

**Minutes of the meeting of Cabinet held at The Council Chamber -
The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on
Thursday 27 July 2017 at 2.00 pm**

Present: Councillor AW Johnson (Chairman)
Councillors H Bramer, JG Lester, P Rone and NE Shaw

Group leaders in attendance Councillors RI Matthews and AJW Powers

Scrutiny chairmen in attendance Councillors WLS Bowen and J Stone

Other councillors in attendance: Councillors PE Crockett, J Hardwick and EPJ Harvey

Officers in attendance: Geoff Hughes, Martin Samuels, Chris Baird, Claire Ward and Josie Rushgrove

19. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Harlow, Morgan and Price.

Councillor Price arrived during discussion of agenda item 9.

20. DECLARATIONS OF INTEREST

Councillor Bowen declared an interest in relation to agenda item 11 as the council appointee to an outside body.

On announcement of the preferred bidder for the council's development and regeneration programme contract under agenda item 8, Councillor Rone declared an interest as the council appointee to Herefordshire Housing Limited. He withdrew from the meeting during discussion of this item and did not take part in the vote.

21. MINUTES

RESOLVED: That the Minutes of the meeting held on 20 July 2017 be approved as a correct record and signed by the Chairman.

22. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions were received.

23. QUESTIONS FROM COUNCILLORS

No questions were received.

24. YOUNG PEOPLE'S ACCOMMODATION STRATEGY

The cabinet member for young people and children's wellbeing introduced the report. He stated that it was right for the council to have a specific strategy for vulnerable young people transitioning to adulthood which included young people with disabilities and Looked After Children (LAC). The cabinet member highlighted the long term vision, phased approach and clear principles which were at the heart of the strategy.

The strategic wellbeing and housing manager summarised the report. He noted that the focus of the strategy was on increasing the availability of targeted and supported housing for three groups: looked after children and care leavers including unaccompanied asylum seeking children, disabled young people transitioning to adulthood and disabled children living with their families. Each of the groups had different needs. It was noted that there was some difficulty in projecting with confidence how many individuals within each group would need targeted housing and that work was taking place to improve understanding of future need. Some consultation and engagement had already taken place but more was required and would continue during the implementation of the strategy.

The cabinet member for financial management and ICT noted that units of supported accommodation were expected to be created as a result of the council's agreement to forego its entitlement to capital income when Herefordshire Housing Limited disposed of properties. He asked if there were a timetable for delivery of these units and whether this matched up with the potential savings set out in the Medium Term Financial Strategy (MTFS). The strategic wellbeing and housing manager confirmed that the two were aligned in general but further work was needed to map this out in detail.

Group leaders were asked for their comments.

The leader of the Herefordshire Independents group asked for clarification on the risks identified in relation to national policy changes to enhanced housing benefit.

The strategic wellbeing and housing manager explained that where a housing provider was required to provide enhanced or intensive housing management the costs were generally met through a claim for enhanced housing benefit. The Government had announced that this system would end in March 2019 to be replaced by a grant stream to the council for it to fund supported housing discretionally. The grant received would be based on an estimate of need. Details of the new scheme were awaited but there was concern that the council might not have the data required to accurately project the level of need. Work was being undertaken to improve data collection and analysis to mitigate this risk.

The group leader then asked whether having an efficient system in place would have benefits for other services. The manager responded that this was possible as the council would directly control the grant stream and have the opportunity to manage it in a complimentary way to the support and care provided at home for vulnerable people. However there was no reason to believe that the new system would lead to additional funds becoming available.

The leader of the It's Our County group raised the following points:

- whether the additional supported housing provided would be available in the communities of the vulnerable young people being targeted;

- what impact there might be on the mix of young people previously supported through the Supported Housing for Young People Project (SHYPP);
- whether the strategy would address the needs of young people and their families who had previously accessed respite services offered by 1 Ledbury Road;
- whether the merger of Herefordshire Housing and Shropshire Housing would have any impact on the strategy;
- whether the co-location of housing for young people with housing for older residents had been considered.

In response it was noted that:

- there was a tendency for a disproportionate amount of development to take place in the city, partly because this was what was asked for by young people and their families in order to access required facilities, but that there would be developments elsewhere;
- there would be situations where it would not be appropriate for young people to be housed within their original community;
- the three SHYPP foyers in Hereford, Ross and Leominster would continue, the contract with SHYPP had been renegotiated so that about 50% of their accommodation units would focus on care leavers with moderate support needs, the remainder of the units would continue to support young people at risk of homelessness who were not care leavers;
- the report did not include specific reference to the impact on respite care but the strategic wellbeing and housing officer would consult with officers in children's wellbeing and provide further information;
- in some cases disabled young people may have custom built solutions which would impact on respite need;
- the merger of Herefordshire Housing and Shropshire Housing was expected to provide enhanced opportunities to develop supported housing, Shropshire Housing had a strong track record in supported housing and used a wider range of models than had historically been used in Herefordshire;
- the potential to co-locate supported housing for adults and young people was known but services would need to have the breadth of skills to support all of the different needs;
- one model which could be used was the home share model where an older person with a spare bedroom provided accommodation for a young person at a reduced rent in return for a level of support and companionship, this scheme already operated in a small way in Herefordshire and was included in the shared lives scheme.

Resolved that:

(a) the accommodation strategy for vulnerable young people in Herefordshire at appendix 1 be approved.

25. CENTRAL HEREFORD: ONE PUBLIC ESTATE

The cabinet member for contracts and assets introduced the report. He stated that the potential to work with other public sector organisations was an exciting prospect. The construction of the city link road would provide opportunities for significant regeneration and redevelopment of historically underused land.

The strategic property manager spoke to the report. He highlighted the alternative option to the one public estate (OPE) approach would be to deal with sites on a piecemeal basis as and when they were released. The OPE approach would maximise opportunities through a planned and co-ordinated strategy and leverage national funding

and technical support. The OPE programme would take a medium to long term view of how best to realise the council's overarching objectives and those of its partners. One Herefordshire was a group of public sector organisations comprising Herefordshire Council, Herefordshire Clinical Commissioning Group, Wye Valley NHS Trust, West Mercia Police and Hereford and Worcester Fire and Rescue Service.

Initial funding of £285k had been awarded to support technical and feasibility reports on potential projects within the county. The report sought approval to progress and undertake this work in relation to a number of key potential developments within Hereford city.

The cabinet member for financial management and ICT asked if further funding might be made available in future years for either the potential schemes set out in the report or other schemes which might arise. The strategic property manager responded that the £285k was an initial tranche and that the council could bid for future OPE funding. There were usually two windows per year for bids.

Group leaders were invited to comment on behalf of their group.

The group leader of the Herefordshire Independents group commented that:

- it was an interesting proposal and his group supported a number of the sites being explored, in particular the use of land at merton meadow car park for a joint public service hub and the creation of a transport hub at the railway station;
- the land at the bus station should be used for a multi storey car park to support hospital parking;
- the council should seek to get value for money from its sites.

The leader of the It's Our County group commented that the joint service hub at merton meadow was a sensible proposal but that care should be taken that there should be no detriment to other proposals for that wider site. He also commented that while there may be support for the GP hub from the CCG and from GPs, many residents were upset at the potential loss of their local facility.

The cabinet member for contracts and assets commented that the feasibility studies to be undertaken would examine the options for each site in detail and that future reports would set out the preferred development options.

Resolved that:

- (a) Detailed consideration is given to the allocation of land under the One Public Estate (OPE) programme for development each of which will require business case assessments. The identified sites are as follows:**
- **Land at Merton Meadow car park (identified at A in appendix 1) for use as a joint public service hub**
 - **Land adjacent to Hereford rail station (identified at B in appendix 1) for use as a GP facility**
 - **Land adjacent to Hereford rail station (identified at C in appendix 1) for use as a transport hub**
 - **Land at either Station Approach or the Bus Station (identified at D in appendix 1) for use as key worker/student accommodation or a multi storey car park**
- (b) the director economy, communities and corporate be authorised to take all operational decisions necessary, utilising the £285k One Public Estate grant funding and other approved budgets, negotiating with partners to progress option appraisal and feasibility work necessary to inform the development of detailed business cases on these sites.**

26. AWARDING THE CONTRACT FOR THE DEVELOPMENT AND REGENERATION PROGRAMME

The cabinet member for contracts and assets introduced the report. He noted that the announcement of the development partner was the culmination of many months of work. He stated that this was one of the most important areas that the council could consider at a time when there was a need both to protect the future of the council and to look at ways of best investing significant resources the council may be obtaining.

The programme director housing and growth noted that the procurement process had taken around 12 months. The partnership was being promoted as a huge opportunity for the council to raise capital, deliver revenue receipts and to contribute towards housing growth targets. The partnership would support the One Public Estate programme and economic development.

The interim procurement manager announced that as a result of the final tender evaluation Keepmoat Homes Limited were recommended as the preferred bidder.

The programme director housing and growth explained that a standstill period would follow the announcement during which all the bidders would be able to review the results and place challenges. As a result only limited information could be released at this stage. The council would look to sign an overarching agreement with the development partner in September 2017. A development programme would be put together, taking account of known land opportunities already discussed. The final say on which sites were included in the programme would remain with the cabinet.

It was noted that the contract with the development partner would place the financial risk on the developer. The programme would be managed by the programme director housing and growth and supported by both internal resources and commissioning of tasks through the property services department on a case by case basis. The longer term aim would be to fund any additional capacity needed through appropriate capitalisation of costs. The programme director was confident that the resources would be in place to manage the programme effectively.

The group leaders were invited to make comments on behalf of their group.

The leader of the Herefordshire Independents asked if Keepmoat Homes Limited had been involved in similar schemes elsewhere in the country. It was confirmed that the model proposed for Herefordshire had been used by other councils such as Flintshire and Liverpool City Council and that a number of councils were in the process of setting up such models. Keepmoat Homes had a reputation for making long term regeneration commitments. Details of areas where they had worked previously would be supplied in writing.

The group leader commented that the programme would need a considerable amount of officer time and resource to ensure that it was properly managed. The leader of the council agreed with this assessment and stated that the programme director would have the necessary support.

The group leader asked who would set the profit level under the proposed contact. The interim procurement manager explained that the developer had bid a fixed level of profit as their reward for taking on the risk but the profit level could be varied depending on the final contractual model used. The current model in the contract set out a guaranteed land value for the council which would only increase if sales increased or costs decreased. If sales decreased or costs increased, this would be borne by the development partner.

It was confirmed that the contract with the development partner would not preclude the council pursuing independent development opportunities outside the programme. The cabinet would have the final say on which sites were included in the programme.

The cabinet member for financial management and ICT stated that the issue of sufficient resource to manage the programme had been discussed by cabinet members and would continue to be kept under scrutiny. He asked for clarification that while the development programme would contribute to the target of 800 homes for Hereford city, it was not specifically a Hereford city centre contract and would be used across the county.

The cabinet member for contracts and assets confirmed that the programme would include sites across the county.

The group leader of It's Our County made the following points:

- his group were pleased to see that local labour and supply chains would be targeted, he hoped that these targets would be achieved;
- he asked if it was possible to say what the extent of the development partner's contribution would be towards the housing target for Hereford city centre; and
- whether the development partner would have preferential treatment over other developers when sites across the county came forward for development.

The programme director responded that the volume of work to be undertaken by the development partner was down to the council. A lot of the land in the area designated for the urban village was privately owned and would come to the market as development happened. Other opportunities would therefore exist for the wider development market to access these pieces of land. The development partner could also acquire additional land themselves but they would not wish to overstretch themselves in terms of their development programme and there was no automatic right to every piece of land in the council's ownership. The target of 800 homes was quite widely spread and would not all be delivered on land in the urban village.

The programme director confirmed that performance indicators would be agreed with the development partner in terms of local labour contracts and that there would be ongoing monitoring.

The leader commented that there needed to be a focus on what gave the best return and best value for money. The council would use local contractors where possible but the scale of some pieces of work might require contractors of a certain size.

The cabinet member for financial management and ICT queried whether the exempt appendix 5 would be able to be published once the contracts had been signed. The monitoring officer confirmed that the exempt appendices would be made public as far as possible once the information contained in them was no longer confidential.

Resolved that:

- a) the highest scoring tender Keepmoat be appointed as the preferred bidder to work in partnership to deliver the council's development and regeneration programme;**
- b) the director for economy, communities and corporate having consulted with the chief financial officer and cabinet member contracts and assets, and having received satisfactory confirmation of tender commitments, be authorised to complete contractual arrangements with Keepmoat for a period of 10 years;**
- c) in the event that satisfactory confirmation of tender commitments is not received from the preferred bidder, the director for economy, communities and**

- corporate, following consultation with the chief financial officer and cabinet member for contracts and assets and having received satisfactory confirmation of tender commitments, be authorised to enter into the contract for the development and regeneration programme with the second highest bidder ('the reserve bidder');
- d) following completion of contractual arrangements options appraisal and business cases for development of the former Bromyard depot and the Hereford station approach sites be brought forward for consideration as the first phase sites; and
- e) thanks are extended to all bidders for the courteous, prompt and productive way in which they have all participated in the procurement.

27. END OF MAY CORPORATE BUDGET AND PERFORMANCE REPORT 2017/18

The cabinet member for financial management and ICT introduced the report. He stated that this was the first report of the current financial year and that the projected overspend of £1.85m was mainly due to:

- an increase in LAC since the budget had been set;
- savings in relation to LAC having not been fully realised at this stage; and
- increases in the numbers of nursing client placements with physical support needs.

The cabinet member noted that 58% of performance measures were showing a positive shift compared to the same period in the previous year. He highlighted points for each directorate:

Adults Wellbeing

- a programme to implement assistive technology to support clients with learning disabilities was underway which would allow users to maintain independent lives within the community rather than have to live in residential placements;

Children's Wellbeing

- the majority of new social work assessments were completed within the statutory timescales;

Economy, Communities and Corporate

- the new economic strategy had been launched;
- the city centre link road was expected to be completed by the end of the year;
- the council's new website had won two awards and had been given a four star better connected score from SOCITM.

The group leaders were invited to make comments on behalf of their group.

The leader of the Herefordshire Independent's group noted the reduction in the use of agency staff and the improvement in the completion of social work assessments within statutory timescales. He asked if there was any particular reason for the increase in the number of LAC and what had caused the percentage of referrals accepted for assessment to be too low.

The cabinet member for young people and children's wellbeing responded that Herefordshire had a historically high number of LAC and that plans were in place to reassess individual circumstances to see if children needed to remain looked after or if other arrangements would be more appropriate. The number of children who would need to become looked after was not an easy thing to predict and the council had to react to events as they unfolded.

The interim director of children's wellbeing explained that having a higher percentage of referrals accepted would indicate that the thresholds for referral were understood and that appropriate evidence was being presented. Work needed to be done with the police and other partners to make sure the criteria were understood.

The leader of the It's Our County group asked:

- where the £18m income into the ECC directorate was included and what it was being spent on;
- what the predicted shortfall was by 2019 between council tax revenue and business rates income, in relation to the loss of the core grant;
- whether the council had a view on the analysis presented at the LGA conference by Grant Thornton, the council's external auditors, which indicated that the ECC directorate spent more in comparison with other authorities on its own running costs and that the adults and children's directorates spent less than comparator authorities; and
- whether the council would enfold the data from the recently published report 'understanding county economies' produced on behalf of the county council network into its assessments, the report showed a great deal of data that showed Herefordshire in a far worse position than the councils own data.

The leader of the council stated that he had not yet read the report produced for the county council network but that once he had this would be shared with cabinet colleagues and the cabinet would take such action as it deemed appropriate.

The cabinet member for financial management and ICT undertook to provide a written response to the group leader on the other points raised.

Resolved that:

- (a) performance for the first two months of 2017/18 and projected financial outturn are reviewed and cabinet determines any additional actions required to achieve improvement; and**
- (b) £200k be vired from the waste management budget to the community services budget.**

28. JOINT CUSTOMER SERVICES HUB - BUDGET UPDATE

The director for economy, communities and corporate introduced the report. He stated that the project made good use of a building, would bring a positive net return to the council of £1m over the next 10 years and was a good example of co-locating services in a city centre building to enhance a range of customer services for the public. It was disappointing was that the original costing and the process by which the original costs were derived were incorrect.

A number of weaknesses had been identified in cost planning and monitoring of the project. A detailed review of the project was being undertaken by the council's internal auditors. The outcome of the review would be reported to the audit and governance committee in September. It was expected that there would be a number of learning points.

The cabinet member for financial management and ICT asked for confirmation that the SCAPE framework used for the project would not be acceptable under the new constitution of the council, which had been implemented in May 2017. The monitoring officer confirmed that it would not be acceptable.

The cabinet member for young people and children's wellbeing asked whether the project would have been recommended for approval if the actual costs had been known. The director confirmed that the project still had significant benefits for customers and provided a net benefit to the council. As such it would still have been recommended for approval in spite of the higher costs.

The group leaders were invited to comment on behalf of their group.

The leader of the It's Our County group stated that the items listed in the report as responsible for the additional cost should have been anticipated. He welcomed the review of the management of the project and stressed that lessons needed to be learned as this relatively small project had exposed weaknesses which could have consequences for larger schemes.

The leader of the Herefordshire Independents group asked whether the investigation into the management of the project had been completed and if not whether it was appropriate to take the proposed decision.

The director of economy, communities and corporate explained that the council's internal auditor, South West Audit Partnership, was undertaking an investigation into the processes used and that it had not been completed. The results of the audit were expected to be reported to the audit and governance committee in September. The report currently before cabinet was about whether the joint customer services hub project should proceed, now that the full costs had been established.

The group leader stated his concerns about how the council had managed this and other property projects. He welcomed the internal audit investigation and hoped that the audit and governance committee would do an in depth investigation.

The leader of the council stated that he understood the comments made and the reasons for them, and that members of all parties shared the concerns expressed.

Resolved that:

- (a) £50k be allocated from the ICT revenue reserve to provide sufficient ICT equipment at Blueschool House;**
- (b) £200k be allocated from the earmarked economy, communities and corporate revenue reserve to support the increased costs;**
- (c) having regard to the continued revenue benefits identified in the revised business case, a further £720k be approved to deliver a joint customer services hub at Blueschool House, bringing the total estimated cost to £1.92m;**
- (d) the audit and governance committee be asked to identify and recommend improvement actions to strengthen property capital project management and control.**

29. REVIEW OF APPOINTMENTS TO OUTSIDE BODIES

The leader of the It's Our County group noted that the report referenced the views expressed by group leaders. He had emphasised the difference between local and county wide strategic outside bodies. He felt that there were anomalies in the report and that while some appointments did need to be rationalised, others were of strategic value and should be reconsidered. He understood that bodies would be able to request future councillor participation if they wished that to continue.

The leader of the Herefordshire Independents asked if the policy would be reviewed at a future point. The monitoring officer responded that it was not intended that there be an annual review. The leader of the council noted that recommendations could be made in future if elements of the policy were felt not to be working.

Resolved that:

(a) the draft policy for appointments to outside bodies at appendix 1 be approved; and

(b) having regard to that policy and the outcome of the recent consultation the council no longer make appointments to the following outside bodies:

- The Courtyard Board Ltd
- Jarvis Educational Charity
- Kington Tourist Group
- Leominster Area Regeneration Company (LARC) Development Trust
- Leominster Museum Committee
- Leominster Undenominational Educational Charity
- Ross Charity Trustees
- Shopmobility Hereford
- Shopmobility Leominster
- Three Choirs Festival
- Coppett Hill Trust
- Encore
- Herefordshire vision links
- Welcome to our future, and
- West Midlands Reserve Forces and Cadets Association

The meeting ended at 3.37 pm

Chairman