

**Minutes of the meeting of Cabinet held at The Council Chamber -
The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on
Thursday 31 January 2019 at 10.00 am**

Present: Councillor P Rone (in the chair)

Councillors H Bramer, BA Durkin, DG Harlow, PD Price and EJ Swinglehurst

Cabinet support members in attendance Councillors AW Johnson and RJ Phillips

Group leaders in attendance Councillors PP Marsh, RI Matthews and EPJ Harvey

Scrutiny chairpersons in attendance Councillors PA Andrews, WLS Bowen and CA Gandy

Other councillors in attendance: Councillors J Hardwick, AJW Powers and D Summers

Officers in attendance: Alistair Neill, Richard Ball, Chris Baird, Andrew Lovegrove and Annie Brookes

41. ELECTION OF CHAIR FOR THE MEETING

In the absence of the leader and deputy leader of the council, Councillor P Rone was elected to chair the meeting.

42. APOLOGIES FOR ABSENCE

Apologies were received from cabinet members JG Lester and NE Shaw.

43. DECLARATIONS OF INTEREST

None.

44. MINUTES

Resolved: That the minutes of the meeting held on 17 January 2019 be approved as a correct record and signed by the chair of the meeting.

45. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 7 - 14)

Questions received and responses given are attached as appendix 1 to the minutes.

46. QUESTIONS FROM COUNCILLORS (Pages 15 - 16)

Questions received and responses given are attached as appendix 2 to the minutes.

47. 2019/20 COUNCIL TAX REDUCTION SCHEME

In discussion of the item cabinet members noted that:

- with regard to the council tax discount for care leavers aged 18-25, in most cases the discount would be 100% and only in very exceptional circumstances would a lower discount be applied;
- a range of options existed where council tax payers were experiencing hardship and there had been no major changes in take up rates;
- engagement with those struggling to pay their council tax sought to understand their individual circumstances and ability to pay, the council was also able to

make particular arrangements with those transitioning to and in receipt of universal credit;

- there was a local scheme for people of working age and a national scheme for pensions, there were different criteria for the two schemes;
- the council worked closely with partners such as charities and the Department for Work and Pensions (DWP) to signpost those experiencing difficulty to all the help available, councillors could also play a role by directing ward residents to the information available on the council website.

Group Leaders were invited to give the views of their group. Comments noted were:

- the council should take care that summoning those who were in arrears did not exacerbate problems within the household and check if those being pursued were known to the council in other capacities;
- it was important that those who needed support received it but also that those who could pay did so in order to be fair to all tax payers;
- there had been an increase in the number of people in arrears but no increase in the take up of the hardship scheme, it was important that the scheme was properly advertised.

Resolved that:

- (a) The council tax reduction scheme for 2019/20, attached at appendix 2, be approved.**

48. CAPITAL PROGRAMME 2019/20 ONWARDS AND CAPITAL STRATEGY

In discussion of the item, cabinet members noted and welcomed planned capital investment in key areas such as:

- school maintenance;
- broadband infrastructure;
- software for school transport planning;
- solar photovoltaic installations and energy efficient lighting;
- delivery of ross enterprise park;
- CCTV in Hereford city centre and market towns, making people feel safe would encourage increased footfall;
- development of Waverley House and Hillside for adult care needs to look after vulnerable residents

Cabinet members also noted that:

- used council IT equipment was recycled in a number of ways, those items still functional were cascaded through the organisation and to schools, items that were beyond repair were used for spare parts and when no longer of any use items were securely disposed of;
- it was important that projects which were drawing on European funding be delivered on time as access to the same level of funding might not be available in the future;
- it was important to be clear on the reasons for investing in economic projects and show that not only would they produce a financial return, they would result in increased business rate income for the council, generate external investment and increase the number of skilled and well-paid jobs in the county;
- Hereford Enterprise Zone had been very successful and was expected to be built out in two to three years' time;

- It was clarified that the forecast spend on the Hereford City Centre Transport Package (HCCTP) was slightly under the budget allocated in the capital programme and that figures were shown rounded to the nearest thousand.

Each of the three scrutiny committees (general, adults and wellbeing, and children and families) had considered the report. The chair of each committee provided feedback of their discussion. Key points noted were:

- investment into the road network was welcomed and should result in lower ongoing maintenance costs;
- it was also important to invest in the smaller roads which were vital connections between villages;
- investment into gypsy and travellers pitches was welcomed, both to improve the condition of existing pitches and to create new pitches;
- investment in schools was welcomed;
- the planned investment in Waverley House and Hillside were welcomed and it was hoped that having in house options would save money on places in independent care homes while providing a good standard of care.

Group leaders were invited to present the views of their group. The following concerns were expressed:

- that the majority of companies that had moved into new or refurbished premises on the enterprise zone had already been based in Herefordshire, with only six moving in from outside the county, it was suggested that a wider spread of investment across the county market towns might allow businesses to grow in the locality they began in;
- as to whether the proposed property acquisition in college ward was included in the capital programme;
- that previous year's accounts had not yet been signed off and reassurance was sought that this was not related to the way in which the council managed its capital projects;
- that Leominster was also in need of investment, for example in road infrastructure on the industrial estate;
- about the low level of capital spend in the adults and communities directorate and it was suggested that investment in assistive technologies would be beneficial;
- about weaknesses in the management of capital projects.

In response to the concerns expressed cabinet members noted that the enterprise zone was attracting outside investment for example with the shell store project and cyber security centre. The defence and security focus of the zone drew on the expertise of former military personnel living in the county and supported business start-ups in this field. Where businesses grew and relocated, they vacated premises that could in turn be used by new businesses. It was noted that Herefordshire was in competition with other parts of the country to attract and retain businesses and that development opportunities in other parts of the county would be explored in future.

Resolved that the following be recommended to Council:

- (a) the proposed capital programme from 2019/20 attached at appendix 3 be approved;**
- (b) cabinet be delegated authority to add the two deferred projects (Countywide Investment in B, C & U roads and Countywide Investment in Strategic Road Network) in appendix 1 as funding becomes available; and**
- (c) approve capital strategy document at appendix 4.**

49. **SETTING THE 2019/20 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT STRATEGY**

The chair of the meeting introduced the 2019/20 budget, medium term financial strategy and treasury management strategy. The council's gross annual revenue expenditure of around £340m was funded by a combination of council tax, business rates, specific grants and other sources. Approximately £80m was ring-fenced to schools. There had been a reduction in central government Revenue Support Grant of 99% since 2011. An increase in council tax was proposed of 2.9% plus a further 2% ring fenced social care precept. The council was felt to be in an improved financial position.

In discussion of the proposed budget cabinet members noted the following key points:

- the investment referenced in paragraph 17 of the report had since been returned to the council and was available to be reinvested;
- the S151 officer reported that the pension scheme was currently fully funded and had insurance measures in place against a short or medium term drop in investment returns, the council was expecting a modest improvement in its position at the next tri-annual valuation;
- the cost pressures arising from the restructure of Deprivation of Liberty Safeguards were complex and covered a number of threads, the funding would allow the council to change how it dealt with individuals in these circumstances;
- the significant reduction in the central grant had been met by savings, cuts in services and by generating more local income;
- the additional sparsity funding was welcomed and it was important to give a clear narrative regarding why that money was needed and what was done with it, for example highlighting the higher than average number of c and u classified roads and additional costs of providing services such as domiciliary care and refuse collections in sparsely populated areas;
- the council had seen an increase in demand for support for children with special educational needs but had a strong track record of working with schools through the schools forum to manage these pressures, the council was in a better position on this than many other councils;
- the confirmed settlement from government included an unexpected EU exit preparation grant of £105k for both 2018/19 and 2019/20;
- the council did provide some IT equipment for looked after children and care leavers, depending on what was most appropriate for their needs, and this could include consideration of reuse of council equipment when it was no longer needed.

Each of the three scrutiny committees had considered the draft budget. All of the recommendations made had been supported. The chairs of the committees highlighted the following points from their discussion:

- the additional funding planned for the children and families directorate was welcomed and responded to the feedback from the public consultation in which 78% agreed that employing more social workers and providing more support for children and families at an early stage was a priority;
- consideration should be given to putting a percentage of s106 funding towards providing housing for older people;
- the council should lobby government to ensure that funding settlements were fair on rural authorities.

Group leaders were invited to present the views of their groups. The key points noted were:

- the rural sparsity funding was welcomed and the plan for spending it should be clearly set out;
- there were concerns regarding the impact of proposed cuts in transport and community transport on rural communities;

- concerns were expressed regarding the pressures set out in the MTFS and whether the budget and savings targets for the children and families directorate were realistic, also that the ring fenced funding for adult social care from previous years would continue to go towards this function;
- it was requested that further information on cost pressures and the potential impact of savings proposals be provided in the papers for full council's consideration of the budget;
- concern was expressed regarding withdrawal of subsidies to parish councils for lengthsman and parish paths and the message that this gave to the parishes, the council should continue to meet its statutory responsibilities for footpaths.

Resolved that:

- (a) the additional funding announced in the provisional settlement of £1.5m (£1.0m Rural Services Delivery Grant and £0.5m business rate levy account surplus) is added as a budget line for expenditure in 2019/20 as indicated in the table at paragraph 24, to support rural service delivery across the county;**
- (b) the following be recommended to Council;**
 - a. the council tax base of 68,826.03 Band D equivalents**
 - b. an increase in core council tax in 2019/20 of 2.9%**
 - c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2019/20 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,443.95 to £1,514.70 for Herefordshire Council in 2019/20;**
 - d. the balanced 2019/20 revenue budget proposal totalling £151.0m, subject to any amendments approved at the meeting, specifically:**
 - e. the net spending limits for each directorate as at appendix 3**
 - f. delegates 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;**
 - g. the medium term financial strategy (MTFS) 2019/2022 at appendix 1 be approved; and**
 - h. the treasury management strategy at appendix 4 be approved, this includes ratifying including the top five UK building societies as approved investment counterparties.**
- (c) To establish a financial resilience reserve (as shown in paragraph 31), previously titled the minimum revenue provision reserve; and**
- (d) Approve responses to scrutiny committee's recommendations as provided in paragraph 63.**

The meeting ended at 11.45 am

Chairman

PUBLIC QUESTIONS TO CABINET – 31 January 2019

Question 1

Mrs Morawiecka, Breinton

To: cabinet member, infrastructure

The SWAP report on the Blueschool House fiasco made significant recommendations for capital projects to be adequately controlled and reported to councillors. The written answer to my supplementary question in Nov 2018 shows that the budget for the SWTP has not been updated in any detail these last 8 years. The executive is using a simple 2010 cost based budget with an “uplift” for inflation. There is no reporting of adverse expenditure to date versus budget. The decision report referred to in the answer relates only to the compulsory purchase of land.

Where is the decision report giving permission for the executive to spend in excess of £5million on professional fees vs a clear budgeted cost (uplifted) of £1million, for the SWTP project?

Response

There is an approved capital provision for the South Wye Transport Package (SWTP) of £35m as contained in both the medium term financial strategy and capital programme. The 2010 figure of £1m you refer to is not an approved budget. It forms part of a scheme cost breakdown within the Strategic Outline Business Case application for funding to the Marches Local Enterprise Partnership, which secured £27m funding for the project.

The decision to progress the scheme was taken by Cabinet on 13 November 2014. That decision authorised officers to prepare and submit a planning application for the SWTP and, subject to planning consent being obtained, to continue detailed design of the scheme and develop proposals for land acquisition. Further authority to spend, and information about how the scheme is being progressed, has been contained in decisions taken on:

- 26 August 2016
- 20 October 2016
- 16 November 2017
- 14 December 2017
- 28 February 2018
- 22 May 2018
- 9 October 2018
- 12 November 2018

All these decisions are published on the council’s website and available to view at:
<http://councillors.herefordshire.gov.uk/mgDelegatedDecisions.aspx?bcr=1>

The SWTP budget, spend and forecast is updated regularly. Monitoring of the capital programme takes place that demonstrates spend to date and forecast spend the whole programme of capital projects.

The council has been implementing improvements to the clarity of financial information provided in reports informing decisions and in overall performance reporting. It is now the case that each project decision report summarises project budget, spend to date and forecast spend so that the financial implication of each project decision is clear and auditable. The report informing the most recent decision (12 November 2018) for the SWTP contained a summary of this information for the scheme and set out the forecast spend for 2018/2019 (£1.75m) and how this will be funded, as well as spend to the end of 2017/2018 (£4,977,931.67).

Supplementary Question

Thank you for the comprehensive written answer. The answer to my question as to where is the key decision for officers to spend over £5m of tax payers money on professional fees on the SWTP gives a list of decision dates, but on none of these dates is there a key decision approving a spend on professional fees totalling in excess of £5m. The council's answer that the 2010 figure of £1m is not an approved budget is a bit surprising, as this was the budget presented to the public inquiry in November 2018 as the only detailed budget currently available. When there is no approved detailed budget and no key decision for £5m of spend on professional fees, who has authorised all these payments in flagrant breach of the constitution and the recommendations of the council's own internal auditors including the SWAP recommendations on Blueschool House?

Response

A written response was provided as follows:

The decision to progress the South Wye Transport Package (Southern Link Road) scheme was taken by cabinet on the 13 November 2014.

This decision confirmed that:

- Route SC2 was selected as the preferred route for the Southern Link Road (SLR)
- Authority was delegated to then Assistant Director Place Based Commissioning to prepare and submit a planning application for a scheme along route SC2
- Subject to planning consent being obtained authority is delegated to the then Assistant Director Place Based Commissioning to continue detailed design of the scheme and develop proposals for land acquisition. A further report will be prepared for cabinet outlining land and property acquisition plans and draft orders in due course.

It was this decision which gave authority to prepare and submit a planning application and following consent to continue the detailed design of the scheme. Within the financial implications section of this report the provisional allocation of funding of £27m from the Marches LEP is confirmed and the estimated costs of the SLR is set out as £25m based on the level of design detail of the SC2 route at that time. The estimated cost of capital cost of progressing the scheme to planning in 2014/2015 and 2015/2016 is referred to within this report as £1.6m. This work comprised:

- Commencement of detailed design of earthworks, structures, pavements construction, footways, signals, street lighting and junctions along the SC2 route
- Ecological surveys to enable the impact of the scheme to be In determined and to inform mitigation measures design
- Topographical and ground investigations to progress the detailed design of the SC2 route.
- Preparation of detailed planning application with supporting documentation.
- Provide supplementary information to support planning determination

Following the receipt of planning consent for the SLR in August 2016 the Cabinet Member for Infrastructure gave approval to consult on the possible active travel measures which could form the SWTP. The report confirms that there was an approved budget for the scheme within the capital programme and that the financial implications of the preferred package of measures when selected would be the subject of a future report.

In November 2016 cabinet took a decision that:

- The director for economy, communities and corporate, be delegated authority to take all operational steps necessary to acquire all the necessary land interests required for the delivery of the southern link road through negotiation with possible affected landowners, and;

- In principle the council use statutory powers of compulsory acquisition in making a compulsory purchase order, and the council use statutory powers to make a side roads would be subject to a further decision to more specifically identify the land interests to be acquired and further explain the necessity for a CPO in a statement of reasons

This report also confirms that there was an approved budget for the scheme within the capital programme. It set out that the cost of land required for the scheme was estimated as £1m based on the level of detail known at that time regarding land value and compensation costs.

In the following year in November 2017 cabinet took a decision to authorise the

- Director for Economy, Communities and Corporate be authorised to arrange for the making of the County of Herefordshire District Council CPO and for compensation payments to be made in accordance with the relevant legislation;
- Director for Economy, Communities and Corporate be authorised to arrange for the making of the County of Herefordshire District Council (South Wye Transport Package – Southern Link Road) SRO
- Director for Economy, Communities and Corporate be authorised to arrange for the making of the Compulsory Purchase Order and the Side Road Order and to take all the necessary and ancillary steps, including the publication and service of all statutory notices and the presentation of the Councils case at any public inquiry, to secure the confirmation of the orders by the Secretary of State;
- Director for Economy, Communities and Corporate be authorised to implement the Orders, including the acquisition of all necessary land and interests and new rights, and to pay compensation including acquisitions agreed by negotiation and to carry out any other additional steps needed for the implementation of the Orders for the Southern Link Road;
- Director for Economy, Communities and Corporate be authorised to take all operational decisions necessary to establish and implement a procurement strategy to inform and enable a decision to award a contract to the best value tender for the construction of the SLR within a budget up to £150,000.

This report also confirms that there was an approved budget of £35m for the scheme within the capital programme with £27m funding secured. It set out an updated cost estimate of land and compensation costs of £1.8m with estimated costs of £500K for associated legal costs for the CPO / SRO process and an estimated budget of £150K for the procurement process to select a contract for the SLR.

In December 2017 cabinet took a decision (having regard to the public support for the SWTP active travel measures) that the

- Assistant director environment and place be authorised to take all operational decisions necessary to progress further analysis and detailed design, to a maximum value of £500,000, to confirm a preferred package of active travel measures to be delivered with the SLR for approval by the cabinet member for infrastructure;
- Programme for delivery of this preferred package of active travel measures and a procurement strategy for their delivery be developed for approval by the cabinet member for infrastructure

As with previous decision report this report also confirms that there was an approved budget of £35m for the scheme within the capital programme with £27m funding secured. It sets out an estimated cost for professional design fees to assess and undertake design of ATMs as £500K. It confirms that funding for the scheme was secured on the basis of the SOBC and sets out that all scheme costs would be updated in the full business case submitted to DfT.

On 12 November 2018 Cabinet Member Infrastructure took a decision that:

- The council use statutory powers to purchase by agreement property not included in the south wye transport package A4194 southern link road CPO if there is a justified business case for doing so
- The acting director for economy and place be delegated authority, following consultation with the chief finance officer, cabinet member contracts and assets and cabinet member infrastructure, to agree terms and complete the purchase of the property
- That the land acquisition budget of £1.8m approved by cabinet on 16 November 2017 be increased to £2m and contained within the overall capital budget for the SWTP of £35m.

As with previous decision reports this report confirmed the approved capital budget of £35m for the SWTP project. In response to recent guidance and recommendation to provide improved clarity of financial information provided in reports informing decisions and in overall performance reporting it is now envisaged that each project decision report summarises project budget, spend to date and forecast spend so that the financial implication of each project decision is clear and auditable. To that end the most recent SWTP report (12 November 2018) set out spend to date and funding of the work authorised by cabinet and cabinet member in reports listed above. The implementation of the above decisions was taken in accordance the approved scheme of delegation.

The £1m figure referred to in this supplementary question forms part of cost build-up for the SC2 route for the bypass within the Strategic Outline Business Case for the scheme from 2014. It was an estimated value for preparation and supervision costs based on the Southern Link Road estimated cost at that time. At the recent SLR Public Inquiry these SOBC costs were presented and explained to the Inspector. This confirmed the overall approved budget of £35m for the SWTP but did not suggest that any of the individual elements within the SOBC build up were approved budgets. They are not set out as approved budgets for project activities within any decision reports subsequent to the SOBC listed above.

Question2**Mrs Wegg-Prosser, Breinton****To: cabinet member, infrastructure**

Reference the Capital Programme 2019/20 and Capital Strategy (paragraph 27: 'Revised Forecast' tabulation) could the Cabinet member for Infrastructure please explain his justification for the budget for the Active Travel Measures for the SWTP being £5M, when the same Cabinet member replied to members of the public submitting questions to him in Cabinet on 14 December 2017 that the budget for these ATMs was £8M. He assured everyone this budget of £8M would not be spent elsewhere; it would be spent on "the purpose for which it was there for" (Answer to Public Question No. 10) and "will be used for that purpose" (Answer to Public Question No. 12).

Response

I believe the responses you refer to were given at a meeting on 16 November 2017. In them I gave an assurance that the South Wye Transport Package (SWTP) active travel measures would be funded, and funding for this package would not be spent elsewhere. The figure of £8m for active travel measures I referenced was based on my understanding at that time of the estimated active travel measure costs. The active travel measures costs are set out in the Strategic Outline Business Case (SOBC) and are based on the detail known at that time.

I would also draw attention to a response I gave to another public question at the same meeting in November 2017 about cost/budget estimates relating to complex transport package schemes. That response stated: "I fully expect the final actual figures to differ from these estimates – that is normal and to be expected on a project of this scale being developed over a period of time and in accordance with relevant guidance. Any changes will be authorised and reported as they arise."

It is the SOBC costs which are referred to in paragraph 27 of the Capital Programme 2019/2020 onwards and capital strategy document and the South Wye Transport Package - southern link road land acquisitions cabinet member report dated 12 November 2018.

The full final business case due to be submitted later this year to Department for Transport will provide an updated estimated of both the Southern Link Road and active travel measures and will be published on the council's website at that time. It is entirely appropriate in a significant scheme of this scale developed over a period of years for cost estimates to be revised. My commitment to funding the entire package remains.

Question 3

Ms D Toynbee,

To: cabinet member, infrastructure

Appendix 2 (Capital Programme position Dec 2018/19) shows a prior-year spend of £4978k for the South Wye Transport Package and a further forecast spend of £2508k in this financial year. This total of £7486k is approximately 20% of the total SWTP budget. Please could you explain what this expenditure has delivered?

Response

The spend in 2018/2019 will deliver:

- Completion of the detailed design of the Southern Link Road
- Discharge of the pre-commencement planning conditions associated with the Southern Link Road consent including ecological licences
- Archaeological site works
- Making of Compulsory and Side Road orders for the Southern Link Road.
- Land and compensation costs
- Public Inquiry costs
- Procurement of a contractor for the Southern Link Road construction and mobilisation
- Completion of the full business case for the South Wye Transport Package for submission and sign off to Department for Transport
- Development of a programme for delivery of the active travel measures

Question 4**Mr R Palgrave,****To: cabinet member, infrastructure**

The total capital budget for Economy and Place in 2018-19 shown in Appendix 3 is £98.2m. Of this only approximately £2m is related directly or indirectly to tackling climate change - Solar panels, Energy Efficiency and Warm Homes Fund. Renewable energy and energy efficiency investments can provide a good return and will also support Corporate Plan Objectives A and D. There is no specific provision for the Hereford Heat Network identified in the Carbon Management Plan 2017-21. However, other planned capital investments such as roads will worsen climate change. Why is Council budgeting to invest so little to protect the climate and the future security of residents?

Response

I cannot agree with the questioner's view that we are investing little to protect the climate and future security of Herefordshire residents. The council is committed to tackling climate change and has a strong track record of investing in renewable energy and energy efficiency measures across its estate, and is on course to deliver its 40% CO2 reduction target by 2020/21.

Our proposed capital programme in 2019/20 includes over £3.2m investment in energy efficiency, invest to save and renewable energy projects. These will continue our investment in solar and photovoltaic energy, improvements to public buildings energy efficiency, warm home grants available to low income households looking to install central heating for the first time, further investment in LED lighting, and a more fuel efficient vehicle fleet.

In addition to our own capital investment:

- the council is able to use this resource to draw down significant external funding. This includes access to up to 50% capital grants for energy efficiency and renewable energy projects, energy efficiency grants for businesses, and significant funding from the Energy Company Obligation (ECO) to support residents with home energy projects. This will not only increase the total available funding for these projects, but will also offer the council better payback periods and improved value for money.
- Our proposed budget includes planned revenue expenditure of almost £1m for energy efficiency, active travel and affordable warmth activity. This revenue investment includes utilising £150k of grant funding from the Department of Business, Energy and Industrial Strategy to undertake a detailed project development study for the Hereford Heat Network.

The significant investment in a bypass for Hereford will address a range of other issues facing the county that include improving air condition in certain city hotspots, improving traffic flow in the city and enabling necessary housing growth. All the bypass phases of delivery are supported by packages of active travel measures that we are investing significant amounts of money in. Indeed, we are currently consulting on proposals to support increased walking, cycling, and bus use with associated public space improvements as part of the Hereford Transport Package. Details of this consultation can be found at: <https://www.herefordshire.gov.uk/http> and I would encourage all residents to participate in the consultation.

Supplementary Question

Do you agree that the various consultants' reports and the Natural England report show that the building of the Hereford bypass and southern link road will increase greenhouse gas emissions and why is this an acceptable project to be going ahead with at the moment?

Response

I do not agree. I believe the Hereford bypass will reduce areas of emissions. I am sure that the transport of the future will change dramatically but we do need the infrastructure in place and the traffic that will be using it will be emitting fewer emissions.

Councillors' questions at Cabinet – 31 January 2019

Question 1

Councillor RI Matthews, Credenhill Ward

To: cabinet member, infrastructure

A few years ago, this council paid approximately £6,000,000 (six million pounds) for the Rockfield DIY premises. A narrow strip along the one side was utilised for highway improvements. The administration has recently announced that the site is to be disposed of for the sum of £500,000 to a private developer for the construction of student accommodation. I would like someone to inform us what financial benefits or other will be obtained for the TAXPAYER from this project.

Response

The acquisition of the Rockfield site (costing £5,638,494.30 inclusive of fees) enabled the construction of the City Link Road which in turn opened up areas of previously inaccessible land for regeneration. The detailed business case published on the council's website demonstrates both the transport and regeneration benefits the overall investment in the Hereford City Centre Transport Package including the City Link Road scheme will deliver, including a net regeneration benefit of £86.6m. That business case resulted in £16m growth funding being secured from the Marches Local Enterprise Partnership. The business case is available at:

https://www.herefordshire.gov.uk/downloads/download/1819/hereford_city_centre_transport_package_business_case.

Without that purchase the scheme would not have been capable of being delivered.

The costs of acquisition cannot be compared to any current site valuation as they include legal and professional fees associated with the sale and the costs of compensation arising from the loss of the business (calculated in accordance with statutory compensation practice) which could not be relocated in the remaining land available. Any land valuation now would also take into account the fact that only 70% of the original site remains following completion of the City Link Road.

Cllr Matthews appears to have misunderstood the information provided in the report to cabinet on 13 December. The Station Approach site is not being disposed of for £500k. That financial receipt relates to the issuing of a long-term financial lease of the site so that the council does not incur build costs. The council will remain the freeholder. If at any point in the future a decision to dispose of the freehold is to be considered, it will be informed by a valuation at that time, as is usual practice.

Along with the economic benefits arising from delivery of the road that I have already referenced, the Station Approach development will support Hereford College of Arts achieve its strategy for growth and support the early development of NMiTE. The success of these higher education institutions will contribute to the growth of Herefordshire's economy creating jobs and educational opportunities in the county, bringing new students into the county and providing educational opportunities for our own young people.

Supplementary Question

I understand that when we paid this eye-watering price for this site, no one at the time discovered that there was a very large sewer pipe crossing beneath the site. Can you tell us who carried out the survey work as part of the normal process, and why they did not discover the presence of the pipe because if they had done so it would have greatly reduced its value?

Response

The pipe was known about and was on the title deeds at the point of purchase. We also know of all other utility equipment and this was all considered in the design of the city link road.