

MINUTES of the meeting of Cabinet held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Thursday 19 January 2017 at 2.00 pm

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

Councillors H Bramer, DG Harlow, JG Lester, PD Price and P Rone

Cabinet support members in attendance Councillors BA Durkin, NE Shaw and EJ Swinglehurst

Group leaders in attendance Councillors JM Bartlett, TM James, RI Matthews and AJW Powers

Scrutiny chairmen in attendance Councillors PA Andrews and WLS Bowen

Other councillors in attendance: Councillors CR Butler and D Summers

Officers in attendance: Geoff Hughes, Jo Davidson, Martin Samuels, Claire Ward and Mark Taylor

67. APOLOGIES FOR ABSENCE

There were no apologies from cabinet members.

68. DECLARATIONS OF INTEREST

None.

69. MINUTES

A query was raised as to where the detailed information on the constituent elements of each package in the capital programme would be published. Whether it would be in the capital budget monitoring report as stated in the minutes of the cabinet meeting of 1 December 2016 or in the budget papers to be presented to council in February 2017.

The interim director of resources stated that the level of detail requested was available and that he would arrange for it to be included as an appendix to the budget papers to council.

Resolved: That, noting the above, the Minutes of the meeting held on 1 December be approved as a correct record and signed by the Chairman.

70. 2017/18 REVENUE BUDGET, MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT STRATEGY

The leader introduced the item. He thanked all those who had contributed to the proposed budget and noted that it had been considered by both the general overview and scrutiny committee and the health and social care overview and scrutiny committee. He stated that the 2016/17 financial year was expected to be completed in budget and highlighted some of the challenges in continuing to meet the council's duties. The council

was balancing the need to raise tax revenues with the fact that average incomes were lower in Herefordshire than elsewhere.

The interim director of resources clarified that the figures in recommendation (d) should read £145.025m and £350.438m in place of £145,025 and £350,438 respectively. Attention was also drawn to a minor typographical error in Appendix 1 resulting in an arithmetic error of £4k in Business rates. These figures would be amended in the report to Council.

The interim director of resources commented that:

- the response rate to the budget consultation was lower than previous years;
- a cumulative equality impact assessment had been carried out on the budget proposals and individual assessments would be prepared prior to consultation and delivery of each specific saving initiative;
- the medium term financial strategy (MTFS) ran to the end of 2019/20 financial year and major changes were expected over that period e.g. the retention of business rates by the council;
- the proposed increase in council tax of 3.9% was comprised of a 1.9% core increase and a 2% adult social care precept; and
- the assumptions used in setting the budget had been subject to robust challenge and were considered realistic.

The interim director of resources thanked the scrutiny committees for their work and feedback. He noted that their comments had been taken on board and were reflected in the report presented to the meeting.

The chairman of the general overview and scrutiny committee thanked the members of the scrutiny committees for their work on the budget proposals. He reported that the debates held and questions raised had led to improvements to and clarifications of the budget proposals. Points of particular concern were the future retention of business rates, the transport network and the role of parish councils.

A group leader asked what proportion of the projected income from locally retained business rates was from the enterprise zone and whether recent trends in business rate income had been taken into account. The Marches LEP had reported that rates received from the zone were 36% less than had been anticipated. The interim director of resources responded that he did not have figures to hand on the proportion of business rates income coming from the enterprise zone but he was comfortable that the figures used in setting the budget were based on sound assumptions. The director for economy, communities and corporate confirmed that the previous estimates of the business rate income provided by the original consultants had been shown to be too high. The figures in the MTFS reflected recent trends in business rate income.

A group leader asked about the impact of the failure of the bid for funding made to the Department for Transport in respect of the outline business case for the western bypass and where the Hereford Transport Package was listed within the budget. The interim director of resources responded that the detail requested would be available at the meeting of the council on 3 February. The director for economy, communities and corporate stated that the rejected bid was only one of a number of funding applications the council had submitted and that provision had been made within the budget to continue work on refining the line of the bypass. The council would continue to seek external funding where available.

A group leader highlighted the risks that had been discussed regarding pollution in the River Lugg catchment area. The interim director of resources responded that he would investigate the risks and the potential financial impact to the council.

A group leader noted that 2% of respondents to the budget consultation were organisations or groups. He highlighted that responses from political groups represented the views of a collective of councillors and reflected the support of voters for the manifesto commitment of that group.

A group leader asked how the new homes bonus had been calculated. The interim director of resources explained the calculation and how the government had changed the system in the last budget. The new homes bonus now reflected the number of homes built over a shorter period of time than that used previously.

The director for adults and wellbeing was asked about the impact of charging for telecare services. The director explained that previously telecare services were only available to users as part of a care package. Since May 2016 the service had been made available to anyone at a cost of £2.86 per week. Those receiving care packages could still receive the telecare service as part of that package if required which would effectively make the service free for them. The director reported that having a charge gave an incentive for those users who no longer needed the service to return the equipment. The service was reported to be effectively paying for itself. Officers were now exploring expanding the role and functions of the telecare service, to include routine medical checks for example.

In response to a query from a group leader the director for economy communities and corporate explained that expenditure on the Herefordshire enterprise zone was shown on two separate lines of the approved capital programme, the first line reflecting confirmed funding and the second that which was subject to the outcome of external bids.

A group leader queried what the impact of the vote to leave the European Union would be on funding for projects. The leader responded that the impact was unknown at this stage. Funds would no longer be available from EU sources but other sources might be put in place.

In response to a question from a group leader the director for children's wellbeing stated that the early help grant was received in two tranches. The second tranche was dependent on results and could be clawed back by the government if targets were not met. The savings proposed in the budget made prudent assumptions about the number of families successfully helped.

A group leader noted that the proposed council tax increase was not as high as it could have been but that the public would be unhappy with any increase. He stated that it should be made clear that this was driven by central government policy.

A group leader asked if it was realistic to expect to review long term contracts in the adults and wellbeing directorate to achieve better value. The leader responded that in years when the council had stayed within budget there had nevertheless been overspends in certain areas and unexpected issues to deal with. The council had shown it could manage these unexpected costs. The director for adults and wellbeing stated that the council had a good working relationship with its social care providers and that there were a number of legal levers to initiate a review of a contract. While providers did not welcome reductions in the value of contracts they understood the funding situation facing the council. Market shaping was an explicit responsibility of the council and where providers were known to be fragile the council would work with them to try and avoid closures.

A cabinet support member asked if there had been any reduction in council tax collection rates in light of previous rate rises. The interim director of resources responded that collection rates were holding up well and the rate for Herefordshire remained one of the highest in the country. The assumptions made in setting the budget were robust and

recognised the risks, for example that more households would apply to the council tax reduction scheme.

In response to a query from a group leader the interim director of resources stated that council borrowing would be reviewed as the council expected to receive some capital receipts, for example from the disposal of the smallholding estate. There would be a focus on what the council needed to borrow against what it had already borrowed. Rates of interest were currently very low and the council would be looking to invest in long term projects that would generate a positive return.

Resolved: that the following be recommended to full Council on 3 February 2017:

- (a) the council tax base of 67,937.91 band D equivalents;**
- (b) an increase in council tax in 2017/18 of 1.9%;**
- (c) an additional precept in respect of adult social care costs of 2.0% applied to council tax in 2017/18.**

Cabinet notes that the impact of the above recommendations would result in a total council tax increase of 3.9%; increasing the band D charge from £1,324.83 to £1,376.50 for Herefordshire Council in 2017/18; and

- (d) the balanced 2017/18 revenue budget proposal of £145.025m subject to any amendments approved at the meeting, and specifically.**
 - i. the net spending limits for each directorate as at 3.4.1**
 - ii. the gross revenue budget of £350.438m**
 - iii. delegate to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves.**

That cabinet recommend Council adopts the following:

- (a) the treasury management policy statement, appendix 3;**
- (b) the medium term financial strategy (MTFS) which incorporates:**
 - i. the capital programme approved by Council on 16 December 2016;**
 - ii. the treasury management strategy (TMS);**
 - iii. the reserves policy, as determined by the section 151 officer as a prudent level of reserves.**

71. EQUALITY POLICY 2017-2019

The cabinet member for economy and corporate services introduced the report. He highlighted that the updated equality policy included new objectives and picked up on topical issues such as the arrival of Syrian refugees and the needs of the gypsy, roma and traveller community.

The equality and compliance manager summarised the report. She highlighted that it was not a statutory requirement for the council to have an equality policy but that it must publish its equality objectives and show how it was meeting the legal requirements of the Equality Act.

The cabinet member for health and wellbeing noted that the community safety partnership had identified domestic violence and abuse as a priority area and asked that the equality policy recognise the lead role of the partnership in this area.

The equality and compliance manager stated that there was no specific objective relating to people with disabilities as they would be picked up in the other objectives. The council was recognised as a disability friendly employer and further actions were to come in this area.

The cabinet member for young people and children's wellbeing asked whether having three main priorities for the period of the policy would distract from the other principles not associated with these priorities. The equality and compliance manager stated that all of the principles were expected to be embedded across the authority. The three priority areas related to new or emerging challenges and requirements.

The chair of the general overview and scrutiny committee noted that the committee would be undertaking a piece of work on gypsy, roma and traveller communities. He highlighted the urgent need to identify a transit site and that some existing sites needed to be better maintained.

In response to a query the equality and compliance manager stated that the council would shortly be publishing details of its gender pay gap.

A group leader asked about the purpose of analysing the diversity data of all candidates standing for election. The equality and compliance manager responded that the council wished to ensure that councillors reflected the diverse range of people in the county. Monitoring the diversity of those standing for election would establish a base starting point from which the council could measure the effectiveness of measures to encourage a more diverse range of candidates.

A group leader asked why the development plan document (DPD) on travellers' sites would not be adopted until December 2018. The identification of a transit site would take even longer. The lack of available pitches was a pressing issue for the planning committee. The director of economy communities and corporate stated that the process of selecting a transit site had commenced and that a couple of options had already been identified. The DPD would need to go through the same formal process as the local plan which would include an examination by a planning inspector prior to its adoption by the council. The date given allowed for delays which could occur in the process but it was possible that the DPD would be adopted sooner.

It was suggested that the language in the document could be simplified to remove jargon and explain terms such as protected characteristics.

Resolved that:

- a) the draft Equality Policy (including the equality objectives) – at appendix 1 to the report - are approved for publication in January 2017 with the following amendment:**

On page 13 principle 6 part (d) to include the words - that the community safety partnership leads on work around domestic violence and abuse.

