

MINUTES of the meeting of Cabinet held at Shire Hall, St Peter's Square, Hereford, HR1 2HX on Thursday 11 June 2015 at 2.00 pm

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

Councillors: JG Lester, GJ Powell, PD Price and P Rone

In attendance: Councillors JM Bartlett, WLS Bowen, BA Durkin, TM James, RI Matthews, AJW Powers, Mr A Neill, Ms H Coombes, Mrs J Davidson, G Hughes, Robinson and Claire Ward

Officers: Mr A Neill, Ms H Coombes, Mrs J Davidson, Mr G Hughes, Mr P Robinson, Ms C Ward

78. APOLOGIES FOR ABSENCE

Apologies were received from Councillor H Bramer.

79. DECLARATIONS OF INTEREST

There were no declarations of interest.

80. MINUTES

RESOLVED: That the Minutes of the meeting held on 19 March 2015 be approved as a correct record and signed by the Chairman.

81. FINANCIAL OUTTURN 2014-15

The chief financial officer presented the report, which sets out how the council delivered an underspend compared with budget. This includes significant improvements in Adults and Wellbeing spending compared with previous years when the Directorate had overspent.

Capital schemes of £78m have been delivered. The pension fund deficit has increased by £52m to £211m. A revised payment profile will be agreed following the actuarial valuation in March 2016. An increase in reserves was reported.

Responding to the Independent group leader, the chief financial officer confirmed that the reported outcomes were satisfactory. In response to an observation by the Liberal Democrat group leader, the chief financial officer explained that the £6m loan in respect of the Energy from Waste scheme was included in the capital outturn, as PFI assets are now included in the council's balance sheet.

The leader of It's Our County commended officers for this outturn and requested that in future reports more detail was included on the proportion of expenditure covered by capital grants per scheme. It was confirmed that this would be possible, and further clarified that there has been an increase in borrowing as some schemes are "spend to save". In some cases, there are rental arrangements in lieu of debt repayments, which in revenue terms results in a saving.

In response to a further question from the leader of It's Our County regarding the projected rise in the financing requirements, it was confirmed that this was in relation to debts; borrowing will increase although this is mitigated by the plan to dispose of assets.

RESOLVED THAT:

- (a) the financial outturn for 2014/15 be noted;**
- (b) the movements in reserves be noted and approved; and**
- (c) the treasury management outturn report be recommended to Council for approval.**

82. QUARTERLY PERFORMANCE REPORT

The assistant director, place based commissioning, presented the report which sets out performance by directorate. It was noted that paragraph 18 of the report should refer to Ledbury and not Ludlow as stated.

Achievements highlighted included the refresh of the health and wellbeing strategy, improvements in secondary education and improvements in road maintenance.

The Deputy Leader thanked officers for work on the Master's House in Ledbury, which has created a fantastic asset.

In response to a question from the Independents group leader, it was explained that there had been joint work between Herefordshire and engagement with local Members of Parliament.

The leader of It's Our County asked about funding that was designated for emergency work in relation to Colwall School. It was confirmed that there was revenue funding allocated to all schools and that Colwall was the only school to benefit from a capital grant application.

The leader of It's Our County commented on achievements in Adults and Wellbeing which include compliance with the Care Act and future risks identified, and asked if there would be detailed regular performance monitoring reports. It was confirmed that there would be quarterly reporting on the Care Act and it is hoped that by the end of July there would be confirmation of whether phase 2 of the Act would proceed, and Members will be briefed on this.

The chairman of the General Overview and Scrutiny Committee commended the new records centre, describing it as good value for money and an asset for the county. However, he expressed concern over the schools estate, that schools are too small and in need of updating, with limited budget being an additional factor; it is hoped that this would be reviewed through the Overview and Scrutiny Committee.

The chairman of the Health and Social Care Overview and Scrutiny Committee referred to refuse sacks and bin collections mentioned in the report, commenting that more and more domestic rubbish is being dumped and that this needs taking into consideration.

RESOLVED THAT:

Performance for 2014/15 be noted.

83. CORPORATE PERFORMANCE AND FINANCE BUSINESS PLANNING PROCESS

The report was presented by the assistant director, place based commissioning, and the chief financial officer.

The process was set out for developing the corporate forward plan for the next four years, in recognition of the link between the corporate plan and finance.

The implementation timeframe includes a period of consultation with the view to seek approval by Council in February 2016. A key point is understanding engagement in developing plans and through public consultation.

With the new administration, the strategy would be extended into 2019/20. The paper sets out the projected savings required in this period and the current year amounting to £42m, which would now be significantly more difficult without making substantial changes in how services are delivered.

The report shows how funding is reduced with growing pressures. There is an increasing number of older people, with 31% of the population estimated to be over the age of 65 by 2030, increasing demand for services. The proportion of the overall budget for adult care is therefore estimated to increase, as it has over the past five years. Assumptions set out in the report are felt to be realistic. More information will be available from the budget in July and comprehensive spending review in October. Consultation and engagement with new Cabinet Members, the public and other stakeholders including local MPs is key in establishing how to achieve targets.

The Green group leader referred to some of the report's assumptions, in particular the public's view on paying more in council tax and whether this could be revisited. She further asked about the achievability of the rate of new homes to be built by 2020 and whether there was a contingency plan. It was confirmed that the rate assumed for home-building was 500 houses per year, and would be dependent on the Local Development Framework being adopted as well as the county's infrastructure.

In response to the leader of It's Our County's request for quarterly reporting on growth and a question on how this report relates to the economic master plan for the county, the chief executive explained that forward plans would be brought to Cabinet in coming months and that the master plan is not intended to repeat what is happening in the county.

The gathering of reliable data including growth indicators was noted as critical.

The chairman of the Health and Social Care Overview and Scrutiny Committee noted the number of planning permissions granted that had not commenced development, with concern that land-owners were banking land.

The Liberal Democrat group leader commented on the increased financial demands on the council with growth in housing.

In response to a question regarding the increase in the pension deficit from the Cabinet Member for Infrastructure, the chief financial officer confirmed that it is normal to be paying such debt over a long term, 21 years. The amount repaid each year is revised based on actuarial valuations. Responding to the Liberal Democrat group leader regarding the pension deficit, the chief financial officer explained that the value of assets has increase significantly by about 8% but the value of obligations had increased by 19%, mostly due to increased life expectancy. More detail is set out in the council's draft accounts on the website.

RESOLVED THAT:

- (a) the approach outlined in the report to developing the corporate plan and medium term financial strategy be agreed; and**
- (b) the timescale for future budget monitoring and performance reports be noted.**