this decision will be reviewed. Arlingclose will assist the council in assessing the "cost of carry" and breakeven analysis.
- 4.7 The borrowing budget for 2014/15 includes provision to pay short-term interest rates of up to 1.00% (including brokers commission). It also includes interest on existing fixed term borrowing plus capacity to take out some new longer term finance if it is considered prudent to do so.
- 4.8 Assuming no longer term loans are taken out, by 31st March 2015 variable rate short-term loans may total £86m compared to fixed rate longer-term borrowing of £132m. This increase in the proportion of variable rate borrowing has required an increase in the council's upper limit for variable interest rate exposure (see performance indicator Appendix 3, point 9.)

Treasury Management Strategy Statement 2014/15

- 4.9 The performance indicator actually relates to net debt after deducting fixed/variable rate investments from fixed/variable rate borrowing. For example, based on the figures above, and assuming (variable rate) investments of £10m at 31st March 2015, the percentage of variable rate exposure will be 36%. This percentage is at its maximum at the end of the year when the total of variable rate borrowing is at its highest level and investment balances are low. The percentage will be around 0% at the end of April 2014 (with short-term loans of £30m brought forward being offset by a similar level of investments) and will rise as the year progresses and additional loan finance is required.
- 4.10 The council's exposure to variable rate debt has been discussed with the council's treasury adviser, Arlingclose, who agree with the council's borrowing policy in the current interest rate regime.
- 4.11 The main reason for the significant increase in council borrowing is to fund the council's share of a new Energy from Waste Plant, a joint project with Worcestershire County Council. The incinerator is projected to cost Herefordshire Council up to £40 million over the three years from 2014/15 to 2016/17 inclusive.
- 4.12 Lending for the provision of a new Energy from Waste Plant will be made alongside Worcester County Council to Mercia Waste Management under the same terms and conditions on an approximate split of 25% from Herefordshire and 75% from Worcestershire. This is accordance with the Joint Agreement between the councils.
- 4.13 The Energy from Waste loan finance will be financed by borrowing and repaid by Mercia Waste Management until 2023 when the outstanding debt finance will be repayable by the council until 2042. The loan finance to Mercia Waste Management will mirror the structure that would be provided by Commercial Banks and will comprise of two elements:
- A interest only loan to the value of circa £31 million (£123 million when combined with Worcester County Council) that will be taken on by the Councils in 2023 (equivalent to the forecast Net Book Value of Asset); and
 - A loan that is repaid by Mercia to the Value of £9.5 million (£38 million when combined with Worcester County Council) between 2017 and 2023.
- Repayments by Mercia Waste Management will be ring-fenced to directly repay the debt that specifically relates to this project.
- 4.14 In order to reduce its overall borrowing requirement, the council proposes selling other fixed assets to raise proceeds of around £60 million (approximately £20 million per annum) over the three years from 2015/16 to 2017/18.
- 4.15 Appendix 2 shows total estimated council borrowing over the next twenty years, assuming that these proceeds are received.
- 4.16 Increased borrowing increases both interest payable and the amount to be set aside from revenue each year for the repayment of loan principal (called Minimum Revenue

Treasury Management Strategy Statement 2014/15

Provision (MRP)). Annual MRP is estimated to be around £10m. Therefore if, after the large capital schemes scheduled for the next few years are completed, the new capital spend financed by borrowing can be reduced to below the annual MRP the council's total borrowing will fall, as shown in Appendix 2.

- 4.17 Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Due to the prevailing low interest rate regime, opportunities for debt rescheduling are likely to be very limited. However, this option will be kept under review and the council may replace some loans with new loans, where this is expected to lead to an overall saving or reduction in risk.

5. Investments

- 5.1 The council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the financial year to date the council's investment balances have ranged between £9m and £59m. Sometimes balances have been high due to the council making term deposits and utilising cheaper short-term borrowing for liquidity purposes.
- 5.2 Interest rates on both term deposits and instant access accounts have fallen during the year. Because of this, and because of the increased credit risk due to new banking regulations (see 5.4 below), it is envisaged that investment balances during 2014/15 will be maintained at lower levels.
- 5.3 Both the CIPFA Code and the CLG Guidance require the council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
- 5.4 The credit risk of banking failures has diminished, but not dissipated altogether. Planned regulatory changes in the UK, US and Europe will see a move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.
- 5.5 The investment counterparty list for 2014/15 includes making payments of up to £11m to Mercia Waste Management to fund the Energy from Waste Plant. This investment will be made through a joint Credit Control Committee with Worcester County Council. The Committee will have both authorities S151 officers as members who will be advised by external financial and legal advisors. The Committee may decide matters within its terms of reference or refer them to full Council for determination in accordance with the usual rules of delegation.
- 5.6 The council may invest its surplus funds with any of the counterparties in Table 2 below, subject to the limits shown.

Treasury Management Strategy Statement 2014/15

Table 2: Approved Investment Counterparties				
Counterparty			Investment limit	Time limit †
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	Higher of £5m and 15% of total investments		10 years*
	AA+			5 years*
	AA			4 years*
	AA-			3 years*
	A+			2 years
	A			1 year
	A-			1 year
The council's current account bank (Nat West) if it fails to meet the above criteria				next day
UK Central Government (irrespective of credit rating)			unlimited	50 years**
UK Local Authorities (irrespective of credit rating)			£10m each	50 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher			Higher of £5m and 15%	10 years**
UK Registered Providers of Social Housing without published long-term credit ratings			£2m each	5 years
UK Building Societies without credit ratings			£2m each	1 year
Money market funds and other pooled funds			Higher of £5m and 15%	n/a
Any other organisation, subject to an external credit assessment and specific advice from the council's treasury management adviser			£2m each	3 months
			£1m each	1 year
			£100k each	5 years
Mercia Waste Management (providing finance for Energy from Waste Plant)			£11m	10 years

† the time limit is doubled for investments that are secured on the borrower's assets

* but no longer than 2 years in fixed-term deposits and other illiquid instruments

** but no longer than 5 years in fixed-term deposits and other illiquid instruments

- 5.7 For institutions within a banking group, a limit of 1.5 times the individual limit of a single bank within that group is used. For example, a single bank may have a limit of 15% but if it is part of a group an overall group limit of 22.5% will be applied.
- 5.8 Credit conditions will be monitored during the year and, if credit conditions deteriorate, the above limits will be reviewed and may be reduced.
- 5.9 Investments will not be restricted to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

Treasury Management Strategy Statement 2014/15

- 5.10 In addition, the council may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the council's treasury management adviser.
- 5.11 **Current Account Bank:** Should the credit ratings fall below A-, the council may continue to deposit surplus cash in instant access accounts with Nat West provided that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).
- 5.12 **Registered Providers:** Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The council will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.
- 5.13 **Building Societies:** The council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the council's deposits would be paid out in preference to retail depositors. The council will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.
- 5.14 **Money Market Funds:** These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the council. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 5.15 **Other Organisations:** The council may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the council's treasury management adviser.
- 5.16 **Risk Assessment and Credit Ratings:** The council uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and

Treasury Management Strategy Statement 2014/15

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.17 Where a credit rating agency announces that a A- rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.18 **Other Information on the Security of Investments:** The council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 5.19 **Specified Investments:** The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
 - due to be repaid within 12 months of arrangement,
 - not defined as capital expenditure by legislation, and
 - invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The council defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or in a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is also defined as those having a credit rating of A- or higher.

- 5.20 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits	
	Cash limit
Total long-term investments	£10m
Total investments without credit ratings or rated below A- (including unrated building societies)	£15m

Treasury Management Strategy Statement 2014/15

5.21 **Approved Instruments:** The council may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the council may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £5 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

5.22 **Policy on Use of Financial Derivatives**

The CIPFA Code requires councils to clearly detail their policy on the use of derivatives in the annual strategy. Derivatives are instruments which are used to mitigate interest rate risk. The council will only consider the use of standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the council is exposed to. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria.

6. 2014/15 Minimum Revenue Provision Statement

6.1 The council is required to set an annual policy on the way it calculates the prudent provision for the repayment of borrowing. The charge to the Revenue Account is referred to as the Minimum Revenue Provision.

6.2 CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

6.3 The broad aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure (which gave rise to the debt) provides benefits.

Options for making 'Prudent Provision'

6.4 There are four options for Prudent Provision set out in the guidance:

Option 1 - Regulatory

Treasury Management Strategy Statement 2014/15

For debt which is supported by the Government through Revenue Support Grant (RSG), authorities may continue to use the formulae under the 2003 Regulations, as RSG debt support is calculated in that way. This includes applying an adjustment (the Item A adjustment), which reduces the charge back to the former credit ceiling accounting methodology.

Option 2 - CFR method

This is similar to option 1, but just uses the CFR and doesn't apply the full formula, including the Item A adjustment. Under this option the annual repayment would be higher.

Option 3 - Asset Life method

For new borrowing under the prudential system there are 2 options in the guidance. The first is to make provision over the estimated life of the asset for which the borrowing is undertaken. This can either be on an equal instalment method or an annuity basis.

Option 4 - Depreciation method

An alternative to Option 3 is to make provision in line with depreciation accounting. Although this would follow standard rules for depreciation accounting there would have to be some exceptions, for example, that MRP would continue until the provision is equal to the original debt and then cease.

MRP Policy 2014/15

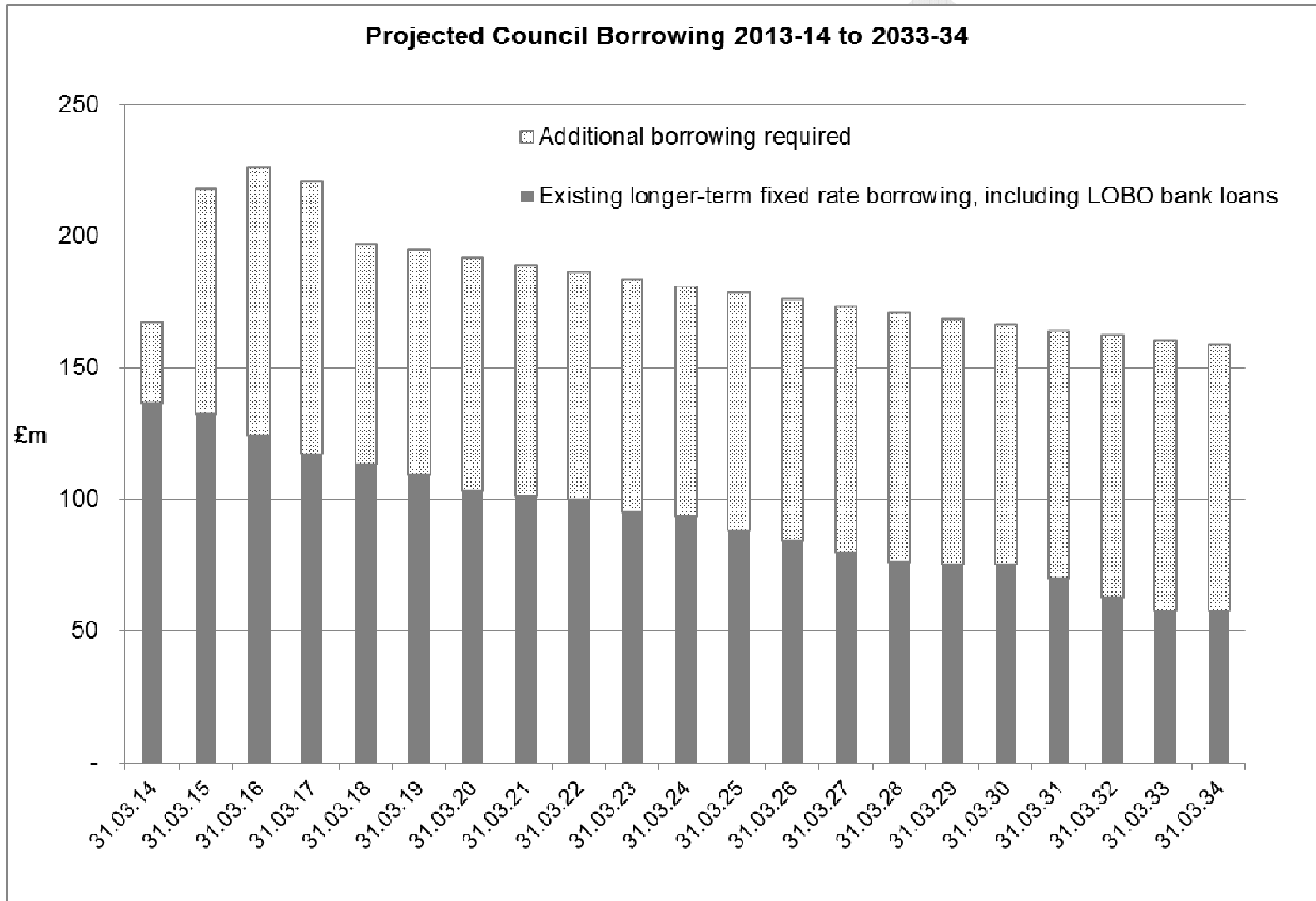
6.5 In line with the guidance produced by the Secretary of State, the proposed policy for the 2014/15 calculation of MRP (unchanged from previous years) is as follows:

- Borrowing supported through the RSG grant system will be repaid in accordance with the 2003 Regulations.
- Prudential borrowing will be repaid over the life of the asset on an equal instalment basis commencing in the year following the year in which the asset first becomes operational.
- For expenditure under Regulation 25(1)(b), loans and grants towards capital expenditure by third parties, prudential borrowing will be repaid over the life of the asset in relation to which the third party expenditure is incurred.
- MRP in respect of PFI and leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

EXISTING BORROWING & INVESTMENTS AS AT 30 NOVEMBER 2013

External Borrowing:	Actual Portfolio	Average Rate
	£m	%
PWLB – Fixed Rate	126	4.01%
PWLB – Variable Rate	0	
Local Authorities	23	0.40%
LOBO Loans	12	4.50%
Total External Borrowing	161	3.53%

Investments:	Actual Portfolio	Average Rate
	£m	%
Investments: (All short-term (one year or less) and all managed in house)		
Nat West & Royal Bank of Scotland Instant Access Accounts	10	0.60%
Money Market Funds (Instant Access)	9	0.43%
Close Brothers One Month Notice Account	5	1.00%
Term deposits: UK Banks	10	0.75%
Total Investments	34	0.66%



PRUDENTIAL INDICATORS

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

The Chief Finance Officer reports that the council had no difficulty meeting this requirement in 2013/14, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax levels.

Capital Expenditure	2013/14 Approved £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total	58,076	51,176	85,351	39,909	21,436

Treasury Management Strategy Statement 2014/15

3.2 Capital expenditure will be financed as follows:

	2013/14 Approved £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Capital receipts	1,569	3,271	3,209	1,904	0
Grants	26,487	31,005	24,905	634	666
Revenue contributions	0	61	0	0	0
Prudential Borrowing	30,020	16,839	57,237	37,371	20,770
Total	58,076	51,176	85,351	39,909	21,436

4. Ratio of Financing Costs to Net Revenue Stream

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code and includes both interest payable and provision for repayment of loan principal..

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2013/14 Approved £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Net Revenue Stream	150,296	150,296	146,456	141,318	140,474
Financing Costs	17,725	17,343	18,288	18,781	19,230
Percentage	11.79%	11.54%	12.49%	13.29%	13.69%

Note: the net revenue stream comprises council tax receipts plus government funding excluding specific grants.

4.3 The above table shows gross financing costs payable without deducting any savings or revenue contributions receivable. Financing costs also include the capital element of PFI contracts, Whitecross School, waste disposal and Shaw Homes.

Treasury Management Strategy Statement 2014/15

5. Capital Financing Requirement

- 5.1 The Capital Financing Requirement (CFR) measures the council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. The table below includes PFI contracts.

Capital Financing Requirement	2013/14 Approved £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total CFR	230,952	218,276	264,038	289,809	298,547

6. Incremental Impact of Capital Investment Decisions

- 6.1 This is an indicator of affordability that shows the impact of capital investment decisions on council tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme including new additional capital schemes.
- 6.2 All the new additional capital schemes are self-financing in 2014/15 to 2016/17 with all costs covered by additional revenue received. Therefore there should be no increase in Band D council tax in these years arising from new additions to the capital programme.

7. Authorised Limit and Operational Boundary for External Debt

- 7.1 The council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the council and not just those arising from capital spending reflected in the CFR.
- 7.2 The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the council. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 7.3 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Treasury Management Strategy Statement 2014/15

Authorised Limit	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Authorised Limit for Borrowing	200	200	250	280	290
Authorised Limit for other Long-Term Liabilities	40	40	40	40	40
Authorised Limit for External Debt	240	240	290	320	330

- 7.4 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 7.5 The Operational Boundary links directly to the council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Operational Boundary	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Operational Boundary for Borrowing	195	195	240	270	280
Operational Boundary for other Long-Term Liabilities	35	35	30	30	30
Operational Boundary for External Debt	230	230	270	300	310

8. Adoption of the CIPFA Treasury Management Code

- 8.1 This indicator demonstrates that the council has adopted the principles of best practice.
- 8.2 The council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices. The council's Treasury Management Policy Statement is attached at **Appendix 5**.

Treasury Management Strategy Statement 2014/15

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

9.1 These indicators allow the council to manage the extent to which it is exposed to changes in interest rates.

9.2 Due to the large difference between short-term and longer-term interest rates, the limit has been increased to accommodate the council financing the capital programme by short-term variable rate borrowing. Interest rates are forecast to remain low for the next few years and analysis (comparing a twenty year loan with short-term borrowing over the same period) indicates that short-term savings in the next few years will exceed any increased amounts payable in five to ten years time. In pursuing this policy the council recognises that it is more exposed to an unexpected hike in interest rates but the benefits of affordability and flexibility (enabling the council to reduce its short-term borrowing either to reduce cash investments at times of heightened credit risk or when the borrowing can be replaced by the proceeds from fixed asset sales) outweigh the increased interest rate risk.

	2013/14 Approved	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	25%	25%	45%	45%	45%

10. Maturity Structure of Fixed Rate Borrowing

10.1 The council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

10.2 The maturity of borrowing is determined by reference to the earliest date on which the loans could be repaid. Therefore the council's two LOBO loans are included as being repayable within 12 months although, if the lenders do not increase the interest rates being charged, the loans could remain outstanding until 2054.

Treasury Management Strategy Statement 2014/15

Maturity structure of fixed rate borrowing	Estimated level at 31/03/14	Lower Limit for 2014/15	Upper Limit for 2014/15
Under 12 months (including £12m of LOBO loans)	11.73%	0%	30%
12 months and within 24 months	6.03%	0%	30%
24 months and within 5 years	11.11%	0%	30%
5 years and within 10 years	11.22%	0%	30%
10 years and within 20 years	26.22%	0%	40%
20 years and within 30 years	10.25%	0%	40%
30 years and within 40 years	10.99%	0%	40%
40 years and within 50 years	12.45%	0%	40%
Total	100%		

11. Upper Limit for total principal sums invested over 364 days:

- 11.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2013/14 Approved	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
	15	15	10	10	10

**OUTLOOK FOR INTEREST RATES
(FORECAST & ECONOMIC COMMENT PROVIDED BY ARLINGCLOSE)**

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Bank Base Rate (%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
PWLB Rates (%):													
5 years	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.85	2.95	3.10	3.30	3.50	3.50
10 years	3.55	3.60	3.65	3.70	3.75	3.80	3.85	3.90	4.00	4.10	4.30	4.50	4.50
20 years	4.25	4.30	4.35	4.40	4.45	4.50	4.55	4.65	4.75	4.85	5.05	5.15	5.15
50 years	4.45	4.50	4.55	4.60	4.65	4.70	4.75	4.80	4.85	4.95	5.05	5.15	5.15

The above PWLB rates are noted by Arlingclose as their “central” or most likely forecast, however, they also note that they could be up to 1.00% higher or up to 0.80% lower than the above (with the margin for error increasing in the later years) .

There is an upside risk on the base rate of 0.25% for 2014/15. The council’s short-term borrowing budget has been based on a rate of 1% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.

The investment budget is based on average interest rates of 0.60% assuming that investment balances will be lower in 2014/15 and a higher proportion of funds will be held in instant access accounts. Should the Bank Base Rate increase the yield on investments will increase which will partly offset any increase in short-term variable rates.

Underlying assumptions:

- Growth continues to strengthen with the second estimate for the third quarter being an unrevised 0.8%. The service sector remains the main driver of growth, boosted by a contribution from construction.
- The CPI for November fell to 2.1%. Utility price increases are expected to keep CPI above the 2% target in 2014, before falling back again.
- The principal measure in the MPC's Forward Guidance on interest rates is the Labour Force Survey (LFS) unemployment rate. The MPC intends not to raise the Bank Rate from its current level of 0.5% at least until this rate has fallen to a threshold of 7%.
- The reduction in uncertainty and easing of credit conditions have begun to unlock demand, much of which has fed through to the housing market. In response to concerns over a house price bubble, the Bank of England announced a curtailment of the Funding for Lending Scheme, which will henceforth concentrate on business lending only.
- Federal Reserve monetary policy expectations - the slowing in the pace of asset purchases ('tapering') and the end of further asset purchases - will remain predominant drivers of the financial markets. Tapering of asset purchases will begin in the first quarter of 2014. The US political deadlock over the debt ceiling will also need resolving in the first quarter.
- The European backstop mechanisms have lowered the risks of catastrophic meltdown. The slightly more stable economic environment could be undone by political risks and uncertainty in Italy, Spain and Portugal (doubts over longevity of their coalitions).
- China data has seen an improvement, easing markets fears. Chinese leaders have signalled possible monetary policy tightening.

Forecast:

- Our projected path for short term interest rates remains flat. Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.
- We continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the global outlook and risks surrounding the Eurozone, China and US.

TREASURY MANAGEMENT POLICY STATEMENT

1. Statement of Purpose

- 1.1 Herefordshire council adopts the recommendations made in CIPFA's *Treasury Management in the Public Services: Code of Practice*, which was revised in 2011. In particular, the council adopts the following key principles and clauses.

2. Key Principles

- 2.1 Herefordshire council adopts the following three key principles (identified in Section 4 of the Code):
- The council will put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.
 - The council will ensure that its policies and practices make clear that the effective management and control of risk are prime objectives of its treasury management activities and that responsibility for these lies clearly with the council. In addition, the council's appetite for risk will form part of its annual strategy and will ensure that priority is given to security and liquidity when investing funds.
 - The council acknowledges that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools to employ in support of business and service objectives, whilst recognising that in balancing risk against return, the council is more concerned to avoid risks than to maximise returns.

3. Adopted Clauses

- 3.1 Herefordshire council formally adopts the following clauses (identified in Section 5 of the code):
- The council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- Full council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the

Treasury Management Strategy Statement 2014/15

year, a mid-year review and an annual report after its close.

- The responsibility for the implementation and regular monitoring of treasury management policies and practices is delegated to Cabinet and for the execution and administration of treasury management decisions to the Chief Officer-Finance and Commercial, who will act in accordance with the organisation's policy statement and TMPs and, if he or she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

4. Definition of Treasury Management

4.1 Herefordshire council defines its treasury management activities as: -

'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

5. Policy Objectives

- 5.1 Herefordshire council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.
- 5.2 Herefordshire council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Cumulative Equality Impact Assessment – Budget Proposals 2014/15

Carol Trachonitis, January 2014

1. Background

Herefordshire Council needs to have delivered savings of £33 million by 2016/17. To reach this target, we must make savings of £15 million in the financial year 2014/15. In order to achieve this, we have produced and published a number of budget proposals.

Assessing the potential impact of our decisions on “equality groups” and the most vulnerable in our community is an important part of our decision-making process, so we have assessed the potential impact of individual budget proposals using our Equality Impact Assessment process. However we also need to assess the “bigger picture” of these impacts, and this is what this document starts to explore.

The budget proposals are being consulted on between December 2013 and February 2014. We will be listening to the views of our communities in this time, and then feeding these views back into the Equality Impact Assessment process before the proposals go to Cabinet on 7 February 2014.

At this stage in the process, the budget proposals, if implemented in their current form, would have greatest impact on disabled and older people. Where an equality impact assessment reveals a risk of adverse impact on equality groups, a clear understanding of what that impact is must be provided so that any decisions made are informed. Also, where appropriate, action must be taken to mitigate against the impact. This summary recommends that, in addition to carrying out further evidence gathering and consultation with equality groups on the proposals, consideration also is given to developing options to reduce or mitigate the impact on people with protected characteristics, in particular, disabled and older people. It also recognises that there are two factors which, although not “protected characteristics” and not covered by the Equality Act 2010, could compound the disproportionate impact on the equality groups; these factors are rurality, and low income.

2. National Context

There are a number of external factors that affect the context of the proposals that we have developed. Whilst these factors are out of our direct control, we have considered them in both the development of our proposals and any mitigation that we have identified. These external factors include:

- the Comprehensive Spending Review (which means that we are operating in a context of reduced funding for local authorities)
- Welfare Reform
- Education Reform
- Herefordshire demography and geography (rural nature of the county)

3. Legal Context

Herefordshire Council has a legal duty under the Equality Act 2010 to pay 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and people who do not share it

In practice, having 'due regard' means that consideration of equality issues must influence our policy and decision-making. Equality Impact Assessments are the tool that we use to shape and demonstrate our decision-making.

"Protected Characteristics" are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

The Public Sector Equality Duty (PSED) does not prevent us from changing or ceasing services, but it does require that the decision maker:

- (a) is informed about any impact the change/closure is likely to have on any group who share a protected characteristic
- (b) pays due regard to that impact when taking the decision on change/closure

Complying with the PSED means better quality decision-making.

4. The Potential Impact

The Council is committed to supporting people to live full and independent lives within their local communities. While assessing the cumulative impact of our proposals on equality groups, we have identified two additional factors that could compound the impact. These factors are:

4.1. Rural isolation (due to the rural nature of the county)

According to the 2011 Census, Herefordshire is the 4th largest county (in geographic area) in England, with 54% of its population living in areas classified as rural. These rural areas make up 97% of the land area. The proposals will impact upon our rural communities. We recognise the need to offer support to enable people to exercise more choice and control over the services they receive.

We acknowledge the importance of services such as transport and the rural bus service in providing access to services for rural communities and, in particular, older and disabled people and those on low income.

We acknowledge the need to ensure that our services are as accessible as possible, and are looking at alternative models of delivery to support these budget proposals, including the use of technology to reduce our costs.

We also recognise that these changes will have implications for carers, the majority of whom will be women, and that we need to fulfil our responsibilities to carers. Service users who are facing changes to residential or day centre support may face considerable uncertainty, worry and disruption. These impacts could be disproportionately felt by older and disabled service users, and specifically service users with a learning disability. We also recognise that the changes and remodelling we do around “early years” and children’s centres will have an impact on this same group.

4.2. Risk of financial exclusion (due to low income)

We understand that people are experiencing financial difficulties in the current economic climate. We also recognise that imminent changes such as housing benefit cap will impact on some people, particularly large families that are waiting for social housing. It is recognised that some of our proposals might further impact on these individuals.

There are also some fee increases for non-statutory services that we provide, for example car parking, and we understand that these fee increases all add up. We have also recently decided to change the support through the Council Tax Reduction Scheme. The Council Tax Reduction Scheme provides essential help towards the Council Tax liability for all claimants on a low income. By continuing to assess entitlement on a means-tested basis, similar to the national approach to means-tested benefits, the scheme is equitable, albeit that the level of support overall may be reduced to working age claimants.

Many of the services that are not a statutory requirement for the council to deliver will be delivered at full cost recovery (ie. charged for), or outsourced to an alternative provider.

Again this may not impact on specific protected characteristics, but will impact on those who have a low income.

4.3. Potential positive impact

Where people are eligible for social care support, the aim is to support them in a way that reflects their preferences and the outcomes they wish to achieve. However, this needs to be balanced against the Council's responsibilities to make best use of available resources.

The national move to Personalisation in social care, education and health is driven by a commitment to ensuring that individual service users are in the driving seat about how their needs are met. We believe personalisation will bring benefits to people giving them greater choice and control over their lives.

As part of this budget process, a number of services are being redesigned and re-commissioned in order to make improvements and reduce costs. Many of these changes will have a positive impact on those who share a protected characteristic, particularly people who use residential and nursing care.

It is also widely expected that improved broadband and better use of technology will bring benefits to a number of people who share a protected characteristic, enabling better access to services.

5. A Targeted Approach

A more targeted approach to delivering services will allow us to deliver positive impacts for our most vulnerable communities, but we do recognise that, in these cases, other customers with fewer needs may experience a reduction in services. For example:

We are proposing to make changes to the way that we provide Day Opportunities. Existing and potential service users will be assessed for eligible needs based on the Herefordshire Fair Access to Care policy.

This follows other moves within the Children's Wellbeing directorate towards more targeted operating models, including:

Remodelling of "early help" and children's centres

This potentially may reduce opportunities for some children and families who will have to be more self reliant. This needs to be addressed through market development and working with the voluntary sector. It has been identified that children from vulnerable groups in Herefordshire have a significant gap in their early years development compared to their peers. Some areas of Herefordshire may experience a different way of delivering the core offer, or people may have to travel to benefit from services. This may mean that some vulnerable children and families may not access services and therefore not develop. We propose to address this issue through the development of a new "hub and spoke" service offer, and from clarifying the relationships with the voluntary, independent and school sectors and publishing service offers which clearly show what is available to support families.

We also recognise that a reduction in preventative work that focuses on the highest risk, could have the effect of increasing demand for services in the future. This will be mitigated by much more effective targeting of the work of council services and its partners such as health services.

6. Impacts on Herefordshire Council Staff

The proposals that we have developed present a significant amount of change for our staff. In the future, we will be a smaller organisation. There are a number of proposals across all directorates which reduce the number of posts within teams. This has resulted in some staff being put 'at risk', and ultimately resulted in compulsory redundancy.

The drive to identify efficiencies in the way we carry out our services also affects our staff, with a number of changes to both the internal systems we use and our ways of working, for example:


- our working arrangements with Hoople
- the reduction and redesign of the service level agreements around Human Resources, IT and Finance

- the flexible/mobile working model to reduce cost and improve efficiency






7. Conclusion

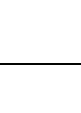
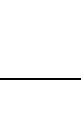
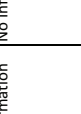


The attached table provides an overview of the budget proposals that we have identified as possibly having a significant impact on particular groups of people who share a protected characteristic. It is evident that some groups are more adversely impacted upon than others. We have tried in all circumstances to mitigate against any negative impact of the individual changes and, where significant impact has been identified, a detailed Equality Impact Assessment has been carried out.




We are aware that there are some protected characteristics which are referenced very little throughout our Equality Impact Assessment process. These include gender reassignment, marriage and civil partnership, pregnancy and maternity, religion or belief and sexual orientation. This may be because some of these groups are not affected by our proposals, but we recognise that this may also be because we have gaps in our monitoring information, or because we simply have not identified these impacts yet. We welcome any views on the impacts of our proposals on these, or other, groups throughout the consultation period.



Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Pregnancy and Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Children's Wellbeing Non-pay inflation - will provide the service within the same budget as 2013/14	328	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Safeguarding (Children) Current packages reaching 18	85										No Information	No Information	
Additional Needs (Children) Current packages reaching 19	281										No Information	No Information	
Locality Services (Children) Remodelling of early years and children's centres	543	Negative	Neutral	Negative - women	Neutral	Negative - Disabled children	Neutral	Neutral	Negative	Neutral	High		Potential high impact for children and families, particularly for those with protected characteristics.
Use of public health investment for transformation and demand management across council services	500	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Workforce Remodelling (Children) Redesign Children's Centre offer - use of voluntary sector to deliver universal services / integrate with local schools/ potential reduced hours to divert centre staff to undertake activities in social care such as supervised visits. Early help / family support remodelling focusing on statutory minimum, making use of voluntary sector to run universal provision	80	Possible Negative	No Information	Negative - women	No Information	Negative	No Information	No Information	No Information	Possible Negative	High	Impact assessment to be completed by February 2014	Potentially may limit opportunities for some children and families with protected characteristics. Will be addressed through market development and working with individual providers
Reshape Social care management including a reduction in the requirement for agency social work staff	206	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Re-shape support function looking at better ways of working and meeting statutory duties	250	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Education Improvement (Children) Remodelled Early Years Development and Sufficiency to deliver statutory responsibilities	40	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Children's Commissioning Youth Services - Remainder of full-year impact of 2013/14 cuts	87	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Pregnancy and Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Short breaks. Reduction in universal provision. Develop a joint commissioning exercise for Short breaks services for disabled children - Reduction in direct funding for universal providers	100	Neutral	No information	No information	No information	Positive or neutral impact	No information	No information	No information	No information	High		Potentially may limit opportunities for some children and families with protected characteristics. Will be addressed through market development and working with individual providers

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Pregnancy and Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Adults' Wellbeing Manage demographic pressures/improvements in Demand Management - providing people who do not have "eligible" adult social care needs with information, advice and guidance on how to live independently and if they wish to purchase care and support, how they can do this.	1,160	Possible Negative	Positive or neutral	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	No Information	No information	Low	On going work on the EIA for this area of work to ensure that the approach to information, advice & guidance is equitable across all protected characteristics.	The majority of proposals will have a neutral or positive impact on service users and their families with protected characteristics.
Recommissioning & reductions in cost of older people residential and nursing care	300	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	High		On-going review of impact during decision-making and implementation process.
Recommissioning and reductions in the cost of Homecare	765	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	High		The vision for the project is to ensure that Home and Community Support Users receive a personalised service that maximises their opportunity to exercise choice and control over their care.
Workforce reshaping	315	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	medium	No Impact assessment required	We will comply with all aspects of the Equality and Diversity policy when considering the impact of managing this change activity
Revising personalisation offer - managing service within the resources available - Resource Allocation System, Self assessment questionnaire	450	Possible Negative	Neutral	Neutral	Neutral	Possible Negative	Neutral	Neutral	Neutral	Neutral	Medium	EIA under development. Meeting 6th January scheduled with operational team	individual EIA will be carried out for - RAS and SAQ
Contract Changes - full years savings from; Talking books, village warden, Meals on Wheels	300	Neutral	Neutral	Neutral	Neutral	Possible Negative	Neutral	Neutral	Neutral	Neutral	No impact	  	Transition plans being developed or are in place to enable alternative arrangements when contracts cease before 1st April 2014

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Service redesign - operational services NSJ - Day Opportunities	1,100	Possible Negative	No information	No information	No information	Possible Negative	No information	No information	No information	No information	High	on-going assessments as next stage integration progresses. Specific Day Opportunities EIA  	On-going review of potential impact required, and mitigating actions as implementation occurs if a negative impact is identified for affected service users, and their families who are within the protected characteristics
Increased income - Continuing to implement the Fairer Charging policy which was consulted on in 13/14 will ensure all service users who are assessed as required to pay, paying for the care they receive	50	No information	No information	No information	No information	Possible Negative	No information	No information	No information	No information	Medium		Review on implementation
High cost care reductions - Review of out of county placements and high cost care packages	100	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive - Increased local capacity for people with a learning disability and mental health conditions will enable more people to live near their communities and families.	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Low	No impact assessment required	high level analysis has identified that this should have a neutral and/or positive impact on people and their carers across the protected characteristics
Remove funding for non-eligible services	900	Possible Negative	No information	No information	No information	Possible Negative	No information	No information	No information	No information	Medium	Impact assessment completed when the Fairer charging policy was adopted	this links to implementation of the Fairer Charging Policy
Use of technology to reduce cost of care - feasibility study has started	50	Possible Negative	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Possible Negative	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Positive or neutral impact	Medium	No impact assessment required	approach being scoped and high level analysis identifies that this is expected to have an overall positive impact
ECC proposals Waste & sustainability - disposal contract - moving to alternate weekly collections of waste and restricting to 1 wheelie bin	188	No information	No information	No information	No information	Neutral as assisted collection for disabled individuals will be maintained	No information	No information	No information	No information	Low	 	

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Pregnancy and Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Public Realm Reducing the amount we spend on highways and public spaces whilst prioritising road repairs	1,132	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No Information	No impact	No Impact assessment required	
Parks - Reducing spending on parks and open spaces - Introduce parking charges at Queenswood - Possible community asset transfers	150	No Information	No Information	No Information	No Information	Negative - Minimal, possible reduced accessibility for disabled people	No Information	No Information	No Information	No Information	Low	EIA will be completed as proposals are developed January / Feb 2014	
Public toilets - no further closures planned	99	limited information	No Information	No Information	No Information	Negative - Disabled people reduced access to facilities	No Information	No Information	No Information	No Information	Low		
Transport (incl Ed Transport) Fewer bus services across the network related to statutory school bus provision only, made available for public use and procured through integrated network design	679	Negative for older people who don't have access to other forms of transport	No Information	No Information	No Information	Negative - Disabled people who don't have access to other forms of transport	No Information	No Information	No Information	No Information	High	Impact assessment last done in 2011 - full consultation scheduled in January 2014, full impact assessment will be completed during the consultation	Significant impacts amongst key groups (elderly, disabled, low income etc.) in respect of reduced bus network. Impacts on some vulnerable groups in respect of road safety
SEN Post 16 Transport	50	Negative as this impacts at post 16	No Information	No Information	No Information	Negative - Increased cost to disabled people post 16 trying to access further education	No Information	No Information	No Information	No Information	High		Potential financial barrier for disabled to access post 16 educational opportunities
Corporate Services (incl Hoople Finance, Revs & Bens, Legal, & Equality & Info) Council tax reduction scheme	362	Neutral as pensioners are exempt from the changes	No Information	No Information	No Information	Neutral - Disability benefits are disregarded from the calculation	No Information	No Information	No Information	No Information	Medium		
Council tax discount empty property scheme	270	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Low	No Impact assessment required	

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Pregnancy and Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Removal of discretionary National Non-domestic Rates/business rate relief for some voluntary organisations	250	No information	No information	No information	No information	No information	No information	No information	No information	No information	Medium	 Herefordshire EIA RATE RELIEF 05/12 13.docx	Charities that are locally based (are not national organisations) and which provide facilities that benefit the wider community of Herefordshire and are of a social/welfare nature
Minimum "back office" services to maintain revenues and effective financial management	1,792	No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	
Property Services Reduced property services focused on a smaller estate with maintenance reduced to ensure legal compliance. Support for completion of capital schemes to be provided only if fully funded. Reacting to basic statutory emergencies etc.	432	No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	
Cultural services													
Museum Proposal confined to Friar Street - funding only supporting the collections service at Friar Street - and not to Hereford Museum, the Old House and Ross	239	No information	No information	No information	No information	No information	No information	No information	No information	No information	Low	No impact assessment required	
Withdrawal of Halo management fees by end of 2015/16		No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	No reduction in service planned
Withdrawal of Kington and Wignore management fee by 2014/15		No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	No reduction in service planned
Reduction to zero of Brightstripes management fee		No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	No reduction in service planned
Withdrawal of Arts commissioning grants 14/15	310	No information	No information	No information	No information	Negative - Physical and Learning disability specifically	No information	No information	No information	No information	Low	 Withdrawal of Arts Commissioning Grants.docx	Report went 11th December
Reduction in Management fees for "Visit Herefordshire" and Courtyard Theatre in 2014/15		No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	
Regulatory Services													
Reduction in all regulatory services to the statutory minimum, unless supported by income generation	786	No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	
Car parking - Provide adequate supply of parking to support economic activity whilst maximising financial return from HC's land holding	0	No information	No information	No information	No information	No information	No information	No information	No information	No information	No impact	No impact assessment required	

Budget Service Proposal	Proposed budget savings 2014/15 £000's	Protected characteristic: Age	Protected characteristic: Race	Protected characteristic: Gender	Protected characteristic: Gender Reassignment	Protected characteristic: Disability	Protected characteristic: Religion or Belief	Protected characteristic: Sexual Orientation	Protected characteristic: Maternity	Protected characteristic: Marriage and Civil Partnership	High level Overall Assessment of Risk	Details of Equality Impact Assessment	Comments
Service prioritises business support (grant delivery and business advice), capital infrastructure deliver (Hereford Enterprise Zone) and attracting Government and EU funding (including working with the LEP and others)	169	No information	No information	No information	No information	No information	No information	No information	No information	No information	No Impact	No impact assessment required	
Removing funding from HVOSS (Aug-March)	100	No information	No information	No information	No information	No information	No information	No information	No information	No information	No Impact	 HVOSS Impact assessment.doc	
Removing funding from HALC	3	No information	No information	No information	No information	No information	No information	No information	No information	No information	No Impact	No impact assessment required	
Removing funding from CAB	48	Negative - Over 50% of clients aged 50+	Negative - 72% of clients other than White British	Negative - Women disproportionately affected	No information	Negative - 47.7% of clients are disabled	No information	No information	No information	Negative - clients seek support	Medium	 CAB Impact assessment.doc	
Governance & Other Services This represents the full year effect of three members of staff who have left	0	No information	No information	No information	No information	No information	No information	No information	No information	No information	No Impact	No impact assessment required	
Customer & Library Services , remove funding from all libraries except Hereford, Leominster and Ross.	348	Negative to older people who don't have access to transport or other means of accessing services, internet	No information	No information	No information	Negative - Disabled people, reduced opportunity and accessibility to services	No information	No information	No information	No information	high	 Document Option 2 seems to follow the wider shift to greater community involvement and recognising libraries as places for a wide range of activity and function. It also creates some savings, but to work does require investment in web development, self-service systems, redesign of spaces to cater for other functions.	
Economic Projects (Broadband) This revenue budget represents essential core costs to enable the delivery of the broadband capital investment project jointly with Gloucestershire.		Positive	Positive	Positive	Positive	Positive impact on disabled people as could improve access to services	Positive	Positive	Positive	Positive	Positive	No impact assessment required	By improving the broadband coverage across the county it is widely agreed that this will support better access to services
Total proposed budget savings	15,397												

Equality Impact and Needs Assessment Form

A) Description

Name of service, function, policy (or other) being assessed

Children's Centre Service

Directorate or organisation responsible (and service, if it is a policy)

Children's Wellbeing Directorate

Date of assessment (DD/MM/YY)

13.12.13

Date next assessment due (3 years)

13.12.16

Names and/or job titles of people carrying out the assessment

John Roughton / Michele Allam

Accountable person (e.g. Head of Service)

John Roughton

Date EINA Form approved by accountable person (e.g. Head of Service)

18.12.13

1. **What are the aims or main purpose of the service, function or policy? What does it provide and how does it provide it?**

The core purpose of children's centres is to improve outcomes for young children 0 – 5 years and their families and reduce inequalities between families in greatest need and their peers in:

- Child development and school readiness;
- Parenting aspirations and parenting skills; and
- Child and family health and life chances.

2. **What information (data) have you used to assist you in your assessment**

Self assessment / Ofsted Inspection findings and performance framework

3. **List any key policies or procedures to be reviewed as part of this assessment.**

Children's Centre operating procedures / Safeguarding procedures

4. **Who is intended to benefit from the service, function or policy?**

Children's Centres are still required by a statutory duty to deliver services to all families living in their reach area however their main focus is for vulnerable children and their families

5. **Who are the stakeholders? What is their interest?**

All Children's centres are required to have in place an advisory board made up of partner agencies, parents and voluntary groups. Our partner agencies include and their interests

- Health, midwifery, health visitors, paediatricians and health trainers services for antenatal appointments, discharge appointments, breastfeeding support, developmental checks, well baby clinics and healthy lifestyles initiatives.
- Housing associations for housing advice and support, Job Centre Plus, through employment support and support for troubled families.
- Local nurseries, childminders and schools, to improve the outcomes of all children's development and to narrow the gap at the end of the Early Years Foundation Stage.
- Community Support Officers to improve the local community and their aspirations
- Voluntary providers – Home Start, food banks, training providers, local churches, provide additional support and services for our most vulnerable families.
- Third sector providers – Halo Leisure, Football Fledglings, Petit Pois,
- Parents who are in receipt of the Children's Centre services and provide valuable feedback.
- Family Learning, through Herefordshire Council to provide adult learning opportunities for parents who did not achieve at school or would like to improve their qualifications and potential for returning to work.

6. **Partnerships and Procurement**

If you contract out services or work in partnership with other organisations, Herefordshire Council remains responsible for ensuring that the quality of provision/delivery meets the requirements of the Equality Act 2010, i.e.

- Eliminates unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Fosters good relations between different groups

What information do you give to the partner/contractor in order to ensure that they meet the requirements of the Act? What information do you monitor from the partner/contractor in order to ensure that they meet the requirements of the Act?

7. **Are there any concerns at this stage that indicate the possibility of inequalities/negative impacts? For example: complaints, comments, research, and outcomes of a scrutiny review. Please describe:**

The major issue is likely to be accessibility of services, and the reduction in provision of certain universal support services. However, the refocused service aims to improve access and support to the most vulnerable groups

B) Relevance – Note: if not relevant, do not complete this form

Select **all** that apply:

8. Service or function that people use.	<input type="checkbox"/>	Low	<i>Section C applies</i>
9. Discretion is exercised, or potential for people to experience different outcomes or level of satisfaction.	<input type="checkbox"/>	Medium	
10. Employment policy – where discretion is not exercised.	<input type="checkbox"/>	Medium	<i>Sections C & E apply</i>
11. Employment policy – where discretion is exercised (e.g. recruitment or disciplinary process).	<input type="checkbox"/>	High	
12. Concerns at a local, regional or national level of discrimination/inequalities.	<input type="checkbox"/>	High	
13. Major change such as the closure, removal or transfer of a service/provision.	<input type="checkbox"/>	High	
14. Community and regeneration strategies, local area agreements and organisational or directorate/partnership strategies/plans.	<input type="checkbox"/>	High	

Other:

State why it is relevant:

How relevant (high, medium or low?):

Mark 'X' to confirm which strands are relevant to the review:

Age	<input type="checkbox"/>	Disability	<input type="checkbox"/>
Gender (men and women)	<input type="checkbox"/>	Race/ethnicity	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	Religion/belief	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	Other (state below)	<input type="checkbox"/>

Any other (such as Human Rights, people on low incomes and specific sub-strands requiring particular focus such as Travellers and Gypsies, Deaf people):

--

C) Information

15 What information (monitoring or consultation data) have you got and what is it telling you? Required where relevance is Medium or High.

JSNA / Family Support Needs Assessment / Ofsted Inspection Report/ Children's centre Consultation

D) Assessment

16 Describe any NEGATIVE impacts (actual or potential):

Strand/community	Impact (how they may be affected). Include assessment of risk (likelihood and severity).
Rural Isolation for those families dependent on public transport	Reduction in universal services being delivered in rural locations and a reduction in rural public transport being provided.

17 Describe any POSITIVE impacts:

Strand/community	Impact (how they may be affected)
Improved targeting of services towards most vulnerable children / groups	Better outcomes following on from targeting and take up of services from most vulnerable
Targeted groups – where needs are identified, e.g language delay	By using the Hub & Spoke model we can respond to the need and the location of the cohort of children by moving the staff and resource to the location
Working in partnership with our partner agencies	Non duplication of services, the right families receiving the support and more cost effective



18 Provide any information about NEUTRAL impacts that have been identified (there is neither a positive or negative impact):

Strand/community	Why there is 'no differential impact'
Parent Volunteers	By providing opportunities to parents to become volunteers they are gaining skills, confidence and qualifications in various fields which will improve their likelihood of gaining paid employment
Local Community groups, delivering services on behalf and in collaboration with the Children's Centre	Sustainability for the local community

E) Consultation



19 Did you carry out any consultations? Required where relevance is High.

YES X NO

20 Who was consulted? Include your findings in boxes 16, 17 and 18.

A detailed consultation was conducted in 2012 with both providers and users

21 Describe other research, studies or information used to assist with the assessment and your findings in boxes 16, 17 and 18.

 Children centre survey (parent carers)
  Children centre survey (providers)- Is

22 Do you use diversity monitoring categories? Yes X No

(if No you should use this as an action as we are required by law to monitor diversity categories)

If yes, which categories?

- Race
- Gender
- Sexual Orientation
- Religion & Belief
- Disability
- Age

What do you do with the diversity monitoring data you gather?

Is this information published? And if so, where? (I.E. website, service plan)

F) Conclusions

	Action/objective/target OR Justification	Resources required	Timescale	I/R/S/J
a)	Deploy Hub and Spoke model to CC service provision	No additional resources	April 2014	R
b)	Improved data / analysis of local need will ensure better targeting of need	No additional resources	April 2014	R
c)				
d)				

Send your form to diversity@herefordshire.gov.uk for publishing on the council / PCT website.

NB: Make sure your final document is suitable for publishing in the public domain.

EQUALITY ANALYSIS

Children with Disabilities Short Breaks and Respite Care

Report completed by Bridget Cameron, Lead Commissioner for Short Breaks and Respite Care

The purpose of this Equality Analysis is to determine the impact of a reduction of £100,000 on the overall budget in terms of potential risks and to identify the groups that might be particularly affected by this proposal.

What are short breaks and respite care services?

Home-based short breaks are provided under section 2(1)(a) of the 1970 Act (i.e. as 'practical assistance in the home') and community-based support is provided under section 2(1)(c) (i.e. as recreational/educational facilities 'outside his home'). Some short breaks are linked to a disabled child's preferred leisure activities, for instance a play scheme at a local football club, horse riding, swimming, etc. If a child has a need for short break/respite care which has to be provided in their own home or a community-based setting and which has to be provided in a care home or foster placement, than it cannot be provided under the 1970 Act and generally is provided under the Children Act 1989, paragraphs 3.59-3.62.

Under the Children and Young Person Act 2008, the Local Authority must offer short breaks as part of a preventative model. The responsibility of the Local Authority to provide short breaks for carers of disabled children came into effect on 1st April 2011 (Breaks for Carers of Disabled Children Regulations 2011). These regulations place a duty on Local Authorities to have regard to the needs of carers who:

- would be unable to continue to care for their disabled child without a short break or would be able to care more effectively if breaks are given,
- to look after other children in the family more effectively,
- to take part in training, education or leisure activities, or
- to carry out day to day tasks in running the household.

Consultations with local Herefordshire families gave rise to the following definitions of a Short Break.

- A wide range of opportunities, activities and support so children and families have choices.
- An activity which becomes an ordinary part of life for children and young people with disabilities and their families.
- Anything from a couple of hours to overnight stays.
- The opportunity to have fun and take part in enjoyable experiences that contribute to personal and social development.
- Support for day to day tasks at home.
- Learning new skills and becoming independent.
- Opportunities to develop new interests and take part in different activities.
- Opportunities for children and young people to have something to do – especially at weekends and during the school holidays. They can see their existing friends at the Short Break and make new friends.
- Enable parents and families to have a break from their caring responsibilities.
- Enables parents to support families, catch up with everyday activities as well as having more time with their other children, their friends and hobbies.
- Flexible, responsive to need and able to offer support at times of urgent need.

Outcomes from Short Breaks/Respite Care

The outcomes for the short breaks and respite care provision have been developed from Herefordshire's local joint commissioning plans and produced with the involvement and co-design of service users, carers and other stakeholders.

The overarching outcome is to enable children, young people and families living with disability and complex needs to live ordinary lives. Children, young people and their families will benefit from:

- Increased engagement in universal services and services that build resilience
- Improved emotional health, self-esteem and confidence
- Developing dignity and respect
- Improved family resilience and family relationships
- Increased choice and involvement in social activities, supporting personal development
- Social development, peer group friendships and social interaction
- Help early on when difficulties develop, preventing problems getting worse
- Opportunities for parents and families to have a break from their caring responsibilities

There are 3 outcomes:

Outcome 1: Children with additional needs in Herefordshire will have fair access to a range of short breaks and respite care that meet their needs and those of their family

Objective 1.1: Children and young people are able to achieve personal goals and learn new skills
Objective 1.2: Children and young people are able to spend time with their friends and make new ones
Objective 1.3: Children and young people are able to take part in exciting activities that interest them
Objective 1.4: Children and young people are supported to maximise

Outcome 2: Parent carers are supported in their caring role

Outcome 2.1: Parent carers feel less stressed and have some time for themselves including time during the day/overnight when they can be 'off duty' and relaxed knowing their child is in safe hands

Objective 2.2: Parent carers are able to spend time with their other children or together as a family

Objective 2.3: Parent carers can get to know other families who share similar experiences

Objective 2.4: Parent carers are confident that their child is having fun, with skilled carers who understand his or her needs

Outcome 3: Children and young people with complex, multi-faceted health and care needs have access to a range of short breaks and respite care that meet their needs and those of their family

Objective 3.1: Children and young people are able to achieve personal goals and learn new skills

Objective 3.2: Children and young people are able to spend time with their friends and make new ones

Objective 3.3: Children and young people are able to take part in exciting activities that interest them

Objective 3.4: Children and young people are supported to maximise

Budget for Short Breaks and Respite Care

There was an initial budget of £1,356,000 for the provision of short break and respite care services. This comprised £813,000 from the Clinical Commissioning Group and £543,000 from the Council. This had been allocated according to the needs of the children and young people and was expected to be in the region of:

- £600,000 which will be used to provide services for children and young people with complex health and care needs;
- £200,000 which will be used to provide services for referred children and young people with significant health and care needs;
- £200,000 which will be used to provide services for self-referred children and young people with significant health and care needs, and
- £100,000 which will be used to provide services for children and young people with additional needs.

The remaining £256,000 was to be used to provide:

- brokerage support – i.e. the link person between the short breaks panel and the providers
- additional services when gaps were identified
- additional services should a provider be over-subscribed
- additional services should there be more need than originally identified
- services for specific children/young people where a spot purchase might be necessary to meet particular needs

Protected groups who would be affected by the proposed reduction in budget

- Disability
- Age

In particular, the reduction is likely to affect the lower need services. From the bullet points under the budget heading above, this would be the last two points.

Those children and young people with significant needs who will be self-referred, i.e. who can apply directly to the service provider for their service may:

- Attend a mainstream school but have a statement of Special Educational Needs (SEN)
- Be home educated due to their disability
- Claim lower level Disability Living Allowance (DLA) for mobility and/or care [Standard Personal Independence Payment from April 2013]

They may also have a multi-sensory/sensory impairment.

Where a child has **additional needs** they will be able to self-refer to the service provider for their service.

In the future, these children and young people would be expected to be able to access universal services within the community but it is acknowledged that these services need developing. This is why Herefordshire Council and Clinical Commissioning Group has committed support to develop the universal market to stimulate its growth.

Children and young people who have additional needs will:

- Be at School Action Plus for reasons that include Autistic Spectrum Disorder, Behavioural Emotional or Social Needs, have Language and Communication Difficulties/disorder

They may also have a sensory impairment.

These children and young people with additional needs will be restricted to three of our commissioned activities over the year to ensure everyone has an opportunity available. There is no restriction on these children and young people accessing other universal services.

Unknowns within the commissioning model

Even without taking into consideration the proposed £100,000 reduction in budget there are a number of unknowns which affect the provision of short breaks and respite care services within Herefordshire.

Numbers of children/young people with a disability

The Council does not know how many children and young people there are who might be eligible for short breaks/respite care provision. There are <20 children and young people on the Council's disability register. The only way numbers have been able to be estimated is to use numbers based on Disability Living Allowance and Special Educational Needs.

The February 2012 Department for Work and Pension figures show 1,430 Disability Living Allowance claimants aged 5-24 years living in Herefordshire.

The 2012 Spring School Census showed the following numbers of children with Special Educational Needs (SEN) within the SEN categories:

- 2,622 at School Action
- 1,885 at School Action Plus
- 559 with a Statement of Special Educational Needs

These figures reveal that Behavioural, Emotional and Social Difficulties (BESD) and Specific Learning Difficulty (SPLD) together account for over 20% of the total identified primary need. It should be remembered that we are looking at special educational needs which cannot align directly with disability. At the same time however, it is fair to say that around 1,000-1,500 of these children are likely to meet the threshold for short breaks and respite care services. Many of these children and young people will access universal services but it is recognised that universal provision in Herefordshire needs developing.

Significantly both ASD and BESD show a large imbalance in the proportion of boys and girls identified with the need. In the case of ASD there are more than 6 boys identified for each girl and for BESD the ratio is almost 3 to 1 in favour of boys. From the SEN statistics, it is noted that almost 70% were boys.

Information above taken from Children with Disabilities in Herefordshire: Understanding our cohort report, Improvement Team, September 2012.

Between April and December 2012 365 children and young people accessed short break and respite care services – significantly less than the potential 1,000-1,500 cited above.

Children and young people accessing short breaks and respite care services

There is a discrepancy between the 365 current service users and the predicted maximum of 1,500 who could be eligible for a short break activity. This raises the questions:

- Do parents and carers know about the services they are entitled to?
- Are current service users the children of parents who are IT savvy or who are more socially aware of their child's entitlement and rights?
- With the involvement of parents and carers in the design of the services and the letters going out to all special schools (and mainstream) will this increase demand?

There is no way to determine this before the services are commissioned though some measure of increased demand can be monitored in discussion with existing providers.

Migration of Romanian and Bulgarian nationals

Work restrictions for Romanian and Bulgarian workers and their families, brought in when the countries joined the European Union in 2007, will be dropped on 1st January 2014. There are varying reports about the effect this will have on the United Kingdom but it is known that both groups are present in Herefordshire and are involved often in fruit picking. It is also known that GPs in the countries are encouraging those with:

- Health problems
- Larger families
- Members of their families with disabilities

... to come to the United Kingdom as they will receive help.

View discussed and shared with Equalities Team in Herefordshire

As such, it is not possible to determine the numbers who might choose to come to Herefordshire but, if only those making concrete plans to come to the UK were considered, this would be 61,000 Romanians and 58,000 Bulgarians (see Migration Watch headlines for more details).

There is also acknowledgement that there are some considering moving to the UK from other EU countries, such as Spain and Portugal, which also makes numbers difficult to estimate.

Children and young people with complex and significant health and care needs

Access to provision at Ledbury Road, the Wye Valley Trust Short Break Unit, has been through a mixture of routes – the short breaks panel, multi-agency panels/CAF referrals, CWD social care team (through the short breaks panel) and the CIN team.

Only the CWD social care referrals come, at present, through the short breaks panel route yet, when meeting with the unit's management team, it is clear that referrals come through to them without going through the short breaks panel.

Some children and young people have had short break care packages in place for a number of years without review. The council are not wholly aware of all of these care packages, where the referrals came from and the costs associated with them unless these have been through the short breaks panel over the last 6 months - prior to that the information does not exist.

Ledbury Road has some of this information but cannot say where every referral has come from though they will work with the commissioner to give as much detail as they are able to.

As part of the process for commissioning short breaks and respite care, the panel process and access to services is being determined to have a better understanding of demand, need and cost. At present this is unclear.

So, looking ahead, it is not possible to totally and accurately predict provision demand, need and costs for our most vulnerable children and young people.

Reviews of care packages have not taken place for the provision in Ledbury Road at least for a significant number of years. Where children/young people have been allocated overnight respite in the unit originally due to the family being in acute stress but where the needs of the child/young person not being of the highest complex health need, at a review an alternative short break might be offered to them.

Has the Council set a historic precedence to provide overnight provision at, for example, Ledbury Road? Parents at the 'Meet the Commissioner' event on 2nd May, 2013 asked if they would be entitled to challenge or have right to appeal any decision to change their existing care package.

Have families got used to having overnight respite provision as their care package where, had they been going through at a different time with more options available, some other provision might have been deemed more appropriate?

As the child becomes a young person/adult, has the Council set an expectation in the parents of these vulnerable children and young people for overnight respite care? Would this transfer into adulthood and a residential model of care being required?

Providers within Herefordshire

A directory of services that would be able to meet the needs of all children and young people with disabilities is not available in Herefordshire though Herefordshire Carer Support does have a number of providers registered with them.

During the conversations with providers it has become clear that many of those who offer services for children and young people with either complex health and care needs and/or higher level significant health and care needs felt that:

- They should not have to go through this commissioning process – 'the council needs our services, they would be lost without us and we should not have to go through this process'
- If the council wants the service they should spot purchase

It is obvious that providers are anxious about operating in a competitive market and either do not know their own costs for their service or are worried about whether they are too high. Equally they could believe that, as they have had money for their service for a number of years, they feel this ought to continue.

Providers in Herefordshire are also naïve about commissioning processes, the benefits of collaboration (and the need for it in some cases) and the necessity to be flexible to the needs of the service user while meeting the outcomes within the tender. This knowledge has been shared with HVOSS.

The council is using some of the short breaks/respite care budget to develop the universal market. Any reductions in budget are likely to effect this.

Positively, there are a number of organisations being set up currently which will be able to offer support to children and young people with additional and low level significant needs. The money from this short breaks/respite care budget would enable them to develop their business and move towards self-sustainability.

How would the reduction in budget impact on children and young people with disabilities?

The risks associated with a reduction of £100,000 in the short breaks and respite care budget are primarily around uncertainty.

1. The Council is not aware of numbers who might access services and demand may outstrip availability. If only those children and young people of parents 'in the know' are those currently accessing services numbers could increase significantly.
2. There might be gaps in service which are identified as significant by parents, carers and commissioners which may not be able to be met.
3. Numbers of migrant workers cannot be estimated. This means that all services, including adult and children's services, could be significantly affected by this influx. Some of these families will have children and/or young people with disabilities.
4. Costs might rise for provision of services for children with complex health disabilities accessing Ledbury Road/alternative overnight respite care as the revised panel is developed. A number of placements would have to be agreed with the unit to guarantee overnight stays through the short breaks/respite care budget.
5. Given families who are used to accessing high cost high level provision of overnight respite care services, there is likely to be some need to continue this for some families if they challenged any decision to offer an alternative support service. These numbers are unknown.
6. Universal providers are not good at welcoming families of children and young people with disabilities. This market area needs shaping and developing.

Update 6/12/2013

The budget consultation and briefings sent out to parents affected by the re-commissioning of short breaks and respite services have included details of the need to save funding and for council funding to be prioritised on the most vulnerable and those with the most complex health and social care needs. We have explained that the council has a role in ensuring that there is choice and flexibility for parents but cannot fund all this; it is known that there are other funding sources that charities and other organisations can access which the council cannot. All those providers who were unsuccessful in securing awards through the procurement process have been advised to seek support on accessing other funding from the Project Development Team within the Council and HVOSS. The council is funding a small number of activity groups for a 6-7 month period to June/July 2014 specifically while they secure other funding sources; if the Council withdrew funding at this point these groups are likely to stop.

The procurement process itself has provided a new overnight respite foster care service and increased buddying services. Gaps in services which have not been secured through the procurement exercise are now being addressed with preferred providers; this includes overnight respite at Ledbury Road, playdays and holiday schemes, and childminding services for 0-8year olds.

We have had no specific response to budget cuts in this area from parents through the short break briefing events; the general consensus is that this is inevitable given the cuts in the public sector.

Comments included in the budget consultation exercise are the need for support to carers of children and young people with disabilities; short breaks services specifically will support parents and carers. There will be a range of activities, funded by the council and others, that will provide that support but importantly there will be a choice and flexibility of services. There were also comments about the need for communities, charities, volunteers to do more with training and support, and not to be over optimistic as to the voluntary sector providing essential services. Market development needs to be an ongoing approach the council takes, and any services that the council does procure will be monitored to assure quality of service and safeguarding. The council is continuing service re-design work with the Clinical Commissioning Group, and involving parents/carers and providers to ensure there is a diverse range of short break services for children with disabilities available across the county.

Equality Impact and Needs Assessment Form

A) General Information

Name of service, function, policy (or other) being assessed

Residential and Nursing Homes for Older People in Herefordshire

Directorate or organisation responsible (and service, if it is a policy)

Adult Well Being

Date of assessment

xx November 2013

Names and/or job titles of people carrying out the assessment

Alison Clay Commissioning Officer
John Gorman Commissioning Support Officer

Accountable person

Helen Coombes, Director of Adult Well Being People

B) Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes:

The purpose of the project is to ensure all service users of residential and nursing homes for older people in Herefordshire receive quality, reliable and safe services, for a fair and affordable usual price.

The key objectives of the project are to:

- a. Set a new usual price for the spot purchase of residential and nursing home care for older people
- b. Set out the principles underpinning the implementation of the new usual price

These objectives shall be met through:

- i. An Open Book Review process, which will seek to calculate the actual average cost of care. The findings of this review will then inform the usual price set by the council
- ii. A process, through which residential and nursing homes for older people in Herefordshire will be required to demonstrate they can deliver the service specified, at the quality required for the new usual price.

The project is not intended to change the level of service required to meet the assessed needs. Providers will not be required to deliver a level of service beyond that which they are already required to by the regulator (Care Quality Commission).

C) Context - describe, in summary;

<p>The number of people and/or providers that may be affected by the proposal.</p>	<p><u>Service Users</u> In the sample week analysed, there were 409 service users in residential and nursing homes for older people in Herefordshire. Of the service users, 52% were in residential care and 48% in nursing care.</p> <p><u>Care Home Providers</u> There are currently 45 residential and nursing homes for older people in Herefordshire that hold contracts with the council. 27 of these homes are residential, 16 nursing and 2 residential and nursing.</p>
<p>What are the values of the contract(s) affected by the proposal? (if appropriate).</p>	<p>Residential and nursing homes for older people are contracted with on a spot purchase arrangement.</p> <p>The current rates are:</p> <ul style="list-style-type: none"> • £407 per person, per week for residential care • £468 per person, per week for residential care with dementia • £570 per person, per week for nursing care
<p>What are the geographical locations of those that might be affected by the proposal?</p>	<p>The residential and nursing care homes for older people are located across the county.</p>

D) Who are the main stakeholders in relation to the proposal?

- Current and future service users
- Service user family, friends and carers
- Care Home Owners and their staff
- Herefordshire Council
- Social care practitioners
- Elected members
- Clinical Commissioning Group

E) What are the anticipated impacts of the proposal?

Positive impacts

The proposals are intended to ensure that vulnerable, older people in Herefordshire continue to receive quality and reliable residential and nursing home services.

Open Book Review

Adopting an Open Book Review approach to calculate the average actual cost of care in Herefordshire will improve the council's understanding of provider costs and enables providers to discuss and demonstrate to the council their costs and cost pressure points

New service specification

Currently residential and nursing care home contracts with the council do not include a service specification. Service specifications are standard good practice in contracts as they give clarity to the provider of what service they are expected to provide for their fee. This provides the council with greater assurance about the services being contracted, which, in turn, ensures service users are more likely to receive a consistent and reliable service

New contract agreement

The current contract for residential and nursing homes is outdated and not sufficiently robust. The council intends to have one single contract and terms and conditions for all publicly funded placements. Moving providers onto the same, new contract will ensure greater fairness among providers and will provide increased clarity to homes and the council of what their contractual obligations are. In particular, the new proposed agreement is more robust for managing instances where homes are in breach of their contract, and therefore enables the council and providers to better respond and to assure quality and safety of services for service users.

New quality monitoring schedule

The current quality monitoring schedule duplicates other care home inspection activity (such as that by the Care Quality Commission). Both the council and home owners agree this can be unnecessarily burdensome on care home owners and is not best use of limited council resources. One intention of this project is to develop a sector-led approach which focusses on outcomes for service users. This is hoped to have the following positive impacts:

- a. reduce the burden on providers by giving them greater opportunity to shape the approach to quality monitoring in Herefordshire
- b. enable the council to better target its quality and review resources towards homes in need of support
- c. ensure “quality” focusses on what is important to the service user and the individual outcomes they aim to achieve

Implementation

The council intends to apply a clear process to enable providers to be on an Approved Supplier Scheme, in which they agree to contract with the council at the new usual price. By adopting a clear and transparent process (e.g. accreditation, due diligence), this may have the following benefits:

- a. Enabling the council to discharge its responsibilities and assure that providers will deliver a particular service, of good quality and an agreed price
- b. Bring business benefits to providers as they will be able to evidence to all residents and future residents that they commit to providing a particular level of service of good quality.

In addition, in response to provider feedback, council officers have developed a Third Party Contributions Policy to give clarity to when, and how, third party contributions can be applied. A Plain English service user information sheet and social care practitioner guidance will also be developed. Giving greater clarity to this extra funding mechanism will have the following benefits:

- a. Support service user choice: if a service user chooses to go to a more expensive home this can be made possible if a third party is willing to make-up the difference
- b. Ensure that homes which charge more than the council’s usual price are not unfairly discriminated against when service users are deciding on which home
- c. Ensure that third parties are made exactly aware of the agreement they are entering into before they sign-up – thus reducing the risk of non-payments and complaints further down the line (which will therefore also benefit both the care home and council).

Negative impacts

Whilst the project is not intended to have any negative impacts, the following potential impacts should be considered:

Potential reduction in rates for some care homes

The new usual price will be informed by the average cost of care calculated by the Open Book Review. This means some homes may see an increase in the price they receive, whilst others see a reduction. In those homes where the usual price represents a reduction, this may impact on the quality of care service users receive.

Mitigation: The Open Book Review process will establish what the average cost of care is. All care homes are regulated by the Care Quality Commission to ensure their service meets the essential standards of quality and safety. 86% of care homes for older people in the county are Grade 4 complaint (the highest grade). In addition, the council has a quality concerns process. There are some homes in quality concerns (some voluntarily), but there is no evidence that quality correlates with cost (i.e. that high cost homes do not have quality concerns).

Service user families are asked for third party contributions

If a care home chooses not to accept the council's rate this could result in the service user's family being asked to pay third party contributions to make up the difference between the council's new usual price and the fee set by the home. This may have financial and emotional implications on the service user and their family.

Mitigation: The new usual price will only apply to new residents from 1 April 2014. Existing residents will continue to be funded on existing funding arrangements, and therefore should not be affected. In addition, the Council has developed a third party contributions policy and has sought feedback from providers on this. The purpose of the policy is to give greater clarity to all parties on what third party contributions are and when they can be used. This policy will be turned into a simple, clear information sheet for service users and their families. Also, if this potential negative impact looks likely, the council will seek to mitigate this through communications with service users and their families.

Not all care homes agree to contract with the council at the new usual price

If the new usual price is lower than that which some residential or nursing homes would wish to contract with the council at, there is a risk these homes may choose not to agree to sign up to the new contract at the new usual price, thus reducing the number of beds available for eligible service users at the council's usual price.

Mitigation: The usual price set and new contract agreement have been influenced

by provider input. Residential and nursing homes in Herefordshire have had the opportunity to participate in an Open Book Review to inform the calculating of the average cost of care in the county and to also feedback comments on the draft contract agreement as part of a 7 week consultation.

Even if a home does not agree to contract with the council at its usual price, this does not mean that home is not an option for eligible service users. The Directive on Choice means a service user may choose to reside in any home, but if that home is more expensive than the council's usual price (and suitable accommodation at the usual price is available elsewhere), the council must contract with that home, and the service user and their family or friends make-up the difference in price.

In addition, the council does not necessarily need to be able to contract with all local care homes. At any one time there are approximately 400 social care supported older adults in residential or nursing care, yet there are approximately 1500 beds available in the local market (meaning the council uses around 30% of the market capacity for older person's care home beds).

Reputational damage to the council

If the council are perceived to be unfairly lowering rates paid for residential and nursing care this may impact negatively on the public perception of the council.

Mitigation: The council has purposefully adopted an Open Book Review approach to ensure the actual average cost of care in Herefordshire is calculated through a transparent and robust independent process. When setting the usual price the council has a duty to have due regard to the actual cost of care, local factors and Best Value. The council must ensure its resources are fairly distributed across all who are eligible for support. A communications plan for the project has been developed to ensure that all key stakeholders are informed and aware of the various factors that have had to be considered when developing the recommendations.

F) With regard to the stakeholders identified and the diversity groups set out below;

	<i>a) Is there any potential for (positive or negative) differential impact?</i>	<i>b) Could this lead to adverse impact and if so what?</i>	<i>c) Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group, or for any other reason?</i>	<i>d) Please detail what measures or changes you will put in place to remedy any identified adverse impact.</i>
Age	Yes. This proposal will almost exclusively affect older people as it relates to residential and nursing homes for older people. Within the category of older people 64% of service users are aged 85 years or older, meaning this proposal may particularly impact on the very old.	If fewer homes agree to contract with the council at its usual price, service users choosing to go to more expensive accommodation will be required to fund the difference (e.g. a third party contribution). This may place additional financial burden and anxiety on residents and their families.	Minimising the impact on service users, particularly currently service users, is a priority. Therefore the proposal only applies to new service users. The Council has a duty to set a usual price with due regard to the cost of care and Best Value. As the council has significantly reduced financial resources, it is appropriate all areas of spend are scrutinised to ensure resources are appropriately targeted to benefit all eligible vulnerable adults. The usual price proposed is informed by the findings of an Open Book Review to calculate the actual average cost of care in Herefordshire.	The Directive on Choice means service users can choose whatever home they wish and their options are not limited to those homes that agree to contract with the council at its usual price. A Third Party Contributions policy has been developed by officers, with feedback from providers. From Plain English information for service users and social care practitioner guidance will be produced so all understand when, and how, third party contributions can be applied.
Disability	Yes. All social care funded service users are assessed as having eligible critical or substantial needs. 52% of service users are categorised within the primary client group of older person, 38% within the client group Mental Health and 10% within the client group physical disability and sensory impairment.	Future service users that do not wish to pay top-ups will only be able to select from those homes that do contract at the council's usual price. Providers have voiced concern these will be the poorer quality homes.	All care homes are regulated by the Care Quality Commission and provide a particular level of quality of service – 86% of Herefordshire care homes are CQC Grade 4 compliant. These proposals are not intended to impact on quality of service. The council's quality concerns process shows no evidence of correlation between price and quality of a home	The proposal seeks to improve quality by working with providers to develop a sector-led approach to outcomes quality monitoring. A letter will be sent to existing service users to inform them of the plans and if/how it affects them. Social care practitioners will also be informed so they can provide support to service users if needed.
Gender	Yes. Women constitute 74% of service users			

Race	Yes. 95% of service users identify themselves as White British	No. The composition of service users according to this equality strand is broadly reflective of the local demographics in Herefordshire generally (6% of the population describe themselves as non White British)
Sexual Orientation	<i>No data available to allow analysis</i>	
Religion/ Belief / Non Belief	<i>No data available to allow analysis</i>	
Pregnancy / maternity	<i>Not applicable</i>	
Marital Status	<i>No data available to allow analysis</i>	
Gender Reassignment	<i>No data available to allow analysis</i>	

G) Consultation

Please summarise the consultation(s) undertaken with stakeholders regarding this proposal

A number of consultations have taken place to inform the development of the proposals relating to residential and nursing care for older people – as the proposal primarily relates to price, it was considered appropriate to focus consultation on care home providers. Consultation activities undertaken include:

A. Open Book Review

An Open Book Review approach was adopted to establish the actual average cost of care in Herefordshire. In total 26 providers (57% of the local care home market) participated by completing financial questionnaires and submitting accounts. An independent report was produced, which then informed the council's approach to what usual price(s) to set and how.

B. Consultation on the draft contract and third party contributions policy

In this 7 week consultation, care home providers in Herefordshire were invited to provide the council with feedback and comments on these documents. 11 written responses were received in addition to a 12th response representing 13 providers (some replicated in the 11 written responses). An immense amount of valuable feedback was obtained and is being used to inform a revision of the third party contributions policy and the revisit of the draft contract.

C. Provider meetings

On 16 October 4 meetings were held between council officers and providers (a total of 15 providers attended). On 18 November a large group provider meeting was held with a total of 13 providers attending. At these meetings providers were encouraged to discuss with the council whatever issues they would like – key themes including comments on the Open Book Review Process, provider engagement, quality, the draft contract, third party contributions and brokerage.

H) Additional information and / or research

Include here any references or other sources of data that you have used to inform this assessment.

- Herefordshire Facts and Figures website
- Herefordshire Council Framework Data Reports:
 - RAP P1 (sample week 18 – 24 October 2013)
 - RAP P4 (sample week 18 – 24 October 2013)
- Herefordshire Council Third Party Contributions (Top Ups) Policy
- Department of Health Circular LAC(2004)20
- Care Quality Commission website
- Herefordshire Council Adult Wellbeing Contract Register
- Herefordshire Council Quality Concerns data

Equality Impact and Needs Assessment Form

A) General Information

Name of service, function, policy (or other) being assessed

Home and Community Support Services

Directorate or organisation responsible (and service, if it is a policy)

Adult Well Being

Date of assessment

2 December 2013

Names and/or job titles of people carrying out the assessment

Alison Clay Commissioning Officer

Accountable person

Helen Coombes

B) Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes:

The vision for the project is to ensure that Home and Community Support Users receive a personalised service that maximises their opportunity to exercise choice and control over their care.

The key objectives of the project are to:

- a. Implement a new Framework for the provision of Home and Community Support
- b. Deliver a £1 million savings against the homecare budget of £13.7 million
- c. Deliver an outcome based specification for home care and implement the new contract to deliver this

Ensuring minimal disruption to service users and least effect on the transition process will be a key priority.

C) Context - describe, in summary;

<p>The number of people and/or providers that may be affected by the proposal.</p>	<p><u>Service Users</u> There are currently approximately 850 service users of spot purchased home care services in Herefordshire – this excludes those with services provided through block contracts.</p> <p><u>Care Home Providers</u> The council currently spot purchases home care provision from 46 providers. This does not include provision purchased through block contracts.</p>
<p>What are the values of the contract(s) affected by the proposal? (if appropriate).</p>	<p>The proposal affects spot purchased home care placements. Currently, these placements are purchased at the following rates:</p> <ul style="list-style-type: none"> • £14.90 per hour (standard) • £17.13 per hour (rural premium for specific postcodes) <p>There are currently approximately 1000 home care service users in total (block and spot contracts) for which the council commissions around 14,000 hours of home care per week.</p>
<p>What are the geographical locations of those that might be affected by the proposal?</p>	<p>Spot purchased home care is provided county-wide.</p>

D) Who are the main stakeholders in relation to the proposal?

- | |
|---|
| <ul style="list-style-type: none"> • Current and future service users, including: <ul style="list-style-type: none"> - Service users whose services are arranged by the council - Service users who purchase services through a Direct Payment - Self-funding users of home care services • Service user family, friends and carers • Home and Support care providers • Herefordshire Council • Social care practitioners • Elected members |
|---|

E) What are the anticipated impacts of the proposal?

Positive impacts.

Improved quality and consistent of home care provision

Quality will be part of the scoring criteria in the allocation process of new care packages to providers on the Framework. Quality scoring will be based on a variety of information sources, including Care Quality Commission (CQC) rating, EMS data and contract monitoring data. By robustly monitoring provider's quality performance and feeding this into a fair and transparent allocation process, it is hoped this will drive continual quality improvement within the whole home and community support market – benefiting adult social care funded and self-funding service users.

As part of the new contractual arrangements, successful providers will be required to implement an electronic monitoring system. This will be used by the council as part of a wider approach to contract monitoring, to ensure that provides are delivering the services required at the quality required.

Increased focus on individual outcomes for service users

Rather than specify the exact services that home care providers will be expected to deliver, the new service specification will give an indication of the types of service required. Home and community support providers will be required to adopt a more flexible approach and tailor their provision to meet the needs and desired outcomes of each individual service user, as identified in their support plan.

Development of the homecare market in Herefordshire

The council has opted for a county-wide approach, rather than restricting providers to particular geographic zones. This approach will allow home and community support providers to self-select the areas where they wish to provide services, and subsequently more able to be responsive to customer demand, creating a diverse and flexible market place ensuring service users need and choice are met.

In addition, rather than requiring all providers to deliver all types of home and community support, through the procurement process providers will be able to identify whether they wish to provide “standard” and/or “specialised” services. It is hoped this approach will enable a greater variety of providers to tender and result in a richer mix of provision that is more flexible and responsive to service user needs.

As most providers have both private and council funded clients, enabling the local home and community support market to have greater control over its own development and to be more responsive to customer demand will benefit current and future social care service users (both those who have provision arranged by the council and those who take Direct Payments) and the private, self-funder market.

Financial savings for the Council, enabling better targeting of resources

Due to reductions in central government funding, by 2016/17 Herefordshire Council will need to have delivered savings of £33 million to stay within its budget. Therefore the council is seeking to find efficiencies, do less, and reduce costs. Whilst enabling residents to live safe, health and independent lives is a priority, the council must look to find ways of making reductions across all areas of provision, including home and community support, to ensure that the limited financial resources available are used efficiently and targeted effectively so as to benefit the most vulnerable. Setting a new market price for home and community support is anticipated to deliver £1 million reduction in budget spend.

Negative impacts

Whilst the project is not intended to have any negative impacts, the following potential impacts should be considered:

Potential reduction in rates for home care providers

The council intends to implement a new, lower Framework price for home and community support. There is a risk that a reduction in rates may result in reduced or poorer quality provision for service users.

Mitigation: The council has consulted with providers to identify what is a fair and affordable rate. To drive quality improvements in the market, new care packages for home and community support will be offered to providers on a ranked basis – of which quality will be a central criteria.

Potential gaps in provision

As providers will be able to indicate where they are able to deliver services, there is a risk of limited or no coverage of provision in certain areas of the county. Equally, as we are not requiring all providers to be able to deliver both standard and specialist provision, there is a risk of a shortage of providers on the Framework able to support service users with specific needs

Mitigation: If there is a geographical gap in provision, the council will manage this through a market development approach by incentivising existing providers to extend into these locations. This will help increase the resilience of the local homecare market generally, benefitting both social care and private funded service users. As providers will be able to define their geographical coverage, this will ensure providers offering specialist support are not confined to operating in certain locations. Furthermore, if there is growing demand for particular types of support the council would seek to support the market to develop to meet this demand.

Existing service users may be transferred to a different provider

There is a risk that if an existing contracted provider chooses not to tender, or is unsuccessful in the tender, service users in receipt of their provision may be transferred to a different provider.

Mitigation: A key priority for the project is to ensure minimal disruption to service users and least effect on the transition process is a key priority – we are not limiting the number of providers on the Framework. Therefore, moving existing service users to a different provider will only occur as a last resort. If an existing provider is not on the new framework, in the first instance their service users will be offered a direct payment so as to be able to remain with that provider.

F) With regard to the stakeholders identified and the diversity groups set out below;

	<i>Is there any potential for (positive or negative) differential impact?</i>	<i>Could this lead to adverse impact and if so what?</i>	<i>Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group, or for any other reason?</i>	<i>Please detail what measures or changes you will put in place to remedy any identified adverse impact.</i>
Age	Yes – older people account for the majority of home care service users (76%). In particular, service users are more likely to be within the “older” section of the 65+ client group – 55% of all home care service users are aged 80 or over.	Older age service users may be adversely affected if there is a change in provider of their home care service. This may cause anxiety and stress as national research indicates continuity of carer is important to service users. Isolated older people without support networks (e.g. family, friends) may be particularly vulnerable.	Minimising the impact on service users is a priority and therefore it is hoped that as few service users as possible will need to move provider. The proposal seeks to reduce home care rates and improve quality through more efficient monitoring. Home care service users will benefit from consistent, quality, responsive services, and all current and future adult social care service users will benefit from better targeted financial resources.	Moving service users to a new provider will only be necessary if a current provider does not tender or is not able to demonstrate through the tendering process that they can deliver the quality of care required at the rates specified. Before resorting to the option of changing provider, the service user will be offered a Direct Payment so as to maintain their current provider.
Disability	Yes. All social care funded service users are assessed as having eligible critical or substantial needs. 95% of home care service users are categorised within the “physical disability frailty and sensory impairment” client group.	Service users are only likely to be adversely affected if there is a change in provider of their home care service – this may cause anxiety and stress. If a home care provider of specialist services chooses not to tender or is unsuccessful, this may have particular implications on service users	As above in “age”.	As above in “age”. The Council is keen to ensure the procurement process does not exclude specialist providers from participating: 1. providers can self-select where they operate, and so small providers are not unfairly excluded 2. providers can indicate

	51% of service users aged 18-64 years are categorised within the “physical disability and sensory impairment” client group	with complex needs and ensuring that their needs and outcomes continue to be met.		whether they are willing to provide “standard” home care visits and/or specialist longer visits
Race	Yes. 96% of service users are White British.	No. The composition of service users according to this equality strand is broadly reflective of local demographics in Herefordshire generally (6% of the population describe themselves as not White British)		
Gender	Yes. For older people, women constitute the majority of service users (69%).	It is particularly older women that may be affected – therefore refer to comments written previously in “age”.	Both locally and nationally, women generally constitute a greater proportion of the older age population. Therefore, the composition of older age service users by this equality strand is to some degree a reflection of this trend.	It is particularly older women that may be affected – therefore refer to comments written previously in “age”.
	For service users aged 18-64 the gender split is 48% female, 52% male.	No. The composition of service users aged 18-64 years by this equality strand is comparable to local, regional and national demographic trends.		
Sexual Orientation	<i>No data available to allow analysis</i>			
Religion/ Belief / Non Belief	<i>No data available to allow analysis</i>			
Pregnancy / maternity	<i>No data available to allow analysis</i>			
Marital Status	<i>No data available to allow analysis</i>			
Gender Reassignment	<i>No data available to allow analysis</i>			

G) Consultation

Please summarise the consultation(s) undertaken with stakeholders regarding this proposal

A number of consultations have taken place to inform the development of the home and community support procurement. This includes

A. Market Consultation

1. Consultation document, **Market Consultation on the Commissioning**

Approach, which was distributed to all providers to gain their feedback and view on:

- a) The process for allocating new care packages
- b) Whether there should be a zoned or all-county approach to geographically allocating packages
- c) Which services should be included within the scope of the procurement

2. **Financial Consultation** with providers, to help inform the proposed rates. In total 25 responses were received in the form of cost models, financial questionnaires or accounts.

3. **Face to face meetings** with home care providers to further discuss their views on the commissioning approach and what would be an acceptable rate. 21 providers attended meetings between 8 and 16 October 2013, 31 attended further meetings on 15 November. Face-to-face meetings to discuss the financial considerations of the project were held on 19 and 21 November 2013.

4. **Whole group provider meeting**, held on 28 November at which 16 providers attended. All aspects of the proposal were discussed, particularly the proposed changes to rates.

B. Service user consultation

4. Use of **other recent service user consultations**, such as the Making it Real survey (July 2013) and the Your Life Your Services Your Say survey (July 2013). In recent months there has been a significant amount of consultation with adult social care service users. It was considered appropriate that before further engaging with service users we understand what views have already been captured elsewhere.

5. **Service user consultation via Herefordshire Carers Support**. A questionnaire was distributed to service users through Herefordshire Carers Support. A small number of responses were received.

H) Additional information and / or research

Include here any references or other sources of data that you have used to inform this assessment.

Are there any gaps in your evidence or conclusions that make it difficult for you to quantify the potential adverse impact(s) of this proposal? If yes, please list them here

If you have identified gaps in your evidence or conclusions, how will you explore the proposal in greater depth. Or, if no further action is required, please explain why.

Information and research used:

- Herefordshire Facts and Figures website
- Herefordshire Council Framework Data Reports:
 - RAP P2 (sample week 4-10 November 2013)
 - RAP p4 (sample week 4-10 November 2013)
- Weeler, L. & Newstead, S (September 2013) Attitudes to Homecare in England. Research conducted by Guardian Professional in association with Department of Health
- Care Quality Commission (February 2013) Not Just a Number. Homecare inspection programme: national overview.
- UK Home Care Association Limited (July 2012) Care is not a Commodity. UKHCA Commissioning Survey 2012
- Lucas, L. & Carr-West, J. (October 2012) Outcomes Matter: Effective commissioning in domiciliary care (*Local Government Information Unit*)

Equality Impact Assessment (EIA)

Directorate: People
Service : Adult social care
Name of Officer/s completing assessment: Mike Fry.
Date of Assessment: 21.10.2013
Name of service/function or policy being assessed: Talking Books

1. What are you assessing? Is it a policy, function service?	<p>The Talking Books service provides audio DAISY player plus unlimited audio books to blind and partially sighted people.</p> <p>The service is provided by the Royal National Institute of Blind People (RNIB) as part of a national provision: there is no local office in Herefordshire for Talking Books, though RNIB does have a presence in the county through its partnership working with Vision Links.</p>
2. Are you making changes to what is already happening? (starting something new, stopping something, changing something?) What is the purpose of the new change?	<p>Adult Social Care proposes to withdraw direct funding of this service. Currently the Herefordshire Council pays approximately £13,000 a year to fund services for just over 170 individuals. Currently people do not have to meet any criteria other than that they have some level of visual impairment to access the service.</p> <p>The change is intended to bring funding of Talking Books in line with other services commissioned by Adult Social Care, Herefordshire Council. It will also bring access to the service in line with the strategic intent of both central and local governmental policy, where individual service users who have eligible needs identified are provided with funding to choose how to purchase services to meet their needs, and have the freedom to access services from a provider of their choice rather than having a provider imposed on them as a consequence of local authority funding agreements.</p> <p>Where individual service users are FACs eligible, their personal budget may include an amount to allow the individuals to purchase the service directly if appropriate.</p>
3.1 Why are you making this change? (what	The current contract is coming to an end. The

	<p>The library service provision in Herefordshire is under review as part of the council's programme of budget reductions. Some libraries are to be turned into community libraries, while others are to operate for reduced hours. Budget pressure may see further reduction in library provision announced early in 2014. This will impact on the ability of people with a visual impairment to access audio books from local libraries. However, this group will not be uniquely disadvantaged as the whole population of the county will have access to reading material reduced with reductions in library opening hours.</p> <p>There are those who argue that the council should fund Talking Books to provide people with visual impairments a parallel access to the written word as fully sighted people have via library services. If the availability of library services is to be reduced to the population as a whole there is an equal argument that a proportionate reduction in access to alternative formats of written materials for people with a visual impairment would be equitable.</p> <p>Vision Links is a local charity supporting people with sight loss in Herefordshire through an office in Hereford. Until this year Vision Link received direct funding from Adult Social Care, but his funding was withdrawn as of xxxxx. Vision Links continues to operate from its Hereford office having had to remodel its financial and operational models as a consequence of this change to funding streams.</p> <p>People who meet FACs criteria who are assessed as requiring services that Vision Links provide will have this taken into account when personal budgets are calculated, and will be in a position to individually purchase services they need from Vision Links as appropriate.</p> <p>The people who would be disadvantaged by the dual reduction in funding to Talking Books and Vision Links are those with relatively low level needs who would not meet FACs criteria, and those with sufficient private financial resources to be ineligible for Adult Social Care support. In line with national legislation and guidance the</p>
--	---

	<p>Herefordshire Council has determined that it will target its provision to meet only those for whom it has as responsibility under FACs criteria rather than provide universal access to services. This decision has been made irrespective of protected group status of individuals. This will reduce service levels to some individuals with a visual impairment, however, the Herefordshire Council is legitimately empowered to make this decision in the period of financial constraints currently being experienced.</p> <p>Talking Newspapers/Magazines are a locally located service providing audio versions of local and national news content and magazines. This service is not effected by the proposed change to Talking Books funding, and so will continue to offer access to news/current affairs content to people with a visual impairment in Herefordshire.</p> <p>The Adult Social Care Sensory Impairment Service is being remodelled as part of the wider review of council and social care provision in the context of budget pressures and a changing legislative and operational best practice landscape.</p> <p>This is an opportunity to develop a more effective provision in the rapidly changing context support needs for people with a visual impairment. A more focused provision that takes advantage of advancements in practice and technology to assist people with a visual impairment could mitigate some of the difficulties that individuals may face with the withdrawal of previously funded provision.</p> <p>A service specification for the remodelled sensory impairment service is currently under development.</p>
<p>4. What evidence / sources of information have you used to make your decision? (surveys, employee groups, user groups, statistical data)</p>	<p>Statistical data: Talking Books currently have 173 individuals registered with them in Herefordshire. Of these 28 have not used the service for over one year. Access to Talking Books is not restricted to FACs eligible individuals. Currently only 30 of those registered are in receipt of a FACs eligible service from the Herefordshire Council.</p>

	<p>Financial data: The Herefordshire Council's Adults' Wellbeing Directorate does not have the resources to fund this service directly for people who do not meet Critical and/or Substantial FACs criteria.</p> <p>Consultation responses: Only a minority of individuals responding to the service user consultation stated that they would not be prepared to pay for Talking Books (n=14). This group consisted of roughly equal numbers of those who said they would not pay on principle and those who said they could not afford to pay: those meeting FACs criteria who did not have the financial ability to pay following a financial assessment would not have to meet the cost of the service. This further reduces the number of individuals who might wish to withdraw from receiving the service should the proposed change take place.</p>
<p>5. Have you identified who will be affected by your proposal? (users, partners, customers) – are there any gaps in the information you have collected</p> <p>5a How many people will be affected? How many users are there of the service currently?</p>	<p>Out of the estimated 7,000 people living with varying degrees of sight loss in Herefordshire, there are 173 Talking Book Service Council paid beneficiaries.</p> <p>Those meeting FACs critical and/or substantial criteria will, where appropriate, be able to purchase the service directly through an additional element in their personal budget/ direct payment. Any additional funding is also consequent to a financial assessment under the Fairer Charging guidance.</p> <p>Adult Social Care will evaluate all those currently on the Talking Books register to identify those individuals who may meet FACs eligibility criteria and will offer to assess/review those people. It will also offer to review those who have already been identified as meeting the criteria to recalculate any direct payment/personal budget as appropriate.</p> <p>All those currently on the Talking Books register will be contacted to inform them of any funding changes to the service, and alternative provision that they may wish to access.</p>

	<p>The Talking Books service is a national provision delivered by a third sector agency. It is not expected that there will be any risk to paid or voluntary employment for individuals in Herefordshire due to the centralised structure of RNIB Talking Books which is based outside of the county.</p> <p>Talking Books has an existing subscription scheme allowing individuals to purchase their service, so RNIB will not need to develop a changed business structure to adapt to the proposed change.</p> <p>People who are not FACs eligible will still be able to access Talking Books, but will need to purchase the service from their own resources.</p>
<p>6. Have you identified that one group of people may be more affected than another (for example, disabled people)</p>	<p>Blind and partially sighted readers who do not have a viable alternative working medium for accessing printed literature.</p>
<p>7. Have you consulted with the people that will be affected? (what did they tell you? How did you consult with them?)</p>	<p>On-going discussions with Talking Books staff have been taking place over the last nine months regarding this proposed change to funding.</p> <p>A telephone consultation, which attempted to contact all the Talking Books service users in Herefordshire, was undertaken in the week commencing 23/09/2013. 84 people responded to the consultation. The vast majority of respondents used Talking books solely or primarily for leisure purposes. 57% of respondents could either access print material or accessed audio materials from sources other than Talking Books. Only 14 individuals said they would not pay for a Talking Books service.</p>
<p>8. Have you identified any potential positive impacts?</p>	<p>Improved service user experience and increased service delivery efficiency.</p> <p>Talking Books will have the opportunity to reshape their service to take advantage of the development of service users directly developing demand funded through Personal Budgets, stimulating and reshaping the market place in line with Government policy. Undertaking this action has the potential to mitigate the negative impacts below.</p>

	<p>The proposed changes will allow people to seek individual solutions to meet their reading needs rather than rely on a single provision.</p>
<p>9. Have you identified any negative impacts?</p>	<p>Those individuals with a visual impairment who do not meet critical or substantial FACs criteria will no longer be able to access a free at point of delivery Talking Books service.</p> <p>There may be an increased demand for people wanting to have a social work assessment as a consequence of the proposal. Liaison with social work staff who may be involved in these assessments will be critical to ensure timely delivery of any additional service demands.</p>

Equality Impact Assessment (EIA)

Directorate: Adult Wellbeing
Service : Adult social care
Name of Officer/s completing assessment: Mike Fry.
Date of Assessment: 12.11.2013
Name of service/function or policy being assessed: Royal Voluntary Service, Meals On Wheels

<p>1. What are you assessing? Is it a policy, function service?</p>	<p>The Meals on Wheels (MoW) service provides either hot or frozen meals for people in their own homes. This service is delivered by the Royal Voluntary Service (RVS), and is a county wide provision. RVS are currently contracted to provide 100,000 meals a year, and is funded through individual contributions (currently £4.40 per meal) and a payment of £60,000 p.a. from Adult Social Care which currently subsidises the service to end users.</p> <p>Two alternative models of provision to replace the current service are explored in this assessment. Option 1 is for RVS to continue to be the primary home meals provider, using a different financial, product and service design. Option 2 presumes RVS will cease to be the primary provider, and the service will be reshaped to make use of a range of universal and bespoke community resources.</p>
<p>2. Are you making changes to what is already happening? (starting something new, stopping something, changing something?) What is the purpose of the new change?</p>	<p>The proposal is that the current direct funding of MoW cease from 01/04/2014. From this date a full cost recovery model will be introduced.</p> <p><u>Option 1 :</u></p> <p>RVS will reconfigure their services to develop a full cost recovery provision based on the existing service model. This will mean that service users will move from the current charge of £4.40 per meal to £5.40 - £5.50 per meal once the current subsidy has been removed.</p> <p>At the same time that the increase in charges is introduced RVS propose to move to a new model of meal provision using a higher quality product. This new product has been trialled in West Sussex</p>

	<p>where RVS report universal satisfaction with the new product and acceptance of a higher charge for higher quality meals and service.</p> <p>As part of the new service, RVS propose to offer users value added extras as part of the package within the higher fees.</p> <p><u>Option 2:</u></p> <p>RVS will cease to provide a county wide home meals service. In its place a model of provision based on individuals utilising a mixture of universal and bespoke community services will be developed. This fits with the Adult Wellbeing Directorate intent to: “Encourage individuals, communities and organisations do more for themselves and for their local area.”</p>
<p>3.1 Why are you making this change? (what are the drivers – budget, resources, duplication, legislation)</p>	<p>In 2011 the Herefordshire Council made the decision to operate a full cost recovery model for adult social care provision in line with its Fairer Charging policy.</p> <p>Other services have already been transferred to a full cost recovery model. This was delayed for a year in the case of MoW to ensure a smooth transition to the new structure and to allow the Herefordshire Council and RVS time to set up the best possible new provision for the service users, with an improvement to the service while causing minimum disruption to current users. However, RVS now express some concerns that they will not be able to design a financially viable county wide service that meets user needs for a hot meal at a realistic cost. This being the case a viable alternative option needs to be developed</p> <p>Both local and national government policy advocate a move away from traditional service models where service users are presented with a single provider option to one where individuals are given a budget to meet assessed needs, from which they can purchase provision from a range of providers operating in a vibrant market. This proposal supports this policy and gives users a more powerful voice in directly determining local</p>

<p>3.2 Wider contextual issues</p>	<p>services through being given the choice accessing one or several options from a range of possibilities, financially supporting only those which meet their needs and preferences.</p> <p>It has to be acknowledged that budgetary pressures on the council are a driver in this change as the new funding structure will mean that support with meals may only be subsidised for those with an assessed need for those with support with preparing or eating food, while the subsidy will be removed from those not meeting eligibility conditions under Fair Access to Care Services (FACS) criteria.</p> <p>In November 2013 the Herefordshire Council decided that Adult Social Care would no longer include meals in its Resource Allocation System (RAS). This means that the council would no longer include an amount for food/meals in any personal budget. However, financial assistance with paying for help with food preparation and/or eating may still be provided.</p> <p>The older cohort of citizens has aged through a social context that has resulted in individuals now expecting higher standards of food and food preparation than previous generations. Equally, they have experienced the development of a range of meal options that are of high quality while being quick and easy to prepare through the use of the now ubiquitous microwave ovens. A number of supermarkets now offer home delivery of high quality frozen/chilled microwave meals at competitive prices. This now gives individuals access to a wide range of nutritious foods that can be delivered to the door at competitive prices. People with mobility or other health limitations can thus access commercial pre-prepared home meals at reasonable costs, negating, in many cases, the need for traditional home meals services. MoW needs to compete both in quality and price with these options.</p> <p>Governmental intent, both nationally and locally, is to develop a society where individuals are as self-supporting as possible and where the community takes an increasingly active role in supporting vulnerable people.</p>
------------------------------------	--

<p>4. What evidence / sources of information have you used to make your decision? (surveys, employee groups, user groups, statistical data)</p>	<p>Herefordshire Council Research Team, Adult Social Care proposed new charging policy consultation survey report, September 2012.</p> <p>RVS service user data.</p> <p>RVS Impact Assessment report (07/02/2013).</p> <p>RVS, Royal Voluntary Service proposal for Hereford Meals on Wheels December 2013 – March 2014 report</p> <p>Herefordshire Council financial data.</p> <p>Fair Access to Care Services (FACS) guidance.</p>
<p>5. Have you identified who will be affected by your proposal? (users, partners, customers)</p> <p>Are there any gaps in the information you have collected?</p> <p>How many people will be affected?</p> <p>How many users are there of the service currently?</p>	<p><u>Option 1:</u></p> <p><u>RVS Staff:</u> RVS have 17 staff (WTE 8) who contribute to the delivery of MoW. RVS have stated that these jobs would end if the service ceased (RVS Impact Assessment 07/02/13). These job losses, however, are predicated on cessation of the service, not a remodelling of funding streams. It is envisioned that take up of the new improved service from April 2014 will be of a level to sustain current staffing levels</p> <p><u>Volunteers:</u> Approximately 400 volunteers provide 275 hours of input into the service on a weekly basis, though only 167 of these are active on a weekly basis as part of the MoW service. RVS have stated that 80% of these volunteers would no longer be required if the MoW service ceased (RVS Impact Assessment 07/02/13). The loss of these volunteering opportunities is, however, predicated on cessation of the service, not a remodelling of funding streams. The new improved service designed to go live in April 2014 is expected to require the same or greater level of volunteer input as the current service. Of the 167 volunteers, 155 are over the age of 60, 120 are female and the remaining 47 are male.</p> <p><u>Service Users:</u> There are approximately 500</p>

	<p>people registered with Meals on Wheels. Of these approximately 200 have been identified as needing assistance with preparation of meals in a social work assessment.</p> <p><u>Option 2:</u></p> <p>RVS Staff: Option 2 would reduce the demand for staff time to support a meals service at RVS. This may have the impact of making some of those posts unviable in their present configuration. RVS have suggested that up to 8 WTE posts may be lost if their meals service was to completely cease. However, option 2 still leaves room for RVS to provide a slimmed down service which would allow for the retention of some of these posts.</p> <p>RVS Volunteers: The RVS MoW service relies heavily on volunteer input, and reduction or cessation of the service would reduce or remove the need for this volunteer input. Many displaced volunteers may find alternative volunteering opportunities, but some may withdraw from the sector. RVS use 167 volunteers on a weekly basis to deliver the MoW service. Of the 167 volunteers, 155 are over the age of 60, 120 are female and the remaining 47 are male.</p> <p>Service Users: This option seeks to make use of and develop universal community resources to provide access to meals through and within the local community. A wider range of options will be available to service users, where home meals will be supplemented by access to meals in community settings, including commercial venues such as pubs, enhancing social opportunities for individuals.</p> <p>However, there are a number of individuals currently having MoW how live in isolated rural settings where access to public transport is limited. Where these individuals have mobility limitations there will be difficulties in accessing some of the community services.</p>
--	---

	<p>RVS, as part of their MoW delivery service undertake wellbeing checks on the people they see. This function can be critical in identifying problems at an early stage, particularly where people have little or no other daily contact with people, to ensure preventative measures are employed through reporting the issues to relevant health and social care agencies. The loss of this function would be of particular detriment to the most vulnerable of service users.</p> <p>Social Care Staff: Option 2 may lead to the reduction of wellbeing monitoring of some vulnerable people. Social care staff will either have to work with reduced levels of monitoring of vulnerable people or they will have to be involved in establishing alternative support systems for some people.</p> <p>Partner Agencies: Option 2 relies on a wider pallet of provision locally drawing on resources from a range of providers. This will require the development of new partnership arrangements with local agencies and businesses.</p> <p>Local Private Sector Businesses: This option would stimulate demand for provision of meals from local businesses, whether retail outlets or businesses that prepare and serve meals. By supporting local business, this option would help to protect or increase paid employment in the county at a time of economic depression and high unemployment. Arguably, there would be a move to greater support for peoples' nutritional needs from people in paid employment rather than the current reliance on volunteers used by RVS.</p>
<p>6. Have you identified that one group of people may be more affected than another (for example, disabled people)</p>	<p>Both of the potential options will impact most heavily on the same group of individuals. Neither option will have any significant positive impact on the constitution of the population of people in either a positive or negative fashion compared to the other option.</p> <p>95% of MoW users are over the age of 70.</p> <p>Approximately 80% of MoW service users have or</p>

	<p>have had a social work assessment: this would indicate that the majority of MoW service users have some additional limitation as a consequence of health/care needs. However, only about 40% of current MoW service users have a social work assessment detailing the need for support for individuals via MoW.</p> <p>Those people who meet critical or substantial FACS eligibility criteria following a social work assessment may be able to get financial assistance with the purchase of assistance preparing food where this is done by the individual herself/himself or eating meals through a personal budget, though not with the cost of the food.</p> <p>A number of the MoW recipients live alone and are socially isolated, the MoW delivery volunteer being the only social contact that the person has each day. These are some of the most vulnerable of Social Care service users. For these individuals the loss of daily human face to face contact may have significant practical and/or psychological consequences.</p> <p>Adult Social Care staff: The change to a full cost recovery model may prompt requests for additional social work assessments/reviews. A request has been made for a social work practitioner to be nominated as a liaison point for RVS/Adult Social Care Commissioning to help manage any demand for additional social work activity and identify possible mitigating actions that may be taken to minimise any difficulties for social work teams. This would also mitigate any difficulties service users might have in accessing social care assessments/reviews where the need for this has been generated by this proposed change.</p>
<p>7. Have you consulted with the people that will be affected? (what did they tell you? How did you consult with them?)</p>	<p>All service users of a social care provision delivered in the home, including MoW, were surveyed between May and August 2012 when the Herefordshire Council proposed a full cost recovery model for social care provision in the county. (see Fair Charging report)</p> <p>There have been on-going discussions with RVS about the proposed changes to funding of MoW.</p>

	<p>RVS have been actively included in discussions on future modelling of the MoW service, and are of the opinion that the proposed changes to funding are manageable without significant detriment to MoW, as the proposed model already operates successfully in other areas of the country. The proposed change fits with RVS's business model for the forthcoming years and would be implemented with the support and agreement of RVS.</p>
<p>8. Have you identified any potential positive impacts?</p>	<p><u>Option 1:</u></p> <p>RVS have identified that there is likely to be a cost increase to service users as a consequence of changed funding arrangements. However, they are in the process of reviewing their product, and believe that the quality of meals will be improved as a consequence of higher service user expectation with increase user costs.</p> <p>The full cost recovery model will bring funding of home meals in line with other social care provision. By withdrawing a subsidy of MoW, the council will be developing a level playing field allowing other potential providers of a similar service to compete on a financially equal basis, potentially opening the way to greater competition and choice, which is believed to deliver improved provision for the end users.</p> <p>The full cost recovery model and improved meal specification will allow RVS to offer to provide food for luncheon clubs run by small local organisations, particularly in rural areas, without the facilities to produce their own meals. This potentially allow for a development of local luncheon clubs in more remote areas of the county.</p> <p><u>Option 2:</u></p> <p>By moving from a largely volunteer based provision to a greater use of local universal resources this option will support and stimulate economic activity in the county, helping to protect local employment at a time of economic difficulty.</p>

	<p>Encouraging the use of local community resources will also support integration of vulnerable people into the local community and enhance social opportunities for service users.</p>
<p>9. Have you identified any negative impacts?</p>	<p><u>Option 1:</u></p> <p>There will be some current service users who will face a 23% increase in meal costs without being eligible for any support in meeting the additional amount from Social Care. Some of these individuals may seek alternative suppliers or opt not to have support with meals provision.</p> <p><u>Option2:</u></p> <p>While this option will support paid employment in the county, there will be a corresponding decrease in the need for volunteer opportunities in the MoW service. However, this may be mitigated by the policy intent, both national and local, to stimulate community support of vulnerable people which will stimulate the development of volunteering opportunities in other areas of activity.</p> <p>MoW provides daily human contact for some of the most vulnerable citizens living in the community. Should these people be unable or unwilling to access alternative community options their social contact could be significantly reduced, potentially leading to psychological and/or practical problems.</p>

Equality Impact Assessment (EIA) – Village Wardens

Directorate: Adult Wellbeing
Service : Adult social care
Name of Officer/s completing assessment: Alison Clay
Date of Assessment: 29.10.2013
Name of service/function or policy being assessed: Village Warden Scheme

1. What are you assessing? Is it a policy, function service?	Service (block purchased)
2. Are you making changes to what is already happening? (starting something new, stopping something, changing something?) What is the purpose of the new change?	The contract for the service will terminate on 31 March 2014 and Adult Wellbeing proposes to withdraw direct funding of this service from 1 April 2014 onwards. Currently Herefordshire Council pays £54,000 a year to fund the service.
3. Why are you making this change? (what are the drivers – budget, resources, duplication, legislation)	<p>The Village Warden service is targeted at vulnerable adults that do not meet the council's eligibility criteria for care and support.</p> <p>This is not a statutory service the council has to provide. Herefordshire Council is experiencing severe financial constraints, and consequently has to review spending to ensure that funding is targeted to meeting the assessed needs of those members of the population who meet critical and/or substantial FACs criteria. All social care contracts are being reviewed to ensure resources are appropriately targeted at those assessed as having eligible needs – therefore the proposed change to this contract is not unique.</p>
4. What evidence / sources of information have you used to make your decision? (surveys, employee groups, user groups, statistical data)	<ol style="list-style-type: none"> 1. British Red Cross Service Report on Service activity July 2012 – December 2012 (completed February 2013) 2. Deloitte Report (November 2012). The economic impact of care in the home services: a report commissioned by the British Red Cross 3. Discussions with the (<i>previous</i>) Village Wardens Service manager (04.01.13 and 28.02.13) 4. British Red Cross Village Wardens Scheme Impact Assessment 15.10.11 5. Herefordshire Council financial data: the Adult Wellbeing Directorate does not have the resources to fund this service directly for people who do not meet Critical and/or Substantial FACs criteria.
5. Have you identified who will be affected by your proposal? (users, partners, customers) –	<u>Service users</u> : as of 30 October 2013 the service is supporting 106 service users across the county

Further information on the subject of this Report is available from
 Donna Etherton (Adult Wellbeing Commissioning Manager) 01432 383629 or Alison Clay
 (Commissioning Officer) 01432 323784

Equality Impact Assessment (EIA) – Village Wardens

<p>are there any gaps in the information you have collected</p> <p>5a How many people will be affected? How many users are there of the service currently?</p>	<p><u>British Red Cross Staff and volunteers</u>: as of 30 October 2013 the service is run by 3 part-time staff who coordinate networks of community volunteers. A new service manager has also recently been appointed. Staff contracts run until December 2014.</p> <p><u>Other stakeholders</u> The service receives referrals from a variety of agencies and also refers some service users to other agencies for additional support. Key stakeholders include:</p> <ul style="list-style-type: none"> • Families, carers and neighbours • Adult social care teams • Hospital staff and community health • Police, community safety and fire service • Herefordshire carers support • Elected members and parish councils
<p>6. Have you identified that one group of people may be more affected than another (for example, disabled people)</p>	<p>In particular, removal of funding for the service may affect the following groups:</p> <p>a. <u>Older People</u> – the service is specifically targeted at people aged 75 years and older. Service reviews and impact assessments from previous years show that consistently the greater proportion of service users are in the “older” age group within the 65 years and over client group.</p> <p>b. <u>People with a disability / poor health</u> – The service is specifically targeted at vulnerable, older people. The current service model with its reablement focus is particularly targeted at service users who have the potential to regain their independence (such as following hospital discharge).</p> <p>c. <u>Volunteers</u> - whilst not a protected equality characteristic, the decision may impact on the network of Village Warden volunteers. Removal of funding for the scheme may impact negatively on the infrastructure that recruits and coordinates volunteer activity.</p>
<p>7. Have you consulted with the people that will be affected? (what did they tell you? How did you consult with them?)</p>	<p>Discussions have been held with the Village Warden Service Manager to identify how the service might be sustained whilst simultaneously supporting the council’s need to target funding at services for those with eligible needs. It was agreed that for 2013/14 funding for the scheme be reduced by 50% with the British Red Cross funding the reduction with the use of charitable funds.</p> <p>There has been no formal council consultation with service users on the decision to withdraw funding for the scheme from 1 April 2014. Previous surveys and consultations (e.g. Your Community Your Say in 2012 and BRC on-going service user engagement) have identified that this type of service is valued by communities.</p> <p>As part of the transition plans for the service it is proposed that the Sustainable Communities Team work with parishes, which will include Village Warden Service Users, to identify how parishes can</p>

Further information on the subject of this Report is available from
 Donna Etherton (Adult Wellbeing Commissioning Manager) 01432 383629 or Alison Clay
 (Commissioning Officer) 01432 323784

Equality Impact Assessment (EIA) – Village Wardens

	develop and support community resource projects, such as the Village Wardens.
8. Have you identified any potential positive impacts?	<p>1. <u>Herefordshire Council</u></p> <ul style="list-style-type: none"> * Financial saving of £54,000 in 2014/15 * Can ensure resources are targeted at those assessed as eligible and most in need of care and support <p>2. <u>Local communities</u></p> <ul style="list-style-type: none"> * In line with the move to encouraging community resilience and self-support, removal of funding for the Village Wardens will promote engagement with local communities to support them to utilise existing community resources (e.g. volunteers), build community capacity and develop community support initiatives
9. Have you identified any negative impacts?	<p>1. <u>Service users</u></p> <ul style="list-style-type: none"> * Reduced support to regain independence and increased risk of isolation * Increased risk of going into crisis and needs escalating <p>2. <u>Herefordshire council</u></p> <ul style="list-style-type: none"> * Potential increase in demand for adult social care services, as the needs of some vulnerable adults escalate into eligible needs. <p>3. <u>Local communities</u></p> <ul style="list-style-type: none"> * Potential loss of a locally based resources and reduced volunteer network <p>4. <u>Hospitals</u></p> <ul style="list-style-type: none"> * Less timely hospital discharges and increased risk of readmission
10. Mitigation	<p>Whilst withdrawal of funding for the Village Warden scheme may have a number of negative impacts (particularly if the service then ceases to exist), it is hoped that a planned approach to the future of this service and similar community-based services will mitigate these impacts. Proposed actions include:</p> <p>1. Timely liaison with British Red Cross to understand their future intentions for the service and to signpost and support access to alternative sources of funding (e.g. CCG, grant monies)</p> <p>2. Liaison with Parish Councils to encourage communities to identify what sorts of resources they want to develop and support in their communities and to provide assistance in achieving this (e.g. Sustainable Communities Team to identify possible “models” for communities to adopt, e.g. Village Wardens, Good Neighbours, Pub as a Hub, Community Libraries)</p>

Next Stage Integration – Initial Equality Impact Assessment (EIA)

June 2013

The Next Stage Integration (NSI) Project is a dynamic piece of work requiring regular review of proposals, decisions and impact. This EIA document will be reviewed on a monthly basis through the life of the project to ensure that project task EIA's are being effectively recorded, reviewed and utilised within the project.

There are 3,450 service users within Adult Social Care (ASC) system (June 2013 – Framework i). Access to services can be summarised within the service categories collected as shown in the table below.

Row Labels	Count of Client Name
[Primary Client Type Missing]	10
Abuse or Neglect	10
Carer - Learning Disability	2
Carer - Older People	13
Carer - Physical disability and sensory impairment	1
Carers	30
Disability	8
Family dysfunction	2

Family in acute stress	1
Learning Disability	594
Mental Health	383
Older People	1,102
Other Vulnerable People	24
Parental illness or disability	2
Physical disability and sensory impairment	1,263
Substance Misuse	5
Grand Total	3,450

276

The age, gender and ethnicity of the current service users is shown below:

	18-64		18-64 Total	65+		65+ Total	Grand Total
	F	M		F	M		
Asian or Asian British	1	2	3	2	2	5	
Black or Black British		4	4	1	1	5	
Chinese or other ethnic group		1	1	1	2	3	
Mixed	3	4	7	1	3	10	
Not stated	10	6	16	26	39	55	
White	477	549	1026	1589	2279	3305	
(blank)	6	6	12	31	44	56	
Grand Total	497	572	1069	1651	2370	3439	

Next Stage Integration Overview

Through the Next Stage Integration project, the Council intends to modernise and improve the quality of its Adult Social Care services. This will enable more outward facing community focussed approaches, and better information, advice and guidance to address problems currently experienced by families and service users who are not clear where to get information and advice. There will also be a new commissioning strategy with fewer block contracts.

The council currently commissions Wye Valley Trust and 2gether Foundation Trust to manage and provide a range of Adult Social Care services on its behalf which are delivered through Trust management. The staff from within the Adult Social Care services are seconded from the council to both organisations. These commissioning arrangements are being reviewed as the Section 75 agreements come to an end in September 2013 (WVT) and March 2014 (2gether).

The council, in conjunction with the Clinical Commissioning Group (CCG), is considering how it can deliver high quality integrated community health and social care in order to give residents greater choice and control, enable better management of demand for services and identify more cost effective approaches to meet statutory responsibilities. The Next Stage Integration project is the framework within which we will achieve this goal.

The Next Stage Integration project is a key component of the Adult Social Care Business Change Transformation Programme and is tasked to deliver £0.756m of savings in 2013/14. The project aim is to implement a new operating model that delivers greater choice and control for service users within a budget that Herefordshire can afford. This is being managed in two stages:

- Stage 1- April 2013 until September 2013
 - o Public and partner engagement
 - o Options analysis and redesign
 - o Organisational restructure
- Stage 2 – September 2013 until April 2014
 - o Implementation and integration
 - o Commissioning programme

Consideration of the current provision via staff workshops, management and partner discussions and key advisor inputs recorded the following issues:

- Significant variations in individual services in terms of service user and carer satisfaction performance, and cost
- Focus on transactional activity, operational and day to day issues

- A multiplicity of systems and process, characterised by numerous access points and significant waiting lists
- A focus on hospital discharge, rather than a broad prevention strategy working with primary care
- A pathway that does not offer sufficient choice and control in line with self-directed support, and has over bureaucratic systems and processes and poor data quality within the case management system
- Insufficient professional social care leadership and significant retention and recruitment issues for qualified social workers
- Continued provision of direct care and regulated services, which does not reflect the overall strategic approach of the council as it moves towards a commissioning approach and away from direct provision

The key design principles that underpin the proposed model are:

- Developing shared arrangements with NHS, Housing, Environment and Communities to support and sustain vulnerable people in their locality
- Improved Social Work and Occupational governance reflecting national good practice
- A single point of access to broader council services that is closely aligned with broader council services with specific focus on information and advice, housing and financial advice
- Personalisation/Choice and Control core principle – User led and Carer led in design, planning and delivery
- Rapid response and access to reablement, telecare and specialist advice and guidance is integrated into broader primary and urgent care pathways
- Where people require long term Adult Social Care support they will have a personal budget and a range of support planning and brokerage options are available to them
- That the council intends to divest itself of direct care provision and other functions, commissioning these from the wider market (includes social enterprises, independent suppliers and voluntary sector)
- Safeguarding Adults is everyone’s business
- Virtual wards and a neighbourhood focus are key priorities for CCG and the structure has been developed to reflect this priority and a shift towards a greater focus on preventing people going into hospital

Organisational Change

Staff consultation on the new operational model and suggested organisational changes commenced on the 6th June and ends on the 20th July. The proposed structure reduces the existing headcount from 258.17 fte to 187.72 fte. There are a number of part time posts and so from 324 post holders 111 redundancies are forecast.

The headcount reduction has been achieved through an objective role-based process that tests whether current responsibilities and duties have a 55% match with a role in the new structure:

- **Alignment:** Where a single person meets the 55% criteria the person will be appointed to the role without a selection process.
- **Pool at risk:** Where there are more people that can demonstrate a 55% match to new job content than the number of roles that are available then the selection process is to retain the strongest candidate from the pool for the retained posts. For unsuccessful employees from the pool, they would then be an “individual” at risk of redundancy.
- **Displacement:** An individual within their current role cannot demonstrate a 55% match to any available role within the structure.

Before undertaking any competitive selection, people were invited to come forward voluntarily to leave under the council’s exit policy. These applications were considered before commencing any selection processes. Applications were invited from anyone who was pooled at risk in order to avoid the need to make any compulsory redundancies. Applications were also considered from aligned employees to see if it was possible to back-fill the role with an employee who at risk of redundancy.

In addition the number of compulsory redundancies were mitigated, by releasing vacancies and releasing fixed term contracts. As a result of this **91.5%** of the overall reduction has been achieved through voluntary means.

Where a competitive selection process was required, a competitive interview / assessment centre was conducted as appropriate based on the requirements for the future and using the Herefordshire Council competency framework.

The workforce within the scope of NSI are predominantly female (83.64%) and part time posts form 57.41% of the organisation. Once the changes have been fully implemented this ratio of female staff will increase to 85.79% and part time posts will be 51.58% of the new organisation.

During the consultation period we received one counter proposal regarding community equipment and reablement that has led to a change to the proposed structure; removing a proposed (vacant) post and retaining a number of other roles based on the operational and individual feedback of the team.

The new organisation structure will offer operational efficiency to contribute to the project savings target, and the key changes are recommended as they are critical to the implementation of the new Adult Social Care Operating Model.

For ease of reference the table below has been split into two key areas of focus

- Commissioning
- Operations

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route	
Commissioning					
Day Opportunities <ul style="list-style-type: none"> Move away from building based day centres Wider range of services Access via personal budgets Specialist as appropriate but mainstreamed within the community. FACS critical or substantial 	Age	P	Reputational	Mitigation	
	Disability	P	during transition due to fear of and resistance to change within the service user groups	Public engagement events including reference groups	
	Gender	-	Direct Payments cannot be used to purchase from a local authority provider restricting choice	to fear of and resistance to change within the service user groups	Direct communication
	Reassignment	-	Low level usage of personal budgets, legislative requirements to improve this	Legal as commissioning process is necessarily short	Tailored approach for Day Services
	Marriage & Civil Partnership	-	Existing case studies in Leominster of more creative provision	Escalating cost of current provision due to overheads	Supplier events to ensure knowledge of opportunity widely available and information requirements on tendering process met
	Pregnancy & Maternity	-	Public engagement feedback wanting to utilise services within their locality		Good Transition planning
	Race	-	Escalating cost of current provision due to overheads		Development of outcome orientated approach and measures
	Religion or Belief	-			
	Sex	-			
	Sexual Orientation				

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
Reablement <ul style="list-style-type: none"> Short term, home based intensive support Up to a max of 6 weeks Assists with hospital discharge Provides skills for daily living to enable independent living Reduces the need for on-going support 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Public engagement feedback demonstrating desire for more support to remain in own homes Analysis of current service demonstrates average stay of service user significantly exceeds 6 weeks Service only available Escalating cost of current provision Strategic move to prevention and enablement and reduction in hospitalisation 	Reputational in transition as service will be reliant on domiciliary agency support as opposed to trained reablement staff in the interim period	Mitigation <ul style="list-style-type: none"> Public engagement events including reference groups Direct communication New service specification, outcome based Supplier events to ensure knowledge of opportunity widely available and information requirements on tendering process met Good Transition planning Development of outcome orientated approach and measures
Age	P																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							
Norfolk House <ul style="list-style-type: none"> 30 unit extra sheltered housing scheme For individuals over the age of 60 Self- contained flat and front door Communal facilities 24 hour care support Enables independent living as far as possible 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Historical poor quality performance reports Low emphasis on outcome measures Local authority direct provision limits service user choice to purchase alternative support using a direct payment 	Reputational if service users and families perceive there to be service reduction as opposed to positive change Financial if market not able to respond appropriately	Mitigation <ul style="list-style-type: none"> Public engagement events including reference groups Direct communication New service specification, outcome based Supplier events to ensure knowledge of service outcomes and tender process understood Good Transition planning Development of outcome orientated approach and measures
Age	P																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
Adult Placement Scheme <ul style="list-style-type: none"> Also known as Shared Lives Scheme Supports suitable careers who provide accommodation and support in their own homes For adults with disabilities, learning disabilities, health problems, mental health issues & older people 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Low emphasis on outcome measures Historical poor performance in relation to CQC standards and greater flexibility required to scale service up if not provided by the local authority 	Reputational during transition if service users and families perceive there to be service reduction as opposed to positive change	Mitigation <ul style="list-style-type: none"> Public engagement events including reference groups Direct communication New service specification, outcome based Supplier events to ensure knowledge of service outcomes and tender process understood Good Transition planning Development of outcome orientated approach and measures
Age	P																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							
Integrated Community Store (ICES) <ul style="list-style-type: none"> Provides equipment to help people stay at home Helps to develop individual full potential and health and independence Enables on-going care in their home environment 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Inequitable distribution within the current delivery model Lack of clarity on priorities for service Inequitable sharing of cost between CCG and HC/WVT based on levels of demand/usage from health 	Reputational during transition as there may be service reduction leading to longer stays in hospital, counter to long term strategy.	Mitigation <ul style="list-style-type: none"> Public engagement events including reference groups New service specification, outcome based Supplier events to ensure knowledge of service outcomes and tender process understood Good Transition planning Discussions with CCG on demand and cost management options Communications with GP's 		
Age	P																							
Disability	P																							
Gender Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																		
Sensory Impairment <ul style="list-style-type: none"> Specialist sensory assessment of the needs of people who are blind or partially sighted and /or have hearing loss After assessment training, equipment, support, and or advice is provided to maximise independence and safety 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Poor provider & commissioner understanding of requirements Waiting lists too long Performance, including outcome, measures not in place 	Reputational during transition based on current perception of understanding and support from the council and fear of change.	Mitigation <ul style="list-style-type: none"> Public engagement events including reference groups Direct communication New service specification, outcome based Supplier events to ensure knowledge of service outcomes and tender process understood Good Transition planning Development of outcome orientated approach and measures
Age	P																					
Disability	P																					
Gender Reassignment	-																					
Marriage & Civil Partnership	-																					
Pregnancy & Maternity	-																					
Race	-																					
Religion or Belief	-																					
Sex	-																					
Sexual Orientation	-																					

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
Operations																								
Learning Disabilities <ul style="list-style-type: none"> Supports vulnerable adults with Learning Disabilities & their carers Range of clinical & therapeutic services and interventions Physiotherapy, psychiatry & psychology support 	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Current performance not effectively quantified Low emphasis on outcome measures Moving to interim arrangement with 2g as provider 	Reputational during interim if service users & staff not clear about the longer term plan and benefits	Mitigation <ul style="list-style-type: none"> Integrated staff workshops Direct communication with service users and families Joint development of performance measures to include outcomes Joint development of a new service specification, outcome based Good Transition planning Development of integrated care pathways
Age	-																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							
Safeguarding <ul style="list-style-type: none"> Safeguarding no longer the responsibility of a single team Meeting the needs of people who require the support and protection of a safeguarding framework will be able to access their part in their local community 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> Current performance information shows underperformance Safeguarding service not able to cope with level of demand 	Reputational & Legal if the concept of making safeguarding everyone's business is not realised	<ul style="list-style-type: none"> Good Transition planning Integrated staff workshops Direct communication with service users and families and use of reference groups Community engagement programme for making safeguarding everyone's business New operational response to safeguarding alerts Locality based screening Joint development of performance measures to include outcomes Good Transition planning Development of integrated care pathways
Age	P																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
Reablement <ul style="list-style-type: none"> • Domiciliary enablement provision by care support workers in service users homes for up to 6 weeks maximum • 7 days, 8am -10pm • Supported by care co-ordinators & duty managers • Supports increased independency with self-care, domestic tasks and community access 	<table border="1"> <tr> <td>Age</td> <td>P</td> </tr> <tr> <td>Disability</td> <td>P</td> </tr> <tr> <td>Gender</td> <td>-</td> </tr> <tr> <td>Reassignment</td> <td>-</td> </tr> <tr> <td>Marriage & Civil Partnership</td> <td>-</td> </tr> <tr> <td>Pregnancy & Maternity</td> <td>-</td> </tr> <tr> <td>Race</td> <td>-</td> </tr> <tr> <td>Religion or Belief</td> <td>-</td> </tr> <tr> <td>Sex</td> <td>-</td> </tr> <tr> <td>Sexual Orientation</td> <td>-</td> </tr> </table>	Age	P	Disability	P	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> • Public engagement feedback demonstrating desire for more support to remain in own homes • Escalating cost of current provision • Strategic move to prevention and enablement and reduction in hospitalisation 	Reputational during transition as there may be service reduction leading to longer stays in hospital, counter to long term strategy.	Mitigation <ul style="list-style-type: none"> • New service specification, outcome based • Supplier events to ensure knowledge of opportunity widely available and information requirements on tendering process met • Good Transition planning • Development of outcome orientated approach and measures • Direct communication with service users and families and use of reference groups • Joint development of performance measures to include outcomes • Development of integrated care pathways
Age	P																							
Disability	P																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)		Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route
Assessment & Care Management <ul style="list-style-type: none"> Request for Community Care assessed. Eligibility prioritised on Critical & Substantial need Support plan developed & implemented 	Age	P	<ul style="list-style-type: none"> Public consultation and performance data indicate this is a poor service with extended delays and poor communication causing significant negative impact on service users; their families. 	Reputational if a positive change is not actively shown to have been made quickly.	<ul style="list-style-type: none"> Good Transition planning Customer Journey mapping Direct communication with service users and families and use of reference groups Joint development, with service users, of performance measures to include outcomes Good Transition planning Development of integrated care pathways
Disability	P				
Gender	-				
Reassignment	-				
Marriage & Civil Partnership	-				
Pregnancy & Maternity	-				
Race	-				
Religion or Belief	-				
Sex	-				
Sexual Orientation	-				

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route
Neighbourhood Teams	Age	P	Reputational if a positive change is not actively shown to have been made within a reasonable time. Financial if costs are not reduced in line with targets	<ul style="list-style-type: none"> • Good Transition planning • Customer Journey mapping based on prevention • Direct communication with service users and families and use of reference groups • Joint development, with service users, of performance measures to include outcomes • Development of ASC Front Door (Defer, Divert, Deny) • Development of integrated care pathways with Housing, Health, Communities and Mental Health agencies.
	Disability	P		
	Gender Reassignment	-		
	Marriage & Civil Partnership	-		
	Pregnancy & Maternity	-		
	Race	-		
	Religion or Belief	-		
	Sex	-		
	Sexual Orientation	-		
	Welfare Rights	Age		
Disability		-		
Gender Reassignment		-		
Marriage & Civil Partnership		-		
Pregnancy & Maternity		-		
Race		-		
Religion or Belief		-		
Sex		-		
Sexual Orientation		-		

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																		
Safeguarding <ul style="list-style-type: none"> • Safeguarding no longer the responsibility of a single team • Meeting the needs of people who require the support and protection of a safeguarding framework will be able to access their part in their local community 	<table border="1"> <tr><td>Age</td><td>P</td></tr> <tr><td>Disability</td><td>P</td></tr> <tr><td>Gender Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	P	Disability	P	Gender Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> • Contract monitoring information providers user numbers/usage levels • Safeguarding Adults Annual Report • Current performance information shows underperformance • Safeguarding service not able to cope with level of demand 	Financial Reputational	<ul style="list-style-type: none"> • Good Transition planning • Integrated staff workshops • Direct communication with service users and families and use of reference groups • Community engagement programme for making safeguarding everyone's business • New operational response to safeguarding alerts
Age	P																					
Disability	P																					
Gender Reassignment	-																					
Marriage & Civil Partnership	-																					
Pregnancy & Maternity	-																					
Race	-																					
Religion or Belief	-																					
Sex	-																					
Sexual Orientation	-																					
Review Team <ul style="list-style-type: none"> • Project specific activity 	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>-</td></tr> <tr><td>Gender Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	-	Gender Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-	<ul style="list-style-type: none"> • Review Performance for 12/13 	None	N/A
Age	-																					
Disability	-																					
Gender Reassignment	-																					
Marriage & Civil Partnership	-																					
Pregnancy & Maternity	-																					
Race	-																					
Religion or Belief	-																					
Sex	-																					
Sexual Orientation	-																					

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>-</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	-	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-			
Age	-																							
Disability	-																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							
	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>-</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	-	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-			
Age	-																							
Disability	-																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. Positive (P) , Negative (N), Neutral (-)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route																				
	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>-</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	-	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-			
Age	-																							
Disability	-																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							
	<table border="1"> <tr><td>Age</td><td>-</td></tr> <tr><td>Disability</td><td>-</td></tr> <tr><td>Gender</td><td>-</td></tr> <tr><td>Reassignment</td><td>-</td></tr> <tr><td>Marriage & Civil Partnership</td><td>-</td></tr> <tr><td>Pregnancy & Maternity</td><td>-</td></tr> <tr><td>Race</td><td>-</td></tr> <tr><td>Religion or Belief</td><td>-</td></tr> <tr><td>Sex</td><td>-</td></tr> <tr><td>Sexual Orientation</td><td>-</td></tr> </table>	Age	-	Disability	-	Gender	-	Reassignment	-	Marriage & Civil Partnership	-	Pregnancy & Maternity	-	Race	-	Religion or Belief	-	Sex	-	Sexual Orientation	-			
Age	-																							
Disability	-																							
Gender	-																							
Reassignment	-																							
Marriage & Civil Partnership	-																							
Pregnancy & Maternity	-																							
Race	-																							
Religion or Belief	-																							
Sex	-																							
Sexual Orientation	-																							

The Equality Duty 2010 has 3 aims (general duty)

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those that do not.

The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services.

Equality Impact and Needs Assessment Form

A) General Information

Name of service, function, policy (or other) being assessed

Day opportunities

Directorate or organisation responsible (and service, if it is a policy)

Adult Well Being

Date of assessment

November 2013

Names and/or job titles of people carrying out the assessment

Peter Brennan Lead Commissioner

Accountable person

Helen Coombes

B) Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes:

The Day opportunities procurement process is designed to deliver a new provider for adult day opportunities within a revenue budget that is being reduced by £900k by 2014/15. The statutory duties of the Council to meet all assessed needs eligible under their Fair Access to Care Policy has to be maintained within available resources.

C) Context - describe, in summary;

The number of people and/or providers that may be affected by the proposal.

Service Users

There are currently 255 service users attending the Day opportunities services. Of these:

	<ul style="list-style-type: none"> ○ 52 Service users with complex care requirements, for whom there will need to be access to building based activities and support . the numbers of and location of these buildings will be determined after the new provider ahs been identified. ○ 130 users service users not in Residential Care that are likely to have lower level care/support requirements . This group of people are likely to have some or all of their eligible needs met in ways other than in their current Day Opporutnities provision. ○ 73 Service Users in Residential Care whose support needs should be fully met by the residential care service. These service users will still be able to access day opportunities if they wish to pay for this on top of the support that they are already able to access.
What are the values of the contract(s) affected by the proposal? (If appropriate).	The contracts will be worth in the order of £1m per annum. Other contracts to be mobilised will be taking up spare capacity in the contract volumes already specified, for example with Shaw HealthCare or in Residential Care contracts.
What are the geographical locations of those that might be affected by the proposal?	The services are provided county-wide.

D) Who are the main stakeholders in relation to the proposal?

<ul style="list-style-type: none"> • Current and future service users, including: <ul style="list-style-type: none"> - Service users whose services are arranged by the council - Service users who purchase services through a Direct Payment • Service user family, friends and carers • Community based Support care providers • Herefordshire Council • Social care practitioners • Elected members
--

E) What are the anticipated impacts of the proposal?

Positive impacts.

Broader Choice and variety of provision

There are examples of alternative models of service provision in this area within Herefordshire which are provided by the independent sector. Giving greater control and choice within available provision to service users. Examples include the service developed by Aspire at Tan Brook on a membership basis for service users and the many different models people with personal budgets or direct payments are establishing outside day service type facilities.

Increased focus on individual outcomes for service users and development of the provider market in Herefordshire

One of the corollaries of increasing the choice and control for service users is that their aspirations and outcomes can be accommodated more easily. This is the model that all councils are adopting as social care and health service develop. Having a provider base that can respond to this is essential.

Better targeting of resources enabling financial savings for the Council.

The Council is currently meeting more than just the eligible needs of its service users. It provides about 20% more people than the average comparator council with day services, and many people are being offered several days a week of service to achieve very small numbers of outcomes from their assessed needs. By targeting the outcomes people wish to meet from their eligible needs, the Council will be able to make the savings on the Day opportunities budget it has set out for 2014/15.

Negative impacts

Whilst the project is not intended to have any negative impacts, the following potential impacts should be considered:

Potential reduction in attendance at Day opportunity centres

One of the consequences of the budget changes is that the policies of the Council to only meet eligible needs and to meet them in the most cost effective way have to be enforced. To do this some people will not be attending their traditional day service or not attending it as frequently.

Mitigation:

There is a programme to offer alternative opportunities which have no cost consequence to the council such as using existing contracted capacity in services for older people; using membership based models such as that developed by Aspire and others; offering support to learn how to access community based services at an accelerated rate.

Some service users accessing day opportunities may be benefitting from preferential process in their Residential Care

There is a view that for some people in residential care, their price for that care may be lower than if they were not receiving day opportunities. This is thought to be the case for people living in Adult Placement or Shared Lives Services and possibly in other services as well.

Mitigation

The assessment and Support planning process for each individual must identify specific ways of meeting eligible needs and ensure that the resource made available to do so is able to meet those needs.

In Adult Placement or Shared Lives services people are living as if they were part of someone's family and so should be treated accordingly.

Existing service users may be transferred to a different provider

This is likely to happen to all service users.

Mitigation:

The transition process cannot be completed until a full assessment of individual

needs and an appropriate Support Plan has identified how eligible needs are to be met is in place.

F) With regard to the stakeholders identified and the diversity groups set out below;

	<i>Is there any potential for (positive or negative) differential impact?</i>	<i>Could this lead to adverse impact and if so what?</i>	<i>Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group, or for any other reason?</i>	<i>Please detail what measures or changes you will put in place to remedy any identified adverse impact.</i>
Age	Yes – there are 70 people over the age of 60 attending day opportunities at the moment. This group receive a different type of service from that offered to other people aged over 60 in the county.	It could lead to adverse consequences as they may be offered alternative services to that which they currently attend and it may not be their service of first choice even though it will meet their assessed needs in the most cost effective way.	The service offered to this group of users will be the same as that offered to other people aged over 60 in the County.	Their service will be focussed on meeting their assessed needs in the most cost effective way possible.
Disability	All people receiving the current service have some form of disability. Changes to their service may be seen as having a negative impact, but it is not differential. The opportunities offered to service users currently exceed those offered, for example, to people who are unable to find work.	The negative effects may impact on their eligible needs.	As the impact is not differential compared to the rest of the population it can be justified on this basis. However, the Council has to be prepared to make adjustments to support plans on the basis of an increase in eligible needs because of the changes it is making.	Their service must be focussed on meeting their assessed needs in the most cost effective way possible.
Race	Yes. 96% of service users are White British.	No. The composition of service users according to this equality strand is broadly reflective of local demographics in Herefordshire generally (6% of the population describe themselves as not White British)		

Gender	No. The gender split in services is very close to population norms.	N/a	N/a".	N/A
Sexual Orientation	<i>No data available to allow analysis</i>			
Religion/ Belief / Non Belief	<i>No data available to allow analysis</i>			
Pregnancy / maternity	<i>No data available to allow analysis</i>			
Marital Status	<i>No data available to allow analysis</i>			
Gender Reassignment	<i>No data available to allow analysis</i>			

G) Consultation

Please summarise the consultation(s) undertaken with staff and their trade unions (if applicable), customers and other stakeholders regarding this proposal

There has been a process of consultation that continues. It started in May 2013 specifically on the proposals for procurement with service users and their carers, and with staff the reductions in budget have resulted in the programme for Voluntary Redundancies.

The specific proposal of services being met in the most cost effective way, no changes being made to services until after a completed assessment and other process issues have been consulted on.

The changes to individual service user's time at day opportunities has not.

H) Additional information and / or research

Include here any references or other sources of data that you have used to inform this assessment.

Are there any gaps in your evidence or conclusions that make it difficult for you to quantify the potential adverse impact(s) of this proposal? If yes, please list them here

If you have identified gaps in your evidence or conclusions, how will you explore the proposal in greater depth? Or, if no further action is required, please explain why.

- The Consultation on impact of the proposals needs to continue both on a case by case basis and on an aggregated basis to ensure appropriate actions can be taken if adverse, discriminatory impacts are indicated.
- Herefordshire Facts and Figures website
- Herefordshire Council Framework Data Reports:
 - RAP
 - Herefordshire Day opportunities budget and attendance records December 2012

Adult Social Care proposed new charging policy consultation report

EQUALITY ANALYSIS (EQUALITY IMPACT ASSESSMENT)

September 2012

SCOPE	
Portfolio	Health and Wellbeing
Service Area	Adult Social Care
Consultation	Adult Social Care Fees and Charges Fairer Charging Policy
Proposed changes being assessed	A range of proposals to increase charges for non-residential Adult Social Care aligned to certain key objectives: 1. To facilitate fair and equitable charging 2. To ensure charges (where appropriate) cover the cost of the service provided.
New or existing policy?	This is a modification to existing policy
EIA review team	P. Evans, S. Binns, C. Trachonitis, R. Gallagher.
Service lead	A. Carswell
Assistant Director for sign off	C. Baird

Contents

1. The changes proposed.....	page 3
2. The consultation process.....	4
3. The evidence gathered.....	5
4. The Impact of proposed changes on ‘Protected Groups’.....	6
5. The Impact of proposed changes on ‘Affected Groups’.....	7
6. Summary of impact by group.....	8
7. Analysis of negative consequences of proposed changes.....	9
8. Recommendations.....	14
8.1 Possible changes to proposals	
8.2 Post-Implementation monitoring	

1. The Changes Proposed

a) To establish fair charging.

To remove differences in treatment between those managing their own care using personal budgets and those whose care is managed by the council.

b) To charge for the full cost of services provided

To eliminate (where possible and appropriate) varying degrees of subsidy in relation to services currently provided free of charge or at rates significantly below actual cost.

To establish the principle of full cost recovery.

c) To increase the cost per day for day care

Currently this is charged at a subsidised flat rate. It is proposed that this should be increased to cover a range of actual costs.

d) To charge home care based on full cost recovery.

The proposal asked whether people in rural areas should be charged more or whether the cost should be averaged so that everyone pays the same.

Currently this is charged at the same rate for both rural and urban areas. e) To introduce charging for care-related transport

That is to withdraw the subsidised nominal charge for care-related transport and replace this with a charge that will recover the full cost and also to stop paying transport costs for those in receipt of the Disability Living Allowance Mobility Component.

f) To introduce charges for carer's services

Currently these are free of charge. It is proposed to introduce charges for carer's services.

g) To introduce charges for supported employment

Currently this is provided free of charge. It is proposed to introduce variable charges to cover the actual cost of this service.

h) To increase the charge for meals

Currently this is set at a subsidised level. It is proposed to increase this to a cover the actual cost of provision.

Note: With the exception of meals provision where it is proposed that everyone will pay, other services will be means tested. Whether any given individual will pay will depend on a financial assessment. Only those who can afford to pay will pay the increased charges.

2. The Consultation Process

The consultation was widely publicised with advertising in Herefordshire Matters, the local press and radio, and by posters were placed in community centres, GP surgeries and local post offices.

The consultation combined four streams of activity covering:

a) Engagement with Service Users

The main mechanism for the consultation was a questionnaire delivered to the homes of more than two thousand service users. A second tranche of around five hundred was delivered to the homes of service users with learning disabilities under an 'Easy Read' covering letter offering encouragement and advice on obtaining assistance with filling in the form. A reminder letter was sent part way through the consultation period. Additional copies were distributed at various meetings and were available on demand via both hotline and website. The form was reply paid. An online version of the questionnaire was also available on the consultation website.

The questionnaire contained extensive comment fields and opinions were explicitly sought, complementing the formal analysis based on enumerating answers to questions.

An extensive series of meetings were held at Day Centres and other locations and the views of service users collected.

b) Engagement with Organisations and Professionals

- Meetings were held with various provider groups, pressure groups and with professionals from within HPS. Comments were recorded and summarised for the purposes of the report.

c) Engagement with the Wider Public

Three main channels were made available to record the views of members of the wider public:

- A web page for written comments was provided on the HPS website
- A telephone hotline was available to answer queries and to record verbal comments
- A public meeting was held at the Kindle Centre

The availability of these facilities was publicised with a half-page advertisement in 'Herefordshire Matters'.

d) Equality Analysis (Equality Impact Assessment)

This Equality Analysis has been an integral part of the consultation process. Considerable effort has been aimed at collecting and recording of the views of those affected and interested. As well as considering the impact of the proposed charging changes on the 'protected groups' we have also identified other 'affected groups' (those in rural locations and carers) who are particularly affected.

3. The Evidence Gathered

3.1 Questionnaire

A total of 564 responses were received (by post and online) representing approximately one quarter of all service users.

The questionnaire was largely aimed at establishing rates of approval or disapproval in relation to each proposed change however a text field was included with each question and a substantial number of comments have been recorded (over 1,200).

922 of those receiving a questionnaire currently do not pay charges and would not be adversely affected by the proposal for increased charges , other than the meals proposal as charges are applied outside of the financial assessment framework.

3.2 Qualitative evidence

A considerable effort was made to collect personal comments and anecdotal evidence on the impact of the proposed changes from all relevant sources and these have been used to inform the Equality Analysis.

The sources of this evidence are

- Questionnaire text-based open questions (see above)
- Telephone hotline tickets
- Comments collected at meetings with service users
- Comments collected at the public meeting
- Comments collected from meetings with service providers
- Comments collected from the meeting with HPS professionals
- Comments collected from Pressure groups
- Information taken from correspondence received

In total more than 2,000 comments and statements on the proposed changes have been collected from service users and their relatives, providers and professionals, and from concerned members of the public. These have been analysed and used to inform the Equality Analysis.

4. Impact of Proposed changes on Protected Groups

The proposed changes are perceived to be broadly neutral in impact except where indicated in red below:

	PROTECTED GROUP:							
	Age	Disability	Gender	Marriage	Pregnancy / Maternity	Race / Ethnicity	Religion	Sex / Sex Orientation
CHARGE:								
Day Care								
Home Care								
Transport								
Carer's Services								
Supported Employment								
Meals								

By the nature of services being delivered, the people in receipt are those who have an eligible need which would usually arise from disability or age. It is therefore these protected groups who will be affected by these proposals.

5. Impact of Proposed Changes on 'Affected' Groups

The evidence gathered indicates that service users in rural areas and carers will be affected by the proposed changes

		Rural dwellers
CHARGE:		
Day Care		
Home Care		
Transport		
Carer's Services		
Supported Employment		
Meals		

Together with the older people and those with a disability, the three groups above are affected by the proposed changes.

6. Summary of Impact by Group

Protected Groups:

Age – The proposed increase in charges impact on older people as they are a significant user group of Adult Social Care. With the exception of Supported Employment charges, all of the proposed changes impact this group. Individuals, however, would not pay more than they could afford to pay following financial assessment. The comments from consultation indicate a sense of disappointment that their expectation of support in old age after paying taxes would not be met. The proposed changes have raised anxiety about additional financial stress (despite the fact that many will not be affected because their financial assessment establishes that they cannot afford to pay). There could be an increase in demand for financial assessments and, from the consultation exercise, indications of a fall in demand for services as a result of the changes to cost.

Disabled – The proposed changes impact on people with a disability as, again by the nature of the service, they are key users. Comment from the consultation is that the consequences of the proposed changes will also fall on the families and others providing support. They benefit from the ‘free-time’ provided when the person they care for is occupied with an activity. If service take-up falls as a result of higher charges, it is the view of families and carers that they will need to make additional provision. Charging for supported employment particularly is perceived as reducing economic and social opportunity.

Gender – The consequences of the proposed changes fall equally on both genders.

Marriage – No disproportionate effect intrinsic to the changes as such. However it has been observed that a high proportion of carers are partners. Charging for Carer’s Services may result in partners not accessing respite .

Pregnancy/ Maternity – The proposed changes have no disproportionate effect.

Race/Ethnicity – The impact of the proposed changes is not affected by race or ethnicity.

Religion – The impact of the proposed changes is not affected by religion.

Sexual Orientation – The impact of the proposed changes is not affected by sexual orientation.

Affected Groups:

Carers – This group will be affected by the proposed changes. Charging for Carer’s Services in particular has resulted in a high proportion of feedback that this is deemed an unfair proposal. Many felt that carers save the local authority a large amount of money through their caring role. The change could lead to lower levels of voluntary caring and consequently a greater cost in the longer term. Implementing charging may impact on the recently developed Carers Strategy which has a strong prevention element.

Rural Dwellers – Those living in rural locations already have additional issues in terms of accessing services. Comments from the consultation were that individuals should not be penalised for living in rural areas. Increasing charges for transport and home care will impact on this group.

7. Analysis of Risks identified from the consultation activities of the proposed changes

	Risk	Further Effect
Affected Service:		
Transport	<ul style="list-style-type: none"> 'Actual cost' favours those living close to services and facilities and could affect those living in rural areas 	<ul style="list-style-type: none"> Can be seen as discriminatory to those living in Rural areas or further away from current services Rural service users may face difficulties in attending regular appointments (G.P/ Hospital) Important appointments may be missed. Rural public transport is currently a problem for many and current policy proposals e.g. TPG transport plan may increase this issue Some rural transport routes pick up a number of service users from a wide catchment area making billing for the service potentially unfair due to extra distances travelled
	<ul style="list-style-type: none"> 'Flat rate' cost favours those living further away from services and facilities but could affect those who only travel short distances 	<ul style="list-style-type: none"> Those who live close to a service or facility could potentially be paying a large amount for a short trip People may choose private companies for this, service could then potentially become expensive to run with falling numbers using it
	<ul style="list-style-type: none"> People may stop using transport services, people become isolated, have no social interaction 	<ul style="list-style-type: none"> Detrimental effect on service users, could impact on increased need for health and social care services For some Day Care transport is the one visit during the week to their house. This can be the first alarm for many if something is wrong. Services could be affected with falling numbers due to increased transport costs and rising costs of attendance leading to closure. Again leading to a detrimental effect on the user.
	<ul style="list-style-type: none"> Current DLA contributions 	<ul style="list-style-type: none"> Some service users have identified that even the current DLA money is not enough to cover specially modified vehicles or current journeys Staff identified that DLA may not be here by 2017. This may increase the financial burden on the local authority to provide this
	<ul style="list-style-type: none"> Current service provision/ internal issues 	<ul style="list-style-type: none"> The transport setup is not managed well – there are numerous different taxi firms, bus companies, private cars etc. All seem to be able to charge what they want. Journeys are not shared where there is scope to do so. Transport currently do not work with social care about transport issues to look at solutions

		<ul style="list-style-type: none"> • It is thought that 90% of clients are currently not financially assessed for transport. A Personal Budget for a £16 per week on travel would generate more work • There is a perceived need that more transport contracts should be better negotiated to provide a fairer price
--	--	--

Suggestions from the consultation

- Partnership work between Transport and Social Care to investigate solutions
- A public house in Colwell has a hire car facility outside of it which can be accessed with a PIN number; could this be trailed elsewhere?
- Personal Budgets could be used by groups to pay for transport - short journeys would be cheaper by taxi (especially if shared). The Council would be left to fund only long journeys

310

	Risk	Further Effect
Affected service		
Carers services	<ul style="list-style-type: none"> • The cost to the Carer may mean they cannot afford valuable time away 	<ul style="list-style-type: none"> • Carers may ignore their own health if these charges are implemented having a detrimental affect on the health of carer and cared for – increased costs to services • Carers may become socially isolated, again given the rural demographics of Herefordshire • Carer may lose employment and valuable income to take up full time caring role • Family relationships may get strained without respite breaks which could be detrimental to both the carer and the cared for
	<ul style="list-style-type: none"> • Carers may stop the caring role they provide 	<ul style="list-style-type: none"> • Potentially large increase in service and numbers of assessments which would put more pressure on finances
	<ul style="list-style-type: none"> • Concern about costs to implement proposal 	<ul style="list-style-type: none"> • Cost for assessment with many carers being nil charge payers may not match forecasts for recovery

Suggestions from the consultation

- Some carers suggested that a cost of £5- £6 per hour may be a more appropriate charge
- Suggestion that perhaps instead of payments a voucher scheme may be able to be adopted
- Suggestion that both the carer and the person being cared for need to be looked at together as a package, not individually. There is currently a potential in the system for double payments.

	Risk	Further Effect
Affected Service		
Day Care	<ul style="list-style-type: none"> • People can no longer afford Day Care 	<ul style="list-style-type: none"> • Social interaction will be lost. For many attending this is an important service. People will become isolated. Potential increase in ill health and services required • For a carer or cared for valuable respite time will be lost. Family relationships could be strained affecting the carer and cared for • For rural service users the day centre may well be the only service available in local area • More pressure on services that provide care at home without attendance at a Day Centre
	<ul style="list-style-type: none"> • Service uptake decreases due to increased costs 	<ul style="list-style-type: none"> • Currently the private market is not mature enough to provide a variety of services lost • Possible closure Day Care would mean a loss of what is seen as a valuable service to some • Increased travel costs and subsidies to attendee's if Day Care centres close locally and service users are forced to go elsewhere for service provision

Suggestions from the consultation

- Many commented that they do not see Day Care as 'Care'. Many go for the social interaction, meal and activities. It has been suggested that perhaps this be rebranded and another separate service be created at a realistic, affordable cost.
- Comments received that if the FACS criteria for day care attendance was at a lower threshold potential attendance could increase and make it more financially viable. This suggestion could be considered with the previous suggestion above

	Risk	Further Effect
Affected Service		
Meals	<ul style="list-style-type: none"> Vulnerable service users may discontinue service if costs increase 	<ul style="list-style-type: none"> For some this service may be their only access to a healthy, nutritious and balanced meal. This may lead to an increased risk of ill health leading to further pressures on health and social care services
	<ul style="list-style-type: none"> Increased risk of ill health and injury to service users currently unable to manage food preparation themselves 	<ul style="list-style-type: none"> Risk of ill health and / or injury posed to those who currently cannot prepare food safely

Suggestions from the consultation

- There is a perception that there is a high price is due to the monopoly over the service. It was feedback that there needs to be more choice and a competitive market

	Risk	Further Effect
Affected Service		
Homecare	<ul style="list-style-type: none"> Vulnerable service users may discontinue service if costs increase 	<ul style="list-style-type: none"> This is a nominal risk across the county as there is no increase in urban areas Can be seen as discriminatory to those living in Rural areas or further away from current services
	<ul style="list-style-type: none"> Many currently feel Homecare provision in the county varies in quality 	<ul style="list-style-type: none"> Vulnerable service users may discontinue service if costs increase (see above)

- **N.B It was suggested that charging a higher rate in rural areas will not make a difference as the majority of people are not full payers anyway.**

Suggestions from the consultation

- Commissioners need to look at other agencies and the market place to pay directly to get better rates and service

Affected service	Risk	Further effect
Supported employment	<ul style="list-style-type: none"> • Vulnerable service users may discontinue service if charge is implemented 	<ul style="list-style-type: none"> • This is a nominal risk, currently the service user base using these services meet the higher end of the FACS criteria and by there very nature would have little or no financial savings to make them chargeable. • There is a significant duty of care for this service user base. Any charges imposed could be seen as discriminatory

Suggestions from the consultation

- It was suggested that options such as looking at the empty shops within the city centre and seeing if these could be used by various groups of people to fill them with purpose? These spaces could be used creatively to provide new businesses and enterprises.
- Currently there are only two sponsored initiatives for this kind of service. But there are some very successful ones around the county, perhaps more partnership working could identify additional opportunities.

8. Recommendations

8.1 Changes

In the survey three proposals in particular received a particularly negative response with 70% plus stating opposition. These were:

- The proposal to increase transport costs from £1.35 to £15.25
- The proposal to introduce charges for carer' services
- The proposal to increase day care costs

8.2 Monitoring

The implementation of any or all of the proposals to charge will require monitoring through:

- Individual Reviews
- Financial Assessments
- Complaints
- Significant decrease in service provision

Equality Impact and Needs Assessment Form

A) Description

Name of service, function, policy (or other) being assessed

Waste Management

Directorate or organisation responsible (and service, if it is a policy)

Economy, communities and corporate directorate

Date of assessment

5/12/13

Names and/or job titles of people carrying out the assessment

Kenton Vigus, Waste Disposal Team Leader

Accountable person

Richard Wood, Environment and Waste Services Manager

What are the aims or main purpose of the service, function or policy? What does it provide and how does it provide it?

To collect and dispose of household waste in the area of Herefordshire Council. And to provide a trade collection when requested.

Location or any other relevant information

Waste Services G Drive

List any key policies or procedures to be reviewed as part of this assessment.

Assisted collection service (reviewed regularly), waste management services contract, refuse and recycling collection contract.

Who is intended to benefit from the service, function or policy?

The public, trade waste customers

Who are the stakeholders? What is their interest?

The public, trade waste customers. Herefordshire Council. Ensuring value for money and quality of service.

B) Partnerships and Procurement

If you contract out services or work in partnership with other organisations, Herefordshire Council remains responsible for ensuring that the quality of provision/delivery meets the requirements of the Equality Act 2010, ie.

- Eliminates unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Fosters good relations between different groups

What information do you give to the partner/contractor in order to ensure that they meet the requirements of the Act? What information do you monitor from the partner/contractor in order to ensure that they meet the requirements of the Act?

On procurement, relevant documents and policies were checked to ensure the contractor adheres to the Equality Act 2010. In our conditions of contract.

Are there any concerns at this stage that indicate the possibility of inequalities/negative impacts? For example: complaints, comments, research, and outcomes of a scrutiny review. Please describe:

No

C) Information

What information (monitoring or consultation data) have you got and what is it telling you?

Assisted collection. Customer satisfaction survey.
Complaints and compliments received from customers.
Monthly missed collection monitoring.

D) Assessment/Analysis

Describe your key findings (eg. negative, positive or neutral impacts - actual or potential). Also your assessment of risk.

Strand/community	Impact
Assisted collection review	happy customers, many needed removing as it was no longer needed
Different language users	Provide different leaflets, liaison with equality officers to ensure correct information.
Traveller community	Provide tailored collections depending on site size and need.
Public	Providing kerbside collection to as many properties as possible, ensuring equality within the population (all have collection from the boundary of the property unless for welfare reasons).

E) Consultation

Did you carry out any consultation?

YES NO

Who was consulted?

-

Describe other research, studies or information used to assist with the assessment and your key findings.

-

Do you use diversity monitoring categories? Yes No

(if No you should use this as an action as we are required by law to monitor diversity categories)

If yes, which categories?

- Race
- Sex
- Sexual Orientation
- Religion & Belief
- Disability
- Age
- Gender Reassignment
- Marriage & Civil Partnership
- Pregnancy & Maternity

What do you do with the diversity monitoring data you gather? Is this information published? And if so, where?

Assisted collection review – just ask for name and address, and why service is necessary.
Information not published.

F) Conclusions

	Action/objective/target OR Justification	Resources required	Timescale	I/R/S/J
a)	No significant change to the service for many years. Current mechanisms are sufficient.	N/A	N/A	N/A
b)				
c)				
d)				

(I) *Taking immediate effect.*

(R) *Recommended to Council/Directors through a Committee or other Report*.*

(S) *Added to the Service Plan.*

(J) *To be brought to the attention of the Herefordshire Equality & Human Rights Group.*

*Summarise your findings in the report. Make the full assessment available for further information.

NB: Make sure your final document is suitable for publishing in the public domain.

Equality Assessment – Waste Disposal Contract - December 2013

Protected Characteristics identified under the Equality Act 2010	Area of work (service, policy, procedure) Stop, start, or change	Considered impact of change. (positive, negative, neutral)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal.)	Mitigation / exit route
Age	Change to Waste disposal contract - moving to alternate weekly collections of waste.	Neutral	No change to existing service whereby if residents require assisted collections, these will be noted and responded to by collection crews.	Reputational	The Council will continue to provide assistance to residents who, through disability and infirmity need help with their recycling and waste collection services.
Disability	As above	Neutral	No change to existing service whereby if residents require assisted collections, these will be noted and responded to by collection crews.	Reputational	The Council will continue to provide assistance to residents who, through disability and infirmity need help with their recycling and waste collection services.
Gender Reassignment	As above	No impact	No data collected	None	None
Marriage and Civil partnership	As above	No impact	No data collected	None	None
Pregnancy and maternity	As above	No impact	No data collected	None	None
Race	As above	No impact	No data collected	None	None

Religion or Belief	As above	No Impact	No data collected	None	None
Sex	As above	No impact	No data collected	None	None
Sexual Orientation	As above	No impact	No data collected	None	None

The Equality Duty 2010 has 3 aims (general duty)

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those that do not.

The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services.

Public Sector Equality Implications on closure of 4 public toilets

The closure of the 4 toilets proposed is a business decision that when fully implemented will improve the existing provision and add additional toilets to be accessed by the public across Herefordshire by implementing a Community Toilet Scheme.

Each location has been mapped as shown in appendix 3; suitable premises are being identified to achieve a similar level of service in Hereford.

The CTS strategy aims to address shortcomings in provision as a result of closure of on street public conveniences.

The decision has been assessed using the 9 protected characteristics of the Equality Act 2010 as set out below.

Characteristic	Potential Impact	Mitigation Measures
Age	Elderly people need to use toilet facilities more often, families are also in need of changing facilities.	Information regarding the provision of public toilets and toilets open to the public will be available on the website. This will include opening times, locations and other services available. Toilets open to the public owned by private businesses and in public buildings will be invited to participate in Herefordshire Councils Community Toilet Scheme. The CTS will strategically target locations where the need for such facilities is required. On street signing to the Councils maintained toilets will be reviewed and improved where necessary.
Disability	Closures may have greater impact on those with disabilities and health issues.	As above
Gender Reassignment	None	
Marriage and Civil Partnerships	None	
Pregnancy and Maternity	Pregnant women tend to use the toilet facilities more often, fewer on-street	Community Toilet Scheme will strategically select members based on their location and

	facilities available due to closures.	facilities available.
Race	None	
Religion or Belief	None	
Sex	None	
Sex Orientation	None	

Equality Impact Assessment -Proposed policy changes

– Home to school/college transport

Introduction

Herefordshire home to school/transport policy sets out what the Council is to provide, and make arrangements for, regarding transport for children and young people attending schools and colleges.

The policy sets out the circumstances where the Local Authority must make transport arrangement due to legislation and what is provided additionally by the Council as a result of local determination. The policy applies to children of statutory school age and young people between 16 and 19 years of age attending further education courses. The policy considers children and young people:

- of different ages;
- with identified learning difficulties and disabilities;
- who are from low income families;
- with different religion or belief.

The approximate number of children and young people using Council co-ordinated transport are given in the table below:

	Number
Children aged 5-16 attending mainstream school	3,600
Children with special educational needs attending mainstream and special school	230
Children attending schools on the grounds of religion and belief	130
16-19 years olds	1,100
16-19 year olds with SEN	110

The overall school population is 21,400.

The overall cost of transport provision is circa £3.7m. The costs are £4.8m and through charging for non-entitled transport there is an income £1.1m. The charges do not cover the average costs of transporting the non-entitled children and young people.

The proposed policy changes

- 1) To provide free home to school transport for children aged 5-16 years to their nearest school in England rather than their nearest and catchment.

- 2) To withdraw the subsidy for transport to 16-19 year olds with SEN and introduce the same charge as for non SEN 16-19 year olds.
- 3) Reduce the level of subsidy for those travelling on Council coordinated transport.

Numbers affected

The number affected by change to nearest school only is approximately 800 (500 at secondary and 300 at primary).

The number of 16-19 year olds with SEN who would be charged under the revised is 110.

Consultation

During May and June 2013 Council officers discussed the proposed changes with elected members and asked interested and affected parties to respond through the web site. There was subsequently 6 weeks of formal consultation between the 9th September and the 18th October. Respondents were asked:

- and what mitigation could be put in place for either group.
- what other savings might be made as an alternative;
- whether there were other ways of reducing the impact on young people with SEN or from rural communities;

Details of the proposals and information in the form of a frequently asked question (FAQ) response sheet were circulated. Head teachers, governors and parent groups were advised of the desire to get a wide range of responses. Affected and interested parties were asked to express their views and consider the implications. The responses to the consultations were collated and considered in officer groups and by cabinet member for Children's Services.

Impact

Changes to nearest, rather than nearest and catchment, may mean that children from rural communities may not receive free transport to the school they are at now or would have chosen to go to. This is not considered to specifically disadvantage any children or parents with protected characteristics.

Changes to charging for students with SEN may adversely affect children and young people with disabilities. It may be that students feel they cannot attend a particular provision due to the cost.

Assessment of Impact

There were no credible alternatives identified through consultation as to how to realise the savings the proposals bring.

Other Local Authorities already have such policies about nearest school and charging for post 16 SEN students. Where authorities have introduced these policies there was no discernible change in numbers attending provision.

While the charge to SEN students does have the potential to impact on a group with protected characteristics the introduction of charging is considered reasonable because:

There are grant schemes funded by the Education Funding Agency available through further education training providers or on an individual basis.

Mitigation

1. If it is decided to introduce these changes, 3 months' notice will be given to parents to give time to secure an approach to payment.
2. The local authority and further education providers will support parents with information and guidance in making grant applications for financial assistance.
3. The local authority will make available easy ways for parents to pay the charges with weekly and monthly schemes.
4. The policy change will be monitored and reviewed in terms of the impact on a monthly basis.

**Equality Impact
Assessment
Council Tax Reduction
Scheme (CTRS)**

DRAFT - HERK/01/01/LSCT

Service Area	Revenues & Benefits Service
Policy/Service being assessed	Council Tax Reduction Scheme
Is this is a new or existing policy/service?	Existing Policy
If existing policy/service please state date of last assessment	29 August 2012
EIA Review team – List of members	Council Tax Reduction Project Group
Date of this assessment	15 October 2013
Signature of completing officer (to be signed after the EIA has been completed)	Anne Phillips
Name and signature of Head of Service (to be signed after the EIA has been completed)	Peter Robinson

Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION AND PROMOTE EQUALITY



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

329

Policy - CTRS	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CTRS – Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 16% of the council tax charge.			✓			✓			✓			✓			✓	✓						✓		
CTRS – Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 24% of the council tax charge.			✓			✓			✓			✓			✓	✓						✓		
CTRS – Reduce the maximum level of council tax reduction so that taxpayers have to pay 30% of the council tax charge.			✓			✓			✓			✓			✓	✓						✓		
CTRS – Reduce the maximum			✓			✓			✓			✓			✓	✓						✓		

Policy - CTRS State the Function/Policy /Service/Strategy being assessed:	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
level of council tax reduction so that taxpayers have to pay at least 16% of the council tax charge (with a Band D Limit)																								
CTRS – Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 24% of the council tax charge (with a Band D Limit)			✓			✓			✓			✓			✓	✓				✓		✓		
CTRS – Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 30% of the council tax charge(with a Band D Limit)			✓			✓			✓			✓			✓	✓				✓		✓		

<p>Stage 1 – Scoping and Defining (1) What are the aims and objectives of policy/service?</p>	<p>The Council Tax Reduction Scheme (CTRS) has been in place since 01 April 2013 and replaced the National Council Tax Benefit (CTB) scheme. CTRS is a locally determined system of council tax support. The aim of the CTRS scheme is to provide financial assistance to council taxpayers who have low incomes.</p> <p>Persons who are of state pension age (persons who have reached the qualifying age of State Pension Credit) are protected under the scheme in that the calculation of the reduction they are to receive has been set by Central Government.</p> <p>For working age applicants however the reduction they receive is to be determined by the local authority.</p>
--	--

	<p>This equality impact assessment looks at the potential for not only protecting pensioners (as required under the legislation) but also retaining a large amount of the protections already present for working age within the existing CTRS scheme carried forward from the CTB scheme.</p> <p>Where a working age claimant applies or continues to receive Council Tax Reduction, it is proposed that the reduction will be calculated on the same rules as the current CTRS scheme except for the following;</p> <ul style="list-style-type: none"> • Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 16%, 24% or 30% of the council tax charge. • Reduce the maximum level of council tax reduction so that taxpayers have to pay at least 16%, 24% or 30% of the council tax charge (with a Band D Limit) <p>These changes will apply from 01 April 2014.</p> <p>Central Government has not been prescriptive in how an authority should protect vulnerable groups, but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p> <p>The current level of assistance (<i>7090 claimants and average amount per week of £18.06 per claimant</i>) is provided for pension age claimants, details for working age claimants is given at the end of this assessment.</p>
<p>(2) How does the policy/service fit with the council's wider objectives?</p>	<p>All persons within the Council's area who have a low income may apply for support and assistance with their Council Tax.</p> <p>By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax Reduction scheme.</p> <p>The maintenance of a full reduction scheme, with few changes from the</p>

	<p>existing Council Tax Reduction Scheme fits with the Corporate objectives in that it meets, as far as possible, equality and sustainability.</p> <p>The reduction scheme assists the local economy and also ensures, as far as possible within the constraints on a reduced budget, that persons on a low income will be able to meet their Council Tax liability.</p> <p>Pension age claimants will not see a reduction in their support however working age cases will see a reduction in the support they currently receive.</p>
<p>(3) What are the expected outcomes of the policy/service? Who is intended to benefit from the policy/service and in what way?</p>	<p>The desired outcomes are as follows;</p> <p>Pension Age Claimants</p> <ul style="list-style-type: none"> • That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012); • That all pensioner claimants or existing working age claimants who rise to pension age are able to receive Council Tax Reduction in line with the regulations; and • That all pensioner claimants continue to receive the correct level of council tax reduction at all times. <p>Working Age Claimants</p> <ul style="list-style-type: none"> • That all working age claimants are still able to receive Council Tax Reduction but the level of reduction payable will reduce ; and • That all working age claimants continue to receive the correct level of council tax reduction at all times.

<p>(4) Does this policy/service have the potential to directly or indirectly discriminate against any particular group?</p> <p>Please identify all groups that are affected and briefly explain why</p>	<p>RACE NO</p> <p>The support scheme does not take race into account when calculating the level of support</p>	<p>AGE YES</p> <p>The support scheme takes into account age when calculating the level of support available. Pensioners will not see any reduction in the support paid (as they are protected under regulations set by central government). Working age claimants will be affected or lesser degree due to:</p> <ul style="list-style-type: none"> • Reduction of the maximum level of council tax reduction so that taxpayers have to pay at least 16%, 24% or 30% of the council tax charge. or • Reduction of the maximum level of council tax reduction so that taxpayers have to pay at least 16%, 24% or 30% of the council tax charge (with a Band D Limit) 	<p>GENDER NO</p> <p>The support scheme does not take gender into account when calculating the level of support</p>
	<p>RELIGION/BELIEF NO</p> <p>The support scheme does not take religion or belief into account when calculating the level of support</p>	<p>DISABILITY NO</p> <p>The support scheme continues to have in-built protections for disability in the form of;</p> <ul style="list-style-type: none"> • the award of additional premiums for disablement; • disregarding higher levels of income where a claimant is in remunerative work and is disabled; and • there is no requirement to have non dependant deductions where a claimant is disabled 	<p>SEXUAL ORIENTATION NO</p> <p>The support scheme does not take sexual orientation into account when calculating the level of support</p>

<p>(5) Are there any obvious barriers to accessing the service?</p>	<p>No – customers will continue to access the reduction scheme in an identical fashion to the existing Council Tax Reduction scheme. The approach of the Council has been to provide a range options for claiming and customers are encouraged to make a claim at any time.</p>
--	---

(6) How does the policy/service contribute to promotion of equality?	The Council Tax Reduction scheme provides essential help towards the Council Tax liability for all claimants on a low income. By continuing to assess entitlement on a mean tested basis, similar to the national approach to means tested benefits, the scheme is equitable albeit that the level of support overall may be reduced to working age claimants.
(7) Does the policy/service have the potential to promote good relations between groups?	Due to the nature of the cuts required in the level of council tax reduction, all working age claimants will see a reduction to their current entitlement, however the way that the Council is introducing the changes by maintaining the means test, allows the most vulnerable to receive a relatively higher level of support

<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the policy or service?	<p>Extensive modelling from existing data. The modelling has been based on changes to the existing Council Tax Benefit scheme administered by the Council.</p> <p>Modelling information has included number of working age claimants and amount of council tax benefit paid (<i>7238 claimants and average amount per week of £15.24 per claimant</i>), claim numbers and benefit paid across council tax bands, range of income types and household make-up.</p>

<p>(2) What consultation/ information has been used? What new consultation, if any, do you need to undertake?</p>	<p>A full consultation with the public is being undertaken as required by the legislation (Local Government Finance Act 2012). Whilst pension age claimants are protected, the authority will still, as part of the consultation process, look to pension age claimants and pensioners generally to respond to the consultation itself.</p> <p>In respect of working age claimants, it is essential to consult with the group as, being of working age; they will be directly affected by any changes decided by the Council.</p> <p>The consultation process is comprehensive and encourages a full response to the changes to the current reduction scheme, (notwithstanding the fact that the authority is obliged to implement the scheme determined by Central Government for pension age claimants).</p> <p>Interest groups will also be directly consulted as part of the process.</p> <p>Public consultation is to take place during the period 28/10/13 until 09/12/2013</p>
---	---

<u>Stage 3 – Making a Judgement</u>	
<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group?</p> <p>Is there any evidence of needs not being met?</p> <p>e.g. language or physical access barriers; lack of appropriate resources or facilities</p>	<p>To be completed after consultation is complete Update 05.12.13 –</p> <ul style="list-style-type: none"> • CAB - identified single parents particularly women – reliance on benefits due to difficulty finding employment • Herefordshire Headway – persons with head injuries sometimes unable to face changes and impact on their income and go into denial resulting in debt problems • RSL's – working age are already being impacted on other welfare reforms namely the spare room subsidy which reduces housing benefit entitlement • Remarks from consultation as at 29.11.13:- <ul style="list-style-type: none"> ○ Existing % of CTAX payments causing hardship. ○ Herefordshire are targeting the poorest and most vulnerable
<p>(2) If there is an adverse impact, can this be justified?</p>	<p>To be completed after consultation is complete Update 05.12.13 –</p> <ul style="list-style-type: none"> • Socio-economic impact – for working age subject to reductions in housing benefit due to the spare room subsidy and benefit cap
<p>(3) What actions are going to be taken to reduce or eliminate negative or adverse impact?</p>	<p>To be completed after consultation is complete Update 05.12.13 –</p> <ul style="list-style-type: none"> • Discretionary Housing payments available for housing benefit customers who are impacting from other welfare reform issues
<p>(4) Is there any positive impact? Does it promote equality of opportunity between different groups and actively address discrimination?</p>	<p>To be completed after consultation is complete Update 05.12.13 –</p> <ul style="list-style-type: none"> • Yes – all working age customers will be treated the same • Legislation separates the working age from the pension age. Pension age not affected by changes.

<u>Stage 4 – Action Planning, Review & Monitoring</u>	
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>Following consultation, the changes proposed are to be reviewed. The scheme will be reviewed annually thereafter.</p> <p>The Council has established a full project plan to ensure that changes are introduced correctly, accurately and on time</p>
<p>(2) Review and Monitoring State how and when you will monitor policy and EIA Action Plan</p>	<p>Full monitoring of scheme implementation will be undertaken on a monthly basis in line with the accepted project plan.</p> <p>The Revenues and Benefits Service will undertake monthly and quarterly collection of data.</p> <p>The Council will review the policy annually. It is expected that due to changes in legislation and funding, that the level of Council Tax Support available will change annually.</p>

‘An Equality Impact Assessment on this policy was undertaken on 15 October 2013’

**Equality Impact
Assessment
for
Policy for Awarding
Discretionary Rate Relief**

Service Area	Revenues & Benefits Service
Policy/Service being assessed	Policy for awarding Discretionary Rate Relief (includes Rural Rate Relief and Hardship Relief)
Is this is a new or existing policy/service?	Existing Policy
If existing policy/service please state date of last assessment	March 2013
EIA Review team – List of members	NNDR Project Group
Date of this assessment	05 December 2013
Signature of completing officer (to be signed after the EIA has been completed)	Anne Phillips
Name and signature of Head of Service (to be signed after the EIA has been completed)	Peter Robinson

Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION AND PROMOTE EQUALITY



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

341

Policy – Rate Relief	Relevance/Risk to Equalities																							
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mandatory Rate Relief awarded to:- <ul style="list-style-type: none"> • Charities; • Community Amateur Sports Clubs; • The following types of property situated in a rural settlement: Post Office, General Store, Food Shop, Public House and Petrol Filling Station. 			✓			✓			✓			✓			✓			✓			✓			✓

Policy – Rate Relief	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<p>Discretionary Rate Relief to “top up” the 80% Mandatory relief</p> <p>Relief of 20% for registered charities (to top up the 80% mandatory relief) where the property is being used by:</p> <ul style="list-style-type: none"> Charities that are locally based (are not national organisations) and which provide facilities that benefit the wider community of Herefordshire and are of a social/welfare nature; Community Halls – provided non-profit making community users are in paramount occupation. Scouts and Guides – where the Scouts or Guides are in paramount occupation. Credit Unions - where dividend or interest is available for distribution to its members and assistance is provided to avoid social exclusion. 			✓			✓			✓			✓			✓			✓			✓			✓
<p>Discretionary Rate Relief</p> <ul style="list-style-type: none"> Sports Clubs and other non-profit making organisations; 			✓			✓			✓			✓			✓			✓			✓			✓

Policy – Rate Relief	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<ul style="list-style-type: none"> Other rural businesses within a rural settlement subject to a rateable value threshold £16k Community Interest Companies Other ratepayers 			✓			✓			✓			✓			✓			✓			✓			✓

<p>Stage 1 – Scoping and Defining (1) What are the aims and objectives of policy changes</p>	<p>Mandatory / discretionary top up -The revised policy will reduce eligibility for mandatory/discretionary top up and only include charities and organisations that are supporting:-</p> <ul style="list-style-type: none"> children and youth social and health welfare groups Sports clubs. <p>This will remove eligibility for:-</p> <ul style="list-style-type: none"> some village/community halls religious and community groups, theatres and museums <p>The policy wording will be revised to state “top up” discretionary rate relief will be awarded to:-</p> <ul style="list-style-type: none"> Charities that are locally based (are not national organisations) and which provide facilities that benefit the wider community of Herefordshire and are of a social/welfare nature; Scouts and Guides and other local youth / children’ groups – where
--	---

the group has paramount occupation.

- Social and health welfare groups to include hospices and Credit Unions -.

Businesses in Rural Settlements – The revised policy will remove the discretionary rate relief element in full

Discretionary for other qualifying organisations The revised policy will remove discretionary rate relief element in full and will only award where the organisation is supporting:-

- children and youth
- social and health welfare groups
- Sports clubs.

The amount of relief will be based on the following factors:

- The organisation is not established or conducted for profit and must be able to demonstrate a direct benefit to the County of Herefordshire or to the public at large within the county.
- The level of assets and annual income of the organisation.

The following additional factors will be taken into account and if more than 5 apply relief will not be granted:-

- Membership is restricted. (This will include where membership rates are set at a high level as to exclude the general community.)
- The organisation runs a bar and the gross income from bar sales exceeds £2,000 per annum.
- The percentage of members who live in Herefordshire is less than 80% unless there are valid reasons for this e.g. a club situated on the border.
- The facilities are only made available to members.
- The facilities are not available for use by children.
- Similar facilities are already provided by the Council and the organisation does not supplement or enhance these.

	<p>NB: The budget proposals of 05.12.13 are to be added when finalised</p> <p>For those organisations who will lose out from this change, an alternative to the current reliefs may be Small Business Rate Relief, which is government funded. The standard small business rate scheme allows for 50% relief for properties which fit the criteria with a rateable value of less than 6k and taper relief is given for organisations with rateable value between 6k and 12k.</p> <p>Currently a temporary extension to the scheme is in place which provides full relief (100%) for organisations, who fit the criteria, with a rateable value of less than 6k and taper relief is given for organisations with rateable value between 6k and 12k. This was due to expire on 31.03.14 however it has been extended to 31.03.14</p>
<p>(2) How do the policy changes fit with the council's wider objectives?</p>	<p>The policy meets with the corporate objectives in as far as possible in equality and sustainability. This is a key decision relating to Herefordshire Council's Budget and Policy Framework</p>
<p>(3) What are the expected outcomes of the policy changes? Who is intended to benefit from the policy changes and in what way?</p>	<p>The desired outcomes are as follows;</p> <ul style="list-style-type: none"> • Financial savings - the proposal it is likely to result in the Council generating additional revenue in 2015-16. • The following groups will continue to benefit from these changes to policy:- <ul style="list-style-type: none"> ○ children and youth ○ social and health welfare groups ○ Sports clubs. <p>The proposals changes to the policy could see charities and applicable organisations having reduced NNDR discounts and could affect their viability.</p>

<p>(4) Do these policy changes have the potential to directly or indirectly discriminate against any particular group?</p> <p>Please identify all groups that are affected and briefly explain why</p>	<p>RACE NO</p> <p>The Rate Relief policy does not take race into account.</p>	<p>AGE No</p> <p>The Rate Relief policy does not take race into account.</p>	<p>GENDER NO</p> <p>The Rate Relief policy does not take gender into account.</p>
	<p>RELIGION/BELIEF NO</p> <p>The Rate Relief policy does not take religion or belief into account.</p>	<p>DISABILITY NO</p> <p>The Rate Relief policy does not take race into account.</p>	<p>SEXUAL ORIENTATION NO</p> <p>The support scheme does not take sexual orientation into account when calculating the level of support</p>

<p>(5) Are there any obvious barriers to accessing the service?</p>	<p>No – The viability of the organisations continuing may be affected by the removal of the discretionary reduction in rates therefore removing the service to the citizens</p>
<p>(6) How do the policy changes contribute to promotion of equality?</p>	<p>The policy changes are aligned to the objectives of Herefordshire Council</p>
<p>(7) Do the policy changes have the potential to promote good relations between groups?</p>	<p>Unknown</p>

DRAFT - HEREFORD LSCT

<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the policy or service?	Evidence will be obtained from communication with various services within Herefordshire Council:- <ul style="list-style-type: none">• Housing• Children's Services• Adult Services
(2) What consultation/ information has been used? What new consultation, if any, do you need to undertake?	Full consultation is not applicable. Information will be sought externally through discussions with the Parishes and the business community.

<u>Stage 3 – Making a Judgement</u>	
<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group?</p> <p>Is there any evidence of needs not being met? e.g. language or physical access barriers; lack of appropriate resources or facilities</p>	<p>To be completed following information gathering complete</p> <p>The proposals set out in this report could see charities and applicable organisations having reduced NNDR discounts which could affect their viability. Legally any policy change is subject to 12 months notice for existing recipients</p>
<p>(2) If there is an adverse impact, can this be justified?</p>	<p>To be completed following information gathering complete</p>
<p>(3) What actions are going to be taken to reduce or eliminate negative or adverse impact?</p>	<p>To be completed following information gathering complete</p>
<p>(4) Is there any positive impact? Does it promote equality of opportunity between different groups and actively address discrimination?</p>	<p>To be completed following information gathering complete</p>

<u>Stage 4 – Action Planning, Review & Monitoring</u>	
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	No
<p>(2) Review and Monitoring State how and when you will monitor policy and EIA Action Plan</p>	<p>The Revenues and Benefits Service will monitor the impact of the changes through monthly reports.</p> <p>The Council will review the policy in line with further legislation changes or corporate changes.</p>

‘An Equality Impact Assessment on this policy was undertaken on 05 December 2013’

MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	WITHDRAWAL OF ARTS COMMISSIONING GRANTS
REPORT BY:	MICK LIGEMA, CULTURAL SERVICES MANAGER

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

And NOTICE has been served in accordance with Part 3, Section 10 (General exception) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

3. Wards Affected

County-wide

4. Purpose

To approve the withdrawal of the Arts Commissioning Grants to external organisations from 2014-15

5. Recommendation(s)

THAT:

- (a) The payment of Arts Commissioning Grants made by Herefordshire Council to external Arts organisations are withdrawn from April 2014.**

6. Alternative Options

- 6.1 The payment of Arts Commissioning Grants is continued.
- 6.2 The Council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and the level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise.
- 6.3 If the Arts Commissioning Grants are not withdrawn the Council will have to make further reductions elsewhere in its service provision.
- 6.4 The payment of Arts Commissioning Grants are continued but at a reduced level, for example a 50% decrease in the total funding available for 2014-15, reducing to zero funding by end of 2015-16. This would enable organisations to plan for adjustments to their funding and to mitigate the impact on their activities.
- 6.5 In relation to the potential disproportionate impact upon groups with Protected Characteristics an option would be to maintain 50% of the funding and commission it to organisations which focus their activity on these groups.

7. Reasons for Recommendations

- 7.1 To make a saving of £65,296 in 2014-15 to support the corporate financial strategy and enable Council resources to be focussed on priority services.

8. Key Considerations

- 8.1 Herefordshire Council signed one year commissioning agreements with local arts organisations for a total of £58,200 of grants in 2013-14 for the delivery of cultural activities which support the council's strategic priorities. The total amount in the budget is £65,296.
- 8.2 The purpose of the grants is to use cultural activity to support people and the economy across the county as outlined below.
- 8.3 Eleven organisations received the grants in 2013-14, these ranged from Borderlines Film Festival and Arts Alive to the Music Pool, Echo and Fetch Theatre. See Appendix 1 for full list of organisations and the amounts paid.
- 8.4 **Economy**
- Support economic growth & connectivity (*includes broadband, local infrastructure, transport and economic development*).
 - Makes Herefordshire more attractive to younger age groups for a more balanced age profile.

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

- Supports the improvement and quality of our natural and built environment.
- Has vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally.

8.5 Supporting people

- Enable residents to be independent and lead fulfilling lives.
- Sustain people to be physically and mentally healthy and stay healthy for longer.
- Support outcomes for children and young people improve.
- Support access to excellent education and learning opportunities at all levels (*includes early years/schools/FE/HE/adult learning*).
- Enable people to take more responsibility for themselves (*includes making healthy choices & focus on prevention*).
- Enable people to be more active in their communities and look out for the more vulnerable so they live independently.

8.6 Anticipating pressure on the budgets a consultation process was carried out with the beneficiary organisations in August/September 2013 to ascertain what the impact would be on the possible reduction or withdrawal of the grants. All eleven of the organisations responded to the consultation.

See Appendix 2 for a summary of the comments received with regard to the impact of both the payment and loss of the grants.

See Appendix 3 for detailed feedback from Borderlines Film Festival.

See Appendix 4 for detailed feedback from Arts Alive.

See Appendix 5 for feedback from DanceFest.

8.7 Box Office sales at the Borderlines Film Festival devolve back to the villages hosting events. The festival is also having a positive impact on tourism by attracting people into the county to spend.

8.8 The organisations create jobs in the county e.g. Rural Media 16 posts, 2Faced Dance, 2 posts

8.9 Hereford Media Network (Rural Media) promotes employment and training, currently having three trainees working for the organisation.

8.10 Ledbury Poetry Festival draws in over 5,000 people and 1,000 participants into the town, bringing spending potential to the visitor and tourism economy.

8.11 A number of the organisations which receive funding (Arts Alive, Dancefest, Ledbury Poetry Festival) are National Portfolio Organisations whose funding from ACE is reliant upon support from the local authority. Withdrawal of the funding would put their status, their ability to deliver their programmes and their funding at risk.

2013-14

Performance Table

Organisation	Grant 2013-14	Leveraging impact of funding	User figures	Equality Protected Audience	Volunteers
2 Faced Dance Company	£3800	£150,000	15,000	Age & Disability	25 = 120 hours
Arts Alive (& Flicks in the Sticks)	£12000	£96,000	11,000	Age & Disability	250= 2500 hours
Borderlines Film Festival	£8000	£36,000	18,000		300
Dancefest	£4500		800	Age & Disability	15= 150 hours
Echo (About Face Theatre)	£5550	£26,330	300	Age & Disability	2=450 hours
Feral Productions	£1500	£102,206	750	Age-young people	70=700 hours
The Fetch Theatre	£1400		1800	Age & Disability	8=320 hours
Ledbury Poetry Festival	£3000	£132,960	5500		90
Meadow Arts	£1500	£182,000	80 participants 1000 education engagement		4=40 hours
The Music Pool	£10500	£102,645	6694	Age & Disability	30=350 hours
The Rural Media Company	£6500	£39,650	1100	Age & Disability	3=192 hours
Total	£58,250	£586,073	44,024		797=4822 hours

9 Community Impact

9.1

- The organisations create community led projects involving large numbers of volunteers. Rural Media recently ran a large scale community project in Ledbury. The Music Pool have run gathering Wave, Stonemason's Tale, music for Flavours of Herefordshire.
- They create activity to support people's health and wellbeing - Dancefest run dance programmes linked to health.
- Activity is devised for young people to improve their skills and self-esteem. In

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager on Tel (01432) 260631

2011/12 Rural Media enabled in excess of 3,000 people from rural and disadvantaged communities to participate in creative media activities, to develop skills, promote self-confidence and find 'a voice'.

- Cultural projects run to give rural communities a focus. Volunteering is a huge part of Arts Alive work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.

9.2 The organisations create community led projects involving large numbers of volunteers. Rural Media recently ran a large scale community project in Ledbury. The Music Pool have run gathering Wave, Stonemason's Tale, music for Flavours of Herefordshire.

9.3 They create activity to support people's health and wellbeing - Dancefest run dance programmes linked to health outcomes. Ledbury Poetry Festival is running a programme for people with Dementia. They have also been working with local GPs to support people with health conditions.

9.4 Cultural projects run to give rural communities a focus. Volunteering is a huge part of Arts Alive work, working with hundreds of local people, meeting with them and other promoters for sharing of ideas, organising training sessions, supporting them etc. This gives each promoter a sense of worth and place, keeping them active, helping them support their communities.

10. Equality and Human Rights

10.1 The grant funding provides participation, opportunities, training for groups with Protected Characteristics in a rural setting which could be adversely and disproportionately affected by the withdrawal of the awards.

10.2 The two key Protected Characteristics are Disability and Age.

Music Pool

The Music Pool works with NEETS; 120 SEN children per week; 70 PRU pupils per week, 70+ looked after children per week; 100+ via SCOPE; 90+ older people per week. Their partner organisations include Youth Offending Team, West Mercia Police, Social Care.

Dancefest

- **The Jigsaw Project:** This is integral to the work of Dancefest Herefordshire with huge reach and engagement to over 140 people of all ages and abilities. This is a unique opportunity in Herefordshire and is not duplicated elsewhere. Herefordshire community and school groups benefit hugely from this biennial dance and disability performance particularly those with a physical or learning disability who achieve not only creatively through the project but also as performers in a professional venue (the CYD).

- The total number of project attendances was more than 2000 throughout the project.
- 700 people saw the performances including local school children,

Further information on the subject of this Report is available from Mick Ligema, Cultural Services Manager on Tel (01432) 260631

- parents, friends and family.
- The exit routes into successful weekly community classes for young people take place in Hereford.
- On average 130 children, young people and adults with varying disabilities benefit from this unique project.

Projects/workshops for older people in Herefordshire:

- Moving Pictures: Out in rural communities.
- Chance to Dance weekly sessions
- Workshops in residential homes
- One off special projects

Regular participation for Children/ young people/ adults /older people:

- Children's classes in urban and rural Herefordshire
- Young people's dance groups and youth companies
- Adult contemporary / choreography/creative dance workshops.
- Inclusive dance workshops for disabled and non-disabled dancers.
- Older people's sessions- creative movement/dance in residential settings
- One off special workshops with visiting professional dance companies to The Courtyard- young people/adults.

About Face Theatre Company

About Face is Herefordshire's only theatre company for actors with learning disabilities. It is a vital and vibrant part of the county's cultural diversity. They provide opportunities for people with learning disabilities to explore theatre as a means of communication, expression, development and to provide a voice for personal and social issues affecting people with disabilities. For the 2013-14 investment of £5500 About Face will reach an audience of over 500, have 150 total participants, a positive experience rating of 85% and support 450 volunteer hours.

11. Financial Implications

- 11.1 The grants are used by organisations to use as match funding to enable them to bring further finance into the cultural economy .The £58,250 total funding in 2013-14 was used to lever in an overall total of £586,073 to support the activity programme of the eleven organisations. See Appendix 6, Further Funding Leverage impact of HC Funding.
- 11.2 Many of the organisations are funded by ACE (Arts Council England) on a project basis. If organisations were to lose the Herefordshire Council support as it would significantly weaken their future applications for ACE and other funders.

12. Legal Implications

- 12.1 Contracts have been signed and agreed with organisations for 2013-14, by the time the report is considered over 85% of the funding for 2013-14 will have been issued.

13. Risk Management

- 13.1 The risks for the Arts organisations would be an inability to continue with their current level of programme due to insufficient funding and further reducing their ability to draw in further funding.

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

- 13.2 The mitigation of the risk would be through early communication to the organisations to enable them to make the necessary strategic plans to manage the removal of the grants.
- 13.3 There would be damage to the council's reputation with the local organisations and the cultural community and regionally and nationally with the Arts Council England.
- 13.4 If the recommendation is declined the directorate would need to find alternative areas in which to achieve targeted savings.

14. Consultees

- 14.1 Borderlines Film Festival
Arts Alive
Echo
The Music Pool
Rural Media Company
Meadow Arts
Dancefest
Ledbury Poetry Festival
2 Faced Dance
Feral Theatre
Fetch Theatre
Herefordshire Council Scrutiny Cultural Services Task and Finish Committee.
The group will publish its finding in December 2013

Summary of Review and Terms of Reference for Scrutiny Task and Finish Group

Summary

To advise the Executive of how to involve the public and companies in providing support to cultural services in light of the reduction of funding by Herefordshire Council.

Terms of Reference

Objectives

- To review the ways in which cultural services can survive without Herefordshire Council's financial support.

Actions

- To examine the current financial planning for cultural services
- To identify the ways in which publicly owned businesses can support cultural services
- To identify best practice from other local authorities in the provision of cultural services without Council financial support

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager on Tel (01432) 260631

15. Appendices

Appendix 1 - List of Commissioned organisations

Appendix 2 - Summary of feedback from Commissioned organisations

Appendix 3 - Detailed feedback from Borderlines Film Festival

Appendix 4 - Detailed feedback from Arts Alive

Appendix 5 - Detailed Feedback from DanceFest

Appendix 6 – Arts Commissioning Performance Table

16. Background Papers

16.1 None identified.

Hvoss – Provision of infrastructure support to parish councils / voluntary and community organisations

Information from provided quarterly monitoring

Protected Characteristics identified under the Equality Act 2010	Considered impact of change. (positive, negative, neutral)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route
Age	Neutral	No specific work with older people detailed in monitoring for this contract and no clear evidence that interest groups facilitated by hvoss have impact on older people themselves.	Minimal other than reputational with the groups who attend the interest group	Ongoing direct contact with organisations involved in this area to ensure their engagement in future HC work and direction
Disability	Neutral	No clear evidence that interest groups facilitated by hvoss have impact on disabled people themselves .	Minimal other than reputational with the groups who attend the interest group	Ongoing direct contact with organisations involved in this area to ensure their engagement in future HC work and direction
Gender Reassignment	Neutral	No specific work with gender reassignment or to support organisations working in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Marriage and Civil partnership	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary

Pregnancy and maternity	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Race	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Religion or Belief	Neutral	No specific work in this area detailed in monitoring or annual report, other unfunded infrastructure supports these organisations	None	None needed other than signposting to Diocese where necessary
Sex	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary
Sexual Orientation	Neutral	No specific work in this area detailed in monitoring	None	None needed other than signposting to web information where necessary

The Equality Duty 2010 has 3 aims (general duty)

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those that do not.

The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services.

CAB – Provision of Advice to Herefordshire residents

NB Information from HCABx annual report 2012-13

Protected Characteristics identified under the Equality Act 2010	Considered impact of change. (positive, negative, neutral)	Information used to make judgement (consultation, user figures, cost ...)	Risk to organisation (financial, reputational, legal,)	Mitigation / exit route
Age	negative	12%+ clients aged 65+ 40%+ clients aged 50+	Reputational as supports older demographic particularly in accessing benefits	Website information (this demographic less likely to be PC literate) Signposting to AgeUK etc
Disability	negative	47.7% of clients have a disability or long term health problem	Reputational as much of this work is in terms of access to benefits and legal challenge to benefit decisions	Website information Signposting to disability charities
Gender Reassignment	neutral	No specific stats	Minimal	Website information
Marriage and Civil partnership	negative	9.6% of clients asking for support	Reputational	Website information
Pregnancy and maternity	neutral	No specific stats	Minimal	Website information
Race	negative	88.5% of clients were white British, 7.2% were 'white other' and there were clients for all the other ethnic groups prescribed by CAB nationally as needing to be recorded, although	Reputational as CAB clientele covers and is used by all racial groups	Website information

		these were all less than 1% each		
Religion or Belief	Neutral	No specific stats	minimal	Website information
Sex	negative	56.4% of clients are female	Minimal as advice given not gender specific	Website information
Sexual Orientation	neutral	No specific stats	minimal	Website information

The Equality Duty 2010 has 3 aims (general duty)

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those that do not.

The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of policies and in the delivery of services.

Equalities Impact and Needs Assessment Options for Libraries and Customers Services

1. Introduction and Methodology
2. Protected Characteristics and Service Use
3. Customer Use
4. Electronic Delivery of Services
5. Compounded Factor
6. Service Change
7. Options and Impacts

Supporting papers:

1. Focus Group Findings
2. Summary report of Impact Study

1. Introduction and Methodology

There were 652,530 visits to libraries in 2012/13, with 31.36% of the Herefordshire population classed as active borrowers; this is along with 120,300 queries to customer services between January 2012 and May 2013. Any change to these services needs to be considered next to the impact they will have on the people who use them. This does not stop local authorities making difficult decisions but those decisions need to be made in the context of the needs and rights of different members of the community.

An impact assessment is one tool that may assist decision makers comply with the public sector equality duty (PSED) set out in Section 149 of the Equality Act 2010. The duty relates to different groups who share any of the “protective characteristic” of age, sex, pregnancy and maternity, disability, race, marriage and civil partnership, religion or belief, sexual orientation.

The Equality Act outlines that due regard involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.
- Encouraging people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.

Geography in terms of access to services is not a protective characteristic, but is considered in this report due to the rural nature of the county and the sparseness of the population. Poverty is also not listed as a protective characteristic but treated as one in this report due to Herefordshire’s low wage economy and the multiplier effect poverty has on disadvantage.

The services of libraries and customers services are co-dependent and integrated – the centres are staffed by the same teams from the same budget from customer services. This budget largely consists of staffing, so any reduction in expenditure means people who operate the libraries also operate customer service functions. There is a central library service which has the role of ensuring the libraries can function across the county in supporting the delivered services to the housebound,

schools library service, the management and purchase of stock, cost of public access PCs and reading groups.

The assessment needs to be mindful of wider pressures on public service pressure to meet core and priority services and the 1964 Libraries Act in that local authorities are required to provide a “comprehensive and efficient” service.

1.1 Methodology

For the impact assessment it is important to know who uses the service, what for and what would be the impact of possible changes on customers.

Customer service and libraries are “universal” services – that means they are open to anyone to use. Therefore this impact assessment includes a review of general demographics in the county.

These demographics are reviewed next to understanding the customer base for services, or where there are specific functions that impact on a specific group. There is also consideration of electronic delivery of service for two reasons – firstly there is the provision of public access PC’s at facilities; and secondly current and future opportunity of accessing services via the internet.

To support this equalities impact and needs assessment an impact survey ran from 4th July to 8th August 2013 to specifically understand real and current usage of centres over a sample five week period (across school and non-school holiday time); and know from customers how possible change would affect them.

2. Protected Characteristics and Service Users

2.1 Age

The table below illustrates the age profile of the county.

Table 1: Age profile of Herefordshire

Age Group	Male		Female		Total	
	number	%	number	%	number	%
0-15	16,200	17.8%	15,400	16.4%	31,500	17.0%
16-24	9,200	10.1%	8,600	9.2%	17,800	9.6%
25-44	21,200	23.3%	20,800	22.2%	42,100	22.8%
45-64	25,900	28.4%	26,800	28.5%	52,700	28.5%
65-74	10,600	11.6%	11,200	11.9%	21,800	11.8%
75+	8,000	8.8%	11,100	11.8%	19,000	10.3%
All ages	91,100	100.0%	93,900	100.0%	184,900	100.0%

Source: Office for National Statistics 2012 mid-year estimates

As well as current population numbers it is worth considering long term age profile when planning service change. Table 2 shows how numbers of people in three broad age groups are expected to change in nine and 19 years time, compared to changes observed since 2001.

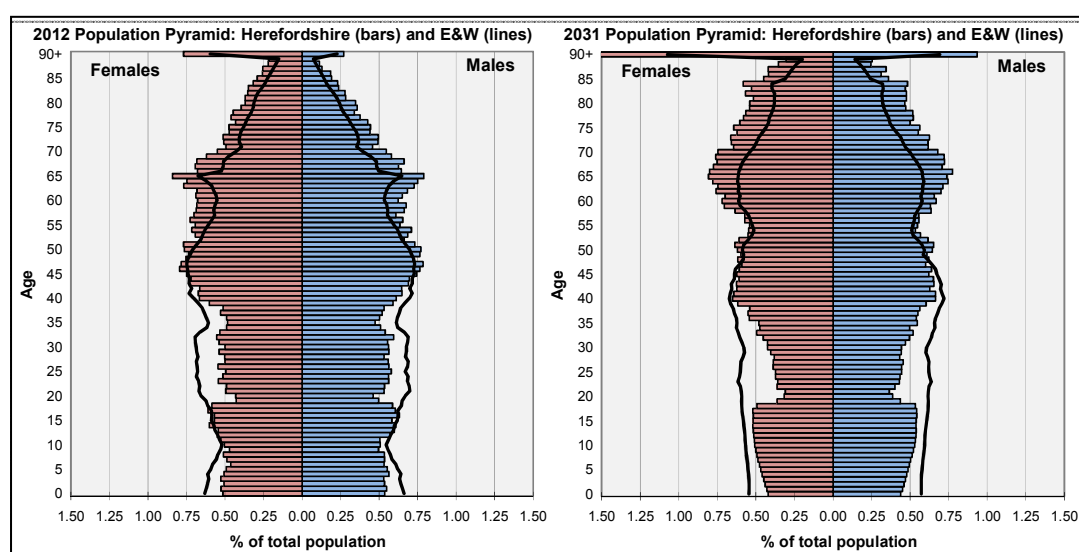
Table 2: Mid-year estimates and 2011-based forecasts

	Mid-year estimates			2011-based forecasts	
	2001	2011	2012	2021	2031
Under 16	34,000	31,400	31,500	32,400	32,300
16 to 64	107,200	112,900	112,600	110,600	110,300
65 and over	33,700	39,400	40,800	50,700	62,600
Total population	175,800	183,600	184,900	193,700	205,300

Source: Office for National Statistics mid-year estimates; 2011-based forecasts, GL Hearn Property Consultants

The population pyramids in chart 1 below show a more detailed age structure of Herefordshire and how it compares with England and Wales, compared with how it is forecast to look in 2031.

Chart 1: Change in age profile



Source: Office for National Statistics mid-year estimates; 2011-based forecasts, GL Hearn Property Consultants

2.1.1 Children

High birth rates occurred in the early to mid-1990s that peaked in 1994. This was followed by a steady fall. However, Herefordshire birth rates have been higher since 2007, driven by women of child-bearing age migrating to the county; eight per cent of births in 2011 were to mothers born in countries that joined the EU during the last decade (one per cent prior to their joining). Levels over the last four years (2009 - 2012) have been between 1,800 and 1,900 births per year.

The latest forecasts suggest that this will lead to a slight increase in the number of **under 16s** between 2016 and 2026, peaking at 32,800 before starting to fall again. This peak is four per cent higher than currently (31,500) but still lower than in any year prior to 2005.

The number of **under-5s** in Herefordshire is forecast to remain between 9,800 and 9,900 up until 2023 prior to falling to 9,300 in 2031. The number of **5 to 15-year olds** is forecast to increase by around seven per cent (from 21,700 to 23,200) between 2012 and 2026 prior to levelling off.

2.1.2 Young adults

In 2012 there were 17,800 16-24 year olds in Herefordshire, which was 10 per cent of the total population. Young adults, particularly those aged 18 and 19, are a relatively mobile group; this may be explained by Herefordshire not having a major centre of higher education, coupled with the fact that young people leaving home to start university are counted at their term-time address. On average around 500 more 16-24 year-olds leave the county each year than move into it (to/from other parts of the UK). However, it is worth noting that although there is an average annual net loss of around 400 16-24 year-olds, this only represents around 3 per cent of the county's population of these ages.

The number of 16-24 year olds had been increasing prior to 2009; levels are however forecast to fall between 2012 and 2023 by 21 per cent reaching a minimum of 14,100 people. Levels are then forecast to rise steadily up to 15,800 people in 2031 (12 per cent fewer than in 2012).

2.1.3 25 to 64 year olds

In 2012 there were 42,100 25-44 year olds and 52,700 45-64 year olds in Herefordshire, representing 23 per cent and 28 per cent of the total population. It can be seen from chart 1 that Herefordshire has a higher proportion than nationally of residents of all ages from about 50.

The proportion of the population in the older age-group (45-64) has increased by 12% over the last 11 years, whilst the proportions of the younger age-group (25-44) decreased by 8%. Both of these age groups are not forecast to change by more than 2% by 2031. The number of 25-44 year olds is forecast to increase slightly, peaking at 43,800 in 2023 before starting to fall again; whereas the number of 45-64 year olds is forecast to remain relatively stable.

2.1.4 Over 65 age group

Herefordshire has an older age profile than both the region and England and Wales, with a noticeably higher proportion of its population in the older age groups. Just over a fifth of Herefordshire's population is aged 65 and over (22 per cent), compared 16 per cent nationally¹. The numbers of older people have grown more rapidly locally than nationally, a trend which is expected to continue as the post-war 'baby-boom' generation moves into old age. The number of people aged 65+ forecasted to be living in Herefordshire by 2031 will be 62,600. In particular, the number of people aged 85+ is expected to more than double, from 5,500 in 2012 to 12,200 in 2031.

Enabling older people to stay in their homes rather than residential care can enable people to have more control over their lives and is more cost effective than residential care (for the public sector or individual). However, isolation can be a key factor - 3.1m people in the UK over 65 years of age don't see family, friend or neighbour even once a week² and 51 per cent over 75 years live alone, with just over 1 million (11 per cent) aged 65+ say they always or often feel lonely³.

So the population of Herefordshire is likely to grow, but the age profile will change dramatically. Chart 1 shows predicted changes in the percentage of each age group between 2012 and 2031.

¹ Understanding Herefordshire, 2013

² Participle.net

³ Agenda for Later Life, Age UK

2.2 Service Users by Age

The “active borrowers” data gives a good indication of the age group who use the library service. This data is based on the type and avenue the stock was accessed over the last two years.

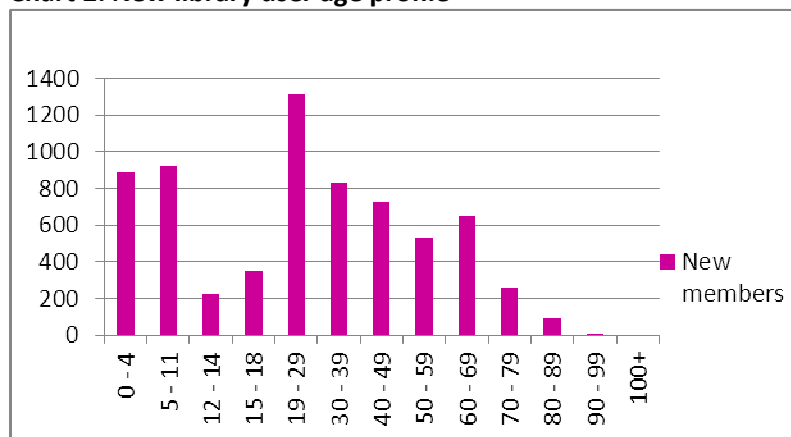
Table 3: Active borrowers (borrowers with active status who have loaned items or used public computers in the last 2 years)

Borrower type	Number of borrowers
Access Adult	1,271
Access Junior	61
Access Teenage	46
Access Teenplus	59
Access Under Five	12
Adult	41,301
After Schools Club - Primary	17
After Schools Club - Secondary	3
Childminder	63
Community Libraries	11
Foster Carer	32
High School	16
Home Delivery	362
Institution	92
Inter Library Loan	66
Junior	6,433
Library Staff	12
Playgroup	63
Primary Project	440
Primary Van	578
Reader Group	106
Teenage	2,378
TeenPlus	1,602
Under Five	2559
Active borrowers total	57,583
Population of Herefordshire	183,600
Borrowers as percentage	31.36

Source: Herefordshire Council

Another form of understanding age profile of users, the below chart outlines the profile of new users from April 2012 to March 2013 (excluding home delivery service).

Chart 2: New library user age profile



Source: Herefordshire Council

The impact survey showed an age profile of respondents skewed towards the older ages: 48% were aged 65+ compared to 22% of the population.

Table 4: Impact survey age profile

	Number of respondents	Per cent of respondents	Per cent of population
0-15 years	91	3%	17%
16-24 years	116	3%	10%
25-44 years	526	16%	23%
45-64 years	1,021	31%	29%
65-74 years	935	28%	12%
75+ years	657	20%	10%
All ages	3,346	100%	100%

Source: Herefordshire Council

Age was by far the most common characteristic mentioned in the responses to the impact survey. Over a third (35%) of answers to the question of which groups would be particularly affected by the proposals mentioned the elderly or older people. However, 21% mentioned children (and their families) and 7% young people / students. (NB. One response could have mentioned all three so percentages aren't additive).

2.3 Sex

Herefordshire has a similar percentage split between men and women to England and Wales as a whole, with women outnumbering men in all age groups but only noticeable in older age (75+) reflecting the fact that women tend to live longer.

Table 5: Population split between male and female

Residential population	Numbers	Percentage
Male	91,100	49%
Female	93,900	51%

Source: ONS 2012 mid-year estimate population Crown Copyright

2.4 Service Use by Sex

The majority (67%) of responses to the impact survey were from females, and this was the case across all age groups. The distinction was most stark in the 25-44 year-old age group, where 78% of responses were from women. This may be related to the use of libraries by parents (mothers) with young children.

Table 6: Impact survey gender profile

Age	Female	Male
0-15 years	69%	31%
16-24 years	66%	34%
25-44 years	78%	22%
45-64 years	71%	29%
65-74 years	62%	38%
75+ years	61%	39%
All ages	67%	33%

Source: Herefordshire Council

2.5 Pregnancy and Maternity

The protected characteristic definition is based on pregnant women or women who are in the first 26 weeks after giving birth.

Every year there are 1,800-1,900 live births to mothers living in Herefordshire, and relevant to age characteristic as the vast majority of births are to women aged 15-44. There is also some relation to race in that increasing number of births in Herefordshire are to women born overseas – 8% of births in 2011 were to mothers born in countries that joined the EU during the last decade with two thirds of these women either Polish or Lithuanian.

2.6 Service by Pregnancy and Maternity

Pregnancy and maternity wasn't specifically referred to by many respondents to the impact survey (2% of comments analysed), although a couple of comments mentioned libraries being a safe place for breast-feeding. However, many comments (9% of comments about impact and 20% of comments about particular groups affected) referred to the importance of libraries for children and families, including children's development and the social aspect for new parents.

2.7 Disability

This characteristic is based on a person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

In the 2011 Census 18.7% of people said they had some form of limiting long term health problem or disability. This is similar to the national percentage and to the 2001 Census - this can include problems related to old age.

The 2012 Herefordshire Quality of Life survey asked the 22% of adults (aged 18+) respondents who said they had a limiting long-term illness what was the nature.

Table 7: Limiting long term illness

Nature of limiting long term illness	% of adults respondents who had an LLTI
Deaf / hard of hearing / acute hearing	12%
Blind / partially sighted / sensitive to light	4%
Learning disability or difficulty	4%
Mental health	10%
Progressive / chronic illness (e.g. MS, cancer)	16%
Mobility difficulties	41%
Other	42%

Source: 2012 Herefordshire Quality of Life Survey (people can have more than one disability)

2.8 Service Use by Disability

It can be assumed that audio books will be accessed by blind and partially sighted people. The table below shows 1,648 adult talking books issued – lower than the average compared to other similar authorities.

Table 8: Talking books use with average compared to nearest like neighbouring county:

	Number	/1000 pop	Average
Sound recordings	4,048	22.0	31.6
Music	13,991	76.2	108.5
Adult Talking Books	1,648	9.0	25.1
Children's Talking Books	17,224	93.8	108.9
Video & DVDs	550	3.0	2.1
Multimedia & Open Learning CD-ROMs & Software	1,399	7.6	5.3
Electronic Products	0	0	4.9
eBooks	0	0	10.4
eAudio	0	0	0
eAudiovisuals			
Total Audio Visual Issues	38,860	211.7	297.0

Source: CIPFA, 2012

Over the course of 2012 3,233 blue badges were issued – this includes an assessment of how far someone can walk (50 yards) along with consideration of other mobility issues.

Responses to the impact survey were broadly representative of the population, with 19% of respondents saying they had a disability, long-term illness or health problem (12 months or more) which limits their daily activities or the work they can do.

Disability was one of the most common characteristics mentioned in the responses to the question about whether the proposals would particularly affect any group of people - 25% of comments analysed. Comments ranged from people with mental disabilities needing face-to-face help, to the social aspect of talking to people (staff and others). From the transport difficulties that having to travel further would pose for those with mobility problems, to the positive effects of the library service on the mental well-being of housebound people.

2.9 Race

The protected characteristic of race refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

The information below taken from the 2011 Census shows that 93.7% of the population is white English, Welsh, Scottish, Northern Irish, British. However, the county's make up has changed significantly as a result of the expansion of the European Union in 2004. Of the 12,250 residents who were born outside the UK, 53% arrived after the expansion of the EU. Nationally this figure was 40% which highlights how much more of an impact recent migration has had locally.

Table 9: Ethnic group of Herefordshire residents

Ethnic Groups	Number	%
White English, Welsh, Scottish, Northern Irish, British	171,922	93.7
Black, Asian and minority ethnic (i.e. not 'White British, etc')	11,555	6.4
- White: Irish	709	0.4
- White: Gypsy or Irish Traveller	363	0.2
- White: Other White	7,175	3.9
Non-white	3,308	1.8
- Mixed/multiple ethnic group	1,270	0.7
- Asian/Asian British (inc. Chinese)	1,439	0.8
- Black/African/Caribbean/Black British	331	0.2
- Other ethnic group	268	0.1
All residents	183,477	100.0%

Source: 2011 Census

2.10 Service Use by Race

As a public access service it is likely that the same profile will access libraries and customer services.

96% of responses to the impact survey were from people who said they were White English / Welsh / Scottish / Northern Irish / British, slightly higher than the proportion of the resident population (93%).

The impact survey found that non 'white British' respondents were more likely to have visited a centre on the day they completed the survey to use the public access computers (33% compared to 12% of 'white British'), which correlates with anecdotal evidence from staff that the public access PCs are an important form of communication for people to family and friends out of the UK. It should be noted however that the most common reasons for visiting were to borrow, return or renew a book, regardless of ethnicity.

Table 10: Reason for visit by ethnic group

Reason for visiting library / customer service centre	White British /English/Welsh/Scottish/ Northern Irish	Other ethnic group
Pay a bill or pay for a council service (e.g. query on Council Tax, bus pass, blue badge, etc)	9%	10%

Use the public access computers	12%	33%
Borrow a book or another item	69%	67%
Renew or return a book, or another item	56%	46%
Order a book	13%	11%
Research	15%	17%
Obtain information	6%	10%
Speak to a customer adviser	6%	10%
Other	11%	17%

Source: Herefordshire Council

Race was only mentioned in 1.4% of the comments about whether any groups would be particularly affected by the proposals. Most of these were in relation to migrant workers who use the computers, although others mentioned services for residents who don't speak English very well.

2.11 Marriage and Civil Partnership

Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships', and they must be treated the same as married couples on a wide range of legal matters. The equality duty only covers marriage and civil partnership in respect of eliminating unlawful discrimination.

According to the 2011 Census over half (52%) of the population were married or in a civil partnership – this consists of 0.2% were registered same-sex civil partnerships and 51.8% married. The overall percentage is slightly higher than the national figure (England and Wales: 47%).

The impact survey did not highlight any particular issues of marriage and civil partnership.

2.12 Gender Reassignment

This characteristic relates to transsexual people who are proposing to undergo, are undergoing or have undergone a process (or part of) for the purpose of reassigning their sex by changing physiological or other attributes of sex. There is no official estimate of the number of transsexual people either nationally or locally.

The impact survey did not highlight any particular issues of gender reassignment.

2.13 Religion or Belief

Belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

The 2011 Census asked people "what is your religion" and the results for Herefordshire (as below) shows that Christianity remains the largest religion. This is reflective of the national picture – although numbers fell from 79% of the population in 2001 to 68% to 2011 nationally. The proportion reporting they have no religion increased from 13% to 23%, just slightly lower than the proportion nationally (25%).

Table 11: Religion of Herefordshire residents

Religion of Herefordshire residents	number	%
Christian	124,403	67.8%
Buddhist	562	0.3%
Hindu	228	0.1%
Jewish	131	0.1%
Muslim	364	0.2%
Sikh	80	0.0%
Other religion	893	0.5%
<i>Mixed Religion</i>	276	0.2%
<i>Pagan</i>	235	0.1%
<i>Spiritualist</i>	101	0.1%
<i>Other</i>	281	0.2%
No religion	41,766	22.8%
Religion not stated	15,050	8.2%
All residents	183,477	100.0%

Source: 2011 Census

No respondents to the impact survey mentioned that the proposals would have any impact on people of different religions.

2.14 Sexual Orientation

This characteristic is based on whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.

The estimate of lesbian, gay or bisexual (LGB) in the UK, range from 0.3% to 10%, depending on the measure and source. Work conducted by the Department of Trade in 2005 attempted to bring together different data sources which estimated that 5-7% of the population aged 16+ were considered LGB – this would equate to between 7,700 and 10,700 people in Herefordshire.

The largest scale survey in the last 3 years (ONS' Integrated Household Survey, 2011-12) found that 1.5% of adults living in UK households identified themselves as LGB. Taking account of different age, this could equate to 2,100 people in Herefordshire. In the 2008 Herefordshire Quality of Life Survey, 1.1% of respondents identified as LGB.

As a minimum indication, about 300 people in the county were in a registered same sex civil partnership in 2011.

The impact survey did not highlight any particular issues of marriage and civil partnership.

2.15 Poverty and Low Income

Poverty is a lack of income (or material possessions) to such a level that it is not considered acceptable by society. Officially a household is considered to be in poverty if its income (after taxes and housing costs) is less than 60% of the average (median) income nationally. In 2007-08 (the latest date for which local authority estimates are available) this was equal to £199 per week for a

couple with no children. In the same year an estimated 19% of households (14,500 households) in Herefordshire had income below this level⁴.

Nationally, of those people classed as living in poverty:

- 22% are married families
- 22% are working age adults (16-59 years)
- 46% are lone parent households
- 29% are under 16 years old
- 16% are older people

Poverty can be a symptom of several circumstances – low wages (Herefordshire weekly wage is £384 compared to £512 nationally); unemployment which has increased as a result of the recession; under employment with the proportion of people working part-time. In Herefordshire 15% work part-time compared to 14% nationally⁵.

Also, there are links between poverty and health risks, poverty and education attainment for the most deprived neighbourhoods in Herefordshire⁶.

Whilst the greatest numbers of households in poverty live in urban areas, some households in rural areas also live in poverty. There are also other financial pressures associated with living in rural areas that, whilst not relevant to the official definition of poverty, do make it harder for residents of rural areas. Additional costs associated with transport and domestic heating mean some rural households have to spend more to achieve the same standards of living as equivalent households living in urban areas⁷.

2.16 Service Use by Low Income

The concept of a library service was based on ensuring books were available to the masses to support education – it is part of the 1964 Act that books cannot be charged for at libraries. The education system has altered dramatically over the last 150 years and ability of reading material is much more readily available.

However, the stakeholder focus groups made the point that people on low incomes will go to the library for the latest releases (which tend not to be discounted), specialist books that may be out of print, and audio books that tend to be much more expensive.

This was also one of the most common themes in the responses to the impact survey: 13.6% of comments to the question about whether anyone would be particularly mentioned people with low incomes, dependent on benefits or unemployed. Comments ranged from not being able to afford to buy books to using the computers to help find a job.

There are a number of services that tend to be accessed by people who are on low income. These include:

- Homepoint services of people in need of affordable housing

⁴ Poverty in Herefordshire (2012): <http://factsandfigures.herefordshire.gov.uk/1975.aspx>

⁵ 2011 Census, Annual Population Survey, Annual Business Inquiry, Herefordshire Employers' Survey 2010 and the UK competitiveness index

⁶ Herefordshire Joint Strategic Needs Assessment 2010

⁷ A Minimum Income Standard for Rural Households, Rowntree Foundations, 2010

- Monthly Council tax payment not exclusively people on low income but will assess people who need to spread payments and are keen to know their status with payments
- Ability to pay by cash – in some instances people on low income may not have a bank account
- The administration of welfare payments will increasingly be done online e.g. Universal Credit, as will mandatory job searches.

2.17 Geography and Travel

54% of Herefordshire’s population live in rural areas, of which 44% live in the most rural locations. Providing services to a scattered population across a large geographic area is a challenge and often additional resources are required to service a spread and sparse population. Access to services particularly some health services such as the dentist, GP and hospital were felt to be difficult to access by Herefordshire residents, along with other services such as post office and public transport ⁸.

Bus Routes are obviously based on servicing the highest areas of population with private sector operators able to generate an income to cover their expenditure. Therefore the number of bus journeys between market towns and within the city and its boundaries are more frequent than in rural areas. Government grant/Herefordshire Council enable free travel for people of pension age (based on women’s retirement age).

2.18 Service Use by Geography

49% of responses to the impact survey drove to a centre (41% “drove myself”, and 8% via a lift). 44% people walked to a site showing that there was very local use (though a high number of responses came from the use of Hereford facilities reflecting the higher population use). Public transport was relatively low use at 10% of respondees.

However, transport accessibility issues were a common theme in the comments made in response to the questions about the impact of closing services or reducing hours (10% of responses analysed) and about whether any groups would be particularly affected (11%).

3. Customer Use

3.1 Customer Service Use by Functions

When a person accesses a customer service centre or library their protective characteristics are not asked for – that would be intrusive and un-necessary in dealing with their query quickly. Also, the services are universal therefore not restricted or targeted at a certain group of people. The table below gives an overview of customer service queries via email, phone and in person.

Table 12: Customer service use by function

Service	calls	%	In person	%	email	%
Amey	14,948	9%	1,459	1%	2,436	30%
Housing	2,9062	17%	22,744	24%	54	1%

⁸ Understanding Herefordshire, 2013

Benefits						
Blue badges	5,844	3%	3,609	4%	20	0%
Council tax	46,499	26%	7,321	8%	131	2%
EHTS	13,856	8%	2,698	3%	835	11%
General	22,425	13%	49,737	51%	3,337	42%
Homepoint/ Housing Solutions	10,006	6%	5,066	5%	25	0%
Planning	16,173	9%	2,341	2%	524	7%
Waste	15,233	9%	1,719	2%	520	7%
Special projects	439	0%	54	0%	14	0%
Total	174,485	100%	96,748	100%	7,896	100%

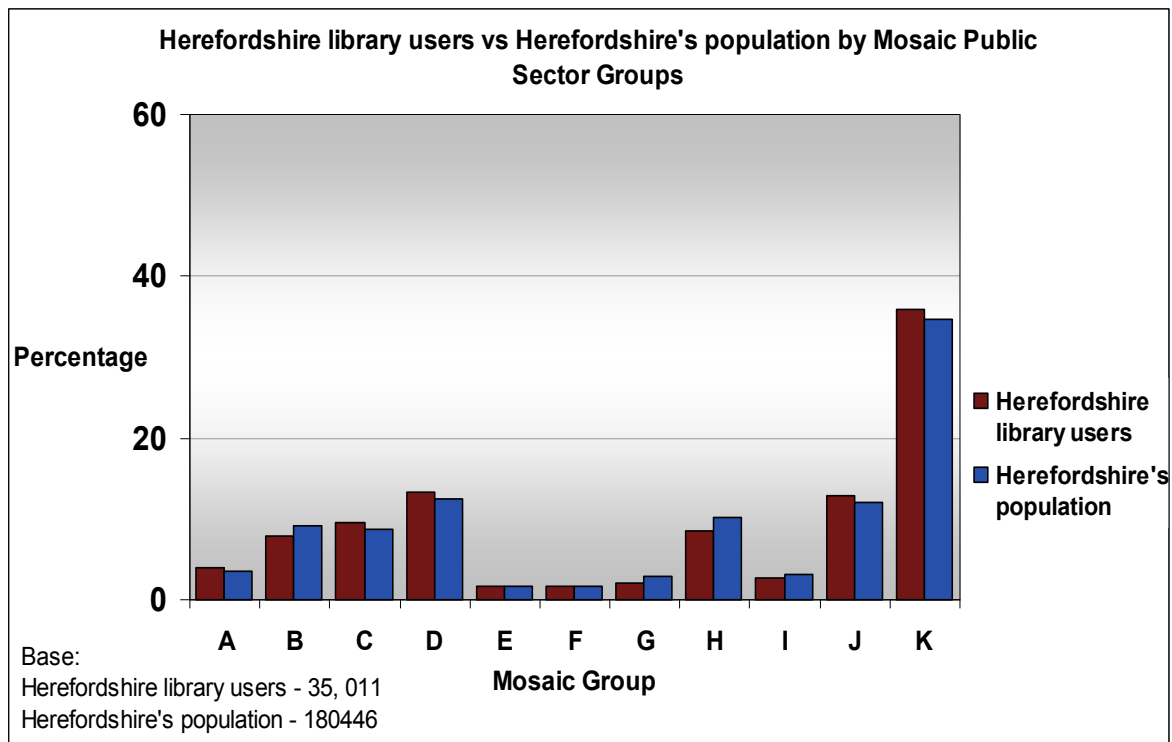
It should also be noted that some customer services will be accessed by people with very specific requirements or people in crisis.

From QMATIC data held by Herefordshire Council there were 4,414 face to face Homepoint queries and 3,744 Housing Solutions queries between August 2012 and July 2013; along with 4,527 Homepoint calls between February 2013 and July 2013 and 877 quick queries handled at reception desk for homepoint / homeless between the same period.

3.2 Mosaic Data

Mosaic Data is a useful tool in understanding likely customer types. It pulls together a range of information to profile people who access services. In 2009 analysis using this tool was used to profile library users.

Chart 3: The Mosaic analysis groups library users into nationally defined social groups



Herefordshire’s library users have a similar Mosaic profile to Herefordshire’s population as a whole. Not surprisingly, the biggest libraries have the largest range of users. The most prevalent groups are, in order:

K	People living in rural areas far from urbanisation
---	--

By far the biggest group overall: over 30% of both library users and the population of Herefordshire as a whole are grouped into category K.

Over 80% of the active users of Leintwardine fall into this group and group K also dominates the library user profiles of Bromyard and Kington.

It is also the largest group of library users, although to a lesser extent, in Leominster, Ross, Hereford and Ledbury.

The next two most prevalent groups are D and J. Both make up just over 10% of the population.

D	Close-knit, inner city and manufacturing town communities
---	---

The only two libraries with significant numbers of group D are Hereford and Leominster, although there are also small groups in Ross, Belmont, Ledbury and Bromyard.

J	Independent older people with relatively active lifestyles
---	--

Group J is more widely represented. Over 50% of the active adult users at Weobley fall into this group. They are also well represented in Hereford, Colwall and Kington and to a lesser extent Ledbury, Leominster, Ross and Bromyard.

At the other end of the extreme, the number of library users from group J in Belmont is noticeably small.

The other significant groups are:

B	Younger families living in newer homes
C	Older families living in suburbia
H	Upwardly mobile families living in homes bought from social landlords

Group B is the dominant group in Belmont, followed by Group H.

Group B is also well represented in Ledbury.

Group H is also found in Bromyard, Kington and Weobley.

Group C is significant in Colwall and Ross.

All three groups are present at Hereford.

The following groups are least well represented overall, but there are some individual pockets:

A	Career professionals living in sought after locations
---	---

Group A has a significant presence in Colwall. Here groups A, J and K make up three-quarters of the adult active users.

There are also small numbers from group A in Ledbury, Ross and Hereford.

E	Educated young single people living in areas of transient populations
F	People living in social housing with uncertain employment in deprived areas
G	Low income families living in estate based social housing
I	Older people living in social housing with high care needs

For E, F, G and I none of these is statistically significant in the library user profile as a whole, although there are above average numbers of users from group G in Weobley and of group I in Colwall.

3.3 CIPFA Stats Comparative Profile for Public Library Services (CIPFA), 2012

CIPFA is the comparison of performance of libraries compared to each other. The data used below is from 2012, with 2013 estimates. Comparisons are made to the similar neighbours (called nearest neighbours) when looking at demographics and population⁹.

The report tells us user numbers rather than the make up of people and the type of stock accessed. Therefore it is primarily a tool for managing stock but also provides an understanding of how well the library service is doing compared to others. The report illustrates:

- Herefordshire has one of the lowest number of libraries but also one of the lowest populations
- Herefordshire is in the top quartile of use next to population
- The total number of static points in Herefordshire are 5.5 for 100,000 population compared to 7.1 for the nearest neighbours
- Herefordshire comes out as being at the middle of the comparison on total revenue expenditure per 1,000 population, which suggests that its costs are similar to the group as a whole – though this expenditure has decreased more dramatically than the average
- Active borrowers (issues within the last 2 years) were high compared to the nearest neighbour authorities, 55,401 which is 302 per 100,000 population compared to the average of 194.
- Housebound readers of 342 which was 1.9 per 100,000 populations compared to 1.3 averages.
- Physical visits to the libraries have reduced over four years with all libraries though more significantly for Herefordshire

Table 13: Physical visits over time and compared to average of nearest neighbour

Physical Visits	Number	per 1,000 population	Average
2007-08	770,248	4,318	4,695
2008-09	763,743	4,260	2,487
2009-10	736,655	4,113	4,694
2010-11	696,886	3,887	4,509
2011-12	674,895	3,676	4,392

Source: CIPFA

- Net expenditure just below average £12,045 spent on 100,000 of the population with an average of £13,039.
- Herefordshire is about average of cost of acquisitions (books) at £7.37 compared to the average of £7.45.

⁹ Nearest neighbours are Shropshire, Wiltshire, Rutland, East Riding of Yorkshire, Cheshire East, Cheshire West and Chester, Cornwall, Bath & North East, Somerset, Northumberland, North Somerset, Isle of Wight, Solihull, North Lincolnshire, Central Bedfordshire, York.

- The cost per visit is just higher than the average at £3.45 with an average of £3.20.

Table 14: Stock issues by per 1,000 population and compared to average of nearest neighbour

Physical Visits	Number	per 1,000 population	Average
Adult Fiction	404,720	2,204	2,379
Adult non-fiction	164,804	898	1,019
Children's fiction	174,706	952	1,442
Children's non fiction	25,006	136	214
Total books issued	769,236	4,190	5,053

Source: CIPFA

Table 15: Public library users survey (over 16) compared to nearest neighbour

Public Library Users Survey (over 16) 2009-10	Authority	Average
Proportion who view their library opening hours as 'very good' or 'good'	89%	86%
Proportion who find the library easily accessible	96%	97%
Proportion who find the choice of books as 'very good' or 'good'	70%	76%
Proportion who view their library as 'very good' or 'good'	87%	91%

Source: CIPFA

Table 16: Public library users survey (under 16) compared to nearest neighbour

Public Library Users Survey (under 16) 2009-10	Authority	Average
Proportion who view their library opening hours as 'very good' or 'good'	90%	85%
Proportion who find the library easily accessible	95%	95%
Proportion who find the choice of books as 'very good' or 'good'	82%	82%
Proportion who view their library as 'very good' or 'good'	86%	87%

Source: CIPFA

Table 17: Portion who view their library to have helped them (public library user survey – under 16) compared to nearest neighbour

	Authority	Average
Read better	55%	58%
Do better at school	32%	35%
Use computers better	12%	12%
Make friends	22%	18%
Join in and try new things	35%	30%
Learn and find things out	53%	57%

Source: CIPFA

4. Electronic Delivery of Service

The delivery of services through digital channels provides an opportunity for people to access services quickly and at a time to suit them. Not all transactions can be delivered electronically, though money saved on digital delivery can be spent elsewhere on highest areas of need.

Table 18: Percentage of internet users and non-users, by low level geographical location, UK (Persons aged 16 years and over)

	Ever used %		Never used%	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
UK	84.3	85.9	15.5	13.9
West Midlands	81.8	84.1	18.0	15.7
County of Herefordshire	85.0	87.6	15.0	11.7
Worcestershire	80.3	89.3	19.7	10.7
Warwickshire	81.1	83.9	18.8	15.8
Telford and Wrekin	78.8	79.5	20.3	20.5
Shropshire CC	86.3	87.5	13.7	12.0
Stoke-on-Trent	84.5	79.5	15.2	20.5

Source: Office of National Statistics

Internet use has increased significantly over time, more frequently and through a range of devices which make connection much more flexible and available. For example in 2013, 36 million adults (73%) in Great Britain accessed the Internet every day, 20 million more than in 2006; using a mobile phone to access the internet has more than doubled between 2010 and 2013, from 24% to 53%¹⁰.

By using the English Local Authority Digital and Social Exclusions Statistics Dashboard it is estimated that 21% of the adult population in Herefordshire have never accessed the internet¹¹. Information from the Office for National Statistics also shows that certain protected characteristics are less likely to use the internet¹²:

- Almost all adults aged 16 to 24 years (99%) had ever used the Internet (7.1 million people). In contrast, only 33% of adults aged 75 years and over had ever used the Internet.
- Individuals with a disability are approximately four times more likely to have never used the Internet than individuals without a disability.
- At Q2 2013, there were 3.8 million disabled adults, as defined by the Disability Discrimination Act (DDA), who had never used the Internet. This represents 33% of those who were disabled and over half (54%) of the 7.1 million adults who had never used the Internet. Of those adults who reported no disability or a work limiting disability, 9% had never used the Internet.
- Non-use was relatively similar for males and females aged 16 to 64 years, however, internet non-use differed for adults aged 65 years and over. Where 28% of males aged 65 to 74 years had never used the Internet, the corresponding total for females was 36%. This difference grows to 14 percentage points for males and females aged 75 years and over.
- Of those adults in employment whose gross weekly pay was less than £200 per week, 6% (315,000) had never used the Internet. Internet use has almost reached full coverage for those earning in excess of £500 a week, with Internet use at 99% or above for all adults with weekly pay rates above this level.
- Internet use has, however, increased over time for those individuals earning less than £200 per week. At Q2 2011 approximately 9% (511,000) had never used the Internet, this compares with 6% (315,000) at Q2 2013.
- In terms of frequently adults aged over 75 years were the most likely to have last used the Internet more than 3 months ago. While 14% of Internet users aged over 75 years last used the Internet more than three months ago, in contrast, less than 1% of Internet users aged 16 to 24 years had last used it more than three months ago.

¹⁰ Statistic Bulletin: internet access, households and individuals, 8 August 2013

¹¹ Information produced using the City of London Digital Inclusion Dashboard Tool, 2011

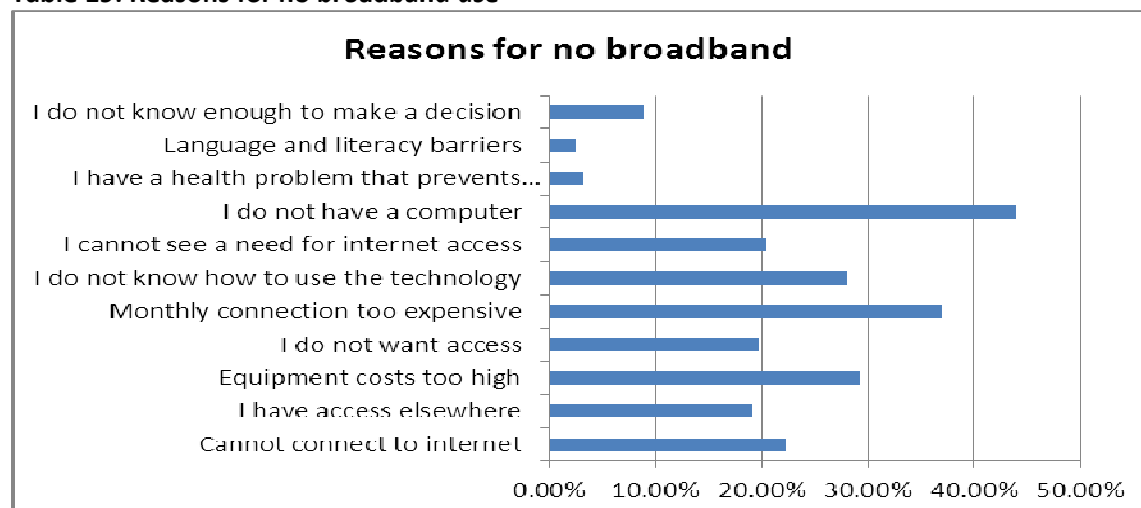
¹² Office for National Statistics Quarterly Update on Internet Access, August 2013

A sizable increase in daily computer use, by age, in the past seven years has been for adults aged 65 and over. In 2006, just 9% reported that they used a computer every day, this compares to 37% in 2013¹³. Also 18% of pensioners are now signed up to one social networking site¹⁴ and 2% of UK Facebook visitors were over the age of 65¹⁵.

Of the 4 million households without Internet access, the majority (59%) said that they didn't have a connection because they 'did not need it'. Approximately (20%) indicated that they did not have the Internet in their household due to a lack of computer skills, with equipment costs (13%) and access costs (12%) being barriers to use¹⁶.

These findings reflect research regarding Herefordshire residents' internet use through a survey that ran from September 2011 to February 2012 and generated 5,057 responses from the county. 157 responses were from residents without the Internet. The main features of non-use are highlighted below - respondents were able to tick all reasons for not having broadband that applied, so the percentages do not accumulate to 100%, but costs and lack of knowledge are raised more often than being unable to connect.

Table 19: Reasons for no broadband use



Source: Borders Broadband Equalities Impact and Needs Assessment for Herefordshire, 2012

This work was conducted for the Fastershire project (formerly Borders Broadband) that combines local authority, national government and private sector funds to invest in rural broadband infrastructure. Through a partnership with Gloucestershire County Council, funding from national government and a contract with BT the provider predicts 90% of premises in Herefordshire will have access to fibre broadband and 100% of premises in the project area to access 2Mbps by 2016 – with an overall ambition of 100% NGA for everyone who needs it by 2018.¹⁷

Herefordshire Council is committed to providing services digitally which means an intensive programme of services on-line (ref: Herefordshire Council Digital Communication Strategy – Cabinet,

¹³ Statistic Bulletin: internet access, households and individuals, 8 August 2013

¹⁴ WeLoveLocalGov Blog, What Can Change in Five Years, 2011, From Housing and Litter to Facebook and Twitter Updating your Status, BDO Local Government, March 2012

¹⁵ From Housing and Litter to Facebook and Twitter Updating your Status, BDO Local Government, March 2012

¹⁶ Internet Access - Households and Individuals, 2013, 8 August 2013

¹⁷ ref: www.fastershire.com

18 April 2013). This follows the trend that more than 80% of public services in the EU are now available online¹⁸ with 41% of the EU population using government services electronically.¹⁹

CIPFA recorded the number of web visits to the Herefordshire library website that can be used to search reserve and renew stock. As the table shows there has been a significant increase in the last year reflecting increased internet use generally but also improve website.

Table 20: Web visits for Herefordshire library site

Web Visits	Number	per 1,000 population	Average compared*
2007-08	60,788	341	1,512
2008-09	52,651	294	1,256
2009-10	41,098	229	2,094
2010-11	63,514	354	1,254
2011-12	132,438	721	889

Source: CIPFA, 2012

CIPFA also showed that Herefordshire has below average for number of electronic terminals per 100k population, however slightly above average for hours available (bottom quartile for wifi access).

The table below shows the number of sessions at each of the sites. The usage varies and has reduced in some instances which are against the trend of increased IT use generally. This could be due to more people purchasing their own equipment to access the internet (including mobile devices).

Table 21: Number of public access PC use per sites

Library sites	2008-09	2009-10	2010-11	2011-12	2012-13
Hereford P.C. Sessions	39,304	47,660	38,166	37,355	35,868
Leominster P.C. Sessions	17,513	22,203	17,957	17,455	16,604
Ross P.C. Sessions	15,266	21,885	14,655	12,334	18,888
Ledbury P.C. Sessions	8,201	9,435	8,014	6,415	7,313
Bromyard P.C. Sessions	4,618	4,580	11,076	12,201	11,333
Kington P.C. Sessions	3,064	4,747	5,381	5,619	5,472
Belmont P.C. Sessions	761	1,468	1,133	1,084	1,027
Colwall P.C. Sessions	4,419	5,906	3,824	3,526	3,362
Weobley P.C. Sessions	425	404	223	128	113
Leintwardine P.C. Sessions	131	114	52	81	101

Source: Herefordshire Council, 2013

A Cross-European survey to measure users' perceptions of the benefits of ICT in public libraries²⁰ illustrates that access to public access PCs are important as a first step into internet use and important for certain groups. Findings included:

¹⁸ Eurostat, 2010. Referenced: Cross European survey to measure users' perceptions of the benefits of ICT in public libraries, Bill and Melinda Gates Foundation, 2013

¹⁹ Eurostat, 2010. Referenced: Cross European survey to measure users' perceptions of the benefits of ICT in public libraries, Bill and Melinda Gates Foundation, 2013

²⁰ Cross-European survey to measure users' perceptions of the benefits of ICT in public libraries, March 2013, Bill and Melinda Gates Foundation.

- Around 1% of all adults had first used a computer to access the internet in a public library (44% at home; 9% at friend's / family's house; 8% at work; 7% school or university).
- The primary motivations for public access computer (PAC) users are the free nature of the service together with no other option to access the internet. Those who tend to have no other options include Roma, people with disabilities, older people aged 55 and over, those not employed and people completing full time education at a relatively early age.
- 92% of PAC users believe the library's computer and internet connection services as valuable (for the UK medium use, medium / high value compared to other countries).
- 83% of PAC users indicated that their PAC use had delivered at least one impact – the most common impact was saving time and money, but also impact around education, access to government services and access to resources and skills necessary to find work.
- 20% of PAC users made use of PACs at least once a week and 27% once to three times a month – this implies the majority of use is for adhoc requirements.

6. Compounded Factors

The protected characteristics and aspects of rural isolation and poverty also need be considered as combined factors – a person might face several characteristics that will have an impact on ability to access services. Also, characteristics will change during people's life time, for example poverty may be a temporary factor when employment is found. Considering the options for customer services and libraries the impact will focus on the following profiles mindful of the combined factors.

6.1 Age – Children

- The evidence suggests that young children benefit from a library service in terms of their reading and education attainment.
- Families in crisis affecting children's prospects and development.

6.2 Age – Older

- Impact study found high use of service by 65+
- Less likely to use the internet to access service.
- At risk of isolation.

6.3 Disability

- Less likely to use the internet.
- Isolation and mobility challenges.
- Use of services such as talking books.
- Multiple disabilities need to be considered.

6.4 Poverty

- Less likely to afford computer and access to the internet.
- Higher use of public access PCs.
- Less funds available to spend on travel.
- Combined factor of being in crisis.

6.5 Rural

- Access to services locally.
- Reduced options for public transport.
- Combined factor with poverty, disability and age to create isolation.

7. Service Change

Herefordshire has introduced new ways of reaching customers and has implemented change in the library service based on recommendations of the Future Library Programme report (2011).

Local authorities have to face considerable pressure to meet local priorities of social care needs for adults and vulnerable children, along with reduction in national government spending. This means examining spend on services including customer and library services to ensure resources are meeting the needs of people within the community.

Additional future year savings made through customer services and libraries will support the reallocation of services to direct care.

CIPFA findings show that there has been a decline in the use of libraries in Herefordshire and elsewhere. Whilst attendees at Stakeholder Focus Group²¹ pointed out this could be down to the quality of the libraries and the quality of the stock, it will also be down to alternative ways of accessing books and services.

Chief Executive Arts Council England Alan Davey states “Public libraries are at a pivotal point. They are much loved and expected to continue offering the same services as they have for many years, but they are also expected to respond to big changes in how people live their lives”²². Mr Davey continues “We expect to see a shift from a service provided to a community, to one in which local people are more active and involved in its design and delivery. People will be creating new content, having conversations and using new technology for their own benefit, for their community or their business”.

Mr Davey’s comments are in response to a report produced by Ipsos MORI and Shared Intelligence, 2012²³ points out “number of major changes in society over the next 10 years are likely to impact on libraries. The UK’s population is growing, ageing and becoming increasingly diverse. The outlook for the economy is uncertain and there are serious concerns about poverty and inequality. The reductions in public expenditure look set to continue and public sector reform is likely to accelerate with a conscious drive towards localism, co-production, and the development of new and diverging forms of service delivery”.

When putting data together more people who use libraries value their contribution to meeting community needs. Whilst 31.36% of the Herefordshire population are active borrowers (which is slightly above the national average) 48% of people in the UK felt libraries of very effective or effective in meeting community needs²⁴. An EU survey found 74% of public felt that public libraries merited more financial support or funding should continue at present – 5% felt that libraries should receive less funding²⁵.

Considering changing trends, the development of technology, the public interest in services and budget pressures any new approach to customer services and libraries should include an

²¹ Sessions held with representatives of user groups and local councils to express views on options.

²² A response to Envisioning the library of the future by Arts Council England Chief Executive Alan Davey

²³ Envisioning the library of the future Phases 1 and 2: full report, Research by Ipsos MORI and Shared Intelligence, this document is an independent report, part of Envisioning the library of the future, commissioned by Arts Council England.

²⁴ Cross-European survey to measure users’ perceptions of the benefits of ICT in public libraries, March 2013, Bill and Melinda Gates Foundation.

²⁵ Cross-European survey to measure users’ perceptions of the benefits of ICT in public libraries, March 2013, Bill and Melinda Gates Foundation.

examination of core purpose. For the core purpose to focus on creating shared and safe spaces with community involvement in their operation; to provide services that do not duplicate what is already provided, and uses public sector resources on intervention that addresses key needs, whilst enabling people to manage how they access services through a self-serve route.

8. Options and Impact

8.1 Option 1 - Status Quo

8.1.1 Characteristic of the option

- Retain current opening hours with no more than a reduction of 10% opening over time.
- Additional opportune savings over time through back office practices and processes.
- Central library function to remain in place.
- Review in 18 months as will not meet the wider budget pressures.

8.1.2 Impact on protective characteristics

Age: this will not allow for the release of resources to direct care needs of older people or children. It also does not see change that would provide more targeted services to support people who would benefit most from the services. It does retain a universal approach that will enable every age to benefit and considering age is transient it means people will be familiar with customer services and libraries and use the services at different times in their life.

Disability: as the services will not change significantly there is no negative or additional positive effects on people with disabilities. The sites will continue to offer some specific services (e.g. Blue Badges and Talking Books). The central library function will support reading groups, some of which are to specific groups with a disability.

Poverty: it is likely there will need to be some increases in charging for services to balance increased expenditure (though books are not charged for). However, as the service will be largely unchanged there will be limited negative or positive effect on people on a low income. People who work but on a low income, the library service is important to upgrade skills and use the public access PC.

Rural: the central library function will remain in place which will enable the continued support of community libraries and more localised drop-off points. The customer services function will continue to operate in the market towns, though this obviously does not have deep rural reach and customers will still need to travel to market towns, use the phone, email or web.

8.1.3 Summary and recommendations

This option will have the minimum impact on current users. However, it does not give chance to recognise the bigger demands to deliver services where they are needed most. Generally the service will remain static and misses an opportunity for more targeted provision.

Recommendations:

- Customer services develop additional point of contact for adult social care clients.
- Redesign libraries to target needs of children, disabled people and older people including the type of stock purchased.
- Continue to support community libraries to enable greater access in rural areas.

8.2 Option 2 – Core Service with Top Up

8.2.1 Characteristic of the option

- Reduce the hours of library opening to create realigned expenditure.
- Refocus the service on core activity and target groups whilst still creating a universal approach.
- Introduce self-service route via the web, phone or email, or library stock check in and check out.
- Work with other groups and organisations to boost hours of opening providing additional functions, services and opportunities.
- Small libraries become community libraries.
- Retain central library function.

8.2.2 Impact on protected characteristics

Age – this option suggests a refocus of services which could potentially mean catering for age groups that need the service most. The reduction in hours means that some people will need to change their patterns of behaviour.

Disability – research has shown that the internet is less used by people with disabilities (though that is a very generalised statement and the web will be a life-line for many people with disabilities). Getting to a customer service centre or library open at reduced times would curtail the freedom of some disabled people. However, the option does mean that centres will still be open and used as “safe” place to visit, with the potential of additional functions that could present a wider benefit.

Poverty – This should not have a negative impact on people in poverty (in work or unemployed). Again there could be a need to change behaviour if opening times change, which should consider opening times that capture people not at work to use recourse on site to improve their employment prospects. Some services from customer services are essential for people in poverty and reduction in their availability will have an impact.

Rural – this option could have an impact on people in rural areas who travel to their market town customer service centre or library when they use public transport. This option retains support for community libraries and the potential to create more drop-off and collection points as part of rural services.

8.2.3 Summary and recommendation

This option seems to follow the wider shift to greater community involvement and recognising libraries as places for a wide range of activity and function. It also creates some savings, but to work does require investment to web development, self-service systems, redesign of spaces to cater for other functions.

Recommendations:

- Explore a partnership with agencies and services to gain or improve learning and employment opportunities through the use of centres; use customer services as the adult social care “front door”; and integrate other functions that provide an early intervention approach that supports the protective characteristics.
- Improve and extend the public access PCs for children to complete homework, communication opportunities and employment prospects.
- Instigate a programme of internet awareness along with improved web services.

- Investment in self-service systems which will free up support for people whose only option is face to face interaction.
- Retain services that are targeted at protective characteristics or look at alternative service providers, especially in the market towns where face to face services will be less available.
- Any redesign of services to involve the protective characteristics, and also work closely with user groups / representatives to shape services.
- The establishment of community libraries supported by central library provision including training for volunteers (incorporating diversity training).
- To design times that are reflective of the use by the protective characteristic, which might mean an increase in hours, in some instances, where justifiable and evidenced.
- Bus routes to be considered along with unique local circumstances when setting opening times for market town sites.
- Explore the option of an appointments based service in the market towns.

8.3 Option 3 – Centralised Provision

8.3.1 Characteristic of the option

- Retain the library and customer service centre in Hereford, with a one day a week service in the market towns.
- To target resources at people who need them most.
- To reinvest savings in priority areas of adult well being and child protection.
- To have a strong web presence to enable self service.
- Support the awareness of current providers of services and develop new markets where people can access services.
- That the change takes place over 18 months starting from the withdrawal from the lowest use centres.
- Withdrawal of a central library function that includes book stock, delivered services to the housebound and book clubs.

8.3.2 Impact on the protective characteristics

Age – Hereford will retain its provision, though in terms of current service this has a significant impact on age where services in the market towns will be down to one day a week. However, the reinvestment in priority services will have a positive impact in meeting people’s direct care needs – this will mean very targeted use of resources to people who have been assessed as in most need. However, this option does impact on delivered services of books to housebound, and emphasis on internet access could affect older people.

Disability – Hereford will retain a customer service and library presence, though the nature of the one day provision in market towns will need to be different from the current “universal” provision, specially the library function.

Poverty – services will still be available in Herefordshire for people in crisis, along with phone and web channels. However, if the one day service in market towns is not suitable for people there may be a need to travel into Hereford which has a cost. The reliance on web due to cost of equipment, subscription and the limited availability of public access PCs could have an impact on people on low incomes.

Rural – out of all the options this will have the greatest impact on rural areas due to reduction of services in the market towns and withdrawal of the smaller libraries in the larger villages / wards.

The reduction of central library functions that supports community libraries will also be withdrawn with the provision of book stock and advice. Increased web provision will provide an opportunity to actually improve access to services for people who live in rural areas.

8.3.3 Summary and recommendations

This option will direct change in behaviour rather than a gentler enabling approach with people who can access services themselves having to do so, whilst targeting resource in catering for people who face to face is essential. The concept on a countywide library service will be redefined to a retained Hereford service.

- That additional assessment takes place to understand and address the impact on customers of significant change.
- The awareness, training and potentially financial support for the protective characteristics to access the internet, complimented by public sector web programmes.
- Improvements made to the Hereford sites to meet increased demands, with possible additional hours and additional public access PCs.
- Introduction of appointment based systems in the market towns to ensure customers of greatest need receive the services they need.
- Overhaul of back-office functions for customer contact to be operated by services.

8.4 Option 4 – Outsource and Partnerships

8.4.1 Characteristics of the options

- Outsource services to the private or voluntary sector.
- Consider local partnerships or cross county arrangements to deliver services.
- Potential split between libraries and customer services.
- The option tested through procurement and dialogue over an 18 month period.
- Potential for additional services to be delivered alongside other functions.

8.4.2 Impact on the protected characteristics

Age – the specifications to tender services could take account of customer requirements linked to age (along with disability). Also the potential to link to other outsourced services as part of multi-service function.

Disability – as above, consideration would be needed to be given to impact on people with disabilities.

Poverty – for services to be sustained in the voluntary or private sector there could be some additional charging, including access to PC use which supports people finding employment.

Rural – this option could sustain services at their current level which would reduce the impact on people in rural areas to be able to access customer services and libraries.

8.4.3 Summary and recommendations

This is the least developed option with uncertainty as to what the services would look like if tendered. Further assessment would be needed on separate options for outsourcing.

Recommendations:

- Additional assessment of customer requirements related to the protected characteristics for priorities of services to meet priority needs.
- For any tender specification to consider needs of people of different ages, disability, in poverty or isolated due to rurality.
- Impact assessment completed on tender submissions.

Stakeholder Focus Group - Common comments

Representatives of user groups and local councils

General Comments

- There has been continued investment in the library stock which has had an effect on people using the services. Also, from the data the “better” libraries have had consistent numbers of visitors whilst reduction in numbers considering the poor quality of the building.
- Do not understand the value of merging customer services and libraries – as two different services with different requirements.
- There does not seem to be any professional / trained librarians operating at the centres and this has had an effect on the quality of the library service.
- Communities and local councils could be more involved but need to be careful in the use of volunteers in replacing professional staff.
- Herefordshire libraries need to catch up with other areas that operate self-service system.
- The proposals do not mention enough the benefits of libraries or a focus on “reading”.
- There should be an emphasis on children and young people in helping their learning and experience contributing to the education and employment prospects (and support Herefordshire’s economy in the long run).
- The proposals do not give any financial details of savings, so hard to compare, and does not give the long term prospects of services based on each option.
- There is an emphasis on digital but not an option of many people because of speed of broadband, the website not user friendly and older people not wanting to use it.
- Important to retain a universal service so people will be familiar with the services throughout their lives and know to come back to it when really need it – “whole life service”.
- Libraries are lifeline for many isolated people, therefore providing a prevention service.
- The reduction of libraries in communities is seen as undermining local services in market towns and smaller communities.
- Libraries are used as safe spaces especially in market towns where there is little other community venues with open access.
- Herefordshire Council needs to cut their management and overhead costs before services that are valued by many people.
- An increased cross county working could create efficiencies or even amalgamation of services to create economies of scale.
- More opportunity to find sponsorship and commercial activity to let buildings.
- Libraries should have a strong link to the creation of a University of Herefordshire.
- Need to understand the core purpose of the service before making changes.

Option One – Status Quo with reductions over time

- The approach is already happening with reduced opening hours this year.
- This is closure by stealth – there needs to be a cap on how much reduced.
- Need opening hours that accommodate people who work (what about Sunday opening?)

Strengths

Has the least impact on service change.
Retains focus on services for everyone.
Gradual change enabling staff and customers to adapt.

Weaknesses

Not realistic – there is going to need to be some change to meet budget pressures.
There is concern over increased number of lone workers.
Likely to have less professional library staff as people leave.
Drip, drip effect means constant tinkering.

Option two – Core Service

- Question over this is it contravenes the 1964 Act by the level of reductions.
- Would need investment in the web and self-service to work.
- Change in hours needs to take into consideration working people’s access to services.
- What is meant by “core” service – bit confusing with central services.

Strengths

Retains a presence in the market towns.
Is a half-way house for cuts.

Weaknesses

Reduces the opportunity for people in the market towns to access services creating rural isolation.
There would be pressure on Hereford which would need investment.
Creating a “post code lottery” for accessing customer service and libraries.

Option three – Top-Up

- Very similar to the option above (should they be considered as one?).
- Recognises libraries as part of the wider community and community benefit.

Strengths

Positive collaborative approach.
Could use volunteers more (for certain things).
Would enable the service to be redeveloped over time.
In-line with much of the national thinking of libraries as safe / community spaces.
Opportunity to let premises to raise income.
Variety and diversity would reinforce the service.
Gives option for town councils to pay and

Weaknesses

Emphasis on others to “prop up” the service and which might not be there.
Reduces the book stock space.
Looks like replacing professional staff with volunteers and a number of risks around that (eg skills and reliability).

become involved in services.	
------------------------------	--

Option four – Centralised Provision

- Would be subject to judicial review.
- Looks like a plan to sell off the buildings to raise income.
- Emphasis on electronic delivery of service but failings in the internet and web presence, with many people not having the money or skills to use the web.
- This would stop a lot of people using the service as would not be able to travel.
- Another example of eroding services in the market towns and rural areas.

Strengths

Nets savings that can be used within care pressures in the local authority.

Opportunity to merge Hereford sites in a bigger and better location.

Weaknesses

Too much strain on Hereford at the library and Franklin House – both of which would need work on them to cope with the change.

The assets would not be used for the purpose they were intended.

There would be no library presence in the market towns (a mobile service would not be able to carry the book stock).

High reliance on web / internet which is not available.

There would be limited access for public access PCs which are a life line for people.

Option Five – Outsourcing

- It has happened elsewhere – but not seen how this has worked well.
- There are number things that could go wrong creating high risk and uncertainty.
- This should include merging with other counties.
- Too vague and not sure anyone would take up the service.

Strengths

Link libraries and heritage through a trust (mirror the Arts Council set up).

Potential to separate libraries and customer services.

Can apply for other sources of funding not open to the local authority.

Can link to existing trusts.

Weaknesses

Would not meet many savings because still have to pay a private company/trust.

Would take time to implement through a tender or discussion process.

Question over security and sustainability of an outsourced arrangement (especially if council decides to withdraw its funding).

Staff Focus Group - common comments

Library, customer services, customer contact and union representatives

General Comments

- Concerns over increased lone working and how it will affect customers.
- The demands on the service seem to be increasing rather than decreasing, and struggling to cope in some instances.
- Digital services not the answer for everything – some people need very intensive support and need to come into the office.
- It would reduce time and money if there were better systems in place – letters regarding council tax confuse people so they come in or phone up regarding queries that could have been clearer in the first place.
- Other parts of the organisation are “making business” for the front of house service – litter fines have to be paid in person at a customer service centre.
- Considerations given to staff that have a disability such as sight impairment as system introduced actually hinders not helps.
- Staff to be more involved in shaping services.
- Rather than cutting services, could there be more opportunity for charging.
- We need a co-ordinated countywide customer service and library with a clear strategic vision, service targets etc. to maximise efficiencies and ensure equality of service.
- Need to support people who can't read and write.
- Why not stop out of hours service to reduce costs.

Option One – Status Quo with reductions over time

- This will end up in a lack of cohesive strategy and co-ordinated countywide service.
- Increased and increasing pressure on staff to deliver the same service with less resource.
- Seems like “death by a thousand cuts” which has been going on for years.

Strengths

Less immediate impact on staff and customers.
Would not need a restructure which would tie up people's time to get the real work done.

Weaknesses

Does not recognise need for change.
Does not create the savings which are required.
Reduced and reducing capacity for delivering service.
Loss of expertise, across the board, as people get fed up and leave.
Will continue to create uncertainty because the reductions will still be required.
Stress placed upon staff.
Responsive rather than proactive approach.
Likely to be asked for more savings in years to come, so short term.

Option Two – Core Service

<ul style="list-style-type: none"> • Seems to go against council priorities - reducing library opening hours when children’s issues and demand from elderly and vulnerable is increasing; reducing access to public computers at the same time as promoting digital channels. • Running community libraries takes a lot of resources. 	
<p>Strengths</p> <p>Retains a co-ordinated county-wide customer service and library function.</p> <p>Retains a market towns presence.</p> <p>Services could grow again when demand and resources increase.</p> <p>Impact on customers less negative than option 4.</p>	<p>Weaknesses</p> <p>50% reduction in main library opening hours could breach statutory requirement for “comprehensive and efficient” library service.</p> <p>Decreased provision for in-depth customer service enquiries locally means increased pressure on call centre / Franklin House.</p> <p>Loss of local expertise in staffing.</p> <p>Leaves community libraries vulnerable to failure.</p> <p>Inefficient use of buildings whilst still retaining most of their cost.</p> <p>No investment in development or income generation – need to reinvest to get web and email right.</p> <p>Danger of fragmented service.</p>

Option Three – Top Up

<ul style="list-style-type: none"> • Sites developed to accommodate additional services from private and third sector, e.g. educational courses, job clubs, literacy projects, coffee shops, friends groups, outreach work with local schools. • Some sites will need investment to redesign counter areas. Could mean further investment in development of buildings and services, e.g. e-books, self-service, coffee shop, meeting rooms for hire. • Partners using sites would need to fit with strategic plan for services. 	
<p>Strengths</p> <p>Co-ordinated county-wide customer service and library function.</p> <p>Retains market towns presence and Services could grow again when demand and resources increase. Improved use of buildings.</p> <p>Improved access to local services through partnership.</p> <p>Builds locality role for sites as community hubs.</p> <p>Transformation project enables reduction in face-to-face provision by growing infrastructure and digital access.</p> <p>Delivers immediate savings, with further savings over time.</p> <p>Increased capacity for future development and income generation.</p>	<p>Weaknesses</p> <p>Still negative impact on customers, particularly outside Hereford.</p> <p>Reducing hours when they are needed more due to recession.</p> <p>Reduced opening hour’s means less access to public computers at the same time as promoting digital channels.</p> <p>Decreased provision for in-depth enquiries locally means increased pressure on call centre / Franklin House.</p> <p>Gradual loss of local expertise and flexibility with staffing.</p> <p>Less immediate savings, although possibly more over time.</p> <p>Need to invest in sites.</p>

Option four – Centralised Provision

- Too much pressure on Hereford venues – would need to extend the opening hours.
- Can see considerable impact on the reputation of the council – which will be felt by the front line staff.
- If withdraw from the market towns customer service provision in one quick hit the current back office and digital solutions simply will not cope. They need a proper transformation programme and a phased withdrawal.
- Seems to go against current council’s policies – these services provide a preventative service for people getting into crisis; addresses isolation for older people; against sustaining rural areas.
- Not sure this option would meet the council’s equality duty as specifically discriminates against older people in rural areas who do not have access to their own transport.
- Would work in a less sparse county with good public transport networks, but not Herefordshire.
- Customer Service Centres/libraries the only front facing service provided by the local authority in market towns.
- Centres really important to people – especially vulnerable people who need face to face services.
- Contradicts the public commitment from former Leader that the market town libraries will not close.
- Raises questions over the continuation of Masters House project relating to external funding.
- Feels like throwing out the “baby with the bath rather”.

Strengths

Drives change in behaviour of customers.

Weaknesses

Mass redundancies with loss of expertise.

Back office functions and digital channels couldn’t cope with increased demand.

Rural population disenfranchised - highly negative impact on market towns.

Impacts most on vulnerable customers and those with poor mobility.

One day in market town insufficient to cope with local demand.

No time or resources to develop alternative provision.

Concern whether achievable – also politically high risk with elections in May 2015 (would not be supported by MPs).

Closing market town libraries would breach statutory requirement to provide “comprehensive and efficient library service for local people”.

What about impact on people who rely on bus services?

Option Five – Outsourcing

- The private sector will make the saving by stripping out process that the local authority could do if it had a collaborative approach across the whole organisation.
- It could enable the School Library service to reduce red tape and operate out-of-county.
- Part of the service could be outsourced linked to relevant services, e.g. it was suggested that the Blue Badge service could potentially be separated and outsourced independently, or that it could merge with Shopmobility onto one site.
- An outsourced provider would not have the same level of sensitivity to the situation, as keeping costs down in order to make a profit would be the priority.
- Risk of data protection being compromised if customer services outsourced.
- TUPE requirement.
- If outsourced, HC would need to improve contract management practices to ensure that standard and quality of service were maintained, and to embed better communication.
- Could create fractured services and seen by the customer as such.
- Not clear where the savings are.
- Questions of sustainability. What happens if it fails?

Strengths

With a trust opportunity to access different sorts of funding.

With a charity there would be the same staff ethos of “doing something for the community”.

Weaknesses

A private company will be in the business to make money and strip the assets.

Outsourcing would result in fractured /insufficient communication between organisations.

Likely to see rural / market town sites closed.

The full life procurement costs are likely to be high.

No obvious savings for some time.

Few libraries have gone down this route with no track record of working.

Stakeholder Consultation on the future of Libraries and Customer Service Centres

Introduction

This document outlines some first thoughts on the options for libraries and customer service centres operated across Herefordshire. This document complements an impact survey available for people who use libraries and customer service centres to comment on how changes to the facilities could affect them.

A combination of information will be used to create a set of options for operating facilities in the future, which would include existing data regarding usage and range of services accessed, results from the impact survey, previous consultation and comments made regarding the outline options. Also to be taken into account will be the county's demographics and geography.

There is no doubt that Herefordshire Council's budget is under pressure and all services require a degree of scrutiny to create a sound financial footing for the future. However, also driving change are the trends regarding the use of libraries and customer services which have shifted over the years, with declining in person visits next to different opportunities to access services especially via the internet and growing trend for self-serve increasingly being operated by the private and public sectors.

Additionally, the availability of books at no or low cost has broken down many of the old barriers to enabling a range of reading choices and growth of community lead schemes such as community libraries. The growth "self-serve/community delivery" is reflective of the changing nature of local government where services are more relevantly delivered at a very local level with less centralised control. Across the country local authorities are tackling the balance of covering the cost of operating libraries and customer service centres whilst meeting local expectations and needs.

Within this document a range of options that need to be explored and exposed, enabling cabinet members to make an informed decision at committee in September 2013.

Option 1 - Status Quo with reductions over time

To retain the current arrangements regarding services on offer and opening times based on a "universal service" approach. To reduce cost, by non-recruitment of staff when people leave, increasing lone working and changing opening hours over time. Additional savings are to be implemented on processes and practices again over time. This will not create significant change and/or release funds to be deployed elsewhere or investment in other delivery mechanisms such as digital or targeted services for older people and the most vulnerable.

Option 2 - Core Service

To refocus the service on core activity, still creating a universal approach but with reduced hours (eg up to 50% reduced and withdrawal from smaller libraries). Customers will be re-directed to other ways of accessing the services, eg payment at different facilities, better digital access, email and phone. The provision of the centres will be for customers who genuinely need face-to-face services, with all other customers encouraged to operate a self-service route learning from how this has worked well in the private sector and local authority services. There may need some capital investment and a campaign to raise awareness with customers of the different options. This also means there needs to be effective digital access.

Option 3 - Top Up

This is based on the local authority providing a core service but “topped up” by a range of opportunities by the community, private sector, partnerships with education, merger with other services, etc. The “top up” would cover the cost of additional services or opening hours and can be very flexible in its nature. This may involve some capital improvements to sites where services are co-located or where the community wish to use the space. This could also mean a reduction in space for library stock, though compensated by more options for reviewing library stock digitally (on and off site) or using volunteer “book advisors” who can help people find the right book for them.

The small libraries to possibly become community run with back-up from local authority services – this would mean bodies like local councils and user group resourcing the facilities and taking local control. The delivered service to the housebound to remain in place, though schools library/book clubs be self-financing.

Option 4 – Centralised Provision

To retain a central service for libraries and customer service centres in Hereford, with a one day presence in each of the market towns. This change to take place over an 18 month period whilst the digital services and self-service opportunities become available and a campaign of awareness with customers takes place on how to access services locally (eg existing pay points). The service in Hereford will mainly be appointment based and available to the most needed. This will net the largest savings and the opportunity to release some of the sites for sale or community transfer.

Local areas would have the option of running their own libraries or book exchange projects; and there could be local drop / off and collection points for library stock.

Options 5 – Outsourcing

For the services to be delivered by a third party of either a social enterprise/charitable trust, other public body, private sector or at an individual locality level by the community. It would be likely that different elements will appeal to different bodies with the libraries potentially joining a heritage trust, existing trust or individual arrangement in each locality which enables local control. This would potentially mean split of the service functions, though could bring new approaches and collaborations which enables the services to be sustainable.

Savings on non domestic rates (NNDR) can be made by a charity (50% savings on rates). The functions do have high expenditure with little opportunity of income which might have an influence on likely bodies interested in operating the services and have continuing need for subsidy by the local authority. This option would need time to develop and tested through procurement and dialogue over an 18 month period.

Customer Contact Centre and the Web

The customer contact centre deals with email and phone queries and will remain in place though some savings may be gained through re-arranging back office operations – for example more opportunity to make payments through the phone.

There will also be a more interactive web-presence which will help customers’ access services at a time suitable to them using personal accounts. However, it is understood that training might be needed to support customers to use the web – though recognising that for some people it may never be an option.

Understanding these are early thoughts on the options, what are your views on the strengths and weaknesses of each option, and how do you think this could affect people who need these services

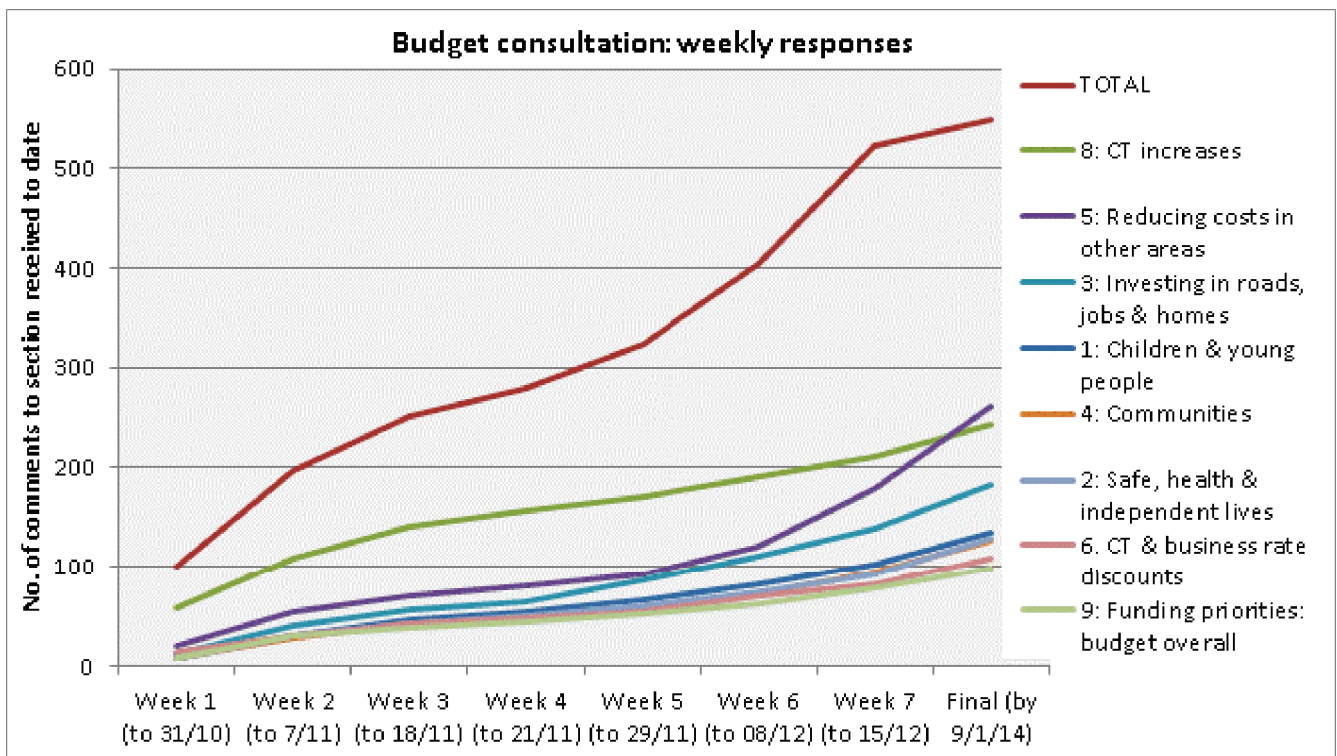
most? Email comments to (in the Subject box please use “library and customer services options”:
measuringtheimpact@herefordshire.gov.uk.

Budget 2014/15 Consultation: analysis of results

(9th January 2014)

Background

- The Budget 2014/15 consultation went live on Thursday 24th October 2013. This report considers the responses received by the 9th January 2014 (the deadline for responses was the 20th December).
- Online responses were submitted to individual section(s) of the proposals on the council website, or to the whole consultation at once. The latter collected some demographic information about respondents.
- The full survey form was available to print on the website, but a small number of paper copies were also supplied on request (including one large print version) and forty copies were printed for the Courtyard (they requested 200).
- **By the 9th January, a total of 706 individual consultation responses had been received**
 - 439 comments to the different sections on the website
 - 159 responses to the full consultation form online, plus 21 hard copies of the questionnaire posted to the council (i.e. comments about one or more sections of the budget consultation proposal from the same person)
 - 43 e-mails or letters, which were translated into survey responses as far as possible (or considered separately)
 - 39 letters and one petition (signed by 43 people) in response to a letter sent out by Councillor Powell promoting the consultation in relation to proposed cuts to bus subsidies
 - The 706 included responses from 27 organisations: The Courtyard, the Citizen's Advice Bureau (including a petition signed by 628 people), Herefordshire & Worcestershire Chamber of Commerce, hvoss (Herefordshire voluntary organisation support service), a submission on behalf of 13 care home providers, Herefordshire Libraries Support Group, Ross Library, Ross Library Development Group, Kemble Housing and SHYPP, Woolhope Naturalists' Field Club, a rural bus operator, Herefordshire Diocese Council for Social Responsibility, Hereford South Wye Team Ministry, West Gloucestershire Art Society, the Community of the Holy Fire, eight parish/town councils, two parochial church councils, one parish hall and Baroness Thomas of Winchester. Responses from organisations will be made available as a separate appendix.
- The consultation was promoted on social media (Twitter and Facebook); 35 comments were received – general themes were: asking for more information; transport cuts; public toilets; salaries; not acting on results of consultations in past.
- The highest number of comments throughout the majority of the consultation period was for **section 8: Council Tax increases** (243 comments in total). However, responses to **section 5: reducing costs in other areas** saw a rapid increase from the end of November, and once the letters about public transport were included this section had the most comments by the end (262). **Section 3: investing in roads, jobs and homes** also saw an increase mid-way through the consultation period (183 in total) - many of these mention the Citizens' Advice Bureau. See chart below.



Who responded

The full survey asked respondents for some basic demographic information, including whether they are responding as an individual or on behalf of an organisation. Those leaving comments on the blog were able to leave a name and email address but didn't have to.

Of the 223 responses where demographics could be recorded:

- A slight majority (52 per cent of those who gave their gender) were female.
- The age profile shows that nearly half of respondents who gave their age were aged 45-64 years (48 per cent), compared with 42 per cent of the resident population; and 19 per cent of respondents were aged 25-44 (lower than the resident population). The proportion of responses from 65-74 year-olds (22 per cent) was much higher than the population, and the proportion aged 75+ was similar (10 per cent).
- 13 respondents stated that they had a disability.
- Of those who gave their ethnicity, all but four said they were 'white British'.

1. Keeping children and young people safe and giving them the best start in life

134 comments received about this section, 11 said that not enough detail was given – see comment as an example.

“ We will make better use of data, information and intelligence” Your suggestions aren't specific and you have access to all the information. How do you expect members of the public to give specific answers? ”

1.1 Particular groups that will be affected?

Groups most frequently cited were children and young people, those living in low income households and 'vulnerable' groups such as those in care.

“ 4,500 children already living in poverty in Herefordshire. Any cutbacks are going to make life far more difficult for these families. ”

Also mentioned were: all residents, young carers, children with disabilities (physical and mental), single parents, young mothers, early years settings and schools, children from poor social and education backgrounds, children from migrant worker families, young people living in low income households living in rural areas.

1.2 Ways to reduce the impact whilst still making the significant budget reductions we need?

- Involve and integrate with communities, charities and companies to support or sponsor schemes
- Invest in prevention to avoid need for direct intervention – e.g. supporting and educating families

“ More family support, education, encouragement and handholding is necessary to bed in the info, advice and guidance. This will develop the confidence necessary for a shift in attitude and culture. ”

- Don't cut these services as you'll pay in the long term – including culture and libraries
- Provide effective training to 'frontline volunteers', particularly around safeguarding.
- Streamline and reduce costs (reduce senior management staff and their pay, “focus on recruiting and retaining competent staff while removing poor performing staff”, use existing buildings more extensively, like schools); avoid duplication of services.
- Support carers of children and young people with physical and mental health difficulties
- Provide more outreach from children's centres.

“ Cut out the costly middle man which has been set up needlessly to monitor and evaluate everything causing horrific duplication unnecessarily. ”

1.3 Ideas and suggestions about doing things differently

- Reduce spend on senior management, reduce management layers and bureaucracy.
- More effective management and commissioning that is accountable if services are not delivered effectively. Improve communication and access to information, use knowledge of frontline staff.
- Greater partnership working, ensure issues are acted on in a timely way – see comment
- Ensure effective transition through stages from children to adult services
- Recruit permanent social workers, and retain and enable them.
- Learn from elsewhere – see comment, or outsource or merge with another county to gain expertise.
- Don't cut funding to these services, lobby government for more money.
- Don't rely on communities or the voluntary sector to provide core services – see comment

“Social workers and school authorities must co-ordinate information to monitor children at risk or underachieving at school.”

“Respond quickly to identify problems so that intervention services remain low level. Stop supposing that the local community will pull together like “the old days” and solve various problems. the priority is to save money so what is the purpose of running a pilot for 19 year olds with learning disabilities to remain in education. This kind of work has been piloted all over the country...and in other parts of the western world for over 25 years.”

2. Enabling, within the resource available to us, residents to live safe, healthy and independent lives

129 comments received about this section, three saying not enough information given.

The Herefordshire library support group and Ross rural parish council submitted a detailed response in support of libraries, which will be published in a separate appendix along with those of other organisations.

2.1 Particular groups that will be affected?

Responses most frequently cited (in order) were: elderly people, disabled people, 'vulnerable', those on low income and socially isolated older people, especially those living in rural areas reliant on public transport to remain independent. Also mentioned were unpaid

“ Those least able to help themselves and make the best of the new funding arrangements. Those with relatives who can handle this for them will inevitably end up with the best use of resources. ”

carers, older people not able to use web based services and 'all residents in some shape or form'.

2.2 Ways to reduce the impact whilst still making the significant budget reductions we need?

- Charge those who can pay – see comment. Also applies to bus fares – increase if necessary.
- Support those in need before they are in a critical state – preventative measures.
- Families need to take more responsibility and be involved in the care of their own, working with professionals – even working out shifts together.
- Support unpaid carers or the social care budget will be even higher
- Question of the capability of people to use personalised care, negotiating a complex system, particularly if the don't have support to do so (friends, family). However employing carers directly is more cost effective.

“ I would support charging for services for those who are able to pay and welcome more emphasis on home care and less on institutional care. ”

“ People's ability and desire to manage their own care can be very variable. As a retired health care professional, I was involved in estimating costs of care and equipment to enable the most seriously disabled in our communities to have a reasonable quality of life. This type of responsibility is overwhelming for some sectors of our community - so access to relevant help is essential through such organisations as CAB and disability charities. ”

- Work more effectively with other agencies such as disability charities, citizen's advice bureau, Age UK, GPs by working directly with them without added layers of costly administration. Use local facilities such as schools, village halls and churches to work with communities.
- Social services should be a higher priority than saving libraries – the latter could be run by volunteers and most people have access to the internet at home now.
- However there were several suggestions about using libraries more as a hub, either socially or for local agencies.

- Proposals look good but focus on those in real need.

2.3 Ideas and suggestions about doing things differently

- Work directly with service providers rather than through layers of bureaucracy – see comment

“Trust voluntary organisations such as Age UK and refer - they can support older people with all needs (not just those who are FACS eligible by having critical and substantial needs). They can keep people out of the ASC system for longer.”

- Keep libraries open but widen use to include social and cultural activities, co-locate with customer service and tourist information centres, use volunteers guided by professional librarians, make systems more efficient e.g. electronic return of books. Investigate ways of income generation.
- Increase taxes and face the consequences and reduce councillor expenses.
- Reduce bureaucracy and commission more effectively, use evidence – see comment:

“Use current, evidence based approaches to services, which are more efficient and effective” So have you been using out of date evidence up to now? Disregarding evidence?”

- Negotiate with hotel chains to provide some emergency temporary accommodation as part of social responsibility with trade-off of reduced business rates.
- Less inpatient and institutional care, more support within local communities.
- More efficient and effective services e.g. the equipment loan programme for patients; outcome based commissioning.
- Think long-term – invest in prevention now, particularly working with voluntary and community sector.

3. Investing in projects to improve roads, create jobs and build more homes

This section received 183 comments with four stating not enough information was given to make an informed response and particular to this section were six comments that proposed cuts to the Courtyard, hvoss, CAB and others were 'buried' in this section alongside roads, jobs and homes.

A detailed response was submitted by the following organisations in relation to budget savings proposals in section 3:

- **hvoss** (Herefordshire voluntary organisation support services) in relation to this particular section, which has 250 members and a wider network of 1,100 groups.
- **Herefordshire Citizen's Advice Bureau** submitted a response, in addition to a separate petition asking the Council not to cut funding to CAB, signed by 628 people.
- **The Courtyard**
- **The Chamber of Commerce**

Responses from these and other organisations will be published as a separate appendix.

3.1 Particular groups that will be affected?

The groups most frequently cited were:

- Anyone who seeks advice on a debt, employment, legal or financial problem - specifically people who rely on the citizen's advice bureau.
- 'other' – including road users, people living in villages, people living south of the river, young people and families who can't access social housing but can't afford to buy on the open market.
- Those with low income, or on benefits or unemployed (particularly young people).
- Vulnerable people (including young people without transport, the elderly)

3.2 Ways to reduce the impact whilst still making the significant budget reductions we need?

- Most comments relate to roads and housing – an example is quoted below:

“ Being more thorough when reviewing tenders for road maintenance, producing low cost housing in joint venture with reliable, cost effective companies with a history of good practice and value for money. Dispense with expensive consultants and middle men during the decision process. Council should take direct responsibility for their action without negating decisions or risks to 3rd parties which seems to have become a generational escape from ownership/responsibility. ”

- Build more flats in towns and city; reduce need to travel especially if near bus routes.
- Attract and retain younger people and families in the county by providing affordable housing including for people who are ineligible for social housing but can't buy outright.

- Fix potholes properly once, which saves money in the long-run and reduces problems of compensation later; keep drains clear in summer months to avoid flooding and damage to roads in cold and wet weather.

- Several suggestions in changing priorities for investment or spending by the Council such as a focus on protecting our vulnerable people and not spending money on 'unnecessary' highway works or 'quasi-consultations' – see comment:

“ Stop wasting money on one consultation after another which I believe serves to conceal rather than address the real issues affecting us all. I should like to know exactly how much money has been wasted on one useless survey after another! The outcomes of these quasi consultation exercises serves to meet the statutory duties of the council but the solutions have, it seems, already been decided upon in advance. What a waste of money. If you are to engage in a consultation make it real and listen to the concerns of residents. ”

- Reduce street lighting - amount and switch off after midnight in some areas.
- Facilitate planning applications for developments that generate jobs and improve living standards.
- Improve the energy efficiency of housing to reduce fuel poverty.
- Broadband project spend in areas which already have sufficient broadband.
- It should be recognised that early intervention by the voluntary sector can prevent the young, elderly and vulnerable from getting into crisis before they become a burden on the council.

3.3 Ideas and suggestions about doing things differently

- Most of the comments in this section relate to objections to the proposed cut in funding to the Herefordshire Citizen’s Advice Bureau (CAB) stating it would be counterproductive and result in more people requiring support from the Council. The CAB submission cites how much income is brought into the county from helping people to access financial help.

“ Do NOT reduce funding to CAB. This is the only place many people can go for advice. You surely cannot deem it fair to fund the building of shopping centres and other resources many will not use and then take away the one place people can gather information they need to ascertain if they have been treated unfairly. ”

- Related to this were comments against cutting funding to other voluntary organisations such as *hvoss* which support and enable volunteers. Invest in the voluntary sector to achieve savings elsewhere.
- Some felt that the Courtyard and Visit Herefordshire should be self-sustaining but *hvoss* should still have financial support. Others asked that funding for the Courtyard should not be cut citing its many positive contributions to the health and well-being of residents and attracting visitors from out the county.
- HALC can raise funds from its own members but CAB, the Courtyard and others can’t do this very easily so please don’t cut their funding.

- There were also many comments about roads; either maintenance or decisions about a relief road, bypass and New Market street and cycling routes. Related to this is the suggestion that parish councils are asked to implement low level road repairs.
- The next most common response relates to reducing inefficiency and costs within the Council e.g. cutting management layers, not using expensive consultants.
- The Council should leave economic development to businesses.
- Provide apprenticeships for local infrastructure projects to improve skills.
- Build affordable homes using cooperative building projects, self-build projects, use local companies and community-led improvements. Release council-owned land for this.

4. Help more communities deliver more of their own services

127 comments received about this section to date and five stated that there was insufficient detail in the budget savings proposals.

4.1 Particular groups that will be affected?

Parish councils and volunteers were cited most frequently as being affected by the savings proposals in this section, particularly already over-stretched volunteers. 'All

“ Voluntary groups which service a great deal of local authority schemes need to be supported by the local authority, you can't cut back financial support and expect more of us volunteers to do more of the work, we will run out of volunteers ”

residents or communities in some way or another were cited many times too. Other groups included those on low income, vulnerable people (including older and younger people), disabled people, those living in rural areas and working families too short of time and money to support voluntary community work.

4.2. Ways to reduce the impact whilst still making the significant budget reductions we need?

Most comments relate to communities, volunteers and libraries.

- Use local community centres as distribution points for information or services.
- Don't close libraries but cut down the hours.
- Reduce bureaucracy for volunteers (health and safety, insurance)
- Develop intergenerational co-partnership models where older people with time and experience can mentor young people and enable them to develop skills for life
- More volunteer groups in communities.

“ There seems an obvious contradiction between cutting financial support to HVOSS, the organisation that supports voluntary and community activity, whilst simultaneously expecting the voluntary and community sector to pick up the gaps left by reduced Council provision. Are councillors fully aware that there is no such thing as a free volunteer? Yes there are one off people who do amazing things, but the scope of the problem is not going to be addressed by an ad hoc approach entirely dependent on individuals. We are not in the 1950's now. Women are working; grandparents are doing more caring then ever. A more coordinated, sustained and skilled approach is needed if many people are not to be left struggling on the margins of our society ”

- Recognise the savings the voluntary sector delivers, and provide funding for them so they in turn can provide training and support to ensure they are effective.
- .Listen to existing staff and groups before employing consultants to ‘preach what we already know’
- Make information and advice easy to find.
- Improve the effectiveness of managers and reduce inefficiencies shown by the comment:

“ Make better use of council buildings. Double up on usage by combining functions. Insure that heating is at a reasonable level & that lights are turned off where possible.”

4.3 Ideas and suggestions about doing things differently

- Most frequently cited were suggestions to reduce staff costs (such as reduce high salaries and posts at the top of the Council); wages and expenses paid to Councillors; expensive initiatives such as investment in offices and computers.

There were also many comments about volunteering:

- Encourage companies to support employees who volunteer. Make it mandatory for high earners at the Council to volunteer.
- Decentralised services to communities means it may cost them more as they don’t have the buying power.
- Let volunteers staff museums and community libraries.
- Can’t rely on volunteers to do everything – see comment
- Work more efficiently with volunteers – see comment:

“ The Council could re-visit its interpretation of the Localism Act and acknowledge that it is designed to empower local communities; it is not designed to make them do social and other work for free ”

“ We have trained volunteers that are twiddling their thumbs as referrals to them from the Council have stopped. So yes, answering your emails and working together is essential. ”

5. Radically reducing costs in other areas

222 comments received about this section in response to the consultation, plus 39 letters and one petition (signed by 43 people) sent to Councillor Powell about the importance of particular bus services.

5.1 Particular groups that will be affected?

The proposals in this section cover a wide range of very different services, but many responses focus on one particular service or area of interest – and how the proposals will affect users of those services. The most frequent mentions were for public transport, libraries, culture and the arts (specifically the Courtyard), and others covered libraries, public rights of way, public toilets, waste collections, public transport and parking charges.

Comments about the nature of the impacts focused on the value of cultural experiences and libraries for residents (for example in education for all); the benefits of culture, public footpaths, transport and parking for tourism and the economy. Also the roles that certain facilities play in helping people stay healthy, independent or out of financial

difficulty and preventing them from need more costly council services (e.g. the Courtyard, CAB, libraries, footpaths, transport). Several indicated that cuts to cultural services and public rights of way and increases in parking charges would be short-sighted – for example:

“ Cuts to cultural provision and the arts will impact significantly on the attractiveness of the county as a place to live, work and visit. This is a short-sighted saving that will achieve relatively modest reductions with an irreversible and major effect on future economic prosperity and regeneration plans. In a rural area, such cuts would also have a disproportionate effect on those living in areas away from the urban centre of Hereford. ”

The following example highlights many of these issues:

“ I oppose the proposal to introduce parking charges at Queenswood Country Park since such charges would be in conflict with a central Government and the Council's own Core Strategy policies to encourage walking as an outdoor activity to improve the health and well being of the community leading to lower costs to the NHS etc.

I recall the previous decision to charge for parking which led to a steep decline in visitor numbers with the direct consequence that income from this source did not match predictions and was discontinued resulting in unexpected costs for the removal and disposal of the charge meters. It was concluded at that time that car park charges in fact led to loss of income.

The commercial viability of the café would again be put in jeopardy and it is obvious that the future of the National Trust shop and information point would be at serious risk through the certain loss of sales income from considerably reduced visitor numbers. ”

There were relatively few comments in terms of particular groups of people affected compared to other sections of the consultation. Those that were mentioned include the most vulnerable in society (including elderly, children and those already struggling financially), but others said that everyone would be equally affected. Also specific mentions for those in rural areas, those who cannot drive or don't have access to a car and those with limited internet access (cost / rurality), and clients of the CAB.

5.2 Ways to reduce the impact whilst still making the significant budget reductions we need?

Many comments suggested alternatives to protect the services they were most concerned about, so as a whole can contradict each other – for example the most common themes were to protect transport, libraries and cultural services, but a smaller number said that spending on these should be cut to protect other services, for example for children and the elderly.

The balance of such comments was:

- Need to maintain public transport because of preventative role in helping to keep people active and independent – community transport schemes unlikely to be an adequate replacement. Some suggested money could be saved by cutting Sunday routes; not paying for school transport other than to nearest school.

- Continue to support libraries – several suggestions about ways of generating income (e.g. room hire, small charges for books / internet); making better use of the space – including working with other partners such as the police, job centre and community groups; book donations.
- Continue to support the arts, specifically the Courtyard but also museums and other theatres – a specific impact mentioned were the implications on the services being able to access funding without match-funding from the council. Suggestions for reducing the impact of cuts on these services are phased reduction of funding, or only providing funding in alternate years (see 5.3 for suggestions of different ways of doing things)
- Increasing car parking charges could be counter-productive for shops in town centres.
- Need to maintain public rights of way because of health and tourism benefits.
- Keep public toilets open (could charge for use, or sell / lease to private enterprise).
- Don't cut CAB funding.
- Cut spending on landscaping – suggestions include parish councils or communities taking on responsibilities; several comments about perceived inefficiencies of Amey / Balfour Beatty / “council” in landscaping.
- Support for cutting spend on waste - including fortnightly rubbish collections, with suggestions for reducing the impact including having alternative arrangements in hot weather, separate weekly collections of food waste, longer opening hours for the tip, more encouragement of recycling or charging for more than one bag of rubbish (instead of fortnightly collections).

Other suggestions about how to reduce the impact on these services focus on cutting costs elsewhere (mainly operational - see 5.3) or raising revenue:

- Work with other local organisations and volunteers (e.g. to run libraries; help parish councils do more for themselves) – but they can't be relied on solely without any professional support
- Take a long-term view rather than short-term “sell everything” approach
- Spend on enforcement instead of using public money to rectify problems, and/or to raise revenue (e.g. landowners, traffic violations).
- Increase Council Tax; charge ‘wealthier’ more

“ You propose to make extensive use of volunteers, but this is only possible in a limited way: volunteers need leadership, training and supervision from qualified staff. They cannot replace professional staff - they can only work alongside them ”

5.3 Ideas and suggestions about doing things differently to meet priorities

The most frequent comments related to cutting operational costs and improving efficiency and effectiveness, including:

- cut numbers, salaries and pension contributions of management, councillors and staff
- outsource as much as possible or merge with another council
- stop spending on ICT, training, refreshments, expenses
- consolidate assets, locating staff in cheapest places
- fixed term contracts instead of agency workers

“ Start thinking of direct results. No passing the buck. Direct proposals, with direct impact, working directly with those who represent the vulnerable people and can bring about significant change. More action less proliferation. ”

Other ideas and suggestions included:

- Increase Council Tax or introduce charges for services (e.g. museums)
- Generate income in other ways (e.g. selling assets) or seek alternative funding sources – e.g. through government opportunities, sponsorship
- Develop ‘cultural partnerships’ outside the county
- Match-funding from businesses

6. Council Tax and business rate discounts

108 comments received about this section.

The strongest themes in this section as a whole were that those on low incomes would be most affected, followed by charities; voluntary and community organisations; and small, independent and/or new businesses. The vast majority of relevant comments were in favour of raising tax revenue through empty properties (82 per cent of 28 comments), although some highlighted potential mitigating circumstances that could be taken into account.

Although less clear-cut, by the end of the consultation, the balance of relevant comments was against the proposed reductions in CTR (18 of 30 comments – see 6.1 for an example), although others supported it:

“ Probably the people on job seekers benefit. However, why should working people face a 5% rise when others pay so very little. A bit of fairness is called for and reducing council tax reductions seems fair. ”

There were also frequent comments about reducing organisational costs.

6.1 Particular groups that will be affected?

Council Tax: by far the most frequent comment was people on low incomes, but also the most vulnerable and most needy; private landlords (in relation to empty properties and tenant turnover).

“ This is entirely daft As is being illustrated nationally by the "bedroom tax", in these difficult times people on low income simply do not have the means to meet increases , which result in arrears, evictions, choices between food or heating, and ultimately to homelessness, family disruption, ill-health and even on occasions suicide or death. The pips cannot squeak any more... ”

Business rates: small, independent and/or new businesses; charities and voluntary organisations; community groups (e.g. village halls).

“ Small businesses-positive impact, necessary for growth & sustainability in our towns & villages. ”

There were several comments about the impact that reducing discounts for charities, voluntary and community groups (e.g. who have received asset transfers) might have on those organisations at the same time as them being asked to do more; also the subsequent effect on their vulnerable clients if they are unable to continue operating.

“ It is self-defeating to reduce the discount on business rates for some charities - they will just go out of business meaning the voluntary sector will be even further reduced in size and further unable to do the work the Council used to do in terms of holding local communities together and society will be left with nothing. ”

6.2 Ways to reduce the impact whilst still making the significant budget reductions we need

Council Tax:

- The most frequent suggestion was to make savings through those who can afford to pay instead of cutting discounts for those who can't – e.g. increase Council Tax more for higher bands and second homes; empty properties
- Increase other charges – e.g. for planning applications; unused agricultural land
- Apply the changes equally to everyone – including pensioners
- Phased reduction in CTR over several years
- Don't increase Council Tax too much
- Make sure people know what they are entitled to and supported
- Alternative ways of Council Tax charging – e.g. per person, not dwelling; “revert to old rateable values”; income-based; greater reductions for those in rural areas with higher travel costs.

“ Absolutely DO NOT increase the rate for low earners - instead, increase the rate for high earners, or those with bigger properties.”

Business rates:

Most of the comments related to either support to encourage small, independent and/or new businesses; or to helping charities continue to support the other priorities:

- Reductions in first year for start-ups
- Favourable rates compared to charities – particularly large national ones
- Distinguish between national charities and small / local ones in charges
- Charge supermarkets or big companies more
- Reduced rents to increase occupancy

6.3 Ideas and suggestions about doing things differently

The most frequent suggestions were about reducing operational costs, e.g. staff, councillors, ICT, managing money better, efficiencies in collection systems.

Other suggestions included:

- Lobby government for fairer funding; changes to the system
- Need to encourage more businesses and tourism – suggestion of mentoring scheme for new firms; tax breaks for historical sites or cultural events
- Spend on the basics
- Charge for more services
- Increase enforcement – e.g. spot-checks for single occupancy; volunteers could find tax evaders
- Charge take-away shops an extra fee because of litter
- Allow voluntary contributions to save specific services

7. *There are no questions for section 7: future years*

8. Council Tax increases

243 comments received about this section.

8.1 To what degree do you agree that we should propose an increase of 5% to the council tax in a referendum?

The majority (62 per cent) of responses to this question expressed some opposition to increasing Council Tax, although the strength of this fell during the consultation:

- 25 per cent were opposed to putting a 5 per cent increase to a referendum (including comments about the cost of a referendum)
- 20 per cent simply expressed their opposition to a 5 per cent increase
- 18 per cent were opposed to any increase at all.

The most frequent comments supporting these views mentioned:

- Impact of increasing Council Tax at a time when other living costs are also rising, but wages aren't. Particularly the disproportionate impact on those with low incomes
- Better financial management needed (see comment above), including "live within means" and "not giving you more to waste"
- Operational costs (staff numbers and salaries, councillors' expenses, consultants, buildings, waste) should be reduced first
- Why should people pay more when services are being cut and they already "don't get much" for their Council Tax.

“ The Council cannot simply keep increasing Council Tax to meet its needs. It has reached its limit. It must live within its means, like the rest of us have to. ”

However, more than a third (36 per cent) indicated that they would support a referendum or some level of increase (including some suggestions that it should be higher than 5 per cent) – although many were qualified with points such as:

- How the money should be spent – e.g. correctly, or "not wasted" (see comment).
- Support increase but not the cost of a referendum, and provided concessions remain for those who can't afford it
- Only hold a referendum if research suggests you would win, and people are fully informed
- Alternative increases: e.g. 10 pc this year, followed by reduction next; increase higher bands only

“ I would be prepared to pay an extra 5% CT to support the Council's aims of preserving services to the elderly and infirm, and to maintain the artistic/cultural life of Herefordshire; but I suspect that in the present economic climate, and in the present atmosphere of [not entirely undeserved] suspicion and antipathy towards local political processes and personnel there will be many who will see the suggestion as 'bailing out' an 'incompetent' administration. If the Council does decide to venture £160K in the hope of gaining £2.4M, it needs to present the electorate with evidence of [a] a much more efficient and stringently economical approach to its business, and [b] a more sensitive attitude in future in dealing with their concerns, than heretofore! ”

“ I agree strongly that a council tax increase should be put to the vote, provided that it is accompanied by a proposal for how the money should be spent ”

8.2 If we did increase the council tax by 5% what do you think we should spend the additional £2.4 million income on?

The balance of comments shifted from the initial stages of the consultation, when the most frequent response was that there shouldn't be an increase in council tax so there was no need to think about what to do with the money (only 7 per cent by the end).

A third of all comments made suggestions about specific services that the money should be spent on (or simply "essential" or "core" services, or "the ones facing cuts"). Others didn't mention services, but said the money shouldn't be "wasted" or spent on staff.

Those that did mention specific services include (in order) protecting the vulnerable, roads and traffic, supporting the third sector (including the CAB specifically), libraries, children and young people (including education and playgrounds), the arts and culture, economic development libraries, buses, housing and toilets.

9. Funding our priorities – considering the proposed budget overall

99 comments received about this section

9.1 Particular groups that will be affected?

The most frequent comment was "everyone" (almost two-fifths of responses to this particular question). Others mentioned vulnerable people; by far the single most common group mentioned (by a third) was people on low incomes or struggling financially, followed by children and young people, the elderly and disabled people. A few mentioned working tax payers who would have to pay more tax.

Specific services mentioned in this section included the Citizens' Advice Bureau, public rights of way, libraries, leisure and the arts – mainly in relation to their various preventative roles.

“ It is short-sighted to cut funding to an organisation like the Citizens Advice Bureau (CAB) in Herefordshire which is providing a much needed service within the county. Supported by voluntary effort and cost effective, the CAB provides vital help and advice to people without which they would face increasing financial hardship and social difficulties. The absence of the CAB in Herefordshire is likely to impact on the Council's future costs through increased demand on existing Council services. Repercussions will be felt within the wider community in areas such as health and social wellbeing. ”

9.2 Ways to reduce the impact whilst still making the significant budget reductions we need?

The most common response relates to continuing to support those who can prevent the need for direct intervention by the council - specifically in terms of financial hardship (mainly the CAB but also food banks) and health and social care (e.g. carers, especially young carers; community transport; public rights of way). Also schools and communities in general.

Other suggestions:

- Careful planning and spending (see right for e.g.); only fund initiatives that are used
- Spread the cuts over all services; cut non-essentials (see next page)

“ Focus support to where it really makes an economic difference, not to where a councillor can point to a reduced figure on a balance sheet. No-one has any respect for that sort of short-termism. ”

- Target funds on the most vulnerable
- Assess and monitor the cumulative impact of cuts and changes on the most at risk, in the context of national changes too.
- Change priorities (basic services for people in rural areas)

“I am particularly concerned about the threat to the Herefordshire CAB. This is an invaluable service supported mostly by volunteers. To even consider losing this wealth of effort, given completely free, is tantamount to vandalism and would be a disaster to so many people who look to them for support and help. If cuts must be made, cut in areas where volunteers do not contribute, to desirable, but non essential services, libraries, baths, parks etc. ”

9.3 Ideas and suggestions about doing things differently

- The most common suggestions were various ways of cutting operational costs, mainly management and other staff costs (for example pay cuts or reduced hours; “thinning out” of management structure; councillors’ expenses) but also reduced “bureaucracy” and running costs – and not doing questionnaires like this. A couple suggested sharing services with other counties.
- Other suggestions included:
 - Encourage economic development and investment in the county
 - Lobby government for fairer funding; seek new sources of funding – including by working in partnership with the third sector to harness other funding streams
 - Raise revenue in other ways – e.g. traffic fines (cameras at box junctions, tractors in town centres between nine and five), taxing second home owners more, or increasing Council Tax in one way or another.
 - Means-test benefits for pensioners:

“Budget reductions have gone on for too long. The council is in a difficult situation but it makes no sense to make short term cuts which will be very damaging to the future of the county, so bite the bullet and increase council tax. ”

“Your aims are admirable but I have no specific comments apart from advocating that it is time that dispensations for pensioners were means-tested. Many of us fortunate enough to have retirement incomes above average earnings feel guilty about free bus passes, prescriptions, heating allowances, etc. and such savings would ameliorate spending on services that benefit us. ”

10. Any other comments

The online survey had a section for ‘any other comments’. The most frequently cited were requests to not cut funding to the citizen’s advice bureau followed by comments about the design of the consultation – mostly negative e.g. not enough information given to make a rational response, unstructured. The next most cited comments were about the library followed by those related to reducing management overheads and operational costs.

Delivering our priorities with much less money

Our response to what you told us in the budget consultation

Final

Version 5.1

Background

We know from previous consultations and engagement with local people that

- Local people want to see improvement in access to decent housing they can afford, wages and job prospects and the quality of roads
- Local people also agree that protecting vulnerable people is very important
- Many local people would like us to invest in a range of other services, for example to support art, museums, libraries, public transport and sport

Our priorities are to

- Keep children and young people safe and give them the best start in life
- Enable residents to live safe, healthy and independent lives
- Invest in projects to improve roads, create jobs and build more homes

Our priorities were reviewed and agreed by a series of cross-party working groups of councillors in the summer of 2013.

To meet our priorities we will need to

- Encourage individuals, communities and organisations to do more for themselves and for their local area
- Radically reduce the cost, breadth and level of services we provide
- Ensure the services that we do provide are cost effective

We face unprecedented reductions in our funding from central government. On 29 October 2013 we published our proposals for how we would deliver our priorities over the next three years while making £33m savings.

We asked you to review them.

In particular we asked:

- are there particular groups that will be impacted by these proposals?
- can you suggest ways we could reduce the impact on particular groups while still making the significant budget reductions we need?
- can you give us specific ideas and suggestions about what we or others could do differently to meet our priorities?

The consultation closed on 20 December. We have analysed the responses and published them in a separate report.

Thank you to everyone who took part in the consultation. Cabinet members and senior managers have reviewed all of the comments. There were many specific suggestions about ways we could deliver services differently and more cost effectively which we will consider over the coming months.

Radically reducing costs in our non-priority areas and ensuring the services we do provide are cost effective

A very strong message across the consultation was that people wanted us to be sure we were as efficient and cost-effective as possible. Many people challenged us to reduce our back-office and management costs further. We recognise that people expect the council to operate as efficiently as possible.

We have reduced our organisation by 228 posts in the current financial year. This is on top of 76 posts in the previous financial year. This is a very significant reduction, we have not increased the amount we spend on agency workers over the same time.

We also plan to reduce the use of agency staff across the organisation over the next year and beyond.

We have reduced the cost of making people redundant by capping the payments that people can receive. Previously staff earning more than £23,400 per year received more generous redundancy payments.

Our staff agreed to take 2 days unpaid leave each year which has reduced our wage bill by £225,000 in this financial year.

There are opportunities to increase our income but we must ensure that is done in a fair way. We will continue with our plans to review charging across a wide range of services.

We recognise that many people are concerned that much-valued services will close when the council withdraws funding. We do not agree with this. We believe that services can be maintained or even improved if they are delivered in different ways. For example, the community toilet scheme means that many more conveniences are available to the public across the county.

While most bus routes in Herefordshire are run without council subsidy the rural bus network is largely subsidised. We are committed to reviewing this to ensure best value for the taxpayer. We believe that by having a more coordinated service and developing community transport schemes we can reduce costs. While it may still be necessary to reduce the services which we are able to subsidise, we will work hard to ensure that a core bus network remains.

Further consultation with passengers and communities will be undertaken as the bus network is reviewed.

As a result of the consultation we propose:

We will do everything we can to ensure that the vital 'market day' bus services in rural areas are protected.

We agree with the comments that suggest we could further reduce our core and management costs by more outsourcing and by merging particular service areas with other councils or organisations. We will do as much of that as possible over the next three years.

Council tax and business rates

We recognise that the issue of council tax increases is really important to local people. In particular we received comments about the impact on income-poor working-age people. We believe that the best solution to this is to increase wages in the county and we will be working hard to improve jobs and wages.

We agree with the many comments supporting an increase of council tax on empty and second homes.

As a result of the consultation we propose:

We do not propose to trigger a referendum by planning for a 5% rise in council tax.

We have looked again at the budget for next year. If we did not increase the level of council tax by 1.9% we would have to find an additional £700,000 in savings, on top of the £15.4million we have already identified. Given both the demographic and inflationary pressures and very legitimate concerns raised in other parts of the consultation we will need to raise council tax by 1.9% this year.

Working age people who qualify for council tax reduction will have to pay a bigger share of their bill themselves under our budget. We recognise that this is a big change so we will phase the increases over the next three years.

We will remove the discounts people receive on the council tax bills when their properties are empty. Where properties are empty for two years or more we will charge a premium,. Long-term empty properties will be charged at 150% of the standard council tax rate.

Helping more communities deliver more of their own services

We recognise that local communities, local councils and other organisations face real challenges in taking over responsibility for services that historically Herefordshire Council has delivered.

We agree that we need to do what we can to support communities and the voluntary organisations within Herefordshire in this period of great change to funding. Wherever this is possible, we will give both the opportunity and time to organisations and communities to find new ways of working that allow us to stay within our budget.

Volunteers already play a hugely important role across services and communities. We want to build on that strength and maximise the opportunities for volunteers to become involved in the delivery of services.

As a result of the consultation we propose:

We will be forced to continue to reduce the funding to library services from April 2015. We will work even harder to facilitate the use of self service, online services, greater support from volunteers and user groups, opportunities for trading, and possibly local financial support.

While we do need to change the way we work with voluntary and community groups, we agree with some of the concerns raised and recognise that this will take some time and we would not want to destabilise any group. We do want to be consistent with all the groups in this sector while ensuring best value for the Herefordshire taxpayer.

We believe we can support this sector in many different ways including the transfer of buildings and the provision of training and expert advice. We will phase in funding reductions over the next 3 years to both HVOSS and CAB and work with them to see what other forms of support are available.

We will continue to talk to local councils and community organisations to find opportunities to transfer appropriate buildings and pieces of land to communities.

Investing in projects to improve roads, create jobs and build more homes

We agree with many of the points made in response to this area of the consultation.

In September 2013 we appointed Balfour Beatty as our provider of highways and related services with a commitment to improve services. We have included an additional £20m capital investment in our budget to improve the condition of roads over the next two years and reduce the need for reactive maintenance in future.

We recognise that there is a need for additional housing. We have budgeted to ensure we can deliver significant numbers of affordable units. The majority of new housing will be developed by the private sector but the council will have a key role to play in making sure the infrastructure is in place to enable this.

We also agree that business should lead economic development. The council will have a role to play in making sure the infrastructure that business needs is in place and attracting additional investment into the county. The budget includes capital investment for broadband provision, the link road, and the Enterprise Zone. We will continue to work with the Marches Local Enterprise Partnership to ensure that Herefordshire continues to receive external funding for infrastructure projects.

The council has recently approved the Local Development Framework. This important planning document will enable the building of 16,000 new homes spread throughout the county, the supporting infrastructure, and in particular a western bypass for Herefordshire.

As a result of the consultation we propose:

We have agreed with our partners in the Herefordshire Business Board to support them in holding an economic summit in Herefordshire. This will enable businesses to agree what they will do and what the council will do to deliver many new jobs to Herefordshire.

We will continue the existing business engagement contract with Hereford and Worcester Chamber of Commerce but with a reduced level of funding.

Keeping children and young people safe and giving them the best start in life

We agree with many of the points made in response to this area of the consultation.

We must recruit and retain more social workers. While recognising that we have to be as efficient as possible we also need to recruit and retain experienced social work managers.

We believe that the voluntary sector and local communities have a greater role to play in supporting children. We will be looking to work with and support volunteers across our services.

We don't agree that cultural services funded by the council play a significant role in preventing harm to children and young people.

We will continue to support targeted, evidence based, preventative strategies to support the most vulnerable and ensure best use of taxpayers' money.

We will be investing in public health initiatives which will play a significant role in improving and protecting the health of children.

Enabling residents to live safe, healthy and independent lives

We agree with many of the points made in response to this area of the consultation.

We recognise the crucial role played by many charities. It is better for everyone when communities and voluntary groups play a wider role in supporting adults' wellbeing. We do want to work more effectively with them but this does not mean that we are able to fund them.

Across the county more effective use could be made of general community facilities such as village or church halls, or local pubs.

We will continue to support targeted, evidence-based, preventative strategies to support the most vulnerable and ensure best use of taxpayers' money.

Public health became our responsibility in 2013. We have a grant from Public Health England to invest in evidence based initiatives to improve the health of the population, primarily around stopping smoking, increasing active lifestyles and reducing obesity.

With our new public health responsibilities we are reviewing a wide range of preventative services for adults and children and redesigning them to offer the best quality at the best value for money, such as health checks, sexual health services, and drug and alcohol misuse services. We are collaborating with partners across the community to prevent ill health and support people to change their behaviour so their lifestyles become healthier.

Conclusion

As a result of this consultation we propose to vary our proposals in the following ways:

We do not propose to trigger a referendum by planning for a 5% rise in council tax.

We have looked again at the budget for next year. If we did not increase the level of council tax by 1.9% we would have to find an additional £700,000 in savings, on top of the £15.4million we have already identified. Given both the demographic and inflationary pressures and very legitimate concerns raised in other parts of the consultation we will need to raise council tax by 1.9% this year.

We will do everything we can to ensure that the vital 'market day' bus services in rural areas are protected.

We agree with the comments that suggest we could further reduce our core and management costs by more outsourcing and by merging particular service areas with other councils or organisations. We will do as much of that as possible over the next three years.

Working age people who qualify for council tax reduction will have to pay a bigger share of their bill themselves under our budget. We recognise that this is a big change so we will phase the increases over the next three years.

We will remove the discounts people receive on the council tax bills when their properties are empty. Where properties are empty for two years or more we will charge a premium. Long-term empty properties will be charged at 150% of the standard council tax rate.

We will be forced to continue to reduce the funding to library services from April 2015. We will work even harder to facilitate the use of self service, online services, greater support from volunteers and user groups, opportunities for trading, and possibly local financial support.

While we do need to change the way we work with voluntary and community groups, we agree with some of the concerns raised and recognise that this will take some time and we would not want to destabilise any group. We do want to be consistent with all the groups in this sector while ensuring best value for the Herefordshire taxpayer.

We believe we can support this sector in many different ways including the transfer of buildings and the provision of training and expert advice. We will phase in funding reductions over the next 3 years to both HVOSS and CAB and work with them to see what other forms of support are available.

We will continue to talk to local councils and community organisations to find opportunities to transfer appropriate buildings and pieces of land to communities.

We have agreed with our partners in the Herefordshire Business Board to support them in holding an economic summit in Herefordshire. This will enable businesses to agree what they will do and what the council will do to deliver many new jobs to Herefordshire.

We will continue the existing business engagement contract with Hereford and Worcester Chamber of Commerce but with a reduced level of funding.

