

# A G E N D A

## Strategic Monitoring Committee

Date: **Monday, 9th February, 2004**

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Time: **10.30 a.m.**

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Place: **The Council Chamber, 35 Hafod  
Road, Hereford**

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Notes: Please note the **time, date** and **venue** of  
the meeting.

*For any further information please contact:*

*Tim Brown tel 01432 260239 e-mail  
tbrown@herefordshire.gov.uk*

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**County of Herefordshire  
District Council**



# AGENDA

## for the Meeting of the Strategic Monitoring Committee

To: Councillor T.M. James (Chairman)  
Councillor Mrs. P.A. Andrews (Vice-Chairman)

Councillors B.F. Ashton, W.L.S. Bowen, A.C.R. Chappell, J.H.R. Goodwin,  
Mrs. M.D. Lloyd-Hayes, J. Stone, J.P. Thomas and W.J.S. Thomas

	Pages
<b>1. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>2. DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on this agenda.	
<b>3. MINUTES</b> To approve and sign the Minutes of the meeting held on 8th December, 2003.	1 - 8
<b>4. BUDGET MONITORING 2003/04 TO 30 NOVEMBER 2003</b> To inform the Committee of the position with regard to revenue budget monitoring for Programme Areas in 2003/04.	9 - 16
<b>5. CAPITAL PROGRAMME MONITORING 2003/04 TO 30 NOVEMBER 2003</b> To report to the Committee on the Capital Programme forecast for 2003/04.	17 - 22
<b>6. MEDIUM TERM FINANCIAL PLAN 2004/2005 - 2007/08</b> To determine any observations the Committee would wish to make to Cabinet on the Medium Term Financial Plan.	23 - 26
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	To consider the nature and scope of Herefordshire Council's input to the Herefordshire Partnership.	
<b>11.</b>	<b>COMMUNITY FIRST FUNDING SUPPORT</b>	83 - 86
	To propose a means of reviewing the funding support for Community First within the context of an overall review of the support to the voluntary sector in Herefordshire.	
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	To note the latest performance against the Public Service Agreement (PSA) targets and receive a brief introduction to the second round of PSAs to be negotiated with the Government.	
<b>13.</b>	<b>PERFORMANCE MONITORING - CORPORATE HEALTH (TO FOLLOW)</b>	
	To consider a report to Cabinet on progress in relation to the Council's Corporate National and Local Best Value Performance Indicators.	
<b>14.</b>	<b>MID-YEAR ASSURANCE REPORT</b>	99 - 104
	To note the key internal control issues identified during the course of the audit.	
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	To consider the work being undertaken by the Scrutiny Committees.	
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	To consider the Committee's work programme and those of the other Scrutiny Committees.	

## **PUBLIC INFORMATION**

### **HEREFORDSHIRE COUNCIL'S SCRUTINY COMMITTEES**

The Council has established Scrutiny Committees for Education, Environment, Health, Social Care and Housing and Social and Economic Development. A Strategic Monitoring Committee scrutinises Policy and Finance matters and co-ordinates the work of these Committees.

The purpose of the Committees is to ensure the accountability and transparency of the Council's decision making process.

The principal roles of Scrutiny Committees are to

- Help in developing Council policy
- Probe, investigate, test the options and ask the difficult questions before and after decisions are taken
- Look in more detail at areas of concern which may have been raised by the Cabinet itself, by other Councillors or by members of the public
- "call in" decisions - this is a statutory power which gives Scrutiny Committees the right to place a decision on hold pending further scrutiny.
- Review performance of the Council
- Conduct Best Value reviews
- Undertake external scrutiny work engaging partners and the public

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- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

**MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, 35 Hafod Road, Hereford on Monday, 8th December, 2003 at 10.30 a.m.**

**Present:** Councillor T.M. James (Chairman)  
Councillor Mrs. P.A. Andrews (Vice Chairman)

Councillors: W.L.S. Bowen, A.C.R. Chappell, J.H.R. Goodwin,  
Mrs. M.D. Lloyd-Hayes, J. Stone, J.P. Thomas and W.J.S. Thomas

**In attendance:** Councillors B.F. Ashton, Mrs. L.O. Barnett, Mrs. J.P. French and D.B. Wilcox

**34. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor R.J. Phillips who, whilst not a Member of the Committee, would normally have been present in his capacity as Leader of the Council.

**35. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**36. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 13th October, 2003 be confirmed as a correct record and signed by the Chairman.

**37. HUMAN RESOURCES STRATEGY - PROGRESS REPORT**

The Committee received an update on progress against the Council's Human Resources Strategy.

The Head of Human Resources gave a presentation setting out the background to the Strategy, the link between the Strategy and the third annual staff opinion survey, an interim report on which was appended to the report, progress against targets in the Strategy and the proposed way forward.

He highlighted key findings from the staff opinion survey and reviewed progress against each of the six priorities within the strategy. The survey results were compared with those from previous years and with the local authorities benchmarking group. He noted that the Council compared favourably with the benchmark group on 9 out of eleven comparable questions and had a score on the other two around the average level.

He concluded by explaining how he wanted to reform the human resources strategy group to drive forward improvement; to add milestones and interim targets to the Strategy; to improve performance in key areas identified by the staff opinion survey; and to restructure Human resources in line with the Best Value Review Improvement Plan.

In the course of discussion the following principal points were made:

- The Head of Human Resources commented on the importance of effective communication. He noted that the survey was only one means of obtaining information and outlined action he had initiated through team meetings to gather information from the workforce on practical solutions to key issues raised in the survey.
- The Principal Research Officer commented that some of the changes in the findings compared with 2002 were sufficiently large to be statistically significant.
- It was noted that the response rate to the survey had been 41%. However, the figure was a percentage of all employees including staff employed on a casual basis. It was thought that the response rate from full time employees had been higher and next year's survey would be prepared in a way that would enable this to be tested. Consideration was continuing to be given to ways of increasing the response rate.
- It was confirmed that an analysis of exit interviews was underway.
- Most of the written comments in survey responses had related to job evaluation. In response to a question the Head of Human Resources explained that the aim was to conclude the job evaluation process by the end of the financial year. The Cabinet Member (Human Resources and Corporate Support Services) advised that briefings for all Members were being arranged. The Chief Executive commented that it was to the credit of staff that work had not suffered as a consequence. However, he cautioned that the outcome of the process and the changes it would bring would almost inevitably be unsettling to the organisation.

**RESOLVED: That the progress report on the Human Resources Strategy be noted.**

### **38. LOCAL PUBLIC SERVICE AGREEMENT**

The County Treasurer reported that the monitoring report on the Local Public Service Agreement included in the agenda papers was the one which the Committee had considered in October and had been published in error. An update was being prepared and would be available for the next meeting.

### **39. ASSET MANAGEMENT PLAN**

The Committee considered a report on the approved Asset Management Plan which had been submitted to the Office of the Deputy Prime Minister in July 2003.

The report noted that Plan had been rated as "good" by the Government Office for the West Midlands (GOWM), the highest rating possible, and had obtained the best score in the West Midlands. The Council accordingly no longer had to submit a Plan to the GOWM. The Asset Management Plan would, however, remain an important tool for the authority and link into the prudential code for local authority finance.

The Property Services Manager informed the Committee of some of the projects in which the service was currently engaged. In response to questions he explained the Council's target for disabled access to buildings and confirmed that energy usage targets would have to be submitted to the Audit Commission by June 2004 and software had been purchased to facilitate this requirement.

**RESOLVED:** That the report on the Asset Management Plan be noted.

**40. PROPERTY MANAGEMENT SCRUTINY REVIEW**

Further to the Committee's meeting in December 2002 the Committee considered a revised timetable for the property management scrutiny review and the membership of the review team.

The report noted that the original scoping statement approved in December remained appropriate. A revised timetable for the review was attached to the report at Appendix 2.

**RESOLVED:**

**That (a) the review timetable at Appendix 2 to the report be approved,**

**and**

**(b) the Member Review Team comprise Councillors Mrs P.A. Andrews, W.L.S. Bowen, T.M. James and J.P. Thomas.**

**41. PERFORMANCE MONITORING - CORPORATE HEALTH**

The Committee considered a report on progress in relation to the Council's corporate national and local Best Value Performance Indicators from 1 April to 30 September, 2003.

The report identified on an exception basis areas above target performance and areas for improvement.

In response to a question about the percentage of complaints resulting in a change of practice it was noted that a report on the issue was in preparation. An analysis had also been requested by the Cabinet Member (Audit and Performance Management) of what service areas were receiving complaints. An increase in recorded complaints, above target performance, reflected improved collection arrangements and a greater focus on customer service issues across the authority.

**RESOLVED:** That progress in relation to the Council's Corporate National and Local Best Value Performance Indicators from 1 April to 30 September 2003 be noted.

**42. PROGRESS REPORT ON REVENUES AND BENEFITS BEST VALUE IMPROVEMENT PLAN AND HOUSING BENEFITS UPDATE**

The Committee considered an update on progress to date with the Revenues and Benefits Improvement Plan, current performance and activity in Benefits, including information on planned areas for improvement and changes having an impact on future service delivery.

The Assistant County Treasurer presented the report. She stated that the service had been involved in a considerable amount of activity with changes having to be made as a result of the implementation of tax and pension credits. Further changes to the way housing and council tax benefits were to be administered had also been announced by the Government for implementation by April 2004.

The report detailed current performance noting that the service had not been able to deliver the expected improvement in performance to date. However, it was expected

that there would be a considerable improvement by the start of 2004.

The report described a number of actions designed to secure improvement in performance as follows.

- Recognising that it was essential to have a full complement of staff, two new posts had been established partly funded by the Department of Work and Pensions: a Training and Development Officer and a System and Support Officer.
- It had also been decided to procure a new fully integrated software system. It was not expected that this could be operational before Autumn 2004. To ensure that the project did not have an adverse effect on processing times it was intended to recruit additional agency staff to assist with claim processing.
- There had been a successful bid for funding to work in partnership with the largest Registered Social Landlords in the County. Benefits from this would include economies of scale.
- Work had also been undertaken with the Service Improvement Team to see how existing processes could be improved. One route involved appointments being made with all customers who wished to make a new claim for benefit so that a benefits specialist could deal with their claim on a face to face basis either in their home or in the office. However, this could not be implemented in full until a number of constraints such as the lack of suitable confidential interview facilities could be overcome. A number of options were currently under consideration.

It was also reported that while details were still to be finalised by the Department of Work and Pensions the further significant changes to the benefit system from April 2004 would have implications for the roles and responsibilities of staff and have an impact on performance in the short term.

Against this background as part of the Comprehensive Performance Assessment the Benefit Fraud Inspectorate had reassessed the service and a maximum score of 4 had been achieved on the Audit Commission 4 point scale compared to 2 in 2002. This was considered encouraging confirming the service's ability to make improvements to the service whilst implementing significant changes to systems and procedures. The County Treasurer added that although it was recognised that the service was not reaching the performance standards it wanted to achieve the assessment showed that the correct processes were in place.

In the course of discussion the following principal points were made:

- The County Treasurer emphasised that part of the difficulty was the number of renewal claims. He reminded the Committee that the policy was to deal with new claimants first because those seeking renewal of their claims continued to receive their existing level of benefit pending a reassessment and were therefore less vulnerable than new claimants.
- That staff turnover remained a difficulty. Moreover, there was no single contributory factor.
- The lack of suitable confidential interview facilities was noted together with some of the options being explored to overcome the problem.
- It was expected that the DWP's funding for the posts of Training and

Development Officer and a System and Support Officer would continue beyond 2004/05 but, if not, savings would have to be found to continue the posts.

- That mindful of staffing difficulties home working was being investigated but was not possible with the present IT infrastructure.
- Noting that Welfare Rights Officers and Supporting People staff offered some benefits advice, and in some cases were former Benefits Staff, it was confirmed that the Service already worked closely with those staff and sought to make the most of the available expertise.

**RESOLVED: That the report be noted.**

#### **43. REVIEW OF THE CONSTITUTION**

The Committee considered proposed amendments to the Constitution relating to Local Area Forums and the Regulatory Committee.

The report outlined revisions to the Constitution required to give effect to Cabinet's decisions following a review of the Local Area Forums. It also noted the need to empower the Regulatory Committee to appoint a Sub-Committee to carry out new licensing duties and to refine the scheme of delegation to officers for regulatory matters.

Whilst deciding it was not appropriate to debate the detail of the proposed changes to Local Area Forums some reservations were expressed..

It was noted that because of timing consultation on the budget would not be undertaken through the Forums but it was planned meetings would be held in all the market towns and the City.

**RESOLVED:**

- THAT**
- (a) the proposals relating to the Local Area Forums as set out in appendix 1 to the report and the Scheme of Allowances for Members be noted and the necessary consequential amendments to the Constitution be recommended to Cabinet and Council for approval;**
  - (b) it be recommended to Cabinet and Council that the Constitution be amended to empower the Regulatory Committee to establish a Sub-Committee;**
- and**
- (c) it be recommended to Cabinet and Council that the Constitution be amended to provide for the County Secretary and Solicitor to be authorised to devise a scheme of delegation for officers for regulatory matters.**

#### **44. CAPITAL PROGRAMME MONITORING 2003/04 TO 30TH SEPTEMBER, 2003**

The Committee considered a report on the capital programme forecast for 2003/04.

It was noted that, subject to the expected acceleration of spending in the second half of the year, no conditional resources would be lost.

**RESOLVED: That the position be noted.**

**45. THE PRUDENTIAL CODE AND ITS IMPACT ON CAPITAL STRATEGY**

The Committee considered a report on the implications of the new Prudential Code for Capital Finance for the Council with effect from 2004/05 onwards.

The report noted that Code replaced all current legislation and regulation on capital finance in particular the system of borrowing approvals. The County Treasurer reported that the Council had in place the building blocks to develop its capital strategy in line with the Code's requirements. The Code would afford the Council greater flexibility in seeking to deliver its priorities.

**RESOLVED: That the position be noted.**

**46. REVENUE BUDGET MONITORING**

The Committee considered the position with regard to revenue budget monitoring for programme areas in 2003/04.

The report summarised the position in each programme area. The County Treasurer highlighted the reduction in the projected overspend for the year. He advised that the position on the social care budget had improved. The projected overspend on property had also reduced a little but the position remained serious.

In the course of discussion the County Treasurer acknowledged that the rise in the deficit in income from the cattle and butter markets represented a steady worsening of the position which would need to be addressed. It was noted that the deficit on income from Rotherwas Industrial Estate was also expected to rise. The Chief Executive noted that these would be amongst the issues which the property management scrutiny review should consider.

In response to a question the Director of Policy and Community commented on the overspend on parks and countryside. She noted that this was in part attributable to the Council becoming directly responsible for an increasing number of pieces of adopted land. There had also been difficulties over the costs of contracts which she hoped would be overcome by the partnership agreement with Jarvis

**RESOLVED: That the report be noted.**

**47. SCRUTINY ACTIVITY REPORT**

The Committee noted the work being undertaken by the Scrutiny Committees.

The report drew attention to the Health Scrutiny Committee's work programme. It also invited the Committee to determine which Scrutiny Committee should take the lead role in scrutinising issues resulting from action taken by the executive pursuant to the Green Paper: Every Child Matters. The Chief Executive advised that the issues should be co-ordinated by the Strategic Monitoring Committee.

The Chairman proposed that the Committee should add to its work programme reviews of the Council's funding support for Community First and the operation of the Herefordshire Partnership and that this work be scoped in consultation with him.

**RESOLVED:**

- That (a) the work programme of the Health Scrutiny Committee be noted;**
- (b) the lead role in scrutinising issues resulting from action taken by the executive pursuant to the Green Paper: Every Child Matters be taken by the Strategic Monitoring Committee;**
- and**
- (c) that work be undertaken to scope reviews of the Council's funding support for Community First and the operation of the Herefordshire Partnership in consultation with the Chairman.**

The meeting ended at 12.45 p.m.

**CHAIRMAN**





## **BUDGET MONITORING 2003/04 TO 30 NOVEMBER 2003**

**Report By: County Treasurer**

### **Wards Affected**

County-wide

### **Purpose**

1. To inform the Committee of the position with regard to revenue budget monitoring for Programme Areas in 2003/04.

### **Financial Implications**

2. As detailed in the attached Cabinet report dated 29 January 2004.

### **Background**

3. The report on Budget Monitoring 2003/04 considered by Cabinet on 29 January 2004 is appended.

### **RECOMMENDATION**

**THAT (a) the contents of the attached Cabinet report dated 29 January 2004 be noted;**

**and**

**(b) the Committee considers whether there are any issues it wishes to be brought to Cabinet's attention.**

### **BACKGROUND PAPERS**

- Cabinet report dated 29 January 2004.



## BUDGET MONITORING 2003/04

### PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

29TH JANUARY, 2004

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#### Wards Affected

County-wide

#### Purpose

To note the position with regard to revenue budget monitoring for Programme Areas in 2003/04.

#### Key Decision

This is not a Key Decision

#### Recommendation

**THAT the report be noted.**

#### Reasons

Reports are regularly presented to Cabinet as part of the Council's Performance Management arrangements. Cabinet Members will discuss the individual Programme Area figures with their Directors and Departmental Managers as appropriate.

#### Considerations

1. Appendix 1 shows the details of the spending as at 30th November, 2003 for each Programme Area, together with the projected outturn for 2003/04.
2. The budgets shown for 2003/04 include the final carry forwards from 2002/03.

#### Education

3. A very large proportion of the Education budget is delegated to schools. Any underspendings, or indeed overspendings should they occur, in the schools' budgets will automatically be carried forward into next year under the statutory arrangements for delegation to schools.
4. It is expected that the net expenditure on the non-schools budgets will be contained within the budget. The main spending pressure area is home to school transport where costs are continuing to rise above the general level of inflation.

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Further information on the subject of this report is available from  
David Keetch, Assistant County Treasurer on (01432) 260227

## **Policy and Finance General**

5. It is clear that there will be a significant shortfall of income from Land Charges because of the increasing use of private firms to carry out personal searches. The shortfall of income of £95,000 in 2002/03 was met from reserves. The shortfall is now estimated at £90,000 for 2003/04. In addition, following the non-achievement of the Best Value Performance Indicator (BVPI) in relation to dealing with search requests, the Environment Directorate has recruited extra staff which are to be paid for from search income. The cost of additional staff (£50,000) potentially increases the deficit to £140,000, which will need to be met from the Council's general reserves.
6. Spending on e-Modernisation is low compared to the budget at present. An underspending of £564,000 is predicted despite spending accelerating during the remainder of the year. As sufficient external funding can be carried forward into 2004/05, the underspending is not a major concern in financial terms.
7. Some of the Treasurer's Department underspending brought forward from 2002/03 (£160,000) is expected to be carried forward in 2004/05 to meet the cost of the new Revenues and Benefits systems etc.
8. Members' expenses will be overspent by approximately £37,000 primarily because of the need to fund the cost of the IT support costs for Members' pc links and laptops.
9. It has been assumed that the additional costs of undertaking the job evaluation process, estimated at £100,000 for the year, and the externalisation of Commercial Services (£109,000) will be met from reserves. In the case of the externalisation, these costs will be met from mobilisation payments received as a result of the transfer.
10. The latest report to the Combined Fire Authority indicated that a supplementary levy for constituent authorities would be necessary for 2003/04. The estimated share for Herefordshire Council would be £68,000. A final decision will be taken at the Fire Authorities' February meeting. Any additional costs would be met from reserves.

## **Policy and Finance Property**

11. The projected overspend on Property has increased marginally to £757,000, including £524,000 brought forward from 2002/03. £379,000 of this overspend is the deficit on the Markets and Fairs budget. The rent reviews at the Cattle and Butter markets have reduced income levels so this deficit is expected to rise to £420,000 this year. The capital investment in creating new car parking provision, should increase income in total by between £80,000 and £100,000 per annum in future years. However, the income being received each month is only just beginning to build up.
12. In addition, the projected deficit on income from the Industrial Estate has again risen to £475,000 because of Industrial Units becoming vacant and the sale of leases resulting in lower income. Income from shops transferred from Housing following the stock transfer will, however, produce a surplus of £100,000 in 2003/04.

### **Environment General**

13. Spending continues to be in line with the budget in overall terms. An overspending on the Waste Collection contract is expected because of the costs of indexing the contract but this is being largely offset by additional Trade Waste charges. The Travellers budget is likely to be overspent by around £30,000 although rental income is coming in more steadily this year. The income for Cemeteries and the Crematorium is above budget by approximately £80,000 for the first eight months of the year.

### **Environment Regulatory**

14. Spending on Environment Regulatory is very much in line with the budget at present, with most services showing modest underspendings. Budget pressures are increasing in respect of Landfill and Contaminated Land and Licensing but these are being contained.

### **Planning**

15. The main variation is additional fee income received to date this year. Difficulties in recruiting staff is producing staffing savings especially in building control. In total, the estimated outturn suggests an underspending of around £100,000 during the year. The report anticipates that the Planning Development Grant of £320,000 will be fully committed although possibly not spent during 2003/04.

### **Social Care**

16. The projected year end position for Social Care is an over commitment of £316,000, after incorporating the 2002/03 overspend brought forward of £582,000.
17. The objective remains to balance the budget overall (including the 2002/03 overspend). The current position shows progress against this objective. However, in light of the continuing financial risks within the budget a cautious but proactive approach has been taken.
18. There are risks in the children's services area from lack of capacity in the foster parents resource and the need to find other placements. There is also the imperative to improve the performance on delays for older people and intensive home care, which will remain challenging in terms of budget management. Financial risks of Free Nursing Care income and potential loss of income from Fairer Charging remain.

### **Strategic Housing**

19. The projected year end position is an underspend of £100,000, after incorporating the 2002/03 underspend. It is not expected that there will be an underspend in future years. The reason for the expected underspend in this year is the time taken to review services and recruit to all posts within the new Strategic Housing function and also reflects the cautious approach taken to committing to expenditure in the first year following transfer. The risk area is spend on homelessness although this is currently underspending and no adverse circumstances are known.

## **Social Development**

20. The only significant budget issue remaining is the expected overspend in 2003/04 of Parks and Countryside which is now estimated at £130,000. This has been assisted by meeting the overspending brought forward from 2002/03 out of the sums held in respect of open spaces commuted sums.

## **Leisure Contracts**

21. Discussions are continuing with the Leisure Trust in order to eliminate this deficit during 2003/04.

## **Economic Development**

22. Spending on Economic Development is within budget at present and no major variances are currently predicted. The carry-forward from 2002/03 of £150,000 included significant amounts for 2003/04 projects.

## **23. Financial Transactions**

Investment interest received and debit interest paid is currently expected to be £220,000 better than budgeted mainly owing to relatively slow capital programme expenditure.

## **Conclusion**

The projected overspending for the year is now £421,000, which is well within the Council limit of 1%. The improved position reflects the continuing reductions in the expected overspendings for Social Care together with a projected underspending of £564,000 for modernisation.

## **Revenue Reserves position as at 12th December, 2003**

The estimated value of reserves as at 31st March, 2004 is estimated to be some £2,050,000. This takes account of a likely underspending on capital financing costs during the year and the final Herefordshire Commercial Services position, offset by potential call on reserves in relation to Land Charges etc. The figure also takes account of authorised approvals during the course of the financial year. The County Treasurer will advise further at the meeting.

## **Alternative Options**

There are no alternative options.

## **Consultees**

None identified.

## **Background Papers**

None identified.

### Summary Budget Monitoring Report 2003/04 - November 2003

Programme Area	2003/04 Budget	Actuals to Period 8	Budgets to Period 8	Variance	Projected Out-turn	Projected Over/(Under) Spending
	£000	£000	£000	£000	£000	£000
Education	77,875	45,380	51,917	6,537	77,875	0
Social Care	32,681	22,933	21,581	-1,352	32,997	316
Policy and Finance - General	21,312	27,975	29,786	1,811	20,830	-482
Policy and Finance - Property	1,344	1,082	689	-393	2,101	757
Environment - General	16,674	8,651	11,088	2,437	16,674	0
Environment - Regulatory	2,276	1,301	1,517	216	2,276	0
Environment - Planning	2,151	780	1,434	654	2,051	-100
Social Development Leisure Contract	7,531 -138	4,778	5,040	262	7,661 -18	130 120
Economic Development	2,229	1,020	1,486	466	2,229	0
Housing	1,406	412	1,084	672	1,306	-100
	<hr/> 165,341	<hr/> 114,312	<hr/> 125,622	<hr/> 11,310	<hr/> 165,982	<hr/> 641
Financing adjustments etc	2,203	707	1,216	509	1,983	-220
	<hr/> 167,544	<hr/> 115,019	<hr/> 126,838	<hr/> 11,819	<hr/> 167,965	<hr/> 421





**CAPITAL PROGRAMME MONITORING 2003/04 TO 30  
NOVEMBER 2003****Report By: County Treasurer****Wards Affected**

County-wide

**Purpose**

1. To report to the Committee on the Capital Programme forecast for 2003/04.

**Financial Implications**

2. As detailed in the attached Cabinet report dated 29 January 2004.

**Considerations**

3. The report on Capital Programme Monitoring 2003/04 to 30 November 2003 considered by Cabinet on 29 January 2004 is appended.

**RECOMMENDATION**

- THAT**
- (a) **The contents of the attached Cabinet report dated 29 January 2004 be noted;**
- and**
- (b) **The Committee considers whether there are any issues it wishes to be brought to Cabinet's attention**

**BACKGROUND PAPERS**

- Cabinet report dated 29 January 2004.



# CAPITAL PROGRAMME MONITORING 2003/04 TO 30TH NOVEMBER, 2003

## PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

29TH JANUARY 2004

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### Wards Affected

County-wide

### Purpose

To note the Capital Programme forecast for 2003/04.

### Key Decision

This is not a Key Decision.

### Recommendation

**THAT the position be noted.**

### Reasons

Report for noting only.

### Considerations

1. The purpose of this review is to update the spend position as at 30th November, 2003 in order to highlight and manage any slippages or overspends.

### Overview

2. The revised forecast for 2003/04 as at 30th November, 2003 remains at £34,732,000 (excluding LSVT costs).
3. Actual spend in the first eight months at £19,225,000 was 50% of the forecast. This excludes commitments. A summary of the programme expenditure for each area is set out on Appendix 1.

## **Capital Programme Areas**

### **Education**

4. Actual spend represents 58% of the forecast. New schemes may be brought on line before the year-end in order to ensure no conditional funding is lost. This will be reflected in future rounds of capital monitoring.

### **Social Care**

5. Actual spend represents only 53% of the forecast. Lead officers are aware of the potential problem from not spending.

### **Property**

6. Actual spend represents 94% of the forecast, as the Hillside Capital works are now complete and this service provision is now open to the public. The salt barn provision spend can be accelerated to spend £150,000 before March to ensure any conditional funding is not lost. This will be reported in the next round of capital monitoring.

### **Policy and Finance**

7. Actual spend represents 36% of the forecast. The potential overspend on CCTV is to be financed from a revenue contribution relating to CCTV revenue underspend. The Info in Bromyard capital scheme is nearing completion. Commitments should be realised before the year-end which will increase the spend position.

### **eModernisation Programme**

8. Actual spend represents 51% of the forecast. Spend is expected to accelerate between now and March. The flexible working capital scheme has encountered technical problems. The scope of this scheme has been extended to all directorates for the purchase of laptops and desking to facilitate working from home.

### **Environment General**

9. Actual spend represents 49% of the forecast. Commitment spend represents 80% of the forecast. This still leaves an underspend position, mainly relating to the LTP programme, that lead officers are aware of and remedial action is being sought to ensure no conditional resources are lost.

### **Social Development**

10. Actual spend represents 11% of the forecast. There have been problems surrounding the Aylestone Hill capital scheme. The problems relate to utilities on the site and access from the main road. Funders have also withdrawn from the scheme. The scope of the scheme is under review and an accurate picture will be available following the next round of capital monitoring in January. There have also been problems with the Castle Pool capital scheme owing to environmental issues, which again will be reported during the next round of capital monitoring in January. These schemes were to be funded by Credit Approvals and alternative schemes will use this resource to ensure no conditional funding is lost.

### **Economic Development**

11. Actual spend represents 34% of the forecast. Lead officers are aware of the potential problem from not spending.

### **Strategic Housing**

12. Actual spend represents 22% of the forecast. Lead officers are aware of the potential problem from not spending.

## **Conclusion**

The current capital monitoring forecast is that, subject to the acceleration of spending and bringing forward spend on new schemes, no conditional resources will be lost.

## **Alternative Options**

There are no alternative options.

## **Consultees**

Not applicable.

## **Risk Management**

Capital monitoring is in itself is an integral part of risk management. The potential loss of conditional resources is identified and adjustments are made accordingly.

## **Background Papers**

None identified.

## APPENDIX 1

### CAPITAL EXPENDITURE BY PROGRAMME AREA

	Outturn	Original Budget	Forecast 30/09/03	Actuals at 30/11/03	Actuals as a % of the revised forecast
Programme area	2002/03	2003/04	2003/04	2003/04	
	£'000	£'000	£'000	£'000	%
Education	5,761	7,747	8,196	4,727	58%
Social Care	618	300	411	216	53%
P&F – Property	865	837	1,419	1,336	94%
P&F – General	320	1,047	1,050	380	36%
P&F – eModernisation	968	1,216	1,068	543	51%
Environment Planning	4	-	-	-	-
Environment General	9,745	10,501	10,720	5,298	49%
Social Development	873	995	996	108	11%
Economic Development	849	3,656	6,040	2,049	34%
Strategic Housing	3,687	5,494	4,832	1,066	22%
HCS	66	-	-	-	-
Joint Finance	1,358	-	-	56	N/a
<b>Outturn</b>	<b>25,114</b>	<b>31,793</b>	<b>34,732</b>	<b>15,779</b>	<b>45%</b>
Housing Revenue Account	7,030	3,379	3,774	3,446	91%
<b>Total Outturn</b>	<b>32,144</b>	<b>35,172</b>	<b>38,506</b>	<b>19,225</b>	<b>50%</b>

**MEDIUM TERM FINANCIAL PLAN 2004/05 TO 2007/08****Report By: Chief Executive and County Treasurer****Wards Affected**

Countywide.

**Purpose**

1. To determine any observations the Committee would wish to make to Cabinet on the Medium Term Financial Plan.

**Financial Implications**

2. As detailed within the attached report.

**Background**

3. Cabinet considered the attached report at its meeting on 29 January 2004.
4. Having considered the views of the Budget Panel, Cabinet supports the investment of £7,000,000 over the four-year period. A summary of the proposals is attached at Appendix 1.
5. The investment of £7,000,000 needs to be viewed in the context of the additional budget requirements reflected in the standstill budget, incorporated as Appendix 2 to the Budget 2004/05 report, which identifies the additional resources required to meet ongoing commitments of a corporate nature and reflects the need to budget for inflation and other additional costs of maintaining real terms purchasing power of current revenue budgets.
6. In addition, Cabinet has also endorsed continued efforts to identify efficiency savings whilst recognising that they were unlikely to make a major contribution to future investment needs without a substantial re-look at the way services were provided in support of that approach.
7. Within the constraints imposed, Cabinet's priorities for further investment is mainly in the areas of Social Care (Older People's Services) and ICT.
8. Cabinet has requested any further observations that Strategic Monitoring Committee and others might wish to make on the proposed level of investment.

**RECOMMENDATION**

**THAT Strategic Monitoring Committee consider the Medium Term Financial Plan and advise Cabinet accordingly.**

**BACKGROUND PAPERS**

Report to Cabinet – 29 January 2004.

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Further information on the subject of this report is available from N M Pringle, Chief Executive, on (01432) 260044 and Mr I Hyson, County Treasurer on (01432) 260235





## Summary of Budget Pressures presented to Budget Panel

APPENDIX 1

	2004/5 £000	2005/6 £000	2006/7 £000	2007/8 £000
<b>Programme Areas</b>				
<b>Environment</b>				
Planning Services	591	-168	-151	0
Environmental Health	229	-30	-29	0
Highways and Transportation	988	75	-100	0
	<u>1808</u>	<u>-123</u>	<u>-280</u>	<u>0</u>
<b>Policy and Finance</b>				
Policy and Community	95	0	0	0
ICT with Option 1	4,012	-651	15	1
County Treasurer	90	0	0	0
County Secretary & Solicitor	273	0	0	0
Human Resources	105	0	0	0
Property	688	524	250	250
	<u>5,263</u>	<u>-127</u>	<u>265</u>	<u>251</u>
<b>Social Care and Housing</b>				
Improving Older Peoples Services (inc reducing delays)	1567	995	720	520
Quality of Assessment in Children's and Adults Services	200	-150	0	0
Modernisation Customer Care and Access	440	-250	0	0
Children with disabilities/complex needs and Family Support	180	300	150	150
Housing and Supported Housing Development	130	0	0	0
Loss of funding Source/Inflationary Pressures	109	250	170	160
	<u>2626</u>	<u>1145</u>	<u>1040</u>	<u>830</u>
of which Expected Funding through modernisation Programme	600	-400	0	0
	<u>2026</u>	<u>1,545</u>	<u>1,040</u>	<u>830</u>

**Social and Economic Development**

Social and Community Development	770	221	37	43
Community and Economic Development	154	96	-40	-10
	<u>924</u>	<u>317</u>	<u>-3</u>	<u>33</u>
Total	<u>10,021</u>	<u>1612</u>	<u>1022</u>	<u>1114</u>

**Note: Please note Education Budget Pressures are not included on the basis that Education will budget at F.S.S.**

**REVENUE BUDGET 2004/05****Report By: Chief Executive and County Treasurer****Wards Affected**

County-wide

**Purpose**

1. To enable Strategic Monitoring Committee to feed into the consideration of the Revenue Budget 2004/05 which will be determined by Council at its budget meeting on 5 March 2004.

**Financial Implications**

2. As contained within the report.

**Considerations**

3. At its meeting on 29 January 2004, Cabinet considered the recommendations of the Budget Panel regarding the parameters for preparation of the Revenue Budget for 2004/05.
4. The following paragraphs detail the information reflected in the report considered by Cabinet as a basis for Strategic Monitoring Committee commenting on the budget proposals prior to a final recommendation from Cabinet to Council.

**Medium Term Financial Plan**

5. The Council has recognised the importance of forward planning and has adopted key principles, to be reflected in budget considerations, within a Medium Term Financial Framework. Building on this approach, further work has been undertaken to develop a Medium Term Financial Plan for the period 2004/05 to 2007/08.
6. The priorities for the Medium Term Financial Plan, for the four-year period 2004/05 to 2007/08, agreed by Cabinet following recommendations by the Budget Panel are as follows:
  - The underlying principle of the medium-term financial strategy is that the Council would intend to maintain the real purchasing power of current revenue budgets throughout the life of the planned period 2004/2005 to 2007/2008.

- An acceptance that the Education budget will largely be driven by a national agenda which has driven investment in Education above the level of inflation throughout the life of this Council. The emphasis within that investment is on passporting cash to schools. The Council wishes to support that approach whilst recognising that this can create difficulties for funding central support for schools, particularly in a Council with Herefordshire's characteristics. The Council does, however, believe that spending on Education must be contained within these allocations.
  - There will be a need to continue to strengthen the Social Care budget through the medium-term financial plan period if the Council is to maintain improvement in this key area of its performance. This is particularly true in the area of care for older people where the Council spends significantly below its FSS. The Council will need to quantify its approach to the Business Case presented for the improvement and development of Older People's Services.
  - The Council has been postponing investment in information and communications technology, partly because of its poor and inconsistent inheritance but also because of the difficulty of making judicious investment in those areas based on the occupation of existing accommodation. Investment cannot, however, be further postponed without the Council risking failure in the way it works and delivers services to the public.
  - The Council needs to address its performance in relation to highways, transport, planning and waste. This will require investment but also requires the Council to support significant changes in the pattern of provision.
  - There is a need to continue to resource activity, which is of direct benefit to the community. Recent inspections have led to criticism of levels of investment in adult learning and libraries. The Council needs to maintain resources for these services if it is to continue to offer them. If it is unable to maintain those minimum levels of resources, then it needs to consider in some cases whether to continue to maintain the services at all in some areas.
7. In addition, Cabinet has also considered the extent it wishes to resource any additional borrowing required as a consequence of the Prudential Guidelines. Broadly speaking, each £1,000,000 of capital investment incurs an ongoing revenue cost of £100,000 per annum. The Medium Term Financial Plan will need to incorporate sums consistent with the Council's aspirations for capital spend within Prudential Guidelines.
8. A critical component in determining local priorities will be the outcomes anticipated from the investment of such sums. The recommendations of Cabinet are reflected later in the report.

### **Applying the Medium Term Financial Process to Budget Policy**

9. In determining its budget policy, the Council will need to take into account immediate factors outside the medium-term financial plan. These include:
  - (a) the need to protect the Council's financial reputation, managing and highlighting potential risks to the medium-term financial strategy both in terms of the forthcoming annual budget but also into future years.
  - (b) continuing to learn from the monitoring of the current year's financial performance translating that practical experience into amendments to the budget for the forthcoming year. This requires an examination of both overspends and underspends although clearly overspends represent a greater risk.
  - (c) assessing the Government's financial settlement for the forthcoming year but also seeking to anticipate trends over the medium-term financial plan period.

All those three factors need, of course, to be set in the context of the medium-term financial plan.

### **Status and Risks**

10. Clearly a feature of the budget proposals is the potential impact in terms of Council Tax. However, it is also vital that the Council has regard to the risks faced, both in terms of impact on service delivery and its status and reputation, in determining its Medium Term Financial Plan. The following paragraphs highlight the status and risk issues to be considered.
11. The Council has maintained its position as a "Good" authority as part of the revisit of the Audit Commission's Comprehensive Performance Assessment and has achieved a top score of 4 on the use of resources. The Council has made progress on its service scores for Benefits but has fallen back in its Education score. It needs to continue to apply resources to achieving through its Improvement Plan "Committed to Excellence". The assessment of the Council's financial standing by its external auditors remains satisfactory. They express themselves satisfied that the Council remains in a position to drive forward improvement. The Council has been advised that it is eligible for a corporate assessment in 2004 (with a view to progressing to excellent) although the current steer of the Council, agreed by Cabinet, is to await the next CPA round in 2005. It does, however, need to invest in its medium-term financial planning but also to concentrate on detailed aspects of audit, particularly in relation to Best Value Performance Indicators and information security.
12. The Council does, however, face significant risk in the following areas over the medium term:
  - (a) The Social Care budget, which without ongoing investment would place the Council at risk with a growing prospect of increased expectation, increasing number of clients and increased exposure to challenge.

- (b) The difficulty of estimating the escalating costs of waste disposal and collection. There are a number of facets such as the need to re-negotiate the Waste Disposal PFI contract and the pressure of ever-increasing volumes of waste (above those estimated), coupled with the annual increases in landfill tax. There is also the cost of recycling, particularly in a scattered rural community. The standstill budget reflects the costs associated with anticipated increases in waste volumes and a provisional allowance for increased costs. A figure in the order of £800,000 to £900,000 per annum has been included.
  - (c) There is a need to continue to address issues of levels of performance within Environment and Planning, which contribute to poor inspection scores in these areas.
  - (d) In relation to other service areas, national targets and standards, which are subject to a variety of inspection regimes, do have to be met, both in the short and medium-term. They require either a realistic budget provision or for the Council to formulate a strategy for dealing with the non-achievement of those targets.
  - (e) Regarding the late additional monies in this year's settlement, it is not known at this time whether they will be made available again next year. If not, that would place a further pressure on the Council Tax.
  - (f) The Council is due to receive an actuarial review of the Pension Fund, during 2004, which will review employer contributions, and until such time as this report is received, additional costs could exceed those currently predicted.
13. As reported to Cabinet in December, the Local Government Act 2003 has a number of implications for local authorities. Section 25 requires the County Treasurer to report to the Council when it is determining the budget and council tax each year. The County Treasurer is required to give professional advice on those two elements which are inter-dependant and must be considered together. Decisions on the appropriate level of reserves must be considered in the context of risk and uncertainty, with decisions ultimately guided by advice based on an assessment of all the circumstances considered likely to affect the Council. The report to Cabinet on 19 February will reflect this requirement. Statements of reserves are attached at appendices 1A and 1B.
14. Cabinet is recommending, as part of the overall budget package, that reserves are reinstated in accordance with last year's Council resolution by accumulating that sum over the period of the Medium Term Financial Plan by utilising the additional income raised from second homes (circa £300,000 per annum). Such an approach is fundamentally linked to the additional investment proposed which will help to minimise the risk to the Council's budget over the Plan period given the overall level of reserves currently held by the Council. The position would, of course, require ongoing monitoring and formal review each year as part of the budget process.

**Current Year's Budget and emerging budget pressures**

14. The main features arising from this year's revenue budget which are relevant to the medium-term financial plan are:
- Demographic demand for older peoples services.
  - Waste management – increasing volumes.
  - Loss of external income – support services
  - ICT support
  - Reducing income:
    - Land Charges.
    - Industrial Estates.
    - Commercial Property.
  - Grounds maintenance:
    - Adopted land etc.

The pressures above have been reflected in earlier presentations to the Budget Panel.

**Standstill budget**

15. A key component of the Council's budgeting process in recent years, endorsed by Council last year in adopting a set of Financial Framework Principles, has been the maintenance of the real terms purchasing power of current revenue budgets. In essence this is the impact of inflation for pay and prices on current budgets over the life of the planned period.
16. The standstill budget takes account of this anticipated inflation together with unavoidable commitments, either known or anticipated, of a **corporate** i.e. Council wide nature. Account is also taken of changes to the budget required as a result of the transfer of funding between mainstream RSG funding and Specific Grants (e.g. Children's Services Grant). The position reached is the total cost of providing current levels of service before taking into account of service pressures or any other policy decisions. Standstill budgets for 2004/05 to 2007/08 are detailed in Appendix 2. The final settlement, which was imminent at the time of preparing this report, is not expected to show any significant variations.
17. Government Funding through the Revenue Support Grant (RSG) Mechanism is then taken into account to arrive at the Council Tax required to meet the approved level of spending.

**Revenue Support Grant Settlement**

18. The provisional settlement is reflected in Appendices 3 (a-f). Subsequently, the Council has been advised by the Office of the Deputy Prime Minister (ODPM) that

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Further information on the subject of this report is available from Mr N M Pringle, Chief Executive on (01432) 260044 and Mr I Hyson, County Treasurer on (014532) 260235

the Revenue Support Grant (RSG) settlement is to be increased by £1,200,000 as a consequence of a further injection nationally of £340 million to mitigate increases in Council Tax.

19. As a consequence, Central Government support, incorporating both RSG and redistributed business rates, as a proportion of Formula Spending Share (FSS) increases from 63.6% to 64.3%% compared to 62% in 2003/04.
20. As can be seen from Appendix 3(a), the main increases in FSS are Education, maintaining government plans for annual increases in the order of 5%, Personal Social Services reflecting increasing numbers of older people and Capital Financing costs, reflecting the Council's success in attracting supported borrowing approvals to facilitate capital investment. Data from the Comprehensive Spending Review would indicate that this trend is likely to continue into 2005/06 with little clear indication beyond that point other than the potential for a general downturn.

### **Council Tax Capping**

21. An extremely complex position is developing in relation to the prospect of capping for the forthcoming financial year.
22. In 2003/04, authorities rated as Excellent or Good in the Comprehensive Performance Assessment were immune from capping. The current Government has never exercised its power to cap the expenditure of a local authority although it reserves the right to do so. It has called in Councils (including Herefordshire) to give an explanation for their spending plans but has not so far resorted to capping.
23. The prospect of capping has been re-introduced for all Councils this year as a result of announcements made by the Office of the Deputy Prime Minister faced with what was considered to be unacceptable council tax rises in the current year. The Audit Commission has recently reported on those issues and has concluded that much of the council tax increase in the current year was generated by the change in the Government's support arrangements for local authorities. This is very easily illustrated in Herefordshire by reference to the Government's systems under SSA and FSS. If the Council had spent at SSA in the last year of the SSA system then 32% of its expenditure would have been met by the council taxpayer. If the Council had levied its council tax in 2003/04 at FSS (i.e. 17.3%) then 37% of the Council's expenditure would have been met by the council taxpayer. That is a very stark indication of the Audit Commission's conclusion. Local authorities were not, however, immune from criticism and there were particular comments about the inability/unwillingness of Councils who do not expect to drive down costs in the provision of additional services.
24. Since the Audit Commission's report, as mentioned above, the Office of the Deputy Prime Minister has injected additional monies into local government. Herefordshire has gained from that additional allocation. It is therefore extremely difficult to predict the approach to capping in the forthcoming year. Government will always be reluctant to cap more than a handful of authorities. Costs involved in rebilling all council tax payers (this is because the council tax bills have to go out before the Government can exercise its right under the capping regime) means it is an exercise which is carried out at the expense of the public purse and that is unsustainable if a large number of authorities are capped. We know that there are Councils that are already contemplating figures significantly in excess of that which will be faced by



Herefordshire but better information will emerge on those issues in the coming weeks.

25. The initial indication was that the Office of the Deputy Prime Minister were unlikely to cap authorities (in year) but that they might impose a limit in line with the Government guideline for the ensuing financial year. Whilst the announcement from the Office of the Deputy Prime Minister might appear to have changed that stance, given that a General Election may well be held in 2005, technically the capping of authorities' spend for the ensuing year 2005/06 would still appear to be the more likely prospect. The position is, however, much more uncertain than it was immediately post the provisional settlement. This is a judgement for the Council as a whole to make and it can only be effectively made when better information is available about the increases likely to be imposed by other local authorities.
26. Whatever the level of resourcing the Council determines for the medium term financial planning, then the balance of advantage will still seem to lie in raising a significant amount of the total funding in the first year with reducing sums in the subsequent three years. This is a pattern, when coupled with effective communication strategies, that appears to have served other authorities well in creating a constructive approach to their medium-term financial planning.

#### **Initial proposals from Cabinet**

27. The initial proposal from Cabinet for further consultation is a total budget of £176.4m which implies a Council Tax at Band D of £972.50. The observations of Strategic Monitoring Committee and others on these proposals will be considered at the Cabinet meeting on 19 February when Cabinet will formulate its final proposal to Council for the revenue budget for 2004/05.
28. Supporting schedules detailing the budget for each programme area are being prepared and will follow this report.

### **RECOMMENDATION**

**THAT Strategic Monitoring Committee consider the initial budget proposals of Cabinet and advise accordingly.**

#### **BACKGROUND PAPERS**

Cabinet report – 29 January 2004.



**APPENDIX 1A**

**STATEMENT OF RESERVES AND BALANCES**

	<b>£000</b>
<b>General Reserves (estimated March 2003)</b>	
Minimum prudent position	3,000
Additional sum held in excess of above figure (Capital and Revenue)	<u>2,550</u>
	<u>5,550</u>
<b>Other Provisions and Reserves at 31 March 2002</b>	
<b>Schools Delegated Budgets</b>	
Retained at discretion of governing bodies	4,725
<b>Winter Maintenance Reserve (Gritting)</b>	
Retained to even out year on year fluctuations	108
<b>Magistrates' Court PFI Grant</b>	
Grant monies held to fund new courts provision.	465
<b>Insurance</b>	
Set to meet future insurance excesses and uninsured loss (self insurance)	873
<b>Bad debts</b>	
Former Hereford and Worcester debtors.	172
<b>IT Renewals</b>	
Provision to meet planned PC replacements etc.	256
<b>Maintenance of Open Spaces</b>	
Commuted lump sums utilised to meet additional maintenance liabilities	121
<b>Planning</b>	
Section 106 Agreements	106
<b>Engineering Services</b>	
Largely to cover potential bad debts	237
<b>Miscellaneous</b>	
Other minor provisions retaining funds held for specific purposes	233



**APPENDIX 1B**

**STATEMENT OF RESERVES AND BALANCES**

	<b>£000</b>
<b>General Reserves (estimated March 2004)</b>	<b>2,050</b>
<b>Other Provisions and Reserves at 31 March 2003</b>	
<b>Schools Delegated Budgets</b>	
Retained at discretion of governing bodies	4,704
<b>Winter Maintenance Reserve (Gritting)</b>	
Retained to even out year on year fluctuations	108
<b>Magistrates' Court PFI Grant</b>	
Grant monies held to fund new courts provision.	990
<b>Insurance</b>	
Set to meet future insurance excesses and uninsured loss (self insurance)	962
<b>Schools Balance of Risk</b>	
Internal insurance for schools	128
<b>Bad debts</b>	
Former Hereford and Worcester liabilities	136
<b>Maintenance of Open Spaces</b>	
Commuted lump sums utilised to meet additional maintenance liabilities	162
<b>Planning</b>	
Section 106 Agreements	78
<b>Engineering Services</b>	
To cover bad debts	248
<b>Initiatives Fund</b>	
To fund projects	149
<b>Miscellaneous</b>	
Other minor provisions retaining funds held for specific purposes	524



	2004/2005		2005/2006		2006/2007		2007/2008		
	Total £'000	Education Services £'000	Other Services £'000	Total £'000	Education Services £'000	Other Services £'000	Total £'000	Education Services £'000	Other Services £'000
<b>Base Budget</b>	<b>169,444</b>	<b>79,723</b>	<b>89,721</b>	<b>173,989</b>	<b>84,055</b>	<b>89,934</b>	<b>185,923</b>	<b>89,183</b>	<b>96,740</b>
<b>Inflation</b>	4,533	2,084	2,449	6,136	2,657	3,479	5,097	2,661	2,436
<b>Other Items</b>	<b>173,977</b>	<b>81,807</b>	<b>92,170</b>	<b>180,125</b>	<b>86,712</b>	<b>93,413</b>	<b>191,020</b>	<b>91,844</b>	<b>99,176</b>
- Waste management - PFI Contract	530		530	661		661	325		325
- Waste disposal (contract renegotiation)	300		300	250		250	500		500
- Flood Defence & Land Drainage Levies (above inflation)	167		167	127		127	0		0
- LPSA expenditure (Youth Offending)	30		30	0		0	(30)		(30)
- Corporate (Race Equality Steering Group)	50		50	0		0	0		0
- Corporate (Public Liability Insurance)	100		100	0		0	0		0
- Corporate (Other)	92		92	0		0	0		0
- Jarvis (Ongoing Contract Service Deficit)	600		600	0		0	0		0
- Jarvis (Contract Service Benefit)	(600)		(600)	0		0	0		0
- Hereford City Council	60		60	0		0	0		0
- Job Evaluation	400		400	805		805	(100)		(100)
- Hampton Bishop Stank (2003/04 one off expenditure)	(200)		(200)	0		0	0		0
- Use of Reserves re: Social Care & Highways (2003/04 one off ex)	(400)		(400)	0		0	0		0
- Changes in Capital Financing Costs	1,476		1,476	1,484		1,484	1,429		1,429
- Repayment of LGR SCA	210		210	0		0	0		0
- Council Tax Benefit & Rent Allowances transfer	(1,000)		(1,000)	0		0	0		0
- Whitecross School - PFI Contract	0		0	700		700	0		0
- Social Care Children Services	1,131		1,131	0		0	0		0
- Reduction in Flood Defence (direct funding of Env Agency)	(87)		(87)	0		0	0		0
- Replenish Reserves	300		300	0		0	0		0
- Fire Authority - Precepting Authority	(5,395)		(5,395)	0		0	0		0
	<b>(2,237)</b>	<b>0</b>	<b>(2,237)</b>	<b>4,027</b>	<b>700</b>	<b>3,327</b>	<b>2,124</b>	<b>0</b>	<b>2,124</b>
<b>Reinstate Education budget at FSS</b>	<b>171,741</b>	<b>81,807</b>	<b>89,934</b>	<b>184,152</b>	<b>87,412</b>	<b>96,740</b>	<b>193,144</b>	<b>91,844</b>	<b>101,300</b>
<b>TOTAL STANDSTILL BUDGET</b>	<b>173,989</b>	<b>84,055</b>	<b>89,934</b>	<b>185,923</b>	<b>89,183</b>	<b>96,740</b>	<b>194,050</b>	<b>92,750</b>	<b>101,300</b>
	173,034			184,702			192,090		199,773
<b>Assumed FSS (Excluding Fire)</b>									
<b>Assumptions</b>									
Assumed Pay and Price Increase	Employees - 3%	Teachers - 2.5%		Employees - 3%	Teachers - 2.95%		Employees - 3%	Teachers - 3%	Other Expenditure - 2.5%
Assumed FSS increase (as per Consultation/Spending Review)	2.4%	cash increase		6.7%			4.0%		4.0%
Assumed Net Aggregate External Finance increase (as per Consultation/Spending Review)	5.8%	'real' increase		6.9%			4.0%		4.0%
Assumed Collection Fund Surplus	7.0%			£0.4million			£0.4million		£0.4million
<b>NOTE</b>									
Fire Authority will become precepting authority w.e.f. 1/4/04.									





## NATIONAL POSITION (£m)

	2003/2004 (LGFS)	Adjustments	2003/2004 Adjusted Base	2004/2005 (LGFS)	Cash Increase	'Real' Increase
<b>EDUCATION</b>	25,014	17	25,031	26,402	5.5%	5.5%
<b>PERSONAL SOCIAL SERVICES</b>	11,171	524	11,695	12,427	11.2%	6.3%
<b>FIRE</b>	1,778	0	1,778	1,848	3.9%	3.9%
<b>HIGHWAY MAINTENANCE</b>	1,954	0	1,954	2,004	2.6%	2.6%
<b>E P C S</b>	11,570	(729)	10,841	11,147	(3.7%)	2.8%
<b>CAPITAL FINANCING</b>	2,269	0	2,269	2,385	5.1%	5.1%
<b>POLICE</b>	<b>53,756</b>	<b>(188)</b>	<b>53,568</b>	<b>56,213</b>	<b>4.6%</b>	<b>4.9%</b>
<b>TOTAL</b>	4,152	0	4,152	<b>4,355</b>	4.9%	4.9%
	<b>57,908</b>		<b>57,720</b>	<b>60,568</b>	<b>4.6%</b>	<b>4.9%</b>

## HEREFORDSHIRE POSITION (£000's)

	2003/2004 (LGFS)	Adjustments	2003/2004 Adjusted Base	2004/2005 (LGFS)	Cash Increase	'Real' Increase
<b>EDUCATION</b>	79,723	(0)	79,723	84,055	5.4%	5.4%
<b>PERSONAL SOCIAL SERVICES</b>	32,490	1,103	33,594	36,187	11.4%	7.7%
<b>FIRE</b>	5,054	(5,054)	-	-	-	-
<b>HIGHWAY MAINTENANCE</b>	8,412	0	8,412	8,658	2.9%	2.9%
<b>E P C S</b>	36,895	(1,539)	35,357	36,592	(0.8%)	3.5%
<b>CAPITAL FINANCING</b>	6,469	(31)	6,439	7,542	16.6%	17.1%
	<b>169,044</b>	<b>(5,520)</b>	<b>163,524</b>	<b>173,034</b>	<b>2.4%</b>	<b>5.8%</b>

## Adjustments, nationally:

<b>Education</b>	(£22.186m) Academies	)
	£28.22m Additional Budget Support Grant (Secondary)	) Nil
	£11.289m London Budget Support Grant	)

## Social Services

	£524.0m Quality Protects Grant (Children)	) £1,103k
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## EPCS (Environmental, Protective &amp; Cultural Services)

	£4.201m Enterprise Bill	)
	(£2.5m) Animal Feedstuffs	)
	(£137.463m) Council Tax Benefit	)
	(£13.366m) Non-HRA Rent Rebates	) (£1,539k)
	(£339.9m) Rent Allowances	)
	(£232.044m) Environment Agency Levies	)
	(£8.364m) National Parks	)



**HEREFORDSHIRE COUNCIL PROVISIONAL SETTLEMENT 2004/2005**

	2003/2004 FSS £000's	2004/2005 Provisional £000's	Increase/Decrease £000's	%
EDUCATION	79,723	84,055	4,332	5.4%
PERSONAL SOCIAL SERVICES	32,490	36,187	3,697	11.4%
HIGHWAY MAINTENANCE	8,412	8,658	246	2.9%
E P C S	36,895	36,592	(304)	(0.8%)
CAPITAL FINANCING	6,469	7,542	1,072	16.6%
	<b>163,990</b>	<b>173,034</b>	<b>9,043</b>	<b>5.5%</b>

**FIRE** 5,054 - (5,054) (100.0%)

**43** **169,044** **173,034** **3,990** **2.4%**

	Average National Increase (as per Spending Review) Increase %	2004/2005 £000's	Variance £000's
	5.7%	84,267	(212)
	6.9%	34,732	1,455
	2.5%	8,622	36
	2.8%	37,929	(1,337)
	7.2%	6,935	606
	<b>5.3%</b>	<b>172,486</b>	<b>548</b>

N/A - -

The section, above, shows the position as it would be if Herefordshire received the same increases as the national increases.

The section, above, shows the position as it would be if Herefordshire received the increases announced in the Spending Review 2002.



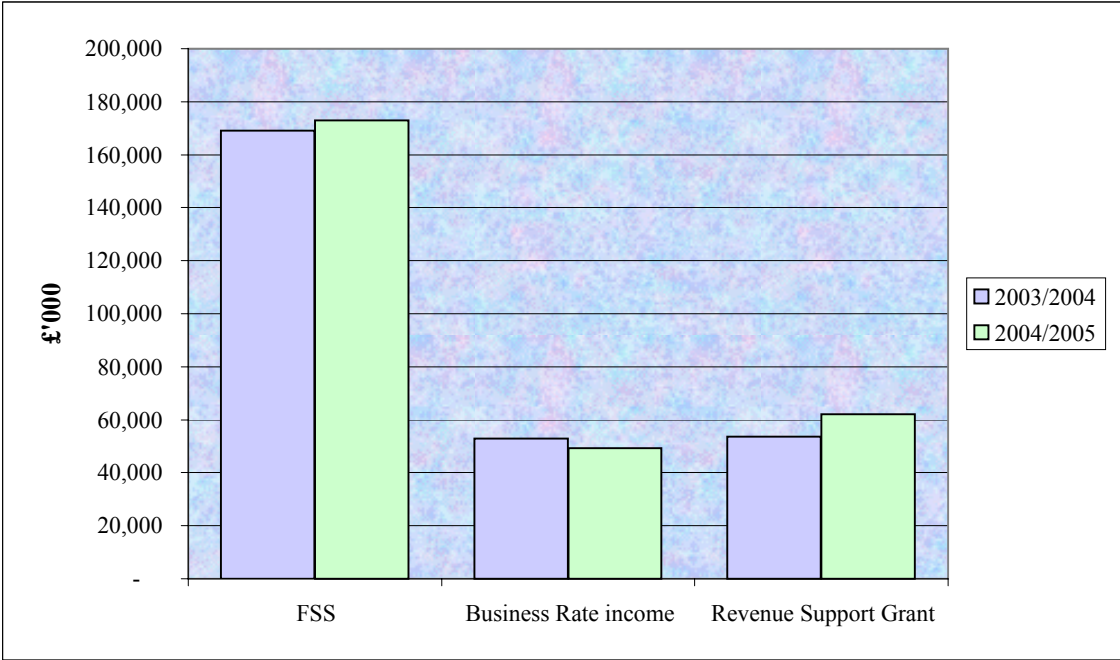
		Settlement 2003/2004 FSS £	Provisional 2004/2005 FSS £	Increase/ (Decrease) £	Increase/ (Decrease) %
<b>Education</b>	<i>Primary</i>	26,795,346	27,571,577	776,231	2.90%
	<i>Secondary</i>	27,087,627	29,457,327	2,369,700	8.75%
	<i>Under 5</i>	7,620,167	7,827,755	207,588	2.72%
	<i>High Cost Pupils</i>	6,247,269	6,842,955	595,686	9.54%
	<i>Youth &amp; Community</i>	1,186,476	1,269,298	82,822	6.98%
	<i>LEA</i>	10,786,238	11,086,357	300,119	2.78%
		<b>79,723,123</b>	<b>84,055,268</b>	<b>4,332,145</b>	<b>5.43%</b>
<b>Personal Social Services</b>	<i>Children</i>	6,411,119	7,842,592	1,431,473	22.33%
	<i>Other</i>	9,246,305	9,595,297	348,992	3.77%
	<i>Elderly (Combined)</i>	16,833,000	18,749,224	1,916,224	11.38%
		<b>32,490,424</b>	<b>36,187,112</b>	<b>3,696,688</b>	<b>11.38%</b>
<b>Fire</b>		<b>5,053,754</b>	<b>-</b>	<b>(5,053,754)</b>	<b>(100.00%)</b>
<b>Highway Maintenance</b>		<b>8,411,935</b>	<b>8,658,167</b>	<b>246,232</b>	<b>2.93%</b>
<b>E P C S</b>	<i>District</i>	22,958,761	23,124,511	165,750	0.72%
	<i>County</i>	11,300,118	11,658,987	358,869	3.18%
	<i>Rent Allow Payments</i>	993,573	-	(993,573)	(100.00%)
	<i>Flood Defence</i>	1,343,017	1,504,721	161,704	12.04%
	<i>Continuing EA Levies</i>	-	3,326	3,326	-
	<i>Fixed Costs</i>	300,000	300,000	0	0.00%
		<b>36,895,469</b>	<b>36,591,545</b>	<b>(303,924)</b>	<b>(0.82%)</b>
<b>Capital Financing</b>		<b>6,469,355</b>	<b>7,541,637</b>	<b>1,072,282</b>	<b>16.57%</b>
<b>Totals</b>		<b>169,044,060</b>	<b>173,033,729</b>	<b>3,989,669</b>	<b>2.36%</b>

**SUMMARY**

	Settlement 2003/2004 FSS £	Provisional 2004/2005 FSS £	Increase/ (Decrease) £	Increase/ (Decrease) %
<b>EDUCATION</b>	<b>79,723,123</b>	<b>84,055,268</b>	<b>4,332,145</b>	<b>5.43%</b>
<b>PERSONAL SOCIAL SERVICES</b>	<b>32,490,424</b>	<b>36,187,112</b>	<b>3,696,688</b>	<b>11.38%</b>
<b>FIRE</b>	<b>5,053,754</b>	<b>-</b>	<b>(5,053,754)</b>	<b>(100.00%)</b>
<b>HIGHWAY MAINTENANCE</b>	<b>8,411,935</b>	<b>8,658,167</b>	<b>246,232</b>	<b>2.93%</b>
<b>E P C S</b>	<b>36,895,469</b>	<b>36,591,545</b>	<b>(303,924)</b>	<b>(0.82%)</b>
<b>CAPITAL FINANCING</b>	<b>6,469,355</b>	<b>7,541,637</b>	<b>1,072,282</b>	<b>16.57%</b>
	<b>169,044,060</b>	<b>173,033,729</b>	<b>3,989,669</b>	<b>2.36%</b>



	2003/2004	2004/2005	% Change
<b>FSS</b>	169,044	173,034	2.4%
<b>Business Rate income</b>	52,969	49,300	-6.9%
<b>Revenue Support Grant</b>	53,559	61,981	15.7%
<b>Total AEF</b>	106,528	111,281	4.5%
<b>CTSS</b>	62,516	61,753	-1.2%
<b>Assumed Notional Ctax</b>	62,427	61,555	-1.4%
	106,617	111,478	
<b>AEF %</b>	63	64	
<b>CTSS%</b>	37	36	







	<b>Adjusted 2003/2004</b>	<b>Provisional 2004/2005</b>	<b>% Change</b>
<b>FSS</b>	163,525	173,034	5.8%
<b>Business Rate income</b>	51,194	49,300	-3.7%
<b>Revenue Support Grant</b>	52,389	61,981	18.3%
<b>Total AEF</b>	103,583	111,280.636	7.4%
<b>CTSS</b>	59,942	61,753	3.0%
<b>Assumed Notional Ctax</b>	62,427	61,555	-1.4%
	101,098	111,478	
<b>AEF %</b>	63	64	
<b>CTSS%</b>	37	36	



<u>SUMMARY</u>	FRM		Change Settlement to		Change FRM to Provisional		Spending Review 2002 National % Increases
	Settlement 2003/2004 FSS	Estimates of FSS Pre Provisional 2004/05 FSS	Provisional 2004/05 FSS	Provisional 2003/04-2004/05	2004/05	2004/05	
	£	£	£	£	£	%	%
EDUCATION	79,723,123	84,297,247	84,055,268	4,332,145	(241,979)	5.43%	5.7%
PERSONAL SOCIAL SERVICES	32,490,424	35,725,006	36,187,112	3,696,688	462,106	11.38%	6.9%
FIRE	5,053,754	-	-	(5,053,754)	-	(100.00%)	4.4%
HIGHWAY MAINTENANCE	8,411,935	8,625,992	8,658,167	246,232	32,175	2.93%	2.5%
E P C S	36,895,469	37,757,542	36,591,545	(303,924)	(1,165,997)	(0.82%)	2.8%
CAPITAL FINANCING	6,469,355	6,935,149	7,541,637	1,072,282	606,488	16.57%	7.2%
	<b>169,044,060</b>	<b>173,340,936</b>	<b>173,033,729</b>	<b>3,989,669</b>	<b>307,207</b>	<b>2.36%</b>	<b>5.3%</b>
<b>SUPPORTED BY:</b>							
Total AEF	106,527,881	108,741,000	111,280,636	4,752,755	2,539,636	4.46%	4.9%
Assumed Locally Funded	62,516,179	64,599,936	61,753,093	763,086	(2,846,843)	-1.22%	6.2%



**2004/05 SUPPORTED CAPITAL BORROWING  
AND OTHER AREAS CAPITAL PROGRAMME****Report By: County Treasurer****Wards Affected**

County-wide

**Purpose**

1. To consider the extent and allocation of supported and unsupported borrowing for capital expenditure for 2004/05.

**Financial Implications**

2. As detailed in the attached Cabinet report dated 29 January 2004.

**Background**

3. The report on 2004/05 Supported Capital Borrowing and Other Areas Capital Programme to be considered by Cabinet on 29 January 2004 is appended.
4. Cabinet agreed the recommendations regarding government supported borrowing and de-minimus expenditure. However, further consideration of unsupported or prudential borrowing is required. Cabinet's initial budget proposals will support prudential borrowing in 2004/05 of £5million and priorities for allocation to individual schemes will be considered further at the Cabinet meeting on 19 February.
5. The views of Strategic Monitoring Committee are invited.

**Recommendations**

- THAT**
- (a) **The contents of the attached Cabinet report dated 29 January 2004 be noted;**
- and**
- (b) **The Committee considers whether there are any issues it wishes to be brought to Cabinet's attention.**

**BACKGROUND PAPERS**

- Cabinet report dated 29 January 2004.



# 2004/05 SUPPORTED CAPITAL BORROWING AND OTHER AREAS CAPITAL PROGRAMME

## PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

29TH JANUARY, 2004

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### Wards Affected

County-wide.

### Purpose

To determine the extent and allocation of supported and unsupported borrowing for capital expenditure for 2004/05.

### Key Decision

This is not a Key Decision. The decision will not be taken by Cabinet but by Council at its meeting on 5th March, 2004.

### Recommendations

- THAT (a) a list of preferred bids be agreed from those contained in Appendix 4 to be recommended to Council which are to be financed from Prudential Borrowing; and**
- (b) it be recommended to Council that:**
- (i) The basis of distributing supported borrowing for Transport, Education and Housing as outlined be endorsed.**
  - (iii) A capitalisation de-minimus limit of £10,000 be approved.**

### Reasons

Cabinet is responsible for recommending to Council the basis for allocating supported and unsupported borrowing in line with the Council's Capital Strategy.

### Considerations

#### Introduction

1. As Cabinet will recall from previous reports, the Prudential Code applies from 2004/05 onwards. The new system draws a distinction between "supported borrowing", where the ongoing costs of borrowing are resourced through the Revenue Support Grant mechanism, and any further prudential borrowing where the cost of the borrowing has to be fully resourced locally.

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Further information on the subject of this report is available from Ian Hyson  
on (01432) 260234

2. The following paragraphs deal in turn with the allocation of “supported borrowing” and the need for Cabinet to determine the extent to which it is prepared to recommend unsupported borrowing to Council for other areas.

### **Supported Borrowing Allocation 2004/05**

3. For 2004/05, Supported Capital Expenditure (Revenue) (SCE(R)) guidelines are issued for Transport, Education and Housing by the relevant government department. These replace Credit Approvals issued in previous years.
4. The table set out on **Appendix 1** shows the 2004/05 service area SCE(R) allocations totalling £15,845,106. Basic Credit Approvals issued in 2003/04 totalled £15,343,000. There have been no discretionary or general (EPCS) approvals for 2004/05, which were previously used to fund the other areas capital programme.
5. A key component of the capital strategy developed by the Council is to support the capital programmes of Transport, Education and Housing in line with the investment plans developed by these areas. These plans are based on analysis of need and have been developed through rigorous appraisal processes in order to attract supported borrowing approvals from Government. Any significant redirection of these approvals would have an adverse effect on future years allocations. Therefore, the SCE(R) awarded for these areas has provisionally been ringfenced. A small allocation for Social Care has also been issued which will be available to support other projects.
6. The established Scheme Selection and Prioritisation (SSP) process previously used for Other Areas has been extended to include all schemes including Education, Transport and Housing. This reflects not only good practice but ensures that all major capital schemes and programmes are consistently assessed against corporate objectives and other key criteria.
7. **Appendix 2** sets out the detail of the bids received for Transport; Education and Housing (matched by SCE(R)) and these are considered below. These bids are set out in more detail in the order they were received on **Appendices 6 and 7**.

### **Education**

8. £2,573,606 SCE(R) has been allocated for Education for 2004/05 with £2,870,511 being allocated for 2005/06. Funding for 2006/07 is not known nor how such future funding may be split between capital grants or supported borrowing.
9. A number of Education projects were started in 2003/04, which involved commitments for funding in future years for which indicative borrowing approvals were given. Funding for these has now been confirmed but the SCE(R) allocation is calculated by DFES based on estimates and does not truly reflect actual amounts that may be required to complete these schemes. Additional sums may be needed which will have to be managed within the Education Capital Programme which may affect the ability to deliver the programme. Such pressures may require the submission of additional bids for unsupported borrowing in future years.
10. Improvements for disabled access in schools are a legal requirement and SCE(R) allocated for this is considered to be the minimum required to make progress in this area.



## Transport

11. The Local Transport Plan (LTP) forms the largest requirement for borrowing. £11,072,000 SCE(R) has been allocated for Transport for 2004/05. This funding is provided as a Single Capital Pot, which means the Council has discretion to spend it on plans and priorities other than the LTP. However, the Government expects authorities to spend sufficient funds on transport to meet the objectives and specific targets set out in their LTPs. Indicative funding for futures years has not been announced. The Government's annual progress report into Herefordshire's LTP has rated it as 'Well Above Average'.
12. The recent announcement of the LTP settlement made it clear that the specific bids for funding towards Roman Road improvements and for the Rotherwas Access Road were unsuccessful. On the basis of this, a revised LTP programme has been constructed to enable the Roman Road project to proceed by diverting funds from road maintenance, integrated transport and safety projects.
13. The same means has been used to keep Rotherwas on track for 2004/05. Negotiations with Government are ongoing and a bid for funding for the Rotherwas Road can be resubmitted in 2004 and the projections reflected in **Appendix 2** assume this will generate extra SCE(R) support from 2005/06 onwards. If Government funding is not secured, then there is a risk that commitments could be entered into for which there is no supported funding.
14. The future years sums are indicative amounts of what will be required in those years. The only sum that would actually be committed to for future years, if the 2004/05 LTP programme is approved, is the bid for Roman Road Improvements with £1,600,000 being required in the second year.

## Housing

15. £2,072,500 SCE(R) has been allocated for Housing for 2004/05. £162,500 of this relates to the Council's "You @ Home" initiative. Government support for this has been confirmed through its Kick Start programme which will enable the added value from the scheme to be realised. The remainder of funding is provided as a Single Capital Pot. Indicative funding for future years has not been announced other than £127,500 for the second year of the You @ Home initiative.
16. The Disabled Facilities Grants represent 40% of the total cost with the remaining 60% being provided by Government grant.
17. Social Housing Grants are primarily funded by the use of capital receipts reserve generated by Right to Buy sales and the transfer of the housing stock. The programme is forecast to make use of such reserves of around £2,500,000 per year. These reserves will, therefore, be exhausted around 2007/08 when alternative sources of funding will be required.
18. The future years figures are indicative of the programmes required for those years but would not be committed to if the 2004/05 programme is approved.

## Other Areas - Requiring Prudential Borrowing

19. The point needs to be re-emphasised that only Transport, Education and Housing programmes receive supported borrowing. Any borrowing for Other Areas would be unsupported and financing costs will fall wholly on the Council Taxpayer.
20. The capital financing costs of borrowing consist of a principal repayment and the interest incurred on the sums borrowed. As a rough guide, every £1,000,000 borrowed costs £100,000 in financing costs or approximately 0.17% on Council Tax. Any revenue savings or extra income generated by a capital scheme can be used to offset the capital financing costs of that scheme. So £100,000 in ongoing revenue savings, foregone by a service area revenue budget, can support £1,000,000 borrowing. The capital financing costs are ongoing over the life of the asset so any equivalent revenue adjustments would also have to be ongoing.
21. The bids for 'other areas' have been subject to a rigorous review and the scores attached to individual schemes represent a weighting based on an appraisal of how each bid meets the strategic objectives of the Council and on the strength of a business case model. However it must be stressed that the scores are purely indicative of the desirability and reasonableness of the bid. These need to be considered in conjunction with other information, such as the extent of any legal requirement and what external funding leverage might be involved. It is for Cabinet to determine its priorities in making recommendations to Council.
22. Of 29 bids received, 11 have been provisionally deferred and these are set out on **Appendix 5**. There are 18 remaining bids that may be considered for funding and these are set out on **Appendix 4**. These total £6,016,587 in 2004/05, £5,783,000 in 2005/06, £2,276,000 in 2006/07 and £1,435,000 in 2007/08. These bids are set out in more detail, in the order they were received, on **Appendices 6 and 7**.
23. Pending the recent announcement by government of SCE(R) levels, estimated capital financing costs have been included in forward projections considered by Budget Panel. The budget report elsewhere on the agenda deals with the impact of borrowing for 2004/05. Set out on **Appendix 3** is a summary showing the total borrowing requirement for Transport, Education, Housing and Other Areas compared to the SCE(R) received. This highlights the shortfall to be funded from Prudential Borrowing and for future years, flowing from 2004/05 allocations assuming that Transport, Education and Housing will continue to receive their specific SCE(R) allocation in future years.
24. The effect of fully funding the Other Areas bids would be a Council Tax increase of 0.4% for 2004/05 and 0.9%, 0.6% and 0.3% for 2005/06, 2006/07 and 2007/08 respectively, or an increase of 2.2% for the four years as a whole. Cabinet will need to consider this in its recommendation to Council as to whether to undertake prudential borrowing for none, some or all of the Other Areas' bids. Any bids provisionally deferred in 2004/05 may be reconsidered in future years, and if approved, these would require further resourcing.

25. It is anticipated that the schemes provisionally deferred as detailed on **Appendix 5** will be revised and resubmitted for funding for 2005/06 or future years. It is also anticipated that new projects will emerge, such as a new Hereford Library, which may require funding in future years. Therefore, the bidding process for funding will be repeated on an annual basis and the ongoing capital financing costs of Prudential Borrowing should be considered accordingly.

#### **Capital Receipts Reserve**

26. The balance of capital reserves held by the Housing Capital Programme stands at £11,515,000, the significant proportion of which was generated by the Housing Stock transfer. It is anticipated that these reserves will be utilised at £2,500,000 per annum to support Social Housing Grants. Also, £2,000,000 is provisionally earmarked to support the Extra Care Housing Project, but this is dependent on receiving significant external funding. It is also anticipated that the Council will receive a share of Right To Buy receipts from Herefordshire Housing of over £1,000,000 per year over the next eight years. Other capital receipts amount to £4,250,000 including the non housing element of the stock transfer proceeds. Financing costs of utilising capital receipts are broadly similar to those incurred in prudential borrowing as investment income is lost.

#### **Bid already approved and in FRM**

27. The funding for the North Herefordshire Swimming Pool has already been approved by Cabinet, and the capital financing costs of this are already included in the Council Tax projections in the medium term Financial Resources Model (FRM).

#### **Capital expenditure de-minimus limit**

28. One final matter requiring approval is the requirement for the Council to have a formal remit, referred to as “de-minimus”, below which expenditure is required to be treated as revenue rather than capital. It is recommended that a de-minimus limit of £10,000 also be applied to expenditure below which transactions will be treated as revenue.

### **Risk Management**

Proposals put forward for consideration have undertaken a rigorous review process, ensuring consistency with the Council’s strategic objectives, together with legal and other relevant considerations.

### **Consultees**

None.

### **Background Papers**

Reports to Capital Strategy and Asset Management Working Group.

## APPENDIX 1

**2004/05 SUPPORTED CAPITAL EXPENDITURE (REVENUE)**

		<b>BCA 2003/04 (before reallocation) £</b>	<b>SCE(R) 2004/05 £</b>
Education	Modernisation - all schools need		1,946,743
	New pupil places - formulaic		217,834
	Prior basic need commitments		1,440,970
	Schools Access Initiative		254,862
	Capital investment in primary schools		819,542
	Total Education SCE		4,679,951
	Less: Funded by Capital Grants (SCE(C))		<u>(2,106,345)</u>
		2,242,000	<u>2,573,606</u>
Transport	Integrated Transport Allocation (Single Pot)		4,830,000
	Maintenance Block Allocation (Single Pot)		6,242,000
	Rotherwas Access Road bid		Nil
		10,024,000	<u>11,072,000</u>
Housing	Housing (Single Pot)		1,910,000
	Private Sector Renewal Kick Start Funds (Ringfenced)		162,500
		2,011,000	<u>2,072,500</u>
Social Care	Adults (Single Pot)		97,000
	Children (Single Pot)		30,000
		122,000	<u>127,000</u>
EPCS		176,000	Nil
Discretionary element		768,000	Nil
<b>Total 2004/05 SCE(R)</b>		<u><b>15,343,000</b></u>	<u><b>15,845,106</b></u>

## APPENDIX 2

### EDUCATION

Ref	Scheme	Capital Requirement		
		2004/05 £	2005/06 £	2006/07 £
29	Education and modernisation funding for school premises	1,946,743	1,064,162	
29	New Pupil Places	217,834	435,725	
30	Costs to cover existing commitments on Education schemes	1,440,970	339,863	
31	Improvement works for Disabled Access in Schools	254,862	256,623	
35	Capital investment in primary schools	819,542	774,137	
	Education Schemes TBA		2,182,370	
	Total Education SCE	4,679,951	5,052,880	Not known
	Less funded by Capital Grants - SCE(C)	(2,106,345)	(2,182,369)	
	<b>Total Education SCE(R)</b>	<b>2,573,606</b>	<b>2,870,511</b>	<b>Not known</b>

### TRANSPORT

Ref	Scheme	Capital Requirement		
		2004/05 £	2005/06 £	2006/07 £
12	Integrated Transport Strategy + low floor bus project	1,404,009	1,127,308	3,628,397
13	Local Road Safety Strategy	620,021	655,692	778,603
14	Managing the Highway Network + bridges	5,522,970	5,843,000	6,142,000
23	Rotherwas Access Road	805,000	550,000	1,500,000
24	Roman Road Improvements	2,720,000	1,600,000	
	<b>Total Transport SCE(R)</b>	<b>11,072,000</b>	<b>9,776,000</b>	<b>12,049,000</b>

### HOUSING

Ref	Scheme	Capital Requirement		
		2004/05 £	2005/06 £	2006/07 £
38	Disabled Facilities Grant	240,000	267,000	267,000
39	Housing Renewal	1,200,000	1,300,000	1,300,000
40	Social Housing Grants	560,000	533,000	733,000
47	Housing Renewal Kick Start Initiative (Ringfenced)	162,500	127,500	nil
	Reduction required to meet SCE(R) allocation	(90,000)		
		<b>2,072,500</b>	<b>2,227,500</b>	<b>2,300,000</b>

## SUMMARY OF 2004/05 SSP BIDS RECEIVED

Para	Scheme	Capital Requirement			
		2004/05 £	2005/06 £	2006/07 £	2007/08 £
	Education	2,573,606	2,870,511	-	-
	Transport	11,072,000	9,776,000	12,049,000	-
	Housing	2,072,500	2,227,500	2,300,000	-
		15,718,106	14,874,011	14,349,000	-
	Other Areas	6,016,587	5,783,000	2,276,000	1,435,000
	<b>Total</b>	<b>21,734,693</b>	<b>20,657,011</b>	<b>16,625,000</b>	<b>1,435,000</b>
	Supported Borrowing	15,845,106	14,874,011	14,349,000	-
	<b>Shortfall ('other areas' in future years) or 'Prudential Borrowing' requirement</b>	<b>5,889,587</b>	<b>5,783,000</b>	<b>2,276,000</b>	<b>1,435,000</b>
	<b>Cumulative Prudential Borrowing requirement</b>	<b>5,889,587</b>	<b>11,672,587</b>	<b>13,948,587</b>	<b>15,383,587</b>
	<b>Cumulative Capital Financing Costs to meet shortfall</b>				
	Interest Element @ 5%	295,000	584,000	698,000	769,000
	MRP Element @ 4% in subsequent year	Nil	236,000	467,000	558,000
	Less Area Contribution to meet shortfall:-				
	Environment - Other (Crematorium)	(60,000)	(60,000)	(60,000)	(60,000)
	Net capital financing requirement	235,000	760,000	1,105,000	1,267,000
	<b>Cumulative Council Tax increase to meet shortfall</b>	<b>0.4%</b>	<b>1.3%</b>	<b>1.9%</b>	<b>2.2%</b>
	<b>Annual Council Tax increase to meet shortfall</b>	<b>0.4%</b>	<b>0.9%</b>	<b>0.6%</b>	<b>0.3%</b>
	<b>Approved Scheme already in FRM North Herefordshire Swimming Pool</b>	<b>1,800,000</b>	<b>395,000</b>	<b>63,000</b>	<b>-</b>
	<b>Schemes provisionally not recommended for any funding in 04/05</b>	<b>3,371,625</b>	<b>3,816,000</b>	<b>414,000</b>	<b>-</b>

## OTHER AREAS – BIDS FOR CONSIDERATION

Ref	Scheme	2004/05 £	2005/06 £	2006/07 £	2007/08 £	Score %
P/Y	Hereford City of Living Crafts (SSP bid approved in previous year)	60,000	60,000			N/a
3	Kington Wesleyan Chapel – INFO shop and Library	550,000				93
16	Friar St Mus Res & Learning Centre phase 2 and 3	140,000	433,000	216,000		87
44	Aylestone Park	100,000				82
46	Ross Creative Learning Centre	116,587				80
19	Disabled Access	200,000	200,000	200,000		78
18	Salt Barn Provision	260,000				77
5	Crematorium Hereford	1,000,000	1,455,000			75
45	ICT The Golden Thread	2,525,000	2,035,000	1,435,000	1,435,000	75
	<i>Consisting of the following elements...</i>					
	<i>Network Enhancement</i>	<i>1,230,000</i>	<i>950,000</i>	<i>950,000</i>	<i>950,000</i>	
	<i>Flexible working</i>	<i>400,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	
	<i>Continuity/disaster Recovery</i>	<i>250,000</i>	<i>500,000</i>	<i>100,000</i>	<i>100,000</i>	
	<i>Smartcard Technology</i>	<i>395,000</i>	<i>335,000</i>	<i>135,000</i>	<i>135,000</i>	
	<i>Corporate Document Management</i>	<i>250,000</i>				
11	Ross-on-Wye Flood Alleviation	350,000	1,300,000	275,000		72
1	Extension to Hereford Cemetery	100,000				69
22	Upcott Pool	45,000				69
17	Energy conservation	100,000				67
7	Travellers Site at Bromyard	100,000				64
20	Clearbrook Farmhouse	25,000				63
36	Rotherwas Business Centre	150,000	150,000			63
9	Leominster Closed Landfill Site Monitoring Infrastructure	45,000				61
10	Public toilets improvements	150,000	150,000	150,000		55
		<b>6,016,587</b>	<b>5,783,000</b>	<b>2,276,000</b>	<b>1,435,000</b>	

The funding for the Hereford City of Living Crafts was approved during the 2003/04 round of SSP. The main aim of the project is to help physically and economically regenerate Hereford City. The scheme is managed by the Hereford City partnership and the details surrounding the scheme and its external funding arrangements are currently under review.

**Ref 3** Kington Wesleyan Chapel INFO Shop and Library has already received preliminary Cabinet approval on the basis of significant external funding of up to £950,000. Subsequent to the bid being submitted, some doubt has been thrown on about half this external funding. A separate report is being produced for Cabinet highlighting this issue, but if that funding is not received, then the Council would have to fund the shortfall. Of the bid, £150,000 is the minimum required to meet the legal requirement for disabled access but this level of spend would not generate the expected external funding. If this scheme goes ahead, it will release the existing Kington Library and area office, which should generate a capital receipt of £187,000 in 2005/06. This receipt can then be used to support further development of INFO shops. The extra revenue costs that will be incurred by this project would be in the region of £45,000 per year.

**Ref 16** Friar Street Museum and Resources Centre will generate significant external

funding of over £1,500,000 over three years. This project requires a commitment for funding for a three-year period in order to obtain the external funding. A legal requirement exists to meet disabled access legislation. The minimum cost to meet the legislation would be £145,000, but this would not attract the external funding. The extra revenue costs that will be incurred by this project would be in the region of £13,000 per year.

**Ref 44** Aylestone Park relates to land purchased under CPO legislation and the £100,000 required is the minimum needed to develop the land to prevent legal action by the previous owners for non-progress. External funding towards this project has been withdrawn meaning the proposed development has had to be greatly reduced.

**Ref 46** Ross Creative Learning Centre will provide facilities for young people and the community of Ross. Although there is no legal need for this project, it will attract significant external funding. It is also forecast to generate revenue income that could be used to meet the capital financing charges of the project.

**Ref 19** The Disabled Access for public areas programme is required to conform to the Disabled Discrimination Act that comes into force in October 2004. The sum required for 2004/05 is the minimum needed to begin addressing the issue. It is accepted that it will not be possible to fully conform to the legislation before October, so the areas of highest priority will be addressed first.

**Ref 18** The provision of a replacement Salt Barn for storage at Rotherwas is required to prevent prosecution for pollution of watercourses. There is also now a specific legal requirement to grit roads and this project is needed to ensure the legislation can be complied with.

**Ref 5** The bid for the Crematorium totals £2,455,000 and has already been re-profiled to move some of the funding requirement into the second year of the project. This bid will be supported by income generated from a surcharge on cremations. This surcharge is expected to generate in the region of £60,000 per year thus supporting around £667,000 borrowing – this is highlighted on **Appendix 3**. This bid has a legal requirement under the Environmental Protection Act to ensure harmful chemicals are removed from emissions.

**Ref 45** The ICT Golden Thread bid is in an early stage of development. This project has no external funding or legislation issues but does have a strong business case and is needed in order to meet eGovernment targets and other business critical concerns. The bid is a composite including an upgraded corporate network, provision for flexible working, business continuity/disaster recovery, smartcard technology and corporate document management. Investment in the ICT network is likely to be a priority emerging from the Budget Panel where it has been acknowledged that previous investment in this area has been inadequate. The revenue implication for enhancing the network is a cost of £600,000 for 2004/05, with ongoing costs of £533,333 per year thereafter. These revenue costs will be met from within existing IT budgets.

**Ref 11** The Ross-on-Wye flood scheme bid represents 55% of the total cost, with the remainder being funded by grants from Defra. It should be noted that approving this scheme would require a significant commitment for future years. However, if the project is not proceeded with in 2004/05, there is a risk that future grant funding may not be approved by Defra.

**Ref 1** Extension to Hereford Cemetery is needed to ensure the continued use of the cemetery for the next ten years, otherwise the space will be exhausted within two



years.

**Ref 22** Upcott Pool opening will provide a natural wildlife site and facility for informal recreation by the public.

**Ref 17** Energy Conservation relates to meeting national energy reduction targets and falls in line with the GEM Initiative. This will result in savings in energy costs, but servicing costs for the new energy management services will be incurred.

**Ref 7** The traveller site at Bromyard refurbishment and remodelling work is subject to an external funding bid of £300,000. Should the external funding bid be unsuccessful, the Council funding of £100,000 will not be required.

**Ref 20** Clearbrook Farmhouse requires major structural works to ensure that the Grade 1 listed property is structurally sound, wind and watertight.

**Ref 36** The Rotherwas Business Centre development will result in incubation units for lease by small and start up businesses. It will include high specification industrial units, conference room and training suite aimed at encouraging growth of hi-tech small and start up businesses. There will be external leverage of up to £1,700,000 generated by this scheme.

**Ref 9** The Leominster Landfill monitoring infrastructure is needed to meet the requirements of the Waste Management Licence. The sum required is the minimum necessary to meet this, and should result in reduced annual monitoring costs. The planning permission for the site requires its complete restoration which is expected to cost around £760,000. A bid for this will be submitted for the 2005/06 round of SSP.

**Ref 10** Improvements to Public Toilets represents an ongoing programme and £150,000 is the minimum necessary to progress this in 2004/05. The future years sums are indicative figures, representing the minimum need for a continual rolling programme of improvement.

## BIDS PROVISIONALLY DEFERRED

Ref	Scheme	Capital Requirement		
		2004/05 £	2005/06 £	2006/07 £
4	Ledbury INFO, St Katherines Houses	75,000	1,500,000	
2	Hereford City One Stop Shop	750,000		
15	INFO Service Centre (Contact Centre)	130,000	50,000	50,000
37	Minibus for Social Care	35,000		
26	Hereford City Christmas Lighting	50,000	10,000	10,000
27	Street Light Column Replacement	250,000	250,000	250,000
28	Additional Street Lighting	30,000	15,000	10,000
8	Access to Library & Info services	59,625	39,000	
33	Sutton Primary School	600,000	1,370,000	59,000
34	Weobley High School - Sports Hall	592,000	582,000	35,000
41	Ross Library	800,000		
		<b>3,371,625</b>	<b>3,816,000</b>	<b>414,000</b>

**Ref 4, 2, 15, 8, 41** The Ledbury Info, Hereford City One Stop Shop, Info Service Centre, Access to Library and Info Services and Ross library are not in a position to proceed in 2004/05. A staged programme for these is to be provided, and phased bids are to be considered in future years.

**Ref 37** The minibus for Social Care is to be funded from the Social Care capital receipts reserve once an expected capital receipt is realised.

**Ref 26, 27, 28** The Christmas lighting, column replacement and additional lighting capital bids are of a revenue nature. They have no external funding or specific legal issues to be addressed. These schemes are, therefore, provisionally rejected.

**Ref 33, 34** Sutton Primary school and Weobley High School bids have been deferred for reconsideration in 2005/06.

A separate bid for overall rationalisation of administration accommodation was submitted but is not shown in the tables. It is intended that this will be self-financing over the medium term through property disposals. Further information is required and it is not considered that the scheme could be ready to proceed in 2004/05. It will be necessary to address the cash flow aspects of deferred disposals within the Capital Programme. It is not possible, however, to realistically forecast the impact at this time.

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
FINANCIAL INFORMATION**

**APPENDIX 6**

Ref	Scheme	Capital Requirement					Tot Score	Leverage of External Funding				Rev Imps
		2004/05	2005/06	2006/07	2007/08	future years		2004/05	2005/06	2006/07	2007/08	
		£	£	£	£	£	%	£	£	£	£	£
1	Extension to Hereford Cemetery	100,000					69%					(28,000)pa
2	Hereford City One Stop Shop	750,000					83%	180,000				£29,970pa
3	Kington Wesleyan Chapel	550,000					93%	950,000				yes
4	Ledbury, St Katherine's Houses	75,000					91%	37,000				yes
5	Crematorium Hereford	1,000,000	1,455,000				75%					(62,500)pa
7	Traveller Site at Bromyard	100,000					64%					(20,000)pa
8	Access to Library & Info services	59,625	39,000					rev cont				maint
9	Leominster landfill restoration	45,000					61%					(11,000)pa
10	Public toilets improvements	150,000	150,000	150,000			55%	rev cont				lower maint costs
11	Ross On Wye Flood Alleviation	350,000	1,300,000	275,000			72%	50,000	1,300,000	225,000		maint £5,000 pa
12	Integrated Transport Strategy + low floor bus project	1,404,009	1,127,308	3,628,397				176,000				neutral
13	Local Road Safety Strategy	620,021	655,692	778,603								neutral
14	Managing the Highway Network + bridges	5,522,970	5,843,000	6,142,000								
15	INFO Service Centre	130,000	50,000	50,000								large savings
16	Friar St Mus Res & Learning Centre phase 2 & 3	140,000	433,000	216,000			87%	545,000	654,000	327,000		£13,000pa + rev cont
17	Energy conservation	100,000					67%					
18	Salt Barn Provision	260,000					77%					
19	Disabled Access	200,000	200,000	200,000			78%					
20	Clearbrook Farmhouse	25,000					63%					8,000
22	Upcott Pool	45,000					69%					
23	Rotherwas Access Road	805,000	550,000	1,500,000				950,000	3,441,000	3,358,000		neutral
24	Roman Road Imps	2,720,000	1,600,000					4,750,000				neutral
25	Rationalisation of administrative accommodation	5,000,000	1,500,000	15,000,000								
26	Christmas Lighting	50,000	10,000	10,000	10,000							10,000
27	Column Replacement	250,000	250,000	250,000	250,000							250,000
28	Additional Lighting	30,000	15,000	10,000	10,000							10,000
29	Education & modernisation funding for school premises	2,164,577	1,499,887									
30	Costs to Cover Existing Commitments on Education Schemes	1,440,970	339,863									
31	Improvement works for Disabled Access in Schools	254,862	256,623									
33	Sutton Primary School	600,000	1,370,000	59,000								
34	Weobley High School - Sports Hall	592,000	582,000	35,000								
35	Capital investment in primary schools	819,542	774,137									
36	Rotherwas Business Centre	150,000	150,000				63%	1,436,000	337,370			£15,000pa
37	Minitbus for Social Care	35,000										ongoing savings
38	Disabled Facilities Grant	240,000	267,000	267,000	267,000			366,000	407,000	407,000		407,000
39	Housing Renewal	1,200,000	1,300,000	1,300,000				470,000	490,000	500,000		500,000
40	Social Housing Grants	560,000	533,000	733,000	2,133,000			8,500,000	6,400,000	3,900,000		3,900,000
41	Ross Library	800,000										
43	Leo swimming pool	1,800,000	395,000	63,000			79%		250,000			£34,408pa
44	Aylestone Park	100,000					82%	430,210	283,920			maint costs
45	ICT The Golden Thread	2,525,000	2,035,000	1,435,000	1,435,000		75%					£600,000pa from existing bdgt
46	Ross Creative Learning Centre	116,587					80%	236,705	139,750			income
47	Kick-Start-You@Home	162,500	127,500					127,500	127,500			



# 2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS TEXTUAL INFORMATION

## APPENDIX 7

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
1	Extension to Hereford Cemetery	Environment	David Ravenscroft	yes, space will be exhausted in 2 yrs	To provide a new burial area complete with roads, pathways, drainage and water. Also provide pathway suitable for disabled access in the cremation vault area	To extend the use of the cemetery facility in Hereford for a further 10 years the current capacity for burials will be exhausted within the next 2 years & it is intended to make the cremation vault burial area more wheelchair friendly by providing a tarmacadam surface on the pathways.	No possibility of reduced funding.
2	Hereford City One Stop Shop	Policy & Finance	Mark Warren	Y (DDA)	Re design of the ground floor of Garrick house to incorporate one stop service. This will result in the closure of other public reception points in Hereford City and will provide the public with a single point of access to all Council services and key partners of the INFO service such as CAB.	To meet key IEG and modernisation objectives, Customer service strategy and Service improvement Project recommendations	No leverage. Possible capital receipt of £150k. Needed to meet DDA legal req't
3	Kington Wesleyan Chapel	Policy & Finance	Mark Warren	Y (DDA)	The Wesleyan Chapel is a Grade II listed building which the Council owns and has obligation in respect of the designated grading. The Council is committed to improving resident and visitor access to its services and regards Kington as needing to improve its Library services, provision of a One Stop Service (Info in Herefordshire) enhance Tourist Information Services, support better access to voluntary Services.	Improving public accessibility to library and information services. Providing INFO in Herefordshire shops in market towns (Social Inclusion). Meet commitments under Disability Discrimination Act. Regenerate the Market Town of Kington and serve the catchment area.	leverage not confirmed, £140k needed to meet legal requirements (but lose leverage), capital receipt £187k 05/06
4	Ledbury, St Katherine's Houses	Policy & Finance	Mark Warren	Y (DDA)	St Katherine's Masters House, Ledbury - Please Note that figures for 2005/06 are estimates only. Funding is required to conduct a comprehensive feasibility study for the conversion of this grade II listed building into a Library, Info & TIC. The feasibility work will focus on listing the Historical significance of the St Katherine's area in conjunction with English Heritage, but will focus specifically on the Masters House. Work is being match funded by Heritage Lottery Fund. Feasibility will ensure that plans and comprehensive funding framework is completed in time for a funding application in 2005/06.	To provide an INFO in Herefordshire service for Ledbury and catchment area. To provide a new library for Ledbury and catchment area. To improve the tourist information and visitor services for Ledbury and surrounding area. To support the regeneration of the market town by the provision of new and improved services. To redevelop a key Grade II listed building in a conservation area. To promote opportunities for learning.	confirmation of leverage o/s, rev imps to be ascertained
5	Crematorium Hereford	Environment	David Ravenscroft	Y - whole funding req'd to meet emissions stds, otherwise close 2006 & lose £300k p.a. inc	Provide new crematorium chapel with seating for a minimum of 120 persons. The new facilities will include three new cremators, one of which will accommodate larger coffins, currently larger coffins have to travel to crematoriums as far afield as London. The new cremators will have a filtration system that will remove mercury and other toxins from emissions. The design of the new crematorium will take into account the recommendations from the Federation of British Cremation Authorities and will include features that will allow better access for the disabled and elderly.	To provide a cremation facility in Hereford that complies with current and impending legislation and guidelines, the new crematorium must also provide chapel facilities for a minimum of 120 persons. All facilities must be accessible to the disabled and elderly, and will have suitable toilets and rest rooms for the public.	depends on implementation dates of leg & project could not be completed without full funding
7	Traveller Site at Bromyard	Environment	David Ravenscroft	No, but risk if sold without a replacement	To remodel and refurbish the existing 14 pitch site. The new facilities will utilise wherever possible the existing utility buildings.	To provide a slightly smaller more easily managed Traveller site in Bromyard. The remodelling will also include work to the boundary fence which prevents access to a deep water filled quarry, this is essential as there has been a drowning on the site in the past.	Site not used at present, partial refurbishment from less funding could be done
8	Access to Library & Info services	Policy & Finance	Lesley Davies	no	To further utilise new technology to enable optimum access to Library & Information services and delivery efficient and high quality services. The project proposes investment in three areas: - Automated 24 hour telephone call handling system - Security system - Customer self selection, issue and return of library stock.	50% of telephone requests for service handled by automated system (no staff intervention). 30% of on site book issues self service. Demonstrate by user survey that improved service point environment achieved.	perpetual rev imps, reduced funding possible

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
TEXTUAL INFORMATION**

**APPENDIX 7**

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
9	Leominster landfill restoration	Environment	Bruce Chartres	yes by Apr 05	Restoration of the closed Leominster landfill site in accordance with a scheme which complies with requirements of the Waste Management Licence and the planning permission requirements. The scheme will involve capping the site and landscaping. It is likely to include a gas control system. The exact details of the scheme will depend on the outcome of a methane oxidation trial currently taking place.	To comply with legal requirements of Waste Management Licence and Planning Permission.	min £45k req'd, reduced funding will result in delays & costs will increase
10	Public toilets improvements	Environment	John Burton	no	To improve facilities, reduce associated crime and improve the image of Herefordshire's towns by dealing with the run down public toilets that exist.	Improve facilities, reduce associated crime and improve the image of Herefordshire towns by dealing with the run down public toilets that exist	Best Value Imp plan recommendation, reduced funding will result in longer timeframe
11	Ross On Wye Flood Alleviation	Environment	Stephen Oates	no	Construction of a scheme to provide flood protection to a standard of 1 in 100 years for the town of Ross-on-Wye. The current standard of flood defence is estimated to be only 1 in 20 years.	To ensure that Ross on Wye is protected against the devastating disruption to the local community that was experienced in December 2000	reduced funding not possible, rev exp req'd if not successful, money cannot be repaid if grant not successful
12	Integrated Transport Strategy + low floor bus project	Environment	John Colyer		The Integrated Transport Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6. This bid is seeking to secure funding to implement the integrated transport schemes for the fourth year of this five year programme. The programme is comprised of a wide range of projects including disabled access improvements, public transport, cycling and safer routes to school schemes. These schemes are helping to tackle a number of problems including: growing traffic congestion, social exclusion and poor access to services and safety of vulnerable road users. Progress on the programme is provided each year in the Annual Progress Report.	This bid is key to helping achieve the Herefordshire Partnership ambition to 'Develop an integrated transport system for Herefordshire'. Specific road safety objectives are set out in the Local Transport Plan (see extract attached).	Leverage confirmed 10/12/03. Risk to future funding
13	Local Road Safety Strategy	Environment	John Colyer	Yes LTP is a statutory plan	The Local Road Safety Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6. This bid is seeking to secure funding to implement the road safety schemes for the fourth year of this five year programme. The programme is comprised of a wide range of projects including low cost safety schemes, traffic calming, minor safety improvements and speed limit reductions. This programme of schemes is complemented by an established programme of education, training and publicity delivered by the road safety team.	This bid is key to helping achieve the Herefordshire Partnership ambition to 'Develop an integrated transport system for Herefordshire'. Specific transport objectives are set out in the Local Transport Plan.	Leverage confirmed 10/12/03. Failure to meet LPSA target. More death & injuries on roads?

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
TEXTUAL INFORMATION**

**APPENDIX 7**

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
14	Managing the Highway Network + bridges	Environment	John Colyer	Yes Highways Act risk of claims from public	The Managing the Highways Network Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6 and the delivery of the maintenance service is set out in the Highway Maintenance Plan. This bid is seeking to secure funding to implement highway maintenance schemes for the fourth year of this five year programme. The programme is comprised of a wide range of maintenance schemes including carriageway reconstruction, resurfacing and surface dressing, bridge maintenance and footway and cycleway maintenance. These works help complement both integrated transport strategy schemes and close work with the road safety team enables maintenance and safety improvements to be coordinated.	This bid is key to helping achieve the Herefordshire Partnership ambition to 'Develop an integrated transport system for Herefordshire'. Specific highway maintenance objectives are set out in the Local Transport Plan and LPSA Target 3 - Road Safety.	Leverage confirmed 10/12/03. Cap invest will lead to reduced pressure on rev budget. Potential loss of future funding
15	INFO Service Centre	eModernisation	Kath Davies		A Contact Centre for services provided by Herefordshire Council. The contact centre would provide a customer facing service, proactively dealing with customers' service requests received by telephone.	To meet key IEG and modernisation objectives, Customer Service Strategy and Standards and recommendations from the Service Improvement Project.	
16	Friar St Mus Res & Learning Centre phase 2 & 3	Social Development	Kate Andrew	yes (DDA Apr 04, Standards 2008 & asbestos removal)	The creation of a museum resource and learning centre by conversion of an existing BT repeater station and a new build extension. The project is phased, the initial phase being the purchase and partial conversion to create a museum store to replace the Gimmer Road facility. Phase 2 will complete the conversion and create storage for all museum collections except fine art. Phase 3 will create a new learning centre & space for all collections with future expansion capacity of around 30%	1. To achieve a stable environment for all Heritage Services collections in the new centre by minimising risks from all 10 agents of deterioration, thereby achieving national standards for the care of collections 2. To transfer all collections, reference material and associated data from dispersed sites and unsuitable storage locations to the centre and to provide long term space for expansion of the collections 3. To create a centre from which Heritage Services can operate and develop its services to offer a county wide advisory and outreach service, including a bulk de-infestation facility 4. To establish facilities for researchers and small groups to consult, lay out or work with collections and to provide public access to collections via tours on open days 5. To create the facilities and infrastructure for a Heritage learning centre.	spend before grant rec'd, costs of stopping project, poss cap receipt
17	Energy conservation	Property	Colin Birks	yes?	The undertaking of building and engineering works which will result in a payback period of less than five years for the capital investment.	To meeting national energy reduction targets	will result in revenue savings
18	Salt Barn Provision	Property	Colin Birks	yes? Risk of prosecution & fin loss	Provision of a replacement barn for the storage at Burcott Depot.	To prevent prosecution for pollution of water courses.	60 yrs rev imps not detailed
19	Disabled Access	Property	Colin Birks	yes Oct 04, risk of prosecution	Undertaking improvement works to meet Disabled Discrimination Act that come into force on 1st October 2004.	Provide disabled access to public areas	on-going rev imps not detailed
20	Clearbrook Farmhouse	Property	Colin Birks	no	Structural works to a Grade I listed building just outside Pembridge. Works to include replacing timberwork, wattle and daub infill panels and lead casement windows and making the property structurally sound and wind and water tight.	TO BRING THE PROPERTY TO A SATISFACTORY LEVEL OF REPAIR AND MAINTENANCE.	reduced funding would result in delays

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
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**APPENDIX 7**

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
21	The Homelands	Property	Colin Birks	no	Development of a new dairy complex to house 100 dairy cattle and followers together with feeding area, grain storage, dairy parlour, office, grain store and implement shed.	TO DEVELOP AN AMALGAMATED SMALLHOLDINGS UNIT AND PROVIDE ADEQUATE CATTLE HOUSING AND MILKING FACILITIES FOR A MODERN DAIRY UNIT TO SURVIVE IN THE CURRENT DEPRESSED CLIMATE.	poss capital receipt £550 000 spring 2005, delays in funding equals delay in receipt, reduced funding equals reduced receipt USE CCRR corr UNTIL RECEIPT REALISED
22	Uppcott Pool	Property	Colin Birks	no	Dredging of Uppcott pool and clearing rides through the wood to enable people to walk and possibly ride through.	TO CREATE AND IMPROVE A NATURAL WILDLIFE SITE AND FACILITY FOR INFORMAL RECREATION.	scheme could be delayed one year
23	Rotherwas Access Road	Environment	John Colyer	Yes LTP is a statutory plan & reduced funding will result in further reduced funding in future years	The Hereford Integrated Transport Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6. Maintaining the economy of Hereford City is important to achieve the overall aim of this Strategy. The Rotherwas Industrial Estate, located to the south east of Hereford provides approximately 2000 jobs and in light of the significant transport constraints the Council proposes a package of measures including the construction of a new access road to the Estate. The access road is necessary in order that the development strategy of Regional Planning Guidance and current Development Plan is implemented. The access road is also necessary in order to improve the living conditions of the residents along Holme Lacey Road and is a key element in a package of measures designed to reduce congestion and improve access to the estate for staff by sustainable modes of transport.	This bid is key to helping achieve the Herefordshire Partnership ambitions to 'Develop an integrated transport system for Herefordshire' and 'Support business growth and create more and better paid work in Herefordshire'. This scheme relates to specific LTP objectives.	Leverage expected to be confirmed 10/12/03, possible loss of business & employment
24	Roman Road Imps	Environment	John Colyer	Yes LTP is a statutory plan	The Hereford Integrated Transport Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6 and the Roman Road Improvement scheme is detailed as part of this strategy. This section of carriageway is substandard in terms of carriageway and verge width and there are areas where there is insufficient width for two vehicles to pass safely. The scheme will provide a standard 7.3m wide carriageway with an adjacent 3m wide combined footway / carriageway. The existing A480 junction will be improved by the construction of a new roundabout. The scheme will provide particular benefits by the construction of the footway / cycleway and will contribute to achieving the strategic objectives of reducing east-west through traffic which currently travels through the centre of Hereford.	This bid is key to helping achieve the Herefordshire Partnership ambitions to 'Develop an integrated transport system for Herefordshire' and relates to specific Local Transport Plan Objectives. HT2, HT3 & HT8.	Leverage expected to be confirmed 10/12/03, risk to future funding
25	Rationalisation of administrative accommodation	Property	Stuart Gent		The Council has entered into an agreement to lease the second floor of the above building. In 2004 other space within the building will become available. The Council may have the option of leasing other floors or, possibly, acquiring the freehold of the premises. Other land, adjacent to the office block, may become available in 2005, the option to purchase the land is a distinct possibility.	To address the long stated ambitions of the Council to centralise core services on one site. To move towards flexible working and to rationalise the operational property holding.	
26	Christmas Lighting	Environment	Derek Powell		The need to replace obsolete Christmas lighting equipment in High Town, Hereford and maintain a lighting display in Hereford City Centre.	To retain a festive lighting display in High Town, and Hereford City Centre streets.	



# 2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS TEXTUAL INFORMATION

## APPENDIX 7

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
27	Column Replacement	Environment	Derek Powell		Many of the existing street lighting columns in Herefordshire have passed their design life (30 years). To prevent possibilities of a column collapsing, a capital replacement programme should be implemented.	To tackle the backlog of the obsolete street lighting infrastructure in Herefordshire.	
28	Additional Lighting	Environment	Derek Powell		Requests are received from Council members, members of the public and Parish Councils for extra street lighting to light areas not lit or increase lighting levels.	To tackle the backlog of the obsolete street lighting infrastructure in Herefordshire.	
29	Education & modernisation funding for school premises	Education	G Parfitt	no	Funding to cover capital improvement schemes in schools that have been identified as priority projects through the AMP, Local Policy Statement and Statement of Priorities, and to address the back-log of maintenance works required in schools (currently >£.15m). This funding has been provisionally allocated by the DfES (copy attached), with confirmation of this expected in January 2004	To continually address improvement works required in schools that have been identified through the AMP, and to address urgent maintenance works required	
30	Costs to Cover Existing Commitments on Education Schemes	Education	G Parfitt	yes	2nd and 3rd year costs to cover expenditure on schemes that are currently in progress, or have been completed but with retention payments to be made as per attached list of schemes. Funding from the Department for Education & Skills to this level has already been confirmed as per the attached correspondence.	To ensure that current projects are completed and that commitments with contractors, architects and consultants are honoured	
31	Improvement works for Disabled Access in Schools	Education	G Parfitt	yes DDA	A rolling programme of improvement work to improve access and facilities for disabled pupils and parents alike and to improve access to the national curriculum for individual pupils. This is directly linked to the Disability Discrimination Act and the Education Directorates Accessibility Strategy. Funding for this is via the DfES, and confirmation of the actual amount will be in January 2004.	To improve facilities in schools throughout the county for disabled pupils and parents	
32	Improvement schemes	Education	G Parfitt		To utilise the capital receipt from the sale of the former Goodrich Primary School.	To use these capital receipts for funding towards improvement schemes identified in the AMP Local Policy Statement and Statement of Priorities	
33	Sutton Primary School	Education	G Parfitt	no	The replacement of the existing primary school on a new site to provide through innovative design a fully inclusive 3-classroom primary school, shared hall and additional facilities for the local community.	To provide a facility in which the national curriculum can effectively and efficiently be carried, together with facilities which can be used by the local community	Capital receipt expected 2006. High priority in AMP
34	Weobley High School - Sports Hall	Education	G Parfitt	no	To provide a purpose built dedicated sports hall in a school which currently has only one large space to serve the needs of assembly, drama, music, PE and examinations. The facility will also be available to meet community needs.	To improve facilities at the school and for the local community	
35	Capital investment in primary schools	Education	G Parfitt	no	Funding to be made available by the DfES for capital investment in Primary Schools.	To improve facilities at primary schools throughout the county as identified in the AMP	
36	Rotherwas Business Centre	Economic Development	Katherine Jones	no	The Rotherwas Business Centre is a flagship development that will provide incubation units on Rotherwas Industrial Estate to accommodate small and start-up businesses. The 1600 sq m facility will include offices, high-specification industrial units, a conference room and training suite linked to support services.	The facility will provide speculative leasehold office accommodation and light industrial units aimed at encouraging the growth of hi-tech small and start up businesses.	if not funded leverage may be lost, reduced funding may stop building of centre - leverage partly confirmed
37	Minibus for Social Care	Social Care	Anne Silley		Investment in a new minibus for transport of Social Care service users will result in savings on a route currently covered by an external contractor An Invest to Save initiative	To increase efficiency of Social Care transport by supplying service in house rather than using external contractors resulting in lower costs	

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
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**APPENDIX 7**

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
38	Disabled Facilities Grant	Housing	Richard Gabb	yes	The provision of grants towards the cost of disabled adaptation to people's homes is a statutory obligation under the provision of the Housing Grants Construction & Regeneration Act 1996. The Council's contribution represents 40% of the total budget with the remaining 60% funded through BCA. There is an apparent backlog of adaptations amongst tenants of some Herefordshire Registered Social Landlords and an increase in funding is sought partly to enable assistance with this backlog. Whilst the statutory responsibility rests with the local authority, RSLs have been encouraged, as good landlords, to fund adaptations for their tenants. Demand, however, for adaptations is on the increase.	To promote independent living.	leverage automatic, ongoing legal reqd. risk of prosecution
39	Housing Renewal	Housing	Richard Gabb	no under adopted Housing Renewal Policy in accordance with the Regulatory Reform Order 2002	The provision of financial assistance to improve housing conditions, energy efficiency and promote independent living in domestic dwelling stock in Herefordshire. The programme enables the authority to tackle unfit housing in the private sector including the improvement of conditions in housing in multiple occupation and bring empty properties back into use. Repair for older and vulnerable residents will support independent living at home with energy efficiency grants tackling fuel poverty and contributing to the Council's statutory obligations under the Home Energy Conservation Act.	The Housing Renewal programme continues to play a fundamental part in contributing to a number of the key ambitions of the Herefordshire Plan. The accompanying Housing Renewal Policy sets out these ambitions and clearly sets out the national, regional and local objectives which the programme sets out to achieve. A copy of the Housing Investment Strategy 2003-2006 sets the overall strategy for Herefordshire with which this Capital programme operates. The strategy includes the Housing Ambition Group Action Plan towards which this programme makes a key contribution. A copy of the Home Energy Conservation Act 7th Annual Progress Report is attached which demonstrates the Council's commitment and progress towards the national energy efficiency improvement target on CO <sub>2</sub> emissions.	leverage confirmed
40	Social Housing Grants	Housing	Richard Gabb	yes, urgent need by 2006, poss fin penalties	Herefordshire has an increasing crisis in relation to the ability of its residents to access affordable housing with evidenced increasing levels of homelessness. This programme enables the development of affordable and supported housing in Herefordshire consistent with local priorities and objectives set out within e.g. the Herefordshire Housing Investment Strategy and Supporting People Shadow Strategy. The funding is utilised in partnership with Registered Social Landlords who also utilise their own Capital Reserves, borrowing and/or access to Housing Corporation Funding to develop housing schemes in Herefordshire.	To meet Herefordshire's Accommodation Needs through the provision of new and refurbished accommodation and the bringing back into use of empty properties.	provision of affordable housing to meet local needs, leverage to be confirmed in Feb, increased rev costs of b&b's etc until funded
41	Ross Library	Policy & Finance	Mark Warren	no	The basis of this bid is for the relocation of INFO services from prohibitively expensive rented accommodation in Swan House into Council owned property at Ross Library Relocation will save the Council Circa £55,000 p.a. in rent and will support the asset management plan Customer Service Strategy and Libraries & Info Integration of Staff and Services Strategy	Reduce Property portfolio, reduce revenue expenditure on rent, increase Library & info opening hours Improve DDA, move Staff and Service integration plans forward	dec 03/jan 04 business case & rev imps expected to be identified
43	Leo swimming pool	Social Development	Tony Featherstone	no	To seek replacement swimming facility for the closed Sydonia Pool in order to meet the Educational, Health and Social needs of the residents of North Herefordshire.	Secure continued access to quality water space to meet identified local needs.	minimal effect of postponement reduced funding not an option - leverage partly confirmed

**2004/05 CAPITAL SCHEME SELECTION PRIORITISATION BIDS  
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**APPENDIX 7**

Ref No	Scheme	Directorate	Who	Legal Requirement?	Brief Description	Objective	Notes
44	Aylestone Park	Social Development	Tony Featherstone	No but CPO, prosecution & compensation a threat	Construction of new public open space facilities in accordance with the requirements of the CPO, to assist with the delivery of strategic policy objectives. The scheme includes football, cricket, bowling, play, youth facilities, changing facilities, access and parking as well as informal recreational areas, wildlife areas and canal restoration.	To provide new public open space to meet NPFA standards and to address a shortage of facilities for sports within the City. To compensate for the public usage loss of Holmer Playing Fields. To minimize the risk of liability to the Council from previous land owners contesting the CPO.	possible 10 yr project - leverage partly confirmed
45	ICT The Golden Thread	eModemisation	Philippa Granthier		The Council has suffered a lack of investment in its core ICT infrastructure. In particular, investment in the corporate network and disaster recovery. At the same time, however, the Council's plans for organisational development and its plans for service provision to the county have expanded considerably. All are dependent on a reliable ICT infrastructure. The need for greater access to services and flexibility for improved social inclusion objectives also needs addressing. The bid outlines the required capital investment to enable the Council to work more efficiently. That is, an upgraded corporate network, business continuity/disaster recovery, smart card technology, corporate document management	Targets: Increased access to services and information; flexible working; secure access and infrastructure; improved network resilience and performance; full disaster recovery, corporate document management Outputs: Number of people working flexibly; System Uptime Targets; Customer Satisfaction Targets; Number of system security breaches; Number of corporate documents handled electronically; uptake of smart cards with citizens and employees alike Outcomes: the development of ICT skills in the Council and within local communities; greater access to services and information; access to improved opportunities for learning and training; improved work/life balance; a secure access and authentication mechanism. and a corporate infrastructure to underpin our vision.	
46	Ross Creative Learning Centre		Marion Campbell	Y DDA	The project will provide creative learning facilities for young people of Ross and the surrounding area and recreation/training for the wider community. Currently underused Youth Centres will be refurbished to provide a range of creative learning environments. In addition to full disabled access to the premises, facilities for music, creative computing, performance, photography, video production, art and craft will be created. Much of this provision will be first step and complement specialist facilities locally as well as broadening the scope of opportunities across the creative arts. Local partnerships of young people and the wider community are steering the project and will form the management group.	1 Provide creative learning facilities for young people2 Offer creative recreational/training facilities to the wider community3 Refurbish underused Youth Centres4 Involve young people in the management and development of the Centre and programme5 Generate opportunities for Young Enterprise6 Establish a partnership of local youth and community groups.	
47	Kick-Start - You@Home		Richard Gabb	no	This initiative will provide a dedicated service to vulnerable people in their homes by carrying out essential or urgent works up to the value of £1,000 that have been identified and referred by health or other key workers as part of their daily activities. The service will undertake necessary repairs quickly and efficiently at no cost to the occupier and be available across all tenures, and throughout the County area.	To enable vulnerable members of the community to remain in their own homes.	Leverage: £7,500 from Anchor Trust pa & rest from internal sources (minor works assistance budget & grant funding)



## RACE EQUALITY SCHEME - PROGRESS REPORT

Report By: Head of Policy and Communication

### Wards Affected

County-wide

### Purpose

1. To update the Committee on progress made against the Action Plan designed to deliver the Council's Race Equality Scheme.

### Background

2. In line with the Race Relations Amendment Act (2000), Herefordshire Council published a Race Equality Scheme in May 2002 providing a framework for how the Council intends to promote race equality through;
  - Eliminating unlawful racial discrimination
  - Promotion of equality opportunity
  - Promotion of good relations between people of different racial groups

It is an integral part of the race equality scheme that the progress is monitored. The Chief Executive's Management Team has considered the report at Appendix 1 and Cabinet considered progress against the action plan on the 29<sup>th</sup> January 2004. Given the deadline for producing this report, any comments Cabinet made will be reported orally at the meeting.

3. A new action plan was approved by Cabinet in October 2003. The table at Appendix 1 contains details of progress against those actions set out within the Race Equality scheme that have deadlines prior to January 2004.
4. An interim report has been received from University College Chichester on the research project it has been commissioned to undertake. The interim report is subject to significant change resulting from the on-going research. The final report will be presented following completion of the research project in June 2004.

### RECOMMENDATION

**THAT the actions taken and progress to date be noted.**

### BACKGROUND PAPERS

- Herefordshire Council Race Equality Scheme

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Further information on the subject of this report is available from Alan Blundell,  
Head of Policy and Communication on 01432 260268



Ref	Action	Progress
CA5	Revise service planning framework and self-assessment	The Service planning framework review did not encompass Race Equality issues. This will be picked up in the next corporate review, a timetable for which is yet to be determined.
CA8a	Review the formal complaints procedure to ensure that all explicit race harassment and victimisation complaints are accelerated into the formal procedure	The formal complaints procedure has been revised. It is now a requirement that all complaints of a racial nature are accelerated into the formal procedure. The Race Equality Development Officer is providing briefing/awareness raising sessions for Directorate/Department Complaints Officers.
CA8b	Ensure a unique identifier for complaints relating to racial discrimination	Evaluation of the pilot of the Racial Harassment Form is underway. A bid for funding for the rollout of the form will be made in January 2004
CA8c	Report on findings quarterly to the Steering Group and ensure appropriate corrective action	No official complaints have been made to the Council with regard to racism. Ethnicity Monitoring on complaints has revealed that similarly nobody who has complained has identified themselves as being Black or Minority Ethnic. Anecdotal evidence from the Race Equality Partnership indicates that individuals do wish to complain about incidents which are perceived as racist. With this in mind, linkages between the Race Relations Development Officer and Directorate Complaints Officers will be augmented.
C2	Identify community groups for consultation purposes	Constructive, ongoing consultation has been undertaken with Herefordshire Communities Against Racism (CAR) Group by the Head of Policy and Communication, Policy Assistant and Graduate placement.  Further meetings are planned to establish CAR groups in Ledbury and Leominster. This work is being undertaken with Herefordshire Race Equality Partnership.
ET2b	Report on the findings of statistics in relation to ET2a above in line with the requirements of the Race Equality Scheme	A report will be presented to Chief Executives Management Team during January 2004 detailing the results of workforce analysis.
ET8	Develop support networks for minority ethnic staff	Communication through Core News has enabled a staff group to be set up. There have been two meetings to date





## **ANALYSIS OF HEREFORDSHIRE COUNCIL'S INPUT INTO THE HEREFORDSHIRE PARTNERSHIP – INITIAL TERMS OF REFERENCE**

**Report By: Director of Policy and Community**

### **Wards Affected**

County-wide

### **Purpose**

1. To consider the nature and scope of Herefordshire Council's input to the Herefordshire Partnership.

### **Considerations**

#### **Background**

2. The Herefordshire Council has been a critical partner in the development of the Herefordshire Plan and Herefordshire Partnership over the last four years, and has played a key role in developing and implementing projects, initiatives and strategies arising. The Herefordshire Council is represented on the Herefordshire Partnership Board, Management Group and all Ambition Groups, through Officers and Councillor Champions.
3. As the Herefordshire Partnership has been meeting for a number of years and a fundamental review of the Herefordshire Plan is due to be undertaken this year, it is now an opportune moment to consider Herefordshire Council's input to the Partnership, and the gains made.

#### **4. Aim of the analysis**

The aim is to:

*Identify the nature and scope of Herefordshire Council's input into the Herefordshire Partnership, the level of return the Authority currently and could receive*

#### **5. Objectives**

The objectives of the analysis are:

- (a) To identify the type of current involvement by Herefordshire Council
- (b) To give an indication of the extent of this involvement
- (c) Identify areas of additionality from this involvement
- (d) Gauge views from others involved

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Further information on the subject of this report is available from  
Jennifer Watkins, Policy and Commissioning Manager on (01432) 260610

- (e) Make recommendations

**Taking the analysis forward**

6. Over the next 6 months further work will be undertaken to manage and track the performance of Partnership working in Herefordshire. Part of this activity will include identifying the potential benefits to organisations involved in the Herefordshire Partnership, such as joint working towards achieving key performance indicators.
7. Over the following year, a fundamental review of the Herefordshire Plan will be undertaken, which will lead to future considerations around the level of input from Herefordshire Council and other Partners.
8. It is planned that this analysis becomes a critical aspect of both pieces of work, with a full report being submitted to Strategic Monitoring Committee.

**RECOMMENDATION**

**THAT the action set out in this report be agreed.**

**BACKGROUND PAPERS**

- None identified.

## COMMUNITY FIRST FUNDING SUPPORT

Report By: Director of Policy and Community

### Wards Affected

County-wide

### Purpose

1. To propose a means of reviewing the funding support for Community First within the context of an overall review of the support to the voluntary sector in Herefordshire.

### Considerations

2. At its last meeting the Strategic Monitoring Committee proposed reviewing the funding support for Community First. Community First is an "infrastructure body" spanning both Herefordshire and Worcestershire. It has worked closely with the former development agency network and continues to work with Herefordshire Voluntary Action and Ledbury Voluntary Action.
3. In March of 2003 the Social and Economic Development Scrutiny Committee agreed terms of reference for a review of the support to the Voluntary Sector provided by Herefordshire Council (copy of report attached at Appendix 1). It was understood that this was a cross-cutting review, going beyond the administration of grants, and would therefore need to report back in to Strategic Monitoring Committee.
4. A large amount of data including face-to-face interviews with many of the bodies was conducted during 2003. Since the original review team was nominated there have been significant staff changes and it is now proposed that the review is undertaken by graduate placements located in the Policy Team working to the original review team as a steering group. This model is similar to that adopted for the cross-cutting transport review. It significantly reduced the administrative burden and simplified the process and shortened the timescale. The review will contain all the elements of the Best Value Review Guidelines.
5. Opportunities will be provided for those bodies, particularly the infrastructure bodies to be questioned and challenged on the value and impact of their work. It would be appropriate to deal with Community First through this mechanism along with like bodies.
6. A detailed timetable was being prepared. This will cover the period February to the end of June. Further reports would be made to the Strategic Monitoring Committee at critical stages in the Review.

## RECOMMENDATION

**THAT the Committee agrees:**

- (a) that the change in approach to the structure of the Review is agreed;
- and
- (b) that the Community First be included in the Review along with other infrastructure bodies.

## BACKGROUND PAPERS

None identified.

## REVIEW OF COUNCIL SUPPORT TO THE VOLUNTARY SECTOR

Report By: Director of Policy and Community

### Wards Affected

County-wide

### Purpose

1. To seek Members views on the scope of the review of the Voluntary Sector.

### Considerations

2. Some work was undertaken at the end of 2001 to establish the extent of the Council's support to the voluntary sector; as to review just one grant scheme in isolation would be unproductive. The support given encompasses the Voluntary Sector Grants Scheme, Community Buildings Grants Scheme, childcare grants, a variety of Service Agreements, accommodation provision, NNDR relief, payroll facilities and occasional one-off grants from within service budgets. In addition there are opportunities to support volunteering within the county both through publicity of volunteering opportunities and supporting council employees in becoming active volunteers.
3. Following the Policy & Community Directorate restructuring in 2002, responsibility for management and operation of the Voluntary Sector Grants scheme has transferred to the Local Development Team, and it is now proposed to progress the review. As Voluntary Sector Grant decisions for the 2003/04 financial year have to be made before the end of March to give applicants some financial planning time, it has been necessary to operate the Scheme under existing arrangements, making only a few basic amendments to the application form, and the assessment form. However, it is proposed that any recommendations arising from the review be implemented for 2004/05.

4. Scope

The review will seek to:

- Clarify the reasons for supporting the voluntary sector
- Clarify the distinction between grants and payments for services
- Produce a strategic funding document that clearly identifies the relative priorities of the services/strategies the council wishes to support through this service
- Strengthen monitoring arrangements
- Identify ways in which leverage can be maximised within the funding framework

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Further information on the subject of this report is available from  
Jane Jones, Director of Policy and Community on (01432) 260042

**SOCIAL AND ECONOMIC DEVELOPMENT  
SCRUTINY COMMITTEE**

**17TH MARCH, 2003**

- Explore the scope/demand for provision of support services at marginal cost
- Clarification of the respective roles of development support, assessment and decision-making
- Establish clear and accessible application, assessment, decision-making and monitoring processes
- Ensure the involvement of the voluntary sector in decision making (ie the establishment of criteria, procedures, policies and priorities)
- Ensure a consistent approach towards supporting the voluntary sector across the Council

5. The Review Team is:

Social and Economic Development Scrutiny: Cllr Guthrie, Cllr Stockton  
Voluntary Sector Grants Panel: Cllr Rees Mills  
Local Development Team: Local Development Manager, Penny Jones  
Local Development Admin Support & Grants Assist, Hannah McSherry  
Community Development Officer, Annie Brookes  
Re-generation Coordinator, Glyn West  
Parish Liaison & Local Development Officer, Dorothy Coleman  
Reps from relevant Herefordshire Plan (Ambition Groups)  
Voluntary Sector Reps: (To be advised)  
Audit/Treasurers: Principal Audit Manager, Tony Ford  
Social Services: Project Manager, Lesley Libetta

**RECOMMENDATION**

**THAT Members' views are requested.**

**BACKGROUND PAPERS**

- None

**PUBLIC SERVICE AGREEMENT UPDATE****Report By: County Treasurer****Wards Affected**

County-wide

**Purpose**

1. To note the latest performance against the Public Service Agreement (PSA) targets and receive a brief introduction to the second round of PSAs to be negotiated with the Government.

**Financial Implications**

2. As detailed in the attached Cabinet report dated 18 December 2003.

**Background**

3. The report on Public Service Agreement Update considered by Cabinet on 18 December 2003 is appended.

**RECOMMENDATION**

- THAT**
- (a) **The contents of the attached Cabinet report dated 18 December 2003 be noted;**
- and**
- (b) **The Committee considers whether there are any issues it wishes to be brought to Cabinet's attention**

**BACKGROUND PAPERS**

- Cabinet report dated 18th December 2003.





# PUBLIC SERVICE AGREEMENT UPDATE

## PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

18TH DECEMBER 2003

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### Wards Affected

None.

### Purpose

To note the latest performance against the Public Service Agreement (PSA) targets and receive a brief introduction to the second round of PSAs to be negotiated with the Government.

### Key Decision

This is not a Key Decision.

### Recommendation

**THAT the contents of the report be noted.**

### Reasons

Members need to be regularly updated on the performance against the PSA targets in order to agree any decisions needing to be taken in service areas where performance is lower than expected.

### Considerations

1. This report is split into two parts, the first updating Cabinet on performance against the current PSA and the second outlining the Government's approach to the second round of PSA due to be negotiated next year.

#### **Part 1: Performance Update**

2. Cabinet last received a performance update against the individual PSA targets in October. Annex A contains the latest update and there are few significant changes to the last report. Progress has been made on liaising with Government on clarifying baseline information on the Care of the Elderly and Crime targets and also with the problems encountered with the Housing target. It is fairly clear however that Ministers are very reluctant to change agreements and an extremely good argument needs to be constructed to achieve this.
3. One noteworthy change is the greater possibility of achieving the Key Stage 2 exam targets for high achievers target given the outcomes this Summer.

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Further information on the subject of this report is available from  
Andrew Tanner, Assistant County Treasurer on 0162

4. Officers responsible for delivering the PSAs have been reminded that the difference between 'success and failure' in reaching the 60% threshold for Performance Reward Grant (PRG) is substantial in financial terms. No PRG is payable if 60% of the stretched target is not reached. Where performance is on this borderline the additional investment in time or other resources is therefore very important.

**Part 2: PSA - 2nd Generation**

5. Local Government Minister Nick Raynsford, recently introduced the second round of PSAs known as the 2nd Generation. The key differences to the current round are;
  - A greater focus on local issues rather than the current requirement to incorporate a number of prescribed national objectives and ideally these will have a cohesive theme.
  - Better partnership arrangements with the government which will include an increased commitment to securing freedom and flexibilities.
6. The greater focus on local issues is perhaps most relevant to Herefordshire and this will require a shared view of targeted improvements for the community as a whole. An important principle to be addressed is that the priorities for improvement have to be based on hard or substantial evidence. The links to these priorities have to be convincing and robust. The Government will consult with both the Council's relationship manager for the Audit Commission and the regional concerns in this respect. It will also use the Comprehensive Performance Assessment outcomes to influence its agreement to our future proposals.
7. In regard to freedoms and flexibilities there is a term popular in Government and LGA circles called 'disciplined pluralism'. This is an increasing movement towards allowing Councils to experiment with service delivery within certain checks and balances and is central to the work of the Innovation Forum. This of course is fundamental to the idea of 'stretching' performance and the ideal PSA target will always be the one which secures performance gains through doing things differently and not necessarily through significant increased resource input.
8. The structure and reward mechanism of the PSA 2nd Generation will largely be the same. There may however be opportunity to negotiate variations to the established structure. Herefordshire, as a rural authority and one of only 4 'good' Councils in the West Midlands region could be well placed to take advantage of pathfinder status and this opportunity will be pursued.
9. After the pilot authorities Herefordshire was in the first tranche of local authorities agreeing a PSA and it is anticipated that the Council will begin negotiating the new one from next Easter onwards. The priorities for improvement will be agreed with the Government well in advance of the actual stretched target performance. All but three English upper tier authorities signed a PSA so the Government has a huge workload to complete the second round agreements hence the early start date. The new PSA for Herefordshire will roll on from the current one and commence on 1st April 2005.

## **Alternative Options**

Not applicable.

## **Risk Management**

Failure to reach the stretched targets will result in the loss of potentially significant Performance Reward Grant for the Council

## **Consultees**

There are no consultees.

## **Background Papers**

PSA Report to Cabinet on 9th October 2003.



## Annex A

LPSA Target	Indicator	Latest Performance Data at November 2003	Target for 2004/2005
Enabling older people to live as independently as possible in the community - by providing community services	Intensive home care as a proportion of intensive home and residential care (PSS PAF indicator B11)	16 ☹️	20 per 1,000 of the population over 65
	Intensive home care (PSS PAF indicator C28)	6 😊	6.5 per 1,000 of the population over 65
	Older People helped to live at home (PSS PAF indicator C32)	73 ☹️	120 per 1,000 of the population over 65
	Avoidable harm for older people (PSS PAF indicator C33)	8.4 😊	22 per 1,000 of the population over 65
<p>Comments:</p> <p><i>B11 – Intensive Homecare as a percentage of intensive homecare and residential care.</i> Current trends suggest that we will be close to the target performance although performance has been well short of targets over the last two years.</p> <p><i>C28 – Intensive Homecare.</i> At Qtr 1 we have met Qtr 4 target for 2003/04 and are therefore clearly on track to reach the PSA target for 2004/05.</p> <p><i>C32 – Older people helped to live at home.</i> Serious concern about downward trend in performance but we also need to clarify definitions on not only calculation but also baseline. The SSI understand our position but will require ratification by civil servants before the baseline is amended. This indicator is directly resource intensive, ie: performance improvement can only be achieved by allocating more home help etc. Discussions are currently taking place with the SSI (in full) with a view to agreeing a baseline position.</p> <p><i>C33 – Avoidable harm for older people (falls and hypothermia).</i> The baseline figure needs to be confirmed as using over 65's for the population base, if this is right then current performance is well within the target range. It needs to be stated that this indicator in particular is sensitive to severe winters.</p>			

Improving fire safety by reducing fire and fire related deaths in dwellings	BVPI 142iii	14.97 (equating to 448 fires) 😊	15 per 10,000 dwellings
	BVPI 143 i & BVPI 143 ii combined	4.33 (equating to 29 injuries and 2 fatalities) 😊	6.95 per 100,000 population
<p>Comments:</p> <p>We are currently within the target, based on performance in 2002-3, and the approach for the remainder of the LPSA period is to hold that position. This indicator more than any other is sensitive to single incidents.</p> <p>Information up to the 2<sup>nd</sup> quarter this year shows the half year performance as 6.12 fires per 10,000 dwellings and 2.35 deaths and fatal injuries per 100,000 population. Both these half year indicators show performance to be on track although the PSA target is only measured on the number of fires/casualties in 2004/05.</p>			

Improving road safety	The number of killed and seriously injured casualties per annum – STATS 19	150 (as at 31/12/02) 😊	197 killed and seriously injured casualties per annum
	Coarse visual inspection % of non-principal roads with any threshold condition value exceeded (BVPI 97 (a & b)) as defined in DTLR publication 'Best Value Road Condition Survey for Local Highway Authorities'	To be confirmed 😊	10% of non-principal roads with any threshold condition value exceeded

LPSA Target	Indicator	Latest Performance Data at November 2003	Target for 2004/2005
<p>Comments:</p> <p>We are currently well within the target based on the information for 2002. The indicator is highly sensitive to serious accidents involving multiple KSIs and in this respect an element of future performance is out of our control despite our speed control and traffic calming policies.</p> <p>There have been a number of difficulties with the Road Condition target due to the changes in methodology of measurement. We have taken a decision therefore to use the old methodology which the LPSA targets were based on. We are still waiting for the results of surveys carried out recently however management are confident that the condition targets will be met in 2004/05.</p>			

Reducing crime	BCU (Basic Command Unit) – vehicle crimes per 1,000 population	7.89 ☺	8.75 vehicle crimes per 1,000 population
	BCU – domestic burglaries per 1,000 households	12.91 ☹	7.4 domestic burglaries per 1,000 households
	Youth Justice Board indicator - Percentage of young people (10-17) who offended in the last quarter of the year, who were re-offending; figures as recorded by the Youth Justice Board	42% ☺	8 percentage point reduction on the 2001 baseline of re-offending by the target group. Baseline of 50.6% agreed for Herefordshire.

Comments:

Vehicle Crime and Burglary

The baseline for the burglary and vehicle crime targets is 2000/01. There are clear trends following this year showing:

- A steady and continuous downward trend in vehicle crimes and a
- A steady upwards trend in burglaries.

Whereas the vehicle crime performance is now below the LPSA target and reducing further, it is highly unlikely that the burglary target will be met and this is due to a number of reasons:

- It is now very difficult to break into modern cars, leading to an increase in the theft of car keys from homes (counted as a burglary, not vehicle crime).
- Following the introduction of the National Crime Recording Standards in April 2001 attempted burglaries are now recorded as burglaries (as opposed to criminal damage). These inflate the figures quite significantly. The WMPA are confirming with the Home Office over whether we can revise the baseline and target although we are not confident the baseline will be agreed to be changed by Ministers..

The fact that there is a transfer of crime recording from vehicle theft to burglaries in relation to cars stolen from houses could form an argument for a revised composite target. This information is being formulated accordingly.

Youth Offending



The figures for the end of 2002 suggest that the target is on course. Because we are only dealing with a cohort of around 130 10 to 17 year olds however the target is sensitive to minor changes. An additional 3 boys re-offending next year for example would take away all of the required stretch and we would lose £90,000 in Reward Grant. This emphasizes the importance to aim as low as possible in achieving the target and look at ways of continually minimizing the risk of not achieving.



Improving the life chances for children in care by increasing the adoption rate	Adoptions of looked after children (PSS PAF indicator C23)	6.4% (equating to 11 of 172 children) ☹	21 looked after children adopted during the year
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Comment:

There is a particular complicating factor here which are the fixed numbers used in the PSA target as the number of children available for adoption has gone down. This together with a revised definition means that we are likely to struggle to meet the target. PSS have gone back to the DSS to discuss these matters. The pump priming grant is being used to give pre and post adoptive support to potential adoptive parents.

Improving the life chances for children in care by improving their educational	Employment, education and training for care leavers (PSS PAF indicator A4)	76% ☺	72% of care leavers in education, training and employment at 19
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LPSA Target	Indicator	Latest Performance Data at November 2003	Target for 2004/2005
attainment	The percentage of those children leaving care aged 16 or over who obtained at least 5 GCSE's at Grade A*-C (data source form OC1)	11.9% (2 of 17 children) Summer 2002 	5 looked after children obtaining 5+ GCSEs at grades A* to C
	Children looked after absent from school (PSS PAF Indicator C24)	6% (9 pupils) absent for 25 + days in Spring Term 03) 	11 looked after children absent from school
<p>Comments:</p> <p>The performance achieved in 2002-3, together with the measures in place to manage and improve that performance should ensure that the target s are achieved. Summer 2003 results are currently being analysed.</p> <p>The report dates for care leavers is May 2004 and updates will be available in December 2003. Projections for GCSE are currently 1/22 (4.5%) although the cohort can change at any time.</p>			

Increasing participation in democracy & local decision making	% of Electoral Register voting at district elections in the three postal ballot wards	Achieved 	Ward 1 (Belmont) – 38.6% of Electoral Register voting at district elections in 2003  Ward 2 (Holmer) – 34.5% of Electoral Register voting at district elections in 2003  Ward 3 (Ross) – 44.3% of Electoral Register voting at district elections in 2003
	% of young people (aged between 13 and 19 years) surveyed answering positively to the following question:  <i>Do you feel that the Council does enough to give young people the opportunity to influence important decisions?</i>  -strongly agree - agree - neither agree nor disagree - disagree - strongly disagree	Not monitored	The percentage stating "strongly agree or agree" has been agreed as 13.8%
	% of Citizen Panel respondents answering positively to the following question.  <i>Do you feel that the Council does enough to give local people the opportunity to influence important decisions?</i>	24% 	20 percentage points

Comments:

The first sub-target, electoral turnout, has been achieved although the figures will not be available for formal reporting until the BVPI figures are calculated.

So far as the third sub-target is concerned, a Herefordshire Voice survey in 2002-3 indicated that the target had been exceeded..

LPSA Target	Indicator	Latest Performance Data at November 2003	Target for 2004/2005
Improving resettlement support services to homeless households	The number of homeless households needing repeat housing	6.23% ☹	1% of homeless households needing repeat housing
<p>Comments:</p> <p>There are some significant issues around this target and again we will very shortly be in dialogue with the ODPM. The LPSA definition of repeat housing differs from the ODPM and formal representation also needs to be made regarding the legitimacy of the conditions attached to the target. These in particular include no families to be in B&amp;B accommodation in 2004/05 and a 95% satisfaction rating for service provided. The Head of Strategic Housing is well aware of problems here and is addressing potential solutions through an officer working group soon to be set up. The ODPM position is that there maybe scope to change some of the conditional satisfaction ratings due to naivety at the outset however where the target is not ambiguous it is very unlikely it can be changed.</p>			
Improving the attainment levels of pupils in Herefordshire	% of pupils attaining 5 or more A*-C grades at GCSE	58.6% (provisional for 2003) ☹	62% of pupils attaining 5 or more A*-C grades at GCSE (summer 2004)
<p>Comments:</p> <p>This target is very challenging although performance continues to improve at 2% per year. Achieving the target is a priority being addressed by the Education Directorate.</p>			

Increasing the proportion of higher ability pupils obtaining 5 or more A*-B grades at GCSE and level 5 and above in English, Maths and Science at the end of Key Stage 2	% of pupils attaining 5 or more A*-B grades at GCSE	25% ☺	31% of pupils attaining 5 or more A*-B grades at GCSE (summer 2004)
	The percentage of pupils attaining level 5 or above in English, Maths and Science at the end of Key Stage 2	16.9% ☺	18% of pupils attaining level 5 or above in all three subjects at the end of Key Stage 2 (summer 2004)
<p>Comments:</p> <p>Both targets are achievable but meeting the Key Stage 2 target seems to be a greater possibility (than previously reported) based on 2003 outcomes.</p>			

Improving the care and development of young children	Percentage of settings on 1-2 year outcome	No progress as Ofsted did not inspect any setting in this category prior to March 31 <sup>st</sup> 2003 ☹	2% of settings on 1-2 year outcome ( at 31 March 2004)
	Percentage of settings on 1-2 year outcome for 3 consecutive years	Ofsted did not inspect any setting in this category prior to March 31 <sup>st</sup> 2003 ☹	No settings on 1-2 year outcome for 3 consecutive years (at 31 March 2004)
	Percentage of settings accredited on Quality Assurance Scheme	24 settings (estimated 8%) have joined the Quality Assurance Programme ☹	45% of settings accredited on Quality Assurance Scheme (at 31 March 2004)



LPSA Target	Indicator	Latest Performance Data at November 2003	Target for 2004/2005
<p>Comments:</p> <p>The current indications are that the first two sub-targets will be met, provided Ofsted carry out inspections of the groups in question in 2003/4, and no unexpected outcomes result. One setting has been removed from this category since March 2003. For the second sub target 3 of the relevant 8 settings have closed thereby making the target more attainable.</p> <p>The 3rd sub-target is much more challenging as Herefordshire started from a very low base. Although good progress has been made in generating interest in an accreditation scheme, achieving the target will depend on other settings expressing interest in the scheme, and the majority of the 191 registered childminders in the County being persuaded to join a childminders network or join the accreditation scheme. A further 12 settings have asked for information.</p>			

Improving cost effectiveness	Current draft has been sent to the ODPM for agreement following changes made in School absence and Highways condition targets. It is hoped that the final agreement will suggest that we will comfortably achieve the overall stretch of over 2%. 😊		
Achieving 100% delivery of electronic government	BVPI 157	42% 😊	100% of council services capable of electronic delivery delivered electronically at 31 <sup>st</sup> March 2004.
	Customer proximity to Contact Points	😊	10 mins less drive time for any Herefordshire resident to their nearest community access point by 31/3/05.
	E Government within key Partnership initiatives	😊	An additional 40% of Council Services relating to Single Assessment, Supporting people and Community Legal Services delivered in partnership with county agencies and available via the Herefordshire Partnership Portal at 31 <sup>st</sup> March 2005.
<p>Comments:</p> <p>We are still confident on reaching the overall e government target by March next year. The main risk involves recruitment and retention in key project management positions. It has been agreed with the auditors that those services which have been externalised, such as HALO, will not be included in the IEG Statement but the former Commercial Services now delivered in Partnership will be.</p> <p>External Audit has assured us that community access points outside the county boundaries will count in the proximity indicator in order to satisfy the VfM aspects of this indicator.</p> <p>Meetings are being arranged to clarify the Single Assessment and Supporting People e govt targets, the outcomes of these meetings will then be agreed with auditors. There are no problems envisaged with delivering the target for Community Legal Services.</p>			



## MID-YEAR ASSURANCE REPORT

Report By: County Treasurer

### Wards Affected

County-wide

### Purpose

1. The purpose of the Mid-Year Assurance Report is to highlight the key internal control issues identified during the course of audit.
2. In addition to the above, the report will update Members on the actions or the current position on key issues identified during 2002/03 that required attention.

### Financial Implications

3. None identified.

### Background

4. The report considered by Cabinet on 18 December 2003 is appended.

### Recommendations

- THAT
- (a) the contents of the attached Cabinet report dated 18 December be noted.
  - (b) The Committee considers whether there are any issues it wishes to be brought to Cabinet's attention.

### BACKGROUND PAPERS

Cabinet report dated 18 December 2003.



# MID-YEAR ASSURANCE REPORT

## PROGRAMME AREA RESPONSIBILITY: AUDIT AND PERFORMANCE MANAGEMENT

CABINET

18TH DECEMBER, 2003

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### Wards Affected

County-wide.

### Purpose

The purpose of the Mid-Year Assurance Report is to highlight the key internal control issues identified during the course of audit.

In addition to the above, the report will update Members on the actions or the current position on key issues identified during 2002/03 that required attention.

### Key Decision

This is not a key decision.

### Recommendation

That the report be noted.

### Reasons

Compliance with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

### Considerations

#### 1. Key issues identified requiring attention

The Annual Assurance Report for the year ending 31 March 2003 was considered by Cabinet in September. Six key issues were identified and the current position can be summarised as follows:

- **Improvement in IT security arrangements to comply with BS 7799**

A follow-up audit has been completed in this area and it is pleasing to report that improvements have been made. The number of objectives partially implemented has increased from 23 to 63, with a reduction in the number of objectives with no or limited controls from 93 to 43. Indications are that at the next Gap analysis review further improvements will ensue.

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Further information on the subject of this report is available from Tony Ford  
on 01432 260425

- **Improved data collection procedures for performance indicators**

Audit Services has been working with Directorates and Departments to help them improve their data collection procedures. In addition, officers are currently putting together an action plan, which will build on the work done by Directorates and Departments. Detailed audit review work on 2003/4 performance indicators starts in the latter half of the year.

**The Cashiers improve documentation in relation to the Cash and Deposit Book**

Following the issues raised last year, new procedures have been put in place and all bank accounts reconciliations are up to date. Audit reviews will take place in quarter 4.

- **Risk Management to be developed and embedded across the Council**

Since the Annual Assurance report there has been limited progress. Risk management has been linked to the performance management framework and training for Directorate and Department Leads is being arranged. An audit review will take place in quarter 3.

- **The publication of up to date Accounting Guidelines**

First drafts of Accounting Guidelines have been produced. The next stage will involve a review of these drafts with a view to their publication by 31 March 2004.

- **Regular reconciliation of local management systems to Cedar**

Reconciliation with regard to housing repair is no longer an issue for the Council with the transfer of the housing stock to Herefordshire Housing. The follow-up review with regard to Highways expenditure has been completed and given a satisfactory audit opinion.

## **2. Issues identified in the current period**

These were as follows:

- An audit review of payroll system access controls identified that there was a need for a more formal procedure for the setting up of new users and a full review of authority access, in addition to a detailed review of menu access. A new payroll system, which should overcome these problems, is being pilot tested and will be operational by April 2004.
- Although good progress is being made with regards to BS7799, the Code of Practice for Information Security Management, there is still some way to go. Bearing in mind the Council's e-government commitments, compliance should be given priority.
- Progress on the completion of GEM audits has improved with the increase in trained Environmental Auditors. However, the closing down of audits and the follow-up of non-conformances needs to improve. This has been raised at the last Environmental Auditors training session. Improvements should now be seen.

### **3. National Fraud Initiative (NFI)**

The current position on the 25 cases being investigated by the Benefit Fraud team is:

- One successful prosecution.
- Two further cases being referred to Legal Services for prosecution.
- One case being reviewed by the Department of Works and Pensions.

With regard to the nine being reviewed by Audit Services, eight related to other authorities/organisations from which the employee transferred and have been eliminated from our enquiries. Information from the matched authority is still outstanding for the one case to be concluded.

### **4. Future Audit work**

At the current time there are two vacancies within the service. In addition, an Audit Manager has been seconded to job evaluation duties with effect from the end of October. To help manage these shortages, the County Treasurer has brought in temporary resources to reduce the impact on the Audit Plan.

## **Risk Management**

The approach to preparing the Annual and Strategic Plan is fundamentally based upon a risk assessment methodology utilising 'Traffic Lights' signposting, with Red being high risk, Amber being medium risk and Green being low risk. Within each risk area consideration is also given to residual risk for specific functions or establishments based upon their last Audit opinion and current knowledge.

A key part of the risk methodology is that fundamental systems are always red no matter what their previous audit opinion is, as these are systems whose failure could cause major disruption or loss of financial control to the Council. In addition, bank account systems are always red because of their level of independence from the Council's control systems.

## **Consultees**

Chief Executive's Management Team.

## **Background Papers**

None identified.





**SCRUTINY ACTIVITY REPORT****Report By: County Secretary and Solicitor****Wards Affected**

County-wide

**Purpose**

1. To consider the work being undertaken by the Scrutiny Committees.

**Financial Implications**

2. None

**Background**

3. This report summarises the matters considered by the Scrutiny Committees since the last report by this Committee to Council. It is intended to help keep Council aware of the work being undertaken.
4. The work of the Committees is analysed below as far as practicable under the following five roles for overview and scrutiny: holding the executive to account, best value reviews, policy development and review, external scrutiny, and improvement (performance management and review).

**Summary By Programme Area****Education**

5. The Education Scrutiny Committee met on 19 January 2004 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	Banding in Primary Schools – Interim Progress Report ICT Technical Support Service Level Agreements with Schools
External Scrutiny	
Improvement (Performance Management and Review)	Year 2003 Results for Herefordshire Schools Herefordshire Plan and Partnership Progress

Further information on the subject of this report is available from Tim Brown Committee Manager (Scrutiny) on 01432 260239

and Review)	Report Monitoring of Revenue And Capital Budgets Monitoring of Performance Targets in Education Business Plan 2003-2004 Comprehensive Performance Assessment – Education Component
Other	Work Programme

6. The Environment Scrutiny Committee met on 23 January 2004 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	Implementation of Improvement Plans
Policy Development and Review	Parking Strategy Polytunnels
External Scrutiny	
Improvement (Performance Management and Review)	Human Resources Revenue Budget Monitoring Capital Budget Monitoring Performance Indicators Highway Maintenance
Other	Work Programme

7. The Health Scrutiny Committee met on 29th January, 2004 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	Management of Legionnaires Disease Outbreak Emergency Care Access Car Parking – Hereford Hospital
External Scrutiny	
Improvement (Performance Management and Review)	

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Further information on the subject of this report is available from Tim Brown Committee Manager (Scrutiny)  
on 01432 260239

Other	Ear Nose and Throat Service Consultation
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8. The Social Care and Housing Scrutiny Committee met on 27 January, 2004 and considered the following issues:

Theme	Reports
Holding the Executive to Account	-
Best Value Reviews	
Policy Development and Review	Older People's Business Case Extra Care Housing Development Home Support Staff – Recruitment and Workforce Issues
External Scrutiny	
Improvement (Performance Management and Review)	Supporting People Programme Inspection Progress Report on Joint Review Action Plan Revenue Budget/Performance Indicators
Other	Work Programme

9. The Social and Economic Development Scrutiny Committee met on 14 January 2004 and 5 February 2004 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	Consideration of the Economic position of Hereford City
External Scrutiny	
Improvement (Performance Management and Review)	Progress of the Community Youth Service Towards New Standards Adult Learning Inspectorate Re-inspection Performance Indicators Human Resources
Other	

#### BACKGROUND PAPERS

- None

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Further information on the subject of this report is available from Tim Brown Committee Manager (Scrutiny) on 01432 260239



## WORK PROGRAMMES

Report By: County Secretary and Solicitor

### Wards Affected

County-wide

### Purpose

1. To consider the Committee's own work programme and updated work programmes adopted by the Education and Environment Scrutiny Committees.

### Background

2. This Committee approved a work programme for itself on 7th July, 2003 which ran until this meeting. An updated version is appended for consideration incorporating items identified as requiring periodic monitoring and attention providing a basis for the Committees' work. It is envisaged that this will be added to as required. Provision will, for example, need to be made for reports in relation to the analysis of the Herefordshire Partnership and support for the voluntary sector subject to the Committee's decision on the reports on those matters elsewhere on this agenda.
3. In fulfilling the co-ordinating role prescribed for it in the Constitution the updated work programmes of the Education and Environment Scrutiny Committees are attached. The work programmes of the other Scrutiny Committees are still current.

### RECOMMENDATION

**THAT (a) the Committee's work programme be confirmed, subject to any comments the Committee wishes to make;**

**and**

**(b) the Committee note the work programmes of the other Scrutiny Committees.**

### BACKGROUND PAPERS

- None



## Strategic Monitoring Committee – work programme 2004

Date	Items
February 2004	<ul style="list-style-type: none"> <li>• Eight months' performance monitoring</li> <li>• Response to Performance Plan recommendations</li> <li>• District Audit management letter</li> <li>• Revenue budget consideration</li> <li>• LPSA monitoring</li> <li>• Council's Improvement Plan</li> </ul>
April 2004	<ul style="list-style-type: none"> <li>• LPSA monitoring</li> <li>• 10 months' performance monitoring</li> <li>• Revenues and Benefits Improvement Plan monitoring</li> <li>• Best Value Review programme</li> <li>• Update on Property Review</li> <li>• Council's Improvement Plan</li> </ul>
June 2004	<ul style="list-style-type: none"> <li>• Final Property Review Report</li> </ul>
July 2004	<ul style="list-style-type: none"> <li>• Annual sickness report</li> <li>• Annual Audit Report</li> <li>• Budget outturns (capital and revenue)</li> <li>• Ombudsman complaints and Council complaints</li> <li>• End of year performance outturns</li> <li>• Human Resources Strategy monitoring</li> <li>• LPSA monitoring</li> <li>• Local Learning and Skills Council</li> <li>• Race Equality Scheme</li> <li>• Annual report – The Herefordshire Plan</li> </ul>
October 2004	<ul style="list-style-type: none"> <li>• LPSA monitoring</li> <li>• Monitoring of Community Safety Ambition (The Herefordshire Plan) – annual report and progress report</li> <li>• Internal Audit mid-year assurance report</li> <li>• Council's Improvement Plan</li> </ul>
January 2005	<ul style="list-style-type: none"> <li>• Asset Management Plan</li> <li>• Human Resources Strategy monitoring</li> <li>• LPSA monitoring</li> <li>• Race Equality Scheme</li> <li>• Six/Eight months' performance monitoring</li> <li>• Response to Performance Plan recommendations</li> <li>• District Audit management letter</li> <li>• LPSA monitoring</li> </ul>
February 2005	<ul style="list-style-type: none"> <li>• Revenue budget consideration</li> </ul>





Environment Scrutiny Committee Work Programme 2004

Proposed Date	Items
2 April 2004	<ul style="list-style-type: none"> <li>• Capital Budget 2004/5</li> <li>• Revenue Budget 2004/5</li> <li>• Best Value Reviews Improvement Plans</li> <li>• Performance Indicators</li> <li>• Update on work of Parking Strategy Review Group.</li> <li>• Polytunnel Review Working Group (completed report)</li> </ul>
June 2004	<ul style="list-style-type: none"> <li>• Sickness Absence</li> <li>• Best Value Reviews Improvement Plans</li> <li>• Performance Indicators</li> <li>• Update on work of Parking Strategy Review Group.</li> <li>• Waste Management</li> <li>• Subsidised Bus Routes (provisional report date)</li> <li>• Progress on Herefordshire Plan Ambitions</li> </ul>
September 2004	<ul style="list-style-type: none"> <li>• Capital Budget 2003/04</li> <li>• Revenue Budget 2003/04</li> <li>• Best Value Reviews Improvement Plans</li> <li>• Update on work of Parking Strategy Review Group</li> <li>• Performance Indicators</li> <li>• LTP</li> </ul>
November 2004	<ul style="list-style-type: none"> <li>• Sickness Absence</li> <li>• Capital Budget 2004/5</li> <li>• Revenue Budget 2004/5</li> <li>• Best Value Reviews Improvement Plans</li> <li>• Performance Indicators</li> <li>• Parking Strategy Review Group (review to be completed by October 2004)</li> <li>• GEM</li> <li>• Progress on Herefordshire Plan Ambitions</li> </ul>
January 2005	<ul style="list-style-type: none"> <li>• Capital Budget 2004/5</li> <li>• Revenue Budget 2004/5</li> <li>• Best Value Reviews Improvement Plans</li> <li>• Performance Indicators</li> <li>• Contribution to Herefordshire Ambitions</li> </ul>

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Further information on the subject of this report is available from Bob Barker, Best Value Officer on 01432 260985

March 2005	<ul style="list-style-type: none"><li>• Sickness Absence</li><li>• Capital Budget 2004/5</li><li>• Revenue Budget 2004/5</li><li>• Best Value Reviews Improvement Plans</li><li>• Performance Indicators</li></ul>
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Further information on the subject of this report is available from Bob Barker, Best Value Officer  
on 01432 260985

**POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS OF EDUCATION SCRUTINY, 2004**

<b>SUBJECT</b>	<b>Date</b>	<b>Lead Officer</b>
<b>Policy issues</b>		
1. Monitoring of SEN banding proposals (and extension to high schools)	Spring 2004	AH/PL
2. Review of school catchment areas (Kingstone, Much Birch, Ewyas Harold)	Autumn 2004	MCh
3. Teachers' Workload Agreement – monitoring of progress	Summer 2004	TSG/NA
4. Home to school/college transport - Review of discretionary areas of policy, progress report	Spring 2004	EO/GS/MCh/AB
5. Policy on Education for 14-19 age group	Spring 2004	TSG
6. Policy and procedures for placing excluded pupils in alternative schools	Spring 2004	AH
<b>Best Value</b>		
7. Monitoring of Best Value Improvement Plans	Spring 2004	TSG/GS/SH
8. BVRs (IASPS and SEN)	Spring 2004	EO/SH
<b>Monitoring items</b>		
9. School Admissions – progress report	Spring 2004	GS/MCh
10. Local Public Service Agreements – progress monitoring	Regular reports across the year	GS/AH/TSG
11. Pupil Performance in exams and assessments Summer 2003	Spring 2004/Autumn 2004	TSG
12. Staff sickness absence	Regular reports across the year	NA
13. Compliments, Complaints, Appeals etc	Regular reports across the year	EO
14. Monitoring of Capital and Revenue Reports – PFI (Whitecross)	Regular reports across the year	GS/LD
<b>Information items</b>		
15. Termly Report – Ofsted Inspections of Schools	Regular reports across the year	TSG

At the Committee on 19th January, 2004 it was agreed that the following items be added to the programme:

- Banding in Primary Schools – a further detailed report comparing the Herefordshire system with systems adopted by other LEA;
- Herefordshire Plan and Partnership Progress Report – particularly in relation to the formation of a comprehensive action plan;
- A report on the effect of Job Evaluation Scheme on school staff following the introduction of the scheme.

**SEMINARS**

Tuesday, 23rd March 2004 – Management of falling rolls in primary and secondary schools  
 Thursday, 24th June 2004 – Extended Schools

