

PUBLIC QUESTIONS TO CABINET – 25 July 2019

Question 1

Mr S Booth, Hereford

To: cabinet member, housing, regulatory services and community safety

In reply to my question at last week's Council meeting, I was referred to the Housing Strategy 2016-2020 and its scheduled renewal in the coming year. This document, unfortunately, is next to useless, as it lists the Council's 'responsibilities' for which they have no 'authority' to carry out their plan - having no housing stock as leverage. This is impacting on Homeless Prevention, who face a diminishing and very costly 'temporary housing' problem.

In view of the promotional funding programmes which are available, referred to in my previous question, should the Council, as a matter of urgency, review its position and have an imaginative strategy in place, with all its partners, to build and manage its own housing stock - which would ignite local interest to provide homes of the right type and in the right place?

Response

The council's Interim Housing Strategy 2016-2020 seeks to address a wide range of issues beyond the problem of Homeless Prevention, which is a nationwide challenge. The council has a separate Homelessness Prevention Strategy that sets out detailed actions to prevent and address homelessness in the county working jointly with a range of statutory and voluntary sector partners. This strategy is also due for review in the coming year.

As I mentioned in my response to your earlier question to Council, we will indeed ensure that the review of both the Housing and Homelessness Prevention strategies will look at how best to make use of the opportunities that exist to increase the delivery of new affordable homes in Herefordshire and the role of the council in doing so. We will look at all options to encourage the building of quality homes that meet the needs of our communities, and welcome any suggestions from the community about ways in which we can achieve this.

Question 2

Mrs E Morawiecka, Breinton

To: cabinet member, finance and corporate services

The Internal Auditors special investigation on the Blueschool House overspend, recommended that detailed budgets for large capital projects were to be prepared and regularly reviewed, and actual spend tracked and monitored closely to these budgets. Despite millions of pounds of taxpayers money spent, at the last Audit & Governance meeting it was reported that no major road projects were on the new capital monitoring system, nearly a year after these recommendations were made. In view of the large sums of public money that have been spent on such projects, would the Cabinet member responsible, confirm that instead of using out of date, outline budgets that the capital transport schemes are now being controlled and monitored in accordance with the internal audit recommendations?

Response

Yes. I can confirm that following a phased approach to moving projects from the corporate programme into a new project management system that began in October 2018, the major infrastructure projects of the council are now all established within the new system. This

provides a level of detail for the monitoring of planned and actual expenditure against budgets agreed by Cabinet that is sufficient to address the recommendations from the Blueschool House Refurbishment Special Investigation. Financial information within the new system means that Project Managers can ensure that Project Sponsors are fully aware of the financial requirements of projects and can take ownership of the project budget.

I should clarify that prior to the introduction of the new project management system, it was not the case that capital schemes were not being controlled and monitored or that out of date outline budgets were being used; rather there were inconsistent approaches to doing so.

It is part of the natural process of project development that projected costs will evolve during the feasibility and planning stages. A strong project management approach, such as that now being used by the council, ensures that if expected costs rise beyond the approved budget, a decision will be taken on whether the project should be terminated or whether additional money is allocated to the project. Regular capital programme budget reporting is included as part of the council's quarterly performance report.

Supplementary question

At the November 2018 public inquiry into the South Wye Transport Package the only budget presented by Herefordshire Council was the outline budget for the scheme dated 2014, which showed that the council anticipated £5m of funding coming from property developers and the cost of professional fees to be expended of just £781k. By March 2019, just five months later, the actual cost of professional fees were reported to be well over £4m. If the five year old budget for this transport project has now been updated, in accordance with the Blueschool House recommendations from the internal auditor, would the cabinet member please advise how much funding Herefordshire Council now expect to recover from developers such as Bloor Homes who stand to benefit from new road infrastructure being built ahead of any planning application? And if the contribution from developers is less than £5m does the road scheme still offer good value for money to the local tax payer when costs so far have well exceeded their original budget?

Response

I will ask that you receive a written response.

The following written response was provided

SWTP Professional Fees: *The Strategic Outline Business Case (SOBC) dated 2014 for the South Wye Transport Package (SWTP) scheme is published on the councils website:*

https://www.herefordshire.gov.uk/download/downloads/id/13070/south_wye_transport_package_strategic_outline_business_case.pdf

This includes an estimated cost for each possible element of the SWTP presented in section FC1 of the document (page 22) which totals £34.729m.

The figure of £781k, to which you refer in your question, is not from the 2014 SOBC document. The figure you mention is contained within table 4.14 of the Amey 2010 Hereford Relief Road Study of Options report (page 33 – Preparation & Supervision for Western Inner option):

https://www.herefordshire.gov.uk/download/downloads/id/5232/study_of_options_september_2010.pdf

This formed part of the estimated cost for preparation and supervision of the SC2 link of what was then called the relief road (Hereford Bypass) and which is now called the Southern Link Road (SLR). These figures were developed based on the high level/desktop information which was available at that time.

All the costs produced in 2010 were obtained using a similar level of detail and were sufficient to inform the assessment of the options under consideration at that time. These were not, were never intended to be and were not represented as, a detailed cost estimate for any or all of the schemes under consideration.

This table of estimated costs of the SLR link in the 2010 Amey report gives an indicative total of £19,843,810 including an optimism bias figure of £5,857,743 which is intended to be a prudent representation of the level of uncertainty associated with the modelling of the eventual costs due to the timescales involved and recognised known-unknowns and likely unknown-unknowns.

The scheme cost subsequently set out in the 2014 SOBC document was based on this £19,843,810 figure from the 2010 report with a further risk adjustment uplift of 50% applied to reflect the elapsed time and consequent further development in the council's understanding of the scheme. Given these risk and optimism adjustments in both the 2010 and 2014 documents, and the level of detail at which the council was asked to provide financial figures by the Dept for Transport (DfT) in the SOBC, no attempt was made within the 2014 SOBC document to remodel the scheme costs or revisit the estimate of the likely professional fees in greater detail.

Consequently, it would be reasonable to say that the £781k set out as 'Preparation and Supervision' in table 4.14 of the Amey 2010 report was the lowest likely estimate of the professional fees for the SOBC. It would not be reasonable to suggest that this 2010 figure, without even its share of the then applied optimism and later risk uplifts represents the likely fee figure as better understood today.

Up-to-date Cost Forecast: The SOBC was produced in 2014 in the expectation that, in line with normal DfT guidance in place at the time, an Outline Business Case (OBC) would have been produced at the subsequent milestone in a project and this would include an updated cost estimate based on a greater level of design detail than had been required in the SOBC.

However for schemes funded through the growth fund the production of an OBC was later waived by DfT, who set out that a full business case was all that it would require prior to drawdown of funding. In hindsight, it is acknowledged that whilst this DfT concession has reduced the up-front workload for the council on the way to delivering a full business case, it has created an unfortunately long gap since up-to-date financial information on this project has been available to the public.

That said, internal to the council the ongoing costs and forecast scheme outturn have been being monitored as part of the project management of the programme. The scheme has recently been migrated to be now managed using the councils VERTO system and the current forecast project cost remains within the £35m budget set in 2014 SOBC. In addition, each project decision taken and project decision report published contains a summary of scheme budget and cost forecasts and will be reported in future decision reports. For information below is a summary of the current estimated SWTP costs dated April 2019 which provides detail of current SLR and ATM estimated fees and works costs within an overall forecast cost of £35m.

		Strategic Outline Business Case 2014	Estimated Cost April 2019
SLR Total		£ 29,729,000.00	£ 29,252,000
Total SLR Construction			£ 19,118,000
Contractor Costs			£ 17,742,000
Utility /STATS Costs			£ 1,376,000

Total Professional Fees			£ 7,983,000
Design & Supervision			£ 7,888,000
Professional Fees (Other)			£ 95,0000
Land Costs			£ 2,151,000
Land Acquisition & Compensation			£ 1,540,000
Land Fees			£ 83,000
CPO			£ 380,000
Part 1 Claims			£ 123,000
Capital Interest			
Consumables			£ 25,000
ATM		£ 5,000,000.00	£ 4,948,000
A465	Group 3		£ 2,545,000
Belmont	Group 6		£ 441,000
Holme Lacy	Group 8		£ 1,704,000
Professional Fees			£ 258,000
Contingency			£ 800,000
Total		£ 34,729,000.00	£ 35,000,000.00

Developer Contributions: The 2014 SOBC does include in Section FC2 possible funding sources for the SWTP scheme. Within this section a table sets out possible funding sources and at that time a possible contribution of £5.8m from the private sector was anticipated, which was recognised as being subject to the outcome of negotiations with developers as planning applications for new development sites along the route of the road came forward.

Following the award of DfT funding to the Marches LEP the budget for the SWTP is shown to include £8m of 'local contribution' to the scheme. This local contribution has been funded to date from council funds budgeted within the local transport plan element of the council's budget. However, it remains the council's intention that contributions from local developers will be sought towards the overall cost of the road as development comes forward and would then be used for that purpose. Unless and until the road scheme is given approval to proceed, it has been necessary for the council to fund the work required to bring the project to that point of decision.

Value for Money: This change in timing and source mix of funding to deliver the overall scheme does not affect the value for money (VFM) assessment, according to the calculation of the benefit-cost ratio as required by DfT. If the scheme proceeds to a full business case, it is currently expected that the scheme would demonstrate VFM as measured by these DfT criteria. This assessment will be set out in detail in the final full business case for the scheme, if the decision is made to take the scheme forward.

However, any consideration of whether the locally funded component of the ultimate scheme cost represents VFM for residents, as regards the scheme's financial and other costs vs its expected benefits, is an entirely separate judgement which does not currently form part of the decision-making process.

Question 3

Ms J Tonge, Hereford

To: leader of the council

The corporate delivery plan makes no mention of the Climate Emergency that has been agreed by the council this spring.

Will the Climate Emergency declared by Herefordshire Council just be fine words, or will it form the basis for future decisions and actions and become part of the corporate delivery plan?

Response

Thank you for raising this important issue.

I can confirm that the declaration made by Council in March will not just be fine words. A declaration of itself, while an important statement, achieves little – it is our actions that will count. The council has already taken action to reduce its carbon footprint and improve flood management. However, this administration wishes to give a stronger focus to addressing the climate emergency. Following the resolution passed by Council in March, we have already provided a briefing to all councillors on carbon management, in preparation for a members' full day event in the autumn. The council also has a web page titled 'Climate' with more information about achievements to date and plans for further action, which will be kept updated as our plans develop.

The resolution passed by Council in March, after the current year's delivery plan was approved, made a number of specific recommendations and Cabinet will be considering how to take those forward at its meeting in September. As you will see from the Cabinet agenda today, we are beginning the process of reviewing the council's Corporate Plan, and will soon be seeking views on our future priorities, and how best to meet them. I very much hope that residents, businesses, and partners will help us to shape this vital plan, so that we can all play our part in responding to the climate emergency.

Question 4

Mr R Palgrave, How Caple

To: cabinet member, commissioning, procurement and assets

The documents submitted as part of the now approved planning application for the student accommodation in Station Approach Hereford (P183841/CD4) included an Energy Strategy written by consultants Ridge for Cityheart Partnerships. The strategy sets out possible options for space and water heating and for renewable energy in the building. To support the aspiration that Herefordshire should be zero carbon by 2030, will the Cabinet member consider making it a requirement that this building is designed and constructed to the highest BREEAM standard, i.e. "Outstanding", that no fossil fuels (e.g. natural gas) will be used for space and water heating, and that on-site electricity consumption will be supplied by solar PV panels on the building to the greatest extent possible?

Response

Thank you for raising this incredibly important issue.

The Energy Strategy Report submitted as part of the planning application for the student accommodation in Station Approach is, in part, a development specific assessment of the available renewable and sustainable technologies. The report also provided information on how we could achieve BREEAM Good/very good, which is the clients brief and normal for this type of accommodation.

A requirement for BREEAM "Outstanding" would be extremely challenging at this location due to financial and site constraints including (but not limited to):

- the very specific planning requirements for the pitched roofscape, (resulting in an orientation and a significant reduction in roof area on which to locate PV panels efficiently);
- lack of space for air source heat pumps on the site or roof to be economically viable; and
- the presence of a Welsh Water major infrastructure foul water sewer pipe located under the entire length of the site parallel to the Link Road, making ground source heat pumps prohibitive.

The Energy Strategy Report considers and assesses the suitability of all available technologies for the building and the specifics of the development before concluding which are the most appropriate ones to proceed with. These detailed findings are provided in the report and have been accepted by the Planning and Regulatory Committee in their assessment of the planning application.

There are significant financial implications associated with achieving “Outstanding”, which only 1% of buildings achieve. In addition to the need to demonstrate value for money the resulting accommodation must be affordable for the students so a balance has to be struck so that with our partners we are able to deliver a viable development which is as energy efficient as possible on that site.

We are aiming to achieve BREEAM Very Good (rather than Good), which is itself a high standard. During the detailed design stage we are continuing to test whether we can achieve some benefit from photo-voltaics in order to reduce reliance on the grid.

You can be assured that any future projects such as this will have, at the forefront of any decision, the climate emergency resolution that was passed in March.

Question 5

Mr E Morfett, Hereford

To: cabinet member, infrastructure and transport

Under the last administration employees of Balfour Beatty and WSP have spoken at various council meetings on the merits of designing large road schemes. They recommended expensive research and design work costing the local taxpayer millions of pounds, without ever declaring their conflict of interests in these matters.

Contracts for this work were awarded to Balfour Beatty and WSP without independent reviews and without competitive tenders.

Will this approach be continued under the new administration or can the public expect independent, non-prejudicial advice to be given to councillors on resolving transport issues in Hereford and across the wider county?

Response

Professional services associated with the design and development of major projects are commissioned and procured through the council's public realm contract and the council does not believe there is a conflict of interest as you suggest. BBLP provides professional design resource, within the terms and framework of our existing contract, to deliver these projects and provide a fee proposal for each design commission, which is scrutinised and challenged as part of the annual plan commissioning process. Annual fee proposals are reviewed and monitored prior to work commencing and are subjected to robust change control mechanisms.

This public realm contract was awarded to BBLP following a competitive OJEU procurement process in 2012/2013 and design professional services are within the scope of this contract. Going forward the new administration may consider all procurement options, so that value for money is ensured and we continue to get the best possible advice.

Supplementary question

In my opinion the 2012-2013 public realm contract with Balfour Beatty has not served in the best interests of Herefordshire residents despite conforming to the Official Journal of European Union procurement process because it allowed the principle consultants to promote the most expensive, destructive and the most profitable for its shareholders while ignoring cheaper, more efficient solutions for the county. What can the newly elected council do to reduce the inherent bias consistently shown by its principle consultant Balfour Beatty towards expanding road capacity that will increase congestion before investing in sustainable clean public transport and safe modern walking and cycling networks?

Response

As you know, within the realm of the Balfour Beatty public realm contract, we have a built in mechanism for using them for consultancy work but we are also able to use other people and it may be that we will do that in the future if it presents better value for money. Naturally, as a cabinet member, I cannot necessarily agree with you that there is a bias but the new administration will be making sure that progressive procurement takes place and we are in a period of reviewing all aspects of the council functioning.

Question 6

Dr N Geeson, Hereford

To: cabinet member, finance and corporate services

The Corporate Plan Performance Metrics are to "Enable residents to live safe, healthy and independent lives; to Keep children and young people safe and give them a great start in life; to Support the growth of our economy; and to Secure better services, quality of life and value for money". Opportunities should be fully inclusive for young and old, so why is there focus on condition of roads but no mention of the vital roles of good public transport networks, cycling and walking; especially since these will improve fitness and health, and by reducing use of individual vehicles, help to address the Climate Emergency? Remember that in Hereford cycling can actually reduce journey times too!

Response

The corporate performance metrics associated with our four corporate plan priorities do not try to capture the entirety of our performance data.

There is a focus on the condition of roads because our residents have consistently told us that the condition of our roads as a key area for improvement. Additionally, highway condition is seen as a barrier to delivering good public transport networks, cycling and walking.

We hold extensive metrics for public transport patronage, cycling and walking, in addition to extensive data about the condition and usage and safety of our roads, bridges, footways and cycleways across Herefordshire, all of which informs how we plan and implement actions to deliver the corporate plan priorities.

Question 7

Mrs J Richards, Hereford

To: cabinet member, infrastructure and transport

Many of the city, town and country roads are precarious, posing a risk to all road users. Will this new administration be seeking to continue the policy of the previous Council to divert millions of pounds from the Local Transport Plan maintenance budget and special pothole grants for paying professional advisors millions of pounds to develop new roads schemes instead?

Response

Between the implementation of a new asset management strategy in 2013 and 2018, and with additional investment of £20m during 2014 to 2016 the overall condition of our A, B and C roads has improved. While there is still work to do I cannot agree that many of the city, town and country roads are precarious and pose a risk to all road users.

It is not the council's policy to regularly divert funding from the maintenance of our road network; however the council reserves its right to invest funding that it receives through the Local Transport Plan integrated transport block allocation and maintenance block allocations, (and all other such funds, pothole fund and the like) in accordance with the conditions of the grant award, and in a way that will best secure the objectives that the council holds for Herefordshire.

The funding of these major transport projects has come from both external funding sources and council capital budgets which includes the annual LTP grant. Funding sources are set out in each project decision report during the delivery of these transport projects; if there are implications for service delivery associated with the use of LTP budgets this will also be set out.

As you may be aware I am due to take a decision this month in relation to the Hereford Transport and South Wye Transport package projects and the options as to whether to continue with progression of the schemes, pause and review the schemes or cancel them. The funding of any work following this decision will be set out clearly in any further decision reports.

Supplementary question

If funding for potholes in the Local Transport Plan could be diverted to new road schemes, can the same principle be applied and such funding be used instead to deliver a comprehensive network of safe walking/cycling schemes, good public transport and 20 mph in urban areas and around schools – all of which are shown to reduce the high level of short car journeys that contribute to congestion and pollution in urban areas?

Response

Cabinet member, infrastructure and transport: I think the short answer is yes. I will hand over to the Acting Director for Economy and Place to give a more accurate answer.

Acting Director: The Local Transport Plan Grant from government is provided on the basis of an allocation to Herefordshire in line with its Local Transport Plan so spending of that grant in accordance with the Local Transport Plan is admissible and it is a matter for the cabinet to determine how that is applied.

Question 8

Mr T Geeson, Hereford

To: cabinet member, infrastructure and transport

One of the Council's current performance metrics in Agenda Item 7 Appendix 5 is 'to improve average journey times in Hereford in the morning week-day period

In 2017 I asked the then Cabinet member if there has been recent and comprehensive traffic surveys before the opening of the City Link Road and would these repeated once the new road was opened and would the results be published so we could all assess its impact. Were these surveys completed by the previous administration and if so, what do the results show?

Response

A range of surveys have been completed on the network surrounding the City Link Road following its opening at the end of 2017. The results of these surveys are currently being collated and analysed and will be reported in the autumn.

Supplementary question

Could the cabinet member confirm that the results will be made publically available and to ensure that the report will include an analysis of the roads impacts and not just simply summarise the results of the surveys.

Response

Cabinet member, infrastructure and transport: I would assume so but will ask the acting director for clarity.

Acting Director for Economy and Place: There is no reason for the information not to be made public so I would anticipate that being published. The analysis to be carried out will be to look at what the movements and the surveys have concluded and present that information for people to review.

Question 9

Mrs V Wegg-Prosser, Breinton

To: cabinet member, infrastructure and transport

Noting that Cabinet is responsible for developing and proposing a balanced budget to Council, and that Hereford's flagship endeavour, NMiTE, will welcome its first students this September, could the new Administration please ensure that sufficient resources are allocated to the completion of the Transport Hub at Hereford Railway Station so that the station's 'poor sense of arrival', (noted by Historic England) negatively affecting the aspirations of Hereford as a University City, can be transformed into a welcoming community space for public transport interchange, cycling and walking as soon as possible?

Response

Yes. This council is committed to delivering a high quality transport hub at the railway station along with public realm improvements on Commercial Road and Blueschool Street to transform this part of the city and ensure it becomes a welcoming entrance to the city centre for all visitors including those coming to study here. An allocation of £6m from the overall £40.6m Hereford City Centre Transport Package budget will enable us to deliver this. We are currently developing proposals for consultation later in this financial year.

Supplementary question

It is of course regrettable that the £13m budget for the public realm and active travel measures associated with the Edgar Street Grid was raided to the tune of £7m by the previous administration to complete the funding package for the over-engineered city link road, a road which shamefully is not fit for purpose. So there is only £6m left for the non-road costs of the city centre scheme, instead of £13m. There still seems to be no sense of urgency expressed in the reply to my question. Consultation later in this financial year? That could bring us to March 2020. Does this sort of delay mean that the £6m set aside might be raided again, so that ultimately there is less than £6m available for these vital public realm and active travel measures, rendering them also perhaps not fit for purpose?

Response

I can only apologise for the delay in these projects being progressed as timely as they were supposed to have been done. The new administration is keen to progress with the transport hub and to look at the other active travel measures associated with the city link road and the original funding from the Edgar Street Grid. I certainly don't intend to use any of that money for anything other than what it was intended for and I hope to stick to that.