

# A G E N D A

## Strategic Monitoring Committee

Date: **Tuesday, 8th February, 2005**

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Time: **10.00 a.m.**

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Place: **The Council Chamber,  
Brockington, 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, Members' Services, tel 01432  
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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>	5 - 24
To approve and sign the Minutes of the meetings held on 12th and 14th January, 2005.	
<b>4. REVENUE BUDGET 2005/2006</b>	25 - 58
To enable Strategic Monitoring Committee to feed into the consideration of the Revenue Budget 2005/06 which will be determined by Council at its budget meeting on 11th March 2005.	



## **PUBLIC INFORMATION**

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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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**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, Brockington, 35 Hafod Road, Hereford on Wednesday, 12th January, 2005 at 10.00 a.m.**

**Present:** 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, J. Stone, J.P. Thomas and W.J.S. Thomas

**In attendance:** Councillors Mrs. S.P.A. Daniels, D.J. Fleet, Mrs. J.P. French,  
J.C. Mayson, D.C. Taylor and P.G. Turpin

**39. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Mrs M.D. Lloyd-Hayes, G.V. Hyde, R.J. Phillips, J.G.S Guthrie, and Mr P Collins, Mr G Jones, and Mrs E Newman.

**40. DECLARATIONS OF INTEREST**

The County Secretary and Solicitor reminded members of the provisions regulating the declaration of interests.

The following declarations of interest were made:

Councillor	Interest
B.F. Ashton	Personal – as one of the Council representatives appointed to the Community Voluntary Action Ledbury & District Management Committee
A.C.R. Chappell	Prejudicial - Director of Community First
R.V. Stockton	Prejudicial – Chairman of Herefordshire Voluntary Action.
J.P. Thomas	Personal - as one of the Council representatives appointed to the Leominster Festival Committee and North Herefordshire (Leominster) Shop Mobility

**41. MINUTES**

**RESOLVED: That the minutes of the meeting held on 4th November, 2004 be confirmed as a correct record and signed by the Chairman.**

**42. REVIEW OF SUPPORT TO THE VOLUNTARY SECTOR**

*(Councillor A.C.R Chappell had declared a prejudicial interest in relation to Community First and Councillor R.V. Stockton had declared a prejudicial interest in relation to Herefordshire Voluntary Action and they withdrew from the meeting during consideration of matters relating specifically to those Organisations.)*

The Committee considered the outcome of a review of support to the Voluntary Sector.

The report noted, as last reported to the Committee in February 2004, that the review, as a cross-cutting review, was within the Committee's remit, building on work commenced by the Social and Economic Development Scrutiny Committee because the majority of grants were distributed through the Policy and Community Directorate.

The review's principal recommendations were set out in an executive summary, at the front of the detailed review report, as set out in appendix 1 to these Minutes. Additional recommendations in relation to funding challenges facing the Council in setting its 2005/2006 and future budgets were set out in part 8 of the report, as set out in appendix 2 to these Minutes.

The Senior Partnership Policy Officer, lead officer for the review, gave a presentation highlighting the scope of the review, the methodology employed, key findings and key recommendations.

The key findings he identified were: that Herefordshire Council is in comparative terms generous in its support to the Community and Voluntary Sector and that the Council is not securing best value for money from current arrangements.

The key recommendations he identified were in four categories, as detailed in full in the appendix to these Minutes:

**General**

- A Community & Voluntary sector support strategy to be drawn up
- Market Testing in appropriate service areas
- Comprehensive review and monitoring systems needed
- Radical changes to the Voluntary Sector Grants Scheme
- An end to 2 annual bidding rounds
- Revised grant criteria
- Earmarking some funds for the most deprived areas

**Voluntary Sector Grants**

- Grants to be awarded on a once only basis
- Individual Council managers to be responsible for grant performance
- Delegation of grants awards to officers after consultation with the Cabinet Member, and local member with Service Level Agreements (SLAs) where appropriate
- SLAs, not grants for support lasting longer than 1 year
- SLAs to be made more robust and consistent

- More robust SLA monitoring and evaluation

#### **Infrastructure Organisations**

- Funding for Community and Voluntary Action Ledbury & District to be withdrawn
- Community First programmes to be market tested
- Formal partnership collaborative working with Citizens Advice Bureaux for Community and Voluntary Action, ABLE and the Welfare Rights Team, but if unsuccessful, market testing of the Welfare Rights Service

The Director of Policy and Community emphasised that periods of notice referred to in recommendations set out in the review would require adjustment if it was decided to proceed in issuing such notices.

She added that the review had been conducted on the assumption that current levels of funding could continue to be available. However, given the future funding challenges facing the Council in setting its 2005/2006 and future budgets the Review Team had commented on this issue, as set out in appendix 2 to these Minutes.

Councillors who had served on the Review commented upon it. The Committee was advised that the review had been thorough, detailed, challenging and robust. Officers, in particular the Core Review Team, were congratulated on the considerable amount of work involved, their commitment to the review, and the way in which hard choices had been addressed. Attention was drawn to the finding that, whilst mindful of some of the difficulties in ensuring benchmarking comparisons were on a like for like basis, the Council was comparatively generous in its support to the Community and Voluntary Sector. The difficulty in supporting new initiatives, given the expectation on the part of many organisations once they had been successful in obtaining grant funding that they would continue to receive an annual grant, was registered. It was also stressed that the Council was being required by Government to make efficiency savings and it was important that funding was used effectively and where it was most needed.

A large part of the ensuing discussion focused on recommendation 21 of the review: "that funding for Community Voluntary Action Ledbury & District (CVALD) be withdrawn at the conclusion of the existing Service Level Agreement on the 31st March 2005, as there was no economic justification for supporting it as a separate organisation". This was in the context of the formation in 2003 of Herefordshire Voluntary Action (HVA) by amalgamating all the County's local Voluntary Action Organisations, which covered the whole County, with the exception of Ledbury Town and its 23 surrounding parishes covered by CVALD.

The following principal points were made in relation to this issue:

- The Chief Executive provided clarification on the position in respect of the obligation upon Councillors to make declarations of interests. He explained that the Code of Conduct permitted Councillor B.F. Ashton, as one of the Council representatives appointed to the CVALD Management Committee, to remain in the meeting and speak whereas Councillor R.V. Stockton had left the meeting because of his role as Chairman of HVA which appointment was not made by the Council.
- A Member suggested that, without wishing to impugn him personally, Councillor Stockton's role as Chairman of HVA and Cabinet Member (Community and Social Development) might create a perception of a conflict of interest. In response a Member of the Executive emphasised that Councillor Stockton had acted meticulously in this matter and that was accepted.

- The Chief Executive emphasised that he was certain that Officers had not been subject to any inappropriate influence in the review. The Member who had raised the issue stated that it had not been intended to imply that there had been any inappropriate influence.
- There was concern that withdrawing funding from one part of the County in the way proposed would impact adversely on the Council's reputation. It was suggested that this was also contrary to a previous assurance given by the Council that it would not seek to influence the future structure of service delivery of CVS infrastructure functions by use of the funding mechanism.
- That there was insufficient evidence in the report regarding the quantity and quality of services provided by HVA and CVALD, the number of volunteers, and other income raised to fund service delivery, and their respective value for money.
- The views of service users and their satisfaction with the services being provided were not reflected in the review.
- It was noted that CVALD had been in existence for 25 years and generated considerable additional income to finance its services in proportion to the Council's grant. The review gave no information on the income generated by HVA since its establishment 2 years ago.
- The review did not argue that CVALD was itself inefficient.
- There was some dispute over the negotiations which had led to the establishment of HVA and whether or not CVALD had been excluded.
- The benefits for the Council in dealing with one Organisation such as HVA were discussed. The Chief Executive commented that the Council was entitled to consider as a strategic issue whether it was content to deal with a multiplicity of organisations or whether it should act as a catalyst in encouraging the voluntary sector to organise on a County-wide basis.
- It should not be too taxing for the Council to deal with two Local Development Agencies. The respective areas of responsibility of HVA and CVLD. were clearly delineated and did not cause operational difficulties. The withdrawal of grant to the CVLD by the Council, whilst clearly having an adverse effect would not result in the organisation's demise. The Council would therefore continue to have to deal with two organisations, but with its influence reduced. The Council should focus on the service being delivered to the public and whether this represented value for money.
- That the review had found duplication in support to HVA and CVALD.
- It was proposed that rather than the Committee revisiting the matter itself the review should be forwarded to Cabinet, recommending further evidence be sought to inform its decision in relation to recommendation 21 and the associated recommendation 22, noting the Committee's rejection of these recommendations on the grounds that there was insufficient evidence in the review report to support the recommendations.

The following additional principal points were made:

- Some concern was expressed that the level of response from other Councils to requests for information made it difficult to draw conclusions.
- That in considering budget pressures it was important to ensure that it was recognised, as the review recommended that an across the board reduction was inappropriate and careful consideration needed to be given to each grant on its merits. It was acknowledged that a number of organisations had become reliant on an annual grant. However, as the review contended it was important to ensure that grants were reviewed and their continuing appropriateness assessed.
- In relation to a new mechanism for determining grant applications (recommendations 9 & 14 in particular) there was discussion of the role of the Local Member and the role of the scrutiny function. Regarding Local Members it was noted that a considerable number of the organisations to whom grants were awarded operated County-wide. It was nonetheless concluded that involving Local Members where appropriate should be supported. In terms of the scrutiny function the Chief Executive suggested that it would be important to provide for involvement prior to a decision being made. Members suggested that Cabinet should be requested to give careful consideration to this point.
- That it was essential that the vital contribution made by the Voluntary Service was recognised and that it was not overburdened or hindered by unnecessary bureaucracy.
- That in relation to recommendations 15-19 relating to use of service level agreements it should be emphasised to Cabinet that arrangements should be made to ensure that such agreements were proportionate and as simple and flexible as possible taking care to avoid overburdening and hindering voluntary organisations.

#### **RESOLVED:**

**That (a) recommendations as set out in the Executive Summary of the review of Council support to the community and voluntary sector, as set out in appendix 1 to these Minutes be approved, forwarded to Cabinet for consideration and also made available to the Budget Panel WITH THE EXCEPTION OF RECOMMENDATIONS 21 and 22 and SUBJECT TO:**

**(i) in relation to recommendations 9 and 14, Cabinet being requested to give careful consideration to the role of Local Members and ways in which the relevant Scrutiny Committee Chairman could be involved in the consideration of grant applications prior to a decision being made;**

**(ii) in relation to recommendations 15-19 relating to use of service level agreements it being emphasised that arrangements should be made to ensure that such agreements should be proportionate and as simple and flexible as possible taking care to avoid overburdening and hindering voluntary organisations; and**

**(iii) it being noted that periods of notice referred to in recommendations set out in the review would require adjustment if it was decided to proceed in issuing such notices.**

**(b) Cabinet be recommended to seek further evidence to inform its decision in relation to recommendation 21 and the associated recommendation 22 noting the Committee's rejection of these recommendations on the grounds that there was insufficient evidence in the review report to support the recommendations;**

**(c) that if consideration is to be given to reducing funding to the Community and Voluntary Sector in preparing the Council's 2005/2006 budget regard be had to the recommendation that this be done in stages as set out in section 8 of the review report, as reflected in appendix 2 to these Minutes.**

*(Councillor J Stone, a Member of the Review Team, requested that his support for the Review Team's original recommendations be recorded.)*

The meeting ended at 11.40 am

**CHAIRMAN**

Appendix 1  
(Minutes of the  
Strategic Monitoring Committee  
12th January, 2005)

**RECOMMENDATIONS OF THE REVIEW OF HEREFORDSHIRE COUNCIL  
SUPPORT TO THE COMMUNITY AND VOLUNTARY SECTOR AS SET OUT IN  
THE EXECUTIVE SUMMARY**

GENERAL

1. That support to the Community and Voluntary sector should be properly recorded where officers complete individual work programmes and time recording sheets.
2. That market testing of service options be considered or takes place in appropriate service areas.
3. That a Council Community and Voluntary Sector support strategy be drawn up and adopted as soon as possible.
4. That individual Council Departments examine the scope for including the Community and Voluntary Sector in achieving their strategies' objectives.

VOLUNTARY SECTOR GRANTS

5. That the current funding by percentage guideline allocations be discontinued.
6. That the current two annual bidding rounds be replaced by a single bidding round. Alternatively, that voluntary sector grant applications be made on a rolling basis and considered at quarterly intervals.
7. That funding for more than one year should not be provided by grants but through Service Level Agreements where appropriate.
8. That grant applications be considered on merit against criteria, which have been revisited, strengthened and made more transparent.
9. That once the grant criteria have been revised the allocation of grants be delegated to officers, with the relevant Cabinet Member being consulted, along with the local Member where appropriate, in line with best practice of similar grant schemes operated by Herefordshire Council.
10. That the Voluntary Grants Scheme monitoring system be made more robust to facilitate a detailed evaluation of the effective use of grant funding, and its impact on Herefordshire and its residents.
11. That individual managers be made responsible for monitoring the satisfactory performance of grants relating to their service areas. That grants be conditional and only given in return for agreeing to meet a range of responsibilities.

12. That a limited amount of funding, to be agreed by the Cabinet Member, be ringfenced for the areas of greatest need within Herefordshire as measured by the Index of Multiple Deprivation Super Output Areas.
13. That funding be conditional upon the organisation in receipt of a grant having diversity and equal opportunities policies in place, which are acceptable to Herefordshire Council.
14. That an appraisal panel replace the practice of single officer appraisal of grant applications.

#### Service Level Agreements

15. It is recommended that SLAs be established with organisations that receive significant support (such as Age Concern), but that this be reviewed once the CVS support strategy has been approved.
16. That Service Level Agreements be made more specific and linked to required and measurable outputs and outcomes.
17. That clear and robust criteria be introduced against which Service Level Agreements should be monitored.
18. That any new or renewed Service Level Agreements be drawn up using the checklist of headings and guidance as outlined in this report.
19. That rolling Service Level Agreements should not routinely be entered into, but be used where this is appropriate.

#### Infrastructure Organisations

20. That the Council endorses Community and Voluntary services continuing to be provided locally.
21. That funding for Community Voluntary Action Ledbury & District be withdrawn at the conclusion of the existing Service Level Agreement on the 31<sup>st</sup> March 2005, as there is no economic justification for supporting Community Voluntary Action Ledbury & District as a separate organisation.
22. That such notice to Community Voluntary Action Ledbury & District be given as early as possible.
23. That no more projects be awarded to Community First without a competitive tendering exercise taking place, and that this should apply to existing projects where the appropriate notice can be given.
24. That Herefordshire Association of Local Councils be warned of the implications of not meeting their Service Level Agreement monitoring requirements. In the event that Herefordshire Association of Local Councils fails to provide the monitoring information as outlined in the Service Level Agreement action be taken to terminate the Service Level Agreement.
25. That the Compact agreement between the PCT, the Social Care and Strategic Housing Directorate (the Council) and the Alliance should be reviewed according to the terms in the COMPACT and by the Joint Health and Social Care Commissioning Group.
26. That collaborative working arrangements be pursued with Citizens Advice Bureaux, ABLE and Welfare Rights Team, but if this is not achievable that



the Welfare Rights Team service be market tested,

27. That the Council continues to fund Citizens Advice Bureaux at least at existing levels whilst the option of partnership working with ABLE and the Welfare Rights Team are explored in more detail.
28. That suitable parcels of work involving community activity be tendered, such as community surveys or activities along the lines of Planning for Real exercises.
29. That the Race Equality Partnership be asked to consider the transfer of the service to the Community and Voluntary Sector. This can probably be best achieved by commissioning the activity with an individual Infrastructure organisation, or undertaking a market testing exercise.
30. That the Strategic Housing Department places more of a rural focus into the job description of one of its current Housing Officers.
31. That the Herefordshire Council Lifelong Learning Development Unit considers the scope for using the Community and Voluntary Sector to deliver a larger proportion of adult learning activity.
32. That some services be considered for market testing either for provision by the Community and Voluntary Sector or to be retained in-house. These are:
  - Work that involves going out into the community.
  - Parish plans consultation.
  - Community Development Co-ordinator.

Appendix 2  
(Minutes of the  
Strategic Monitoring Committee  
12th January, 2005)

**Recommendations of the Review of Herefordshire Council Support to the Community and Voluntary Sector as set out in Part 8 of the Report giving the Review Team's views on action the Council might take in relation to the funding challenges in setting its 2005/2006 and future budgets**

The Council could conclude that the CVS also needs to face some reduced funding. If this were to be the case the Review Team strongly recommends that this should not be done arbitrarily with, for example, an across the board reduction. To do so could risk the financial collapse of at least one key organisation.

If funding is reduced the Review Team recommends that this be done in stages, as follows.

- a) Suspension of the Voluntary Sector Grants scheme. This would achieve a saving of up to approximately £160,000 per annum. In theory this would have the least impact on the CVS, as grant funding was always intended to be one-off support for new projects. We stress the words "in theory", as the review showed many organisations have become overly reliant on this funding. However Age Concern receives funding of around £29,000 per annum from the Voluntary Grants scheme. The Review Team did not specifically look at this support as Age Concern is not an infrastructure organisation nor does it have an SLA with the Council. It was therefore outside the terms of reference of the review. A number of references were made to us about the apparently disjointed structures of Age Concern in Herefordshire. Support for Age Concern needs to be separately examined.
- b) We have already recommended the withdrawal of CVALD funding of approximately £10,000 per annum. This should be retained until a Herefordshire wide Voluntary Action body is established and a new SLA agreed using the funding currently allocated for HVA and CVALD. It should be possible to agree an overall modest reduction, by negotiating with a whole County Voluntary Action body, as there ought to be some economies of scale.
- c) Community First costs are thought to be excessive and a reduced level of funding should be offered for the same level of service in relation to project activity. Community First should agree to cost reductions or a reduction in core funding support should be implemented. In such an event Community First services should be put out to tender wherever possible.
- d) The Review Team recommends that there be no reductions in funding to the CAB. Indeed there is Review Team support for examining the scope for increasing CAB funding in the short-term. This position should be reviewed as part of an exercise to examine partnership working with CAB, ABLE and Welfare Rights.
- e) The Welfare Rights Team has not provided evidence of value for money from their service, and it is recommended this service be

market tested if partnership working with CAB, ABLE and Welfare Rights is not successful.

- f) The Review Team recommends that there be no short-term reductions in funding to HVA but that this position be reviewed as part of the intention to support a single Countywide Voluntary Action body.
- g) The Review Team recommends that there be no reduction in funding to HCVYS. This body has demonstrated it offers value for money.
- h) The Review Team recommends that there be no reduction in funding to HALC, on the limited evidence we have that it offers a good service. The Review team stresses that this recommendation is conditional on HALC meeting the terms of its SLA. The Council should consider removal of funding if HALC fails to comply fully with its SLA.
- i) The Review Team recommends that there be no change to the SLA with ALLIANCE. This 5-year SLA has only been in existence since the 1<sup>st</sup> April 2004, and it is inappropriate to alter an agreement so soon after signing.



**MINUTES of the meeting of Strategic Monitoring Committee held at The Shirehall, Hereford on Friday, 14th January, 2005 at 10.00 a.m.**

**Present:** 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 and J.P. Thomas

**In attendance:** Councillors Mrs. J.P. French and R.J. Phillips.

**43. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**44. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**45. HUMAN RESOURCES STRATEGY PROGRESS**

The Committee considered progress against the Council's Human Resources (HR) Strategy including main findings from the 2004 Staff Opinion Survey and 2003-4 exit surveys, as reported to Cabinet in December 2004.

The Head of Human Resources commented on the findings as set out in the report drawing attention to the fact that the Staff Opinion Survey had been issued shortly after the Job Evaluation and Single Status Results had been announced, which it was thought had influenced both the results and the response rate, which at 38 % was slightly down on the 2003 return (41%). He also noted that the current HR Strategy expired in 2005 and would be replaced by the Pay and Workforce Development Strategy 2005-08. Progress against selected targets was set out in the appendix to the report.

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

- That in broad terms there was little significant change from the previous year's survey.
- Whilst acknowledging the impact of Job Evaluation on the Survey the Chief Executive cautioned that care should be taken about attributing everything to that exercise. The findings of the 2005 survey would need to assess carefully the extent to which it was a factor.
- That confidence that the Council was committed to supporting employees during Job Evaluation (30%) was still low, even though an improvement on 2003 (21%). In response the Head of Human Resources commented that improvements had been made and he believed the trend was positive.
- The number of those feeling that they were sometimes bullied/harassed by Members remained at 13% compared with the Council target of 0%. The Chief

Executive suggested that this reinforced the view that it was important that Members should take care to address their concerns to officers at the appropriate level within the Organisation. Officers with the appropriate seniority, expertise and authority to respond to Members' requests may well recognise as legitimate an approach which more junior officers might find unsettling.

- There was concern that, whilst at the top end of response rates for surveys of this type, the response rate at 38% was too low. It was acknowledged that Job Evaluation may have had an impact, that the survey had been well publicised and that work was underway to seek to encourage a higher response rate. However, it was thought that more action was needed to improve the rate.
- In relation to the reduction in the percentage of those agreeing that opportunities for development within the job were good (36%) compared with 54% in 2003, the Chief Executive commented that retention rates were very high. Staff had to recognise that the Authority simply could not accommodate the career aspirations of every employee. They had at some point to accept that to progress their career they may well have to move to another authority. The benefits of working in Herefordshire had to be balanced against career aspirations.
- It was noted that work was ongoing with the Trade Unions to develop training opportunities.

**RESOLVED: That performance against selected targets in the Human Resources Strategy 2002-2005 indicators be noted.**

#### **46. BEST VALUE REVIEW OF SERVICES FOR PEOPLE WITH A PHYSICAL DISABILITY - STAGE 3 REPORT**

The Committee considered the Stage 3 report of the Best Value Review of social care services for people with a disability.

The detailed review report considered by the Social Care and Housing Scrutiny committee on 13th December, 2004 had been circulated separately to Members of the Committee. The covering report in the agenda papers explained how the review had been conducted to comply with the Best Value regime.

The Chairman of the Social Care and Housing Scrutiny Committee emphasised the extent to which the views of service users had informed the review. She also highlighted the distinction drawn between those recommendations which could be implemented within existing resources and those, which would require further feasibility work and additional resources if they were to be progressed.

The Head of Social Care (Adults) commented that the review's recommendations would lead to enhanced service provision. Whilst not a cross-cutting review there were implications for Health services and she noted also the review's findings on transport arrangements.

In the course of discussion it was confirmed that relations between the Primary Care Trust and the Council remained strong, with a focus on achieving the best outcomes for Herefordshire.

**RESOLVED: That the recommendation of the Social Care and Housing Scrutiny Committee on the Stage 3 report of the Best Value Review of Physical Disabilities Services (18-64) be endorsed and**

the findings referred to the Cabinet Member (Social Care and Strategic Housing) for consideration, subject to advising the Cabinet Member (Social Care and Strategic Housing) in considering the recommendations and preparing an Improvement Plan to have regard to the view:

- (i) that recommendations 2, 3, 4, 5, 8 and 9 as set out in section 4 of the review report could be implemented within existing resources and should be progressed;
- (ii) that the remaining recommendations in section 4 of the review report, recommendations 1, 6 & 7 should be the subject of further feasibility work to ensure that sufficient resources were available to implement them; and
- (iii) that the additional recommendations in section 5 of the report be progressed as feasible within existing resources.

#### 47. DRAFT CORPORATE PLAN

The Committee noted the draft Corporate Plan approved by Cabinet in December 2004 for use immediately as the basis for the preparation of the Council's annual operating plan and directorate and service plans for 2005-06.

The Chief Executive presented the report commenting on the importance of the Operational Plan.

The need to learn from any complaints received from the public was acknowledged and the Director of Policy and Community reported that the corporate complaints system was being reviewed.

**RESOLVED: That the draft Corporate Plan for 2005 to 2008 be noted.**

#### 48. PERFORMANCE MONITORING - CORPORATE HEALTH

The Committee received the report to Cabinet on 16th December, 2004 on the Council's corporate performance in relation to the Best Value Indicators from 1st April to 30th September 2004.

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

- Concern was expressed about performance against the targets for processing new benefit claims and claims where there had been a notification of a change in circumstance. It was recognised that this was an important area for the Council to address. The County Treasurer commented that priority was being given to processing new claims which explained why performance in that area was better than in processing claims where there had been a change in circumstance. He reminded the Committee of the recent independent inspection of the Benefits Service by the Benefit Fraud Agency which had highlighted that the Service was demonstrating good practice in many areas. He informed the Committee that the imminent implementation of a new processing system might have an adverse impact in the short-term but performance should then improve.
- It was noted that high turnover of benefits staff remained a concern and was receiving attention.

- Work to reduce processing times by explaining to claimants what documentation they required when submitting their claims was also ongoing in line with recommendations made by the Service Improvement Team.

**RESOLVED: That the Council's corporate performance from 1st April 2004 to 30th September 2004 be noted.**

#### **49. COMPREHENSIVE PERFORMANCE ASSESSMENT FROM 2005**

The Committee was informed of the provisional timetable for joint area reviews and Corporate Assessment and associated arrangements, as reflected in the report to Cabinet on 13th January, 2005.

The Chief Executive presented the report drawing attention to the challenge, which the new system of Comprehensive Performance Assessment (CPA) inspection presented. He reported that the Council would be in the first tranche of authorities to be assessed. Until all authorities had been assessed under the new regime this could potentially present a misleading impression to the public of the Council's standing, particularly as the Audit Commission was at the same time recalibrating the basis on which it classified authorities.

He emphasised that the corporate assessment would contain a statement on political and managerial leadership which would include an assessment of the scrutiny function as well as the administration. In this context he emphasised that, amongst other things, the Committee needed to give careful consideration to the extent to which the scrutiny function could demonstrate that it was involved in contributing to the Council's aims. It was, for example, incumbent on the Scrutiny function to make a reasoned challenge of the Corporate Plan if it did not support it.

He reported that Cabinet had approved the arrangements for supporting the inspection process and noted the impact this would have on the Director of Policy and Community's role in day-to-day management of the Directorate.

He also reported that Cabinet had authorised him to pursue a number of options for an external peer review prior to the CPA inspection and explained factors to be taken into account in determining the most beneficial approach for the Authority.

The Committee noted that consideration would be given to how best the scrutiny function could respond to the inspection process.

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

#### **50. RACE EQUALITY SCHEME - PROGRESS REPORT**

The Committee received a report on progress against the action plan accompanying the Council's Race Equality Scheme, key initiatives to promote Race Equality and progress in delivering diversity training.

The Director of Policy and Community highlighted work underway to provide training and raise awareness within the Council. She advised that the review of the Scheme to be completed by March 2005 was on target.

It was noted that Group Leaders would be considering further Member training on race and diversity issues.

**RESOLVED: That progress to date be noted.**



**51. LOCAL PUBLIC SERVICE AGREEMENT**

The Committee received a report on the development of the Council's second Local Public Service Agreement (LPSA 2) as reported to Cabinet on 13th January, 2005.

The Chief Executive presented the report drawing attention to a letter from the Office of the Deputy Prime Minister (ODPM) which highlighted the need for a significant amount of work to be carried out on establishing outcome focused targets in a number of areas. He commented that communications from the ODPM and their timeliness had not been helpful, noting the pressure this had placed upon the Council and the implications for the timetable for the agreement's completion, which would have to be revised with the ODPM's agreement.

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

**52. DEVELOPING THE CHILDREN'S AGENDA IN HEREFORDSHIRE - CHANGE FOR CHILDREN**

The Committee received the report to Cabinet of 13th January, 2005 on the response to the Change for Children and Local Performance Improvement Agenda and the next steps locally.

The Chief Executive presented the report commenting on the plans to reassure schools about the changes and the establishment of a change team, financed from reserves, to respond to the change programme and prepare for the expected Joint Area Review.

He added that the forthcoming inspection of services for 14-19 year olds would be an important indicator for the Joint Area Review.

In the course of discussion the arrangements for a lead role for School Improvement/Development in support of the interim Director of Children's Services were considered. It was suggested that there was some evidence of concern on the part of some Schools about the changes. Some Members suggested further consideration needed to be given to the job title of the lead role for schools as part of the process of reassuring schools that there had been no diminution in their status.

The Chief Executive emphasised in reply that the purpose of the Children's Act had been to create an integrated approach to Children's Services and it was important for the Council to demonstrate that it was embracing this change rather than simply making symbolic adjustments.

The interim Director of Children's Services informed the Committee of action she was taking to ensure that Members and all parties affected by the changes were kept fully informed of developments. She sought support from Councillors in their role as School Governors in providing reassurance to schools about the changes.

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

**53. BUDGET MONITORING 2004/2005**

The Committee was informed of the position with regard to revenue budget monitoring as at 30th November, 2004 for Programme Areas in 2004/2005, as reported to Cabinet on 13th January, 2005.

The County Treasurer presented the report. He drew attention to the continuing pressure on the Social Care budget reiterating that this was neither acceptable nor sustainable and that proposals would be forthcoming as part of the preparation of the 2005/2006 budget.

He also noted the overspend on the property budget, acknowledging this could be offset by underspendings elsewhere in the Environment Directorate.

He added that a net underspending of £1.1 million was expected from financing transactions including debt rescheduling, stabilisation of interest rates and significant slippage of the capital programme. Whilst satisfied that the debt rescheduling was a prudent measure he expressed concern at the slippage of the capital programme.

The Committee discussed the carry forward of underspends and the position on reserves noting that a full analysis would be included in the report on the 2005/2006 budget. It was suggested that the Environment Scrutiny Committee should consider whether there was scope within the budget for additional resources to be allocated to planning enforcement activity.

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

**54. CAPITAL PROGRAMME MONITORING 2004/05 TO 30 NOVEMBER 2004**

The Committee was informed of the Capital Programme forecast for the period up to the end of November 2004 and the current position regarding prudential indicators, as reported to Cabinet on 13th January, 2005.

The County Treasurer presented the report expressing some concern at the slippage in the Programme. He reported that the Chief Executive's Management Team had been informed and at this stage it appeared that the Programme would be delivered without the loss of any resources secured from other agencies conditional upon them being spent in 2004/2005.

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

**55. INTERIM AUDIT ASSURANCE REPORT 2004/05**

The Committee was informed of the key internal control issues identified during the course of audit work and updated on action taken, as reported to Cabinet on 25th November, 2004.

The need for a different approach to auditing the contract with Herefordshire Jarvis Services, recognising it was a partner and that the Authority needed to derive the maximum benefit from the contract by working in partnership was noted.

In response to a question the Director of Policy and Community reported that progress was being made on IT security arrangements and it was expected that compliance with the relevant British Standard would be achieved. However, further work to manage risk still needed to be taken.

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

**56. SCRUTINY ACTIVITY REPORT**

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

The Chairman of the Social and Economic Development Scrutiny Committee informed the Committee of an imminent review meeting to consider further pedestrianisation of part of Hereford City Centre and an additional meeting of the Committee to discuss the findings of the review of the Courtyard Centre for the Arts.

It was also noted that the Highways Agency had now published the route management strategy for the A49 and the Environment Scrutiny was making arrangements to scrutinise the issue.

The meeting ended at 12.15 p.m.

**CHAIRMAN**



**REVENUE BUDGET 2005/06****Report By: County Treasurer and Chief Executive****Wards Affected**

County-wide

**Purpose**

1. To enable Strategic Monitoring Committee to feed into the consideration of the Revenue Budget 2005/06 which will be determined by Council at its budget meeting on 11th March 2005.

**Financial Implications**

2. As contained within the report.

**Considerations**

3. At its meeting on 27th January 2005, Cabinet considered the attached report, Annex 1, detailing the factors influencing the budget position and reflecting the recommendations of the Budget Panel. Paragraph 44 of the report alone has been amended to reflect the concern expressed at Cabinet about its potential misinterpretation.
4. The following recommendations from the Budget Panel were considered by Cabinet:-
  - That the securing of targeted service savings, as set out in paragraph 40 of the attached report, be endorsed, particularly having regard to the need to achieve 'Gershon' efficiency targets.
  - That Cabinet note the outcome of the Public Consultation exercise.
  - That work continues to secure Service Improvement Programme and Procurement Savings.
  - That the RSG Settlement be noted but with concern that on the basis of the accompanying advice from government the significant additional resources provided for 2005/06 are unlikely to be repeated in future years.
  - That the potential clawback of grant, referred to in paragraph 16(h), be noted with concern.
  - That the application of reserves referred to in the report be supported.

- That, having regard to the potential capping position, Cabinet refers its budget proposals to Strategic Monitoring Committee indicating that at its final meeting on 24th February, 2005 it would intend to recommend to Council a Council Tax increase of between 4% and 4.5%.
5. Cabinet endorsed the above recommendations but supported a proposal from the Leader of the Council, set out in a supplementary report to Cabinet as now appended to the Cabinet report, that the target savings be amended.

## **RECOMMENDATION**

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

### **Background Papers**

- None

## REVENUE BUDGET 2005/06

### PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

27TH JANUARY, 2005

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#### Wards Affected

County-wide

#### Purpose

To consider further the parameters for the preparation of the Revenue Budget 2005/06 in the light of recommendations from the Budget Panel.

#### Key Decision

This is not a Key Decision. The final decision will not be taken by Cabinet but by Council at its meeting on 11th March, 2005.

#### Recommendation

**That consideration be given to the recommendation of the Budget Panel and the formulation of initial Revenue Budget proposals for 2005/06.**

#### Reasons

Consideration of the recommendations of the Budget Panel is required which, together with the views of Strategic Monitoring Committee, will assist in the formulation of Cabinet's final recommendations to Council on 11th March, 2005.

#### Introduction

1. Initial consideration of the budget for 2005/06 has been heavily influenced by the need to make significant budget reductions with the dual purpose of containing the rise in council tax and providing some limited headroom for investment in key priorities.
2. The initial planning target of £5,000,000 was based on data from the Government's spending plans as provided in the Comprehensive Spending Review (CSR 2004). Subsequently, as reported to Cabinet on 16th December, 2004, the provisional Revenue Support Grant (RSG) Settlement, has seen substantial changes to the level of funding for local government with both increases in the level of RSG and specific grants.
3. It is important to emphasise at this stage that a significant element of the additional funding, in the order of £2.3 million or so is, on the basis of the announcements made, for only one year. Therefore, whilst this does mitigate the scale of budget reductions required to achieve an acceptable rise in council tax, the position should

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

be viewed as providing a longer planning timetable to achieve reductions rather than long term relief from the requirement to secure budget reductions.

4. A key point to highlight arising from the settlement, illustrated by the additional funding emerging in the few weeks prior to the formal announcement on 2nd December, 2004, is the Government's intention to see relatively low rises in council tax. Recent pronouncements from Ministers have emphasised the very real possibility of capping powers being used to curb excessive increases. As in previous years, however, capping criteria will not be announced in advance but the Government's stated desire to see increases averaging less than 5% emphasises its intent.

## **Aligning the Medium Term Financial Plan to the Corporate Plan**

5. Cabinet recently agreed the Council's Draft Corporate Plan ('the Plan') for the period 2005-08. The Plan clearly sets out the Council's priorities and its direction of travel over the next three years. The Medium Term Financial Plan (MTFP) performs a vital role in resourcing the Corporate Plan and, in particular identifies unavoidable spending pressures and the potential impact on council tax.
6. The savings figure in future years within the MTFP is based upon limiting council tax rises to broadly Government guidelines and provides a guide to the level of resources the Council has available to deliver its priorities within the Plan. There are a number of important factors to be highlighted. There is highly unlikely to be any significant headroom in the budget over the period of the MTFP given:
  - the restrictions in raising revenue locally through capping, particularly in 2005/06.
  - the requirement to identify cash efficiency savings following the Gershon Review.
  - the ongoing pressures in the funding of care for older people and waste disposal and, the continued support for Education in line with Government targets.
7. It is imperative, therefore, for the corporate savings initiative to continue through the Service Improvement Programme (SIP); corporate procurement and reducing base budgets in line with the priorities set out in the Corporate Plan. Appendix 1 summarises the budget reductions considered by the Budget Panel.
8. The constraints within the MTFP demonstrate the need for flexibility in how the priorities within the Plan are funded. Three specific ways of doing this are;
  - the LPSA Performance Reward Grant will be received over the next two years and this is shown as funding improvement in Herefordshire Partnership priority areas.
  - the use of capital investment through both prudential and supported borrowing and this needs to be reflected in the capital strategy.
  - the prudent use of reserves and the flexibility accorded by the one-off changes in the current year's settlement to manage base revenue budget fluctuations over the medium term.



9. A number of priorities emerged from last year's budget considerations with a number of principles being established in setting the current year's revenue budget and the MTFP. These are as follows:

- (a) 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 plan period.
- (b) 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 wish to support that approach whilst recognising that that does create difficulties for funding central support for schools, particularly in a Council with Herefordshire's characteristics.
- (c) 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.
- (d) The Council has been postponing investment in Information and Communications Technology (ICT), 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.
- (e) The Council needs to address its performance in relation to highways, transport, planning and waste. This will require prudent investment and the generation of that investment may require the Council to support significant changes in the pattern of provision.
- (f) There is a need to continue to resource activity, which is of direct benefit to the community. Past 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 service then it needs to consider in some cases whether to continue to maintain the services at all in some areas.
- (g) The Council needs to continue to strive for efficiency. It would be foolish to pretend with an organisation of the size of the Council, delivering the range and breadth of services that it does, it always maintains 100% efficiency. There is however a recognition that the amount which can be driven out by traditional approaches to improving efficiency are unlikely to be sufficiently significant to support the Council's medium-term financial plan. Cabinet has therefore agreed to look at two specific projects as an alternative to traditional approaches to economies and efficiencies. These approaches are now embodied in the work through the Service Improvement Programme and Procurement initiatives. That is not to say, however, that the traditional approaches would not continue.

The Service Improvement Programme (SIP) - this programme is intended to take a fundamental look at the way in which the Council operates. It will seek to address the prospects for savings by entirely changing operational process.

It is believed that there are significant opportunities for efficiency savings. Cabinet has agreed in principle to pursuing this approach, ensuring that savings generated are freed to support the Council's MTFP rather than individual Directorate and Departmental activity.

- (h) Accommodation - the Council's current occupation of accommodation is inefficient both in terms of the actual occupation of space but also in terms of maintenance and loss of staff time. Again Cabinet has approved in principle a process for managing the accommodation requirements of the Council in a way that will be at least cost neutral and hopefully over the planned period will make a modest revenue return for reinvestment.
  - (i) In addition, Cabinet considered the extent it wishes to resource any additional borrowing required as a consequence of the Prudential Guidelines. The MTFP reflects a provisional spend of £5,000,000 per annum. The position will be reviewed annually.
10. The 2004/05 Revenue Budget substantially reflected these principles despite capping. In the light of the funding constraints now faced, however, the above principles have been revisited in Budget Panels over the last two months with a realisation that levels of revenue investment anticipated (i.e. £7,000,000 in total less £1,800,000 invested in 2004/05) may not be able to be maintained in all areas. The following paragraphs highlight the key issues for Cabinet's consideration.

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

11. In determining its budget policy, the Council will need to take into account immediate factors outside the MTFP. 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.
  - (d) the level of the Council's general reserves and balances.

### **National outlook**

12. Prior to considering local priorities as reflected in the Corporate Plan and associated MTFP, it is important to give consideration to the national outlook. The CSR 2004 sets out the Government's resource forecasts for local government for the three-year period 2005/06 to 2007/08. A detailed report has been considered by Cabinet but the following aspects are worth reiterating:
- Continued direction of resources towards Education and Social Care.

- Expectation of cost effectiveness savings to redirect to other service pressures (Gershon).
- Real terms reduction in Highways funding.
- Possible three-year settlements from 2006/07.
- Direct funding of schools.
- Transfer of Preserved Rights Funding Social Care to Review to mainstream FSS. (This transfer into the national funding stream is likely to result in a significant loss of revenue to the Council).
- The Balance of Funding Review led by Sir Michael Lyons, is due to report in December 2005 although it is too early to speculate on changes to the way local authorities are funded

## **Status and risks**

13. Clearly the need to avoid capping is critical in the determination of the level of council tax for 2005/06 and predictably also in future years. 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 MTFP. The following paragraphs highlight the major issues to be considered.
14. The Council has maintained its steady improvement with regard to the Audit Commission's Corporate Performance Assessment (CPA) and the recent CPA announcement sees the Council consolidate its position as a "Good" authority. The Council has made progress on its service score for Environment but fallen back in its score for Education and Social Care (Children and Young People). The Council currently enjoys the maximum score for the "Use of Resources" and for this to continue, particularly having regard to the new CPA methodology for 2005 onwards, resources will need to continue to be directed in support of the Council's priorities
15. The CPA methodology is changing from 2005 onwards and, whilst still subject to consultation, is almost certain to involve the attainment of higher standards to maintain the Council's current classification. The Auditor's judgement, as currently proposed, will offer stronger judgements on financial planning and management, internal controls and financial standing. The mechanisms the Council has used to consult on and determine the level of resources will also be considered. The current development of the Corporate Plan and associated MTFP will be critical factors in the CPA and the Council will, therefore, need to ensure that resources continue to be directed accordingly.
16. The Council does, however, face significant risks in the following areas over the medium term.
  - (a) The Social Care budget, which without ongoing investment would place the Council at risk with increased expectation, increasing number of clients and increased exposure to challenge. Continuing to press for the adoption of the 2001 census data is an important element of mitigating that challenge.
  - (b) The difficulty of estimating the escalating costs of waste disposal and collection. There are a number of actions such as the need to re-negotiate the Waste Disposal PFI contract and the pressure of ever-increasing volumes of waste, 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.

- (c) There is a need to address issues of levels of performance within Social Care (Children and Young People) which contribute to the annual star rating. This will now be reflected in the Joint Review of Children's Services.
  - (d) In relation to other service areas, national targets and standards, which are subject increasingly 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 funding provided in this year's settlement, it is asserted that it is highly unlikely that they will be made available next year. If not, that would place a further significant pressure on council tax in 2006/2007 and beyond.
  - (f) The Council is embarking on a major budget reduction exercise including SIP and Procurement savings. Significant reductions in budgets reduces the capacity to manage unforeseen budget pressures in year.
  - (g) Lack of affordable housing is impacting on spending on homelessness and may continue to put pressure on limited resources.
  - (h) Revenue Support Grant Clawback - the issuing of annual amending reports by the Office of the Deputy Prime Minister (ODPM) creates the potential for retrospective clawback of RSG as a consequence of changes to other authorities data.
  - (i) The markets supplying residential care and public transport increasingly require increases in charges/subsidy beyond inflation or services are withdrawn.
  - (j) Significant reductions in the Supporting People Grant are anticipated over the period of the Medium Term Financial Plan.
17. As previously reported, 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-dependent 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 24th February, 2005 will reflect this requirement.

## **Consultation results**

18. These were considered as part of a detailed report to Budget Panel a summary of which is attached at Appendix 2.

## **Standstill budget**

19. A key component of the Council's budgetary process in recent years, endorsed by Council last year in adopting the MTFP, 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.
20. 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. Preserved Rights Grant). The position reached is the total cost of providing current levels of service before taking into account service pressures, budget reductions or any other policy decisions. Standstill budgets for 2005/06 to 2007/08 are reflected in Appendix 3.
21. 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.
22. The net standstill budget for 2005/06 is £184,800,000 which, after RSG and Collection Fund surplus of £117,700,000, leaves a sum of £67,100,000 to be funded by council tax. The figure is before taking into account development pressures, e.g. Social Care and ICT and before any budget reductions and generates an increase in council tax of 4.6%.

## **The current year's budget and accumulated reserves and balances**

23. A key factor linking the Council's budget and risk is the level of the Council's general reserves. An estimate of the position on reserves as anticipated at 31st March, 2005 is set out in Appendix 4.
24. The main features arising from this year's revenue budget which are relevant both in terms of the MTFP and the 2005/06 Budget specifically are:
  - Demographic demand for older people's services.
  - Waste Management – increasing costs and volumes.
  - Reducing income – industrial estates and commercial property.
  - Pressures on the homelessness budget.
  - ICT Investment
  - Grounds maintenance – adopted land etc.
25. The estimated level of general reserves at 31st March, 2005 is £5,000,000, i.e. £2,000,000 in excess of the minimum level of £3,000,000 approved by Council. Whilst the position will need to be reassessed on the basis of any further emerging issues and the Council's final budget proposals, the County Treasurer advises that a figure of £3,000,000 represents a valid and prudent reserve to maintain. A sum of £2,000,000 is, therefore, available on a one-off basis to support the Council's overall budgetary position. Once again, previous advice is reiterated that such a sum should

not be used in support of ongoing revenue expenditure, not least having regard to the impact on future years' council tax rises.

26. In addition to the sums represented above, it is forecast that the Council will retain some £1,100,000 as a consequence of underspendings resulting from delays in implementing revised Waste Disposal PFI contractual arrangements come the end of the financial year. Current indications from negotiations point to significant increases in costs, at least over the next few years, which although consistent with projections reflected in the MTFP would adversely impact on council tax, potentially by up to 1.5% - 2% from 2006/07 onwards. It is, therefore, recommended that the accumulated underspend is utilised to even out the call on the budget for the three-year period 2005/06 to 2007/08.
27. The overspending predicted for Social Care and Property Services are two areas which give rise to some concern despite ongoing efforts to contain expenditure within budgetary limits.
28. With regard to Social Care the significant efforts made in 2003/04, which saw the overspend reduce to £253,000 have been confounded by emerging pressures during the current year. It seems likely that, despite the rigorous management action applied to mitigate the position, an overspend in excess of £750,000 will result.
29. The position regarding Property Services has developed over the last few years as rent reviews and other factors has seen income levels fall. Additional resources of £197,000 provided as part of the 2004/05 budget has stabilised the position but an accumulated deficit come the year end of some £450,000 is anticipated. The Director of Environment has proposed reducing property maintenance by £200,000 a year as a means of addressing the position over the medium term.
30. Managing down these overspends against the backdrop of tight budgetary constraints over the period of the MTFP present a significant challenge. Cabinet may therefore wish to give consideration to the proposition that, given the relatively healthy position reported, general reserves are utilised to reduce the overspend to be carried forward at least in part. Clearly such an approach must be viewed as exceptional given the Council's current policy of carrying forward both over and underspending as detailed in financial regulations.
31. A further issue requiring consideration in the context of the Council's available reserves is the implementation of the Children's Act 2004. The appointment of an interim Director of Children's Services paves the way for the realignment of service provision within the Social Care and Education directorates. The process will require dedicated resources additional to those currently available, to develop a clear rationale for likely change and to implement new systems, procedures and staffing structures. The Director is currently preparing a report for Cabinet consideration and at this stage additional one-off costs in the order of £250,000 are anticipated over the next two years. Cabinet may consider it appropriate for this one-off cost to be met from reserves.

## **Conclusions**

32. In reaching conclusions, it is important to refer to the outline strategy endorsed by the Budget Panel at the commencement of the process. Based on the information contained in the CSR 2004 in July, it was concluded that the Council faced the toughest local government finance settlement that it had seen in its relatively shortly life. On the figures then available, the Council faced a very significant funding gap

amounting to some £4 million in terms of maintaining a standstill budget and some £5 million if the Council was to make available £1 million for modest investments in the essential areas of older people and ICT.

33. It is important to emphasise that that preliminary work was based on a council tax level of 5.5% accepting that the Government's indication of levels of council tax increase were focused on "low single figures". That 5.5% council tax was itself below the level of council tax which could be anticipated from the CSR 2004 announcement.
34. As detailed earlier in this report, and reported to Cabinet on 16th December, 2004, the provisional local government finance settlement issued by the Office of the Deputy Prime Minister on 2nd December, 2004 was significantly better than that which could have been predicted from the CSR 2004 announcement in July. Those improvements, followed intensive negotiation between the Local Government Association (LGA) and Government over the intervening period. Whilst that relief is welcomed, as reported to Cabinet on 16th December, 2004, on the face of the announcement, there was the clearest possible indication that £3 million of the additional monies made available in support of the current year's settlement will not be repeated in 2006/07. There has been further opportunity to examine the detail and it is clear that applies both to the sum of £1.5 million addition made available through the late changes to the settlement and also to the proposal to postpone the technical adjustment in relation to the preserved rights expenditure (Social Care) which is currently funded by specific grants where the intention remains to transfer this into mainstream FSS funding, which may disadvantage Herefordshire to the tune of £0.8 million. There is, therefore, a total potential impact on the 2006/07 budget of £2.3 million.
35. There remains the possibility that as in the current year, there will be adjustments made to the underlying CSR 2004 announcement in relation to 2006/07 but the current very clear message is that similar adjustments next year are not in contemplation.
36. The other important factor to which to draw attention and which is easily overlooked as part of the Government's announcement, is that part of the additional monies made available is expected to be applied to drive down still further the levels of council tax which will need to be levied. The average national figure to which the Government is making reference in its announcements is 3.7% but employing exactly the same method of calculation for Herefordshire's own position then the predicted council tax increase in Herefordshire would be some 4.8%. Before the council tax is set in March, it will be important to look at the council tax rises being generated within the region, to look at those being generated by similar County authorities and to look at those being generated by similar Unitary authorities. Early indications are that council tax increases are more likely to be in 4% - 4.5% range and it clearly is a priority for the Council to avoid any risk of "capping" in the forthcoming financial year. At the same time, it is important particularly given the one off nature of much of the additional assistance in the current financial year, that the Council maintains the highest possible base because that will give the maximum flexibility in dealing with the challenges which are clearly set out in the supporting Appendix 3.
37. The other element to which it is necessary to draw attention is the approach to be taken to implementing the results of the triennial actuarial review of the Superannuation Fund. Provision had been made for the actuarial review on the basis of advice received from the Superannuation Authority and on the basis of the then advice from ODPM. That advice has more recently been amended and the

essence of the advice is that Superannuation Authorities may now adopt a longer-term approach in planning a recovery strategy for such funds nationally. In applying those new recommendations, stepped increases in contributions will now apply for the period 2005/06 to 2010/11. The consequence is that there is a reduction in the predicted provision in the current year's budget of £750,000 but the stepped approach to contributions mean that "saving" against the original budget will be eroded by some £200,000 per annum thereafter. In essence, therefore, the original estimates provided by the Superannuation Authority would have to be met as originally assessed but the revised advice allows those increases to be phased over a longer period.

38. The attention of Cabinet is drawn to the 2005/06 financial year where it would be possible, if the Council was to make no money available for growth, to maintain a standstill budget on the basis of the December settlement whilst generating a council tax increase of 4.6%.
39. However, it is important to draw attention to the consequences of such a strategy in terms of the 2006/07 budget. Based on the Government's current expressed intention and based on the information made available within the CSR 2004 announcement, then on the basis of the Government's plans there would be an anticipated council tax increase in 2006/07 of 5.5%, but if council tax was to be set at that level there would be an anticipated budget shortfall of £4.2 million. It is, therefore, important that the Council sets a strategy which does not lose the headroom in the recently announced settlement to support significant ongoing expenditure thus exacerbating the position which the Council would face in 2006/07 and beyond.
40. Cabinet need to formulate the principles which might underlie the Council's budget strategy for the forthcoming year. The following proposals are put forward for consideration.
  - That in line with the view expressed by Cabinet on 16th December, 2004, Cabinet supports the retention of the targeted service savings of £3 million, amending that target by reference to the schedules enclosed at Appendix 1 as they see appropriate. It is that sum of money that would provide the base budget provision for much needed investment in older care and ICT and that will enable any reduction in Council tax below the predicted level of 4.8% which the Council wishes to make.
  - The Council has to demonstrate the 2.5% efficiency review savings of which 1.25% must be cashable. In support of that, the Council has established the Service Improvement Programme and is commissioning further work on procurement. There is a targeted sum of £2 million attributed to those programmes. It was always seen as being difficult to achieve a full year's effect of those targeted savings in 2005/06. It is essential, however, to maintain the momentum of that programme. The target could be revised, however, to ensure that the full year effect of the proposed £2 million reductions could be secured for the financial year 2006/07. That should not be allowed to take the pressure off maximising the returns in 2005/06 (which will be necessary in part to meet the efficiency target) and this in turn could free up additional monies in year for further investment.
  - Such a strategy would produce a sum significantly in excess of the targeted investment of £1 million and Cabinet would need to consider carefully how much of that additional sum should go in support of the priorities identified in



the Council's MTFP and Corporate Plan. This is a difficult balance to strike. The currently identified gap for 2006/07 is over £4 million and it is anticipated that the Council would wish to avoid a situation where it invests in 2005/06 only to have to disinvest in 2006/07. The issue for Cabinet to address would be how far it wished to take the longer term view in terms of using those monies to even out the very significant burden that would otherwise be faced, particularly in 2006/07 but through to 2007/08. This needs to be specifically highlighted as part of the Council's budget strategy.

- This is a particularly difficult strategy for the Council to explain to the public. It depends on the Government holding to the three year projection contained in CSR 2004 for the full period. The uncertainties which surround CSR 2004 are as follows:
    - Will the Government maintain its current indicated stance of not replacing the one-off funding in the current year (estimated value £2.3 million) as part of the 2006/07 settlement?
    - At what stage with the Government eventually utilise fully the 2001 Census Data with the consequential gain to this Council? There is increasing pressure on the Government to do so, particularly as authorities like Herefordshire are compelled to contribute retrospectively from their budget towards the selective application of the 2001 Census Data which disadvantages Herefordshire. (paragraph 16(h))
    - What is the likely impact and timing of the Lyons Review on the funding of Council expenditure?
    - What is likely to be the impact of the recently announced approach to three year settlements?
41. Cabinet will wish to consider very carefully the balance between anticipating the formally announced Government's expenditure plans and the very significant uncertainties detailed in the previous paragraph. It might be seen as too cautious given the balance which needs to be struck between much needed investment and future financial stability.
42. The issue of the current levels of reserves held by the Council is detailed at paragraphs 23 - 31 and Appendix 4. The reserves currently held by the Council are at historically high levels set against the Council's established policy of maintaining a minimum prudent reserve of £3 million. Reserves could appropriately be used to assist in support of non-recurring expenditure.
43. There are a number of areas in which Cabinet may wish to consider the application of reserves.
44. Whilst maintaining the pressure on the in-year management of the Social Care budget, there would be the opportunity for the first time for many years to apply reserves to enable Social Care to start the financial year 2005/06 without any budget deficit. Whilst the pressures on the Social Care budget were recognised, it was important to commit to the principle that the application of reserves in 2005/06 was a measure designed to ensure a greater level of stability in managing the budget in this area.
45. A similar approach might be pursued in relation to the Property Services budget. Once again, it would have to be firmly tied in to new approaches to budgetary control.

46. There is a clear case already identified for funding the Change Team required to introduce the required measures into the new Children's Services Directorate from within reserves. This would quite possibly be over more than a single financial year.
47. Again reserves could be used to support the Service Improvement Programme and Procurement Programme through an invest to save approach.
48. Finally, with the pressures of job evaluation and the need for Human Resources support for major change programmes, there would be the opportunity to provide temporary financial support for the Human Resources Division prior to the Cabinet considering final proposals for the structuring of that Division.

## **Council Tax**

49. The final decision on council tax is clearly a matter for Cabinet to recommend to full Council at its March meeting. There are very important service and local political considerations to be taken into account. As previously outlined in the report, the balance to be struck is between maintaining the Council's spending base in the current financial year, providing prudently for the major challenge which on the basis of the Government's announcements would be faced in 2006/07, making judgements about the Government's approach to council tax capping in the forthcoming year and a prudent consideration of the council tax payer. It is for Budget Panel to make an initial recommendation to Cabinet and it may wish to do so by expressing a view on a specific figure or by indicating a range of likely council tax levels.
50. In terms of the Council's 2004/05 budget when the Council was both designated and capped, then the Chief Executive and County Treasurer would clearly advise that the council tax increase should not exceed that arrived at by the Government's own calculation, namely 4.8%. There is a cogent argument for "playing safe" given the circumstances which were encountered in 2004/05. It will be important to continue to monitor likely council tax levels in comparator authorities.
51. On the basis of current information, the Chief Executive and County Treasurer would commend a guideline of between 4% and 4.5%. Conscious of the importance of maintaining the council tax base, the current recommendation would centre around the higher end of that range.
52. That recommendation is made not because of the pressures on expenditure in the financial year 2005/06 but to protect as far as possible the budget position for 2006/07.

## **Recommendations of Budget Panel**

53. Having met on a number of occasions during late 2004, Budget Panel considered the foregoing report on 17th January and has made the following recommendations for Cabinet's consideration:-
  - That the securing of targeted service savings, as set out in paragraph 40 above, be endorsed, particularly having regard to the need to achieve 'Gershon' efficiency targets.
  - That Cabinet note the outcome of the Public Consultation exercise.
  - That work continues to secure Service Improvement Programme and Procurement savings.

- That the RSG Settlement be noted but with concern that on the basis of the accompanying advice from government the significant additional resources provided for 2005/06 are unlikely to be repeated in future years.
- That the potential clawback of grant, referred to in paragraph 16 (h), be noted with concern.
- That the application of reserves referred to in the report be supported.
- That, having regard to the potential capping position, Cabinet refers its budget proposals to Strategic Monitoring Committee indicating that at its final meeting on 24th February, 2005 it would intend to recommend to Council a Council Tax increase of between 4% and 4.5%.



## REVENUE BUDGET 2005/06

### PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

#### SUPPLEMENTARY REPORT FROM THE LEADER OF THE COUNCIL

CABINET

27TH JANUARY, 2005

**This report is supplementary to the report at Item 3 on the Revenue Budget 2005/06 which forms part of the papers for the Cabinet meeting on 27th January, 2005.**

1. The purpose of the paper is to give further detail in relation to paragraph 40 of the Budget Panel report to Cabinet. The report recommends that Cabinet supports the retention of the targeted service savings of £3 million, amending that target by reference to the schedules enclosed at Appendix 1 as they see appropriate. Whilst Budget Panel did not specifically recommend amendments to that total they were aware of the broad areas which were under consideration, which areas themselves were the subject of scrutiny reports which had either yet to be considered by the relevant scrutiny committee and/or the issues raised by those reports had remained to be addressed by the Executive.
2. The reports in question are the report of the Environment Scrutiny Committee on Car Parking Strategy which was considered by the Environment Scrutiny Committee on Monday, 24th January, 2005 and the report of the Strategic Monitoring Committee on the Voluntary Sector Review which was considered at a special meeting of the Strategic Monitoring Committee on Wednesday, 12th January, 2005.
3. The Leader will propose that the summary of proposed reductions set out at Appendix 1 be amended:

£000's

**(a) Under the Environment General heading, to delete the savings in 2005/06 in respect of:**

Concessionary Parking - delete the proposal to end concessionary parking fares to 65 year olds along with season tickets	125
Car Parking income - delete the proposal in 2005/06 for an additional 3% increase in income to 5.5% overall	75

The reason for this deletion is to reflect the fact that the improved settlement for the financial year 2005/06 enables the Council to give further consideration to such a proposal in the context of the Environment Scrutiny report on Car Parking Strategy.

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Further information on the subject of this report is available from Councillor R.J. Phillips, Leader of the Council, on 01432 260046

**(b) Under the Social and Economic Development heading**

Voluntary Sector - to delete part of the proposed saving of £180,000 which included the suspension of one-off grants to the voluntary sector and which carried the caveat that it need to be considered in the light of service improvement review findings, previously referred to in this report. circa 100 - 150

Leisure - delete the proposal to introduce car parking charges at the Hereford Leisure Centre 35

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335 - 385

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The reason for the first part of the proposal is to allow further consideration to be given to the part withdrawal of funding from the voluntary sector. The Voluntary Sector Review established that the Council in comparative terms makes significant investment in the voluntary sector but this revised proposal would allow Cabinet greater flexibility in giving consideration to the implementation of the Voluntary Sector Review and in particular to mitigate the impact of ceasing to make "one-off" grants recognising that in a number of instances such "one-off" grants had been awarded over successive years

The reason for the deferral of the introduction of car parking charges at the Hereford Leisure Centre is to enable that proposal to be considered in the broader context of the Car Parking Strategy and is consistent with a decision to defer similar proposals in relation to concessionary parking for the over 65 year olds and increasing car parking charges above the rate of inflation which it is also proposed be considered in the context of that wider strategy.

4. The Leader will formally propose these amendments at the meeting of Cabinet.

## SUMMARY OF PROPOSED BUDGET REDUCTIONS

	Proposed Reductions		
	2005/06 £000	2006/07 £000	2007/08 £000
<b>1 Environment</b>			
Environment General			
- Road Maintenance	730	830	830
- Other	340	440	540
Environment Regulatory	30	30	30
Environment Planning	400	200	100
<b>Total</b>	<b>1500</b>	<b>1500</b>	<b>1500</b>
<b>2 Policy &amp; Finance General</b>			
Policy and Community	214	214	214
Support Services (Human Resources)	30	30	30
Support Services (County Secretary & Solicitors)	136	136	136
Support Services (County Treasurers)	334	393	393
ICT (For reinvestment)	120	314	308
<b>Total</b>	<b>834</b>	<b>1087</b>	<b>1081</b>
<b>3 Policy &amp; Finance Property</b>	<b>205</b>	<b>205</b>	<b>205</b>
<b>4 Community &amp; Economic Development</b>			
<b>Social Development</b>			
Efficiency Savings	301	301	301
Strategic Options and further reductions	401	506	506
<b>Rural Regeneration and smallholdings</b>			
Efficiency Savings	66	66	66
Strategic Options and further reductions	50	50	50
<b>Economic Development Markets &amp; Property</b>			
Efficiency Savings	26	26	26
Strategic Options & further reductions	60	60	60
<b>Total</b>	<b>904</b>	<b>1009</b>	<b>1009</b>
<b>5 Education</b>			
Schools Budget (For reinvestment)	405	405	405
Outside Schools (For reinvestment)	270	270	270
Outside Schools (Corporate contribution)	300	300	300
<b>Total</b>	<b>975</b>	<b>975</b>	<b>975</b>

	Proposed Reductions		
	2005/06 £000	2006/07 £000	2007/08 £000
<b>6 Social Care &amp; Strategic Housing</b>			
<b><i>Social Care</i></b>			
Childrens Services			
Best Value bids for Resources	-306	-306	-306
Efficiency & other Savings	204	407	522
Adult Services			
Best Value bids for Resources	-1452	-2629	-3606
Efficiency & other savings	301	694	1170
<b><i>Other Social Care</i></b>			
Efficiency and other Savings	329	650	961
<b>Total</b>	<b>-924</b>	<b>-1184</b>	<b>-1259</b>
<b><i>Strategic Housing</i></b>			
Efficiency & other Savings	23	46	69
<b>Total</b>	<b>23</b>	<b>46</b>	<b>69</b>

## SUMMARY

Proposed Reductions	Proposed Reductions		
	2005/06 £000	2006/07 £000	2007/08 £000
<b>Environment</b>	<b>1500</b>	<b>1500</b>	<b>1500</b>
<b>Policy &amp; Finance – General</b>			
Support Services	500	559	559
Policy & Community	214	214	214
	<b>714</b>	<b>773</b>	<b>773</b>
<b>Community and Economic Development</b>	<b>904</b>	<b>1009</b>	<b>1009</b>
<b>Strategic Housing</b>	<b>23</b>	<b>46</b>	<b>69</b>
<b>Education</b>	<b>300</b>	<b>300</b>	<b>300</b>
<b>Total Proposed Reductions</b>	<b>3441</b>	<b>3628</b>	<b>3651</b>
<b>Contributions towards developments</b>			
<b>ICT</b>	<b>120</b>	<b>314</b>	<b>308</b>
<b>Social Care</b>	<b>-924</b>	<b>-1184</b>	<b>-1259</b>
<b>Education</b>	<b>675</b>	<b>675</b>	<b>675</b>
<b>Property (Reducing overspend b/f)</b>	<b>205</b>	<b>205</b>	<b>205</b>



**BUDGET OPTIONS: REPORT ON THE 2004 PUBLIC CONSULTATION**  
**REPORT BY DIRECTOR OF POLICY AND COMMUNITY**  
**AND COUNTY TREASURER**

**BUDGET PANEL**

**17 JANUARY 2005**

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**Purpose**

1. From October to December 2004, the Council carried out public consultation on future budget options. This paper summarises the various methods used to consult and the results. It invites the Budget Panel to have regard to the results as it considers its advice to Cabinet.

**THE BASIS OF THE CONSULTATION**

2. The consultation was based on the prudent broad assumption for 2005-06 that taking into account:
  - inescapable service and other spending commitments
  - the then likely ceiling on acceptable Council Tax increases
  - the then estimated level of Government grants
  - £1 million of growth in services, particularly to respond to the needs of increasing numbers of older people
  - £2 million of efficiency savings

The Council would need to reduce service levels to save associated expenditure of £3 million.

**CONSULTATION METHODS AND RESULTS**

3. ***The Research for Today household survey.*** The centrepiece of the consultation, and the starting point for all the consultation methods, was a survey of 504 households throughout the county undertaken by *Research for Today*. Conducted face-to-face, this required households to choose between types and levels of 24 services so as to produce the required net savings of some £3 million. It therefore replicated the process by which the Council has to prioritise services within a finite total budget.
4. The full service options presented for the consultation are at were available to Budget Panel and are available on request.
5. This household survey was the only method that, as it turned out, provided a statistically reliable and representative sample of the whole adult population. It was also the only method that generated systematic and reliable information about the public's preferred trade-off between levels of service and levels of Council Tax.

6. Overall, 55 per cent were predicted to favour a package of services that would produce the required net savings of £3 million and restrict the increase in Council Tax for a Band D house to £52. Amongst the over 60s, 62 per cent were predicted to favour this package. Although only 48 per cent of under 40s did so, this was the package predicted to be favoured by the greatest number in this group too.
7. A summary of the results in terms of preferred service levels is in the first three columns of Annex 1.
8. ***The Herefordshire Voice Citizen's Panel.*** A questionnaire, based on the *Research for Today* household survey service level options, was sent to the 1,000 members of the Citizen's Panel. There were 156 responses, of which 76 were completed correctly so as to give total net savings of £3 million.
9. This was a low response rate compared with previous surveys of the Citizen's Panel. This was, however, a challenging task for members of the public to undertake without the face-to-face assistance provided as part of the *Research for Today* household survey. Moreover, there is evidence that some Citizen's Panel members chose instead to complete the much simplified version of the questionnaire (see below). The future arrangements for the Panel are under consideration as part of a wider review of community consultation.
10. The results are summarised in columns four and five of Annex 1.
11. In view of the low response rate, this cannot be considered a reliable or representative sample of the whole population. It is noteworthy, however, that in most respects the results reflect the preferences indicated by the *Research for Today* household survey.
12. ***The Council's web-site.*** In essence the same questionnaire as issued to the Citizen's Panel was placed on the Council's web-site. 64 responses were received: 39 completed on-line, and 25 downloaded and returned by FREEPOST.
13. The results are summarised in columns six and seven of Annex 1.
14. Once more, this cannot be considered to be a representative or reliable sample of the whole population, but it does give results that generally correspond closely with those of the *Research for Today* household survey and the Citizen's Panel.
15. ***The simplified questionnaire.*** A greatly simplified version of the questionnaire was published in *The Hereford Times* and *Herefordshire Matters*, made available at the Council's Info. Shops and libraries, and downloadable from the Council's web-site.
16. This did no more than list the 24 areas of service that had been included in the full questionnaires for the *Research for Today* household survey, the Citizen's Panel and on the web-site, without specifying different levels of services and associated spending. It asked respondents simply to tick each service area to show whether they wished to see expenditure on it reduced, maintained or increased. Choices were not therefore constrained by a net savings target.
17. 1,695 responses were received. Of these, 502 came in two batches – from users of the Bridge Street, Leominster leisure centre and from *the Herefordshire Citizen's Advice Bureau* - where respondents had indicated their views in respect of only one service option.
18. Of those that were submitted individually, almost half were from *Herefordshire*

*Matters*, fewer than 10 per cent from *The Hereford Times*, over 24 per cent downloaded from the Council's web-site, and over 18 per cent from Info. centres and libraries.

19. Despite the large of responses, this cannot be considered a representative or reliable sample of the whole population, but it does again show priorities that are, for the most part, consistent with those from respondents to the full questionnaire.
20. It is also noteworthy that a much smaller number of respondents indicated a wish to see increased spending on particular services than wanted to maintain or reduce it: in the case of only four service areas did more than 20 per cent of respondents want to increase spending.
21. **Youth Times.** As part of *Local Democracy Week*, six councillors were interviewed by young people. Twelve 13 to 25 year-olds took part, with others contributing by e-mail. This was the only method of consultation that tested the opinions of people under 18.
22. The results are summarised at Annex 2. Although they cannot be regarded as statistically reliable or representative of all young people in the county, they do show that this group, at least, has very different priorities from the majority of the adult population.
23. **Written comments from partners and other organisations, and from individuals.** 22 partner and other organisations, and 54 individuals, sent written comments.
24. The comments from organisations concern the services of direct relevance to them. Typical examples are the plea from local NHS trusts for the increased investment in support for older people that would end the blocking of hospital beds; and the assertion by the voluntary and community sector of the value of their contribution, coupled with urging comparison of the cost-effectiveness of the services they provide with those provided directly by the Council.
25. Most individuals press the case of one service area, such as Tourist Information Centres or the Courtyard Theatre.
26. **Local Area Forums.** Special meetings of the six Local Area Forums were held. 172 members of the public attended, with numbers ranging from 13 at the Central Herefordshire LAF to 50 at the Hereford City LAF.
27. There was no dominant theme as to which services should be reduced, maintained or increased. Indeed, the most frequent points raised were not about service levels as such but were instead requests for more information about the relative costs of different services; testing of whether the Council was doing enough to reduce expenditure by means of increased efficiency rather than cutting services; and, more generally, to probe as to whether the Council was addressing the right issues.

## SUMMARY

28. The only statistically robust and representative reflection of the views of the whole adult population of the county is that produced by the *Research for Today* survey of 504 households. The results are summarised in the first three columns of Annex 1.
29. That said, a broadly similar set of priorities emerged from the other methods of

consultation that used either the full or greatly simplified questionnaires based on the service area choices in the *Research for Today* household survey.

30. The *Research for Today* survey also indicates that the majority of adults would be likely to favour a package that combines a relatively modest increase in Council Tax with, if necessary, targeted service reductions of up to £3 million.

## Summary of preferred choices from the Research for Today, Herefordshire Voice and web-site long questionnaires

Service	Research for Today options	Cost / Saving £	Herefordshire Voice options	Cost / Saving £	Web-site long questionnaire options	Cost / Saving £
<b>Providing transport to Social Care service users</b>	Reduce from 83,000 to 66,500 journeys	- 250K	Reduce from 83,000 to 66,500 journeys	- 250K	Reduce from 83,000 to 66,500 journeys	-250K
<b>Providing home to school transport for those who choose a denominational school</b>	Withdraw transport to denominational schools	- 250K	Withdraw transport to denominational schools	-250K	Withdraw transport to denominational schools	-250K
<b>Merging home to school / college transport routes</b>	Merge routes – 360 pupils have longer journeys	- 200K	Merge routes – 360 pupils have longer journeys	- 200K	Merge routes – 360 pupils have longer journeys	- 200K
<b>Providing car parks</b>	Increase charges, end concessionary parking and end season tickets	- 300K	Increase charges, end concessionary parking and end season tickets	- 300K	Increase charges, end concessionary parking and end season tickets	- 300K
<b>Supporting public transport</b>	Stop funding voluntary sector run community transport and reduce bus subsidies by 20% Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 300K	Stop funding voluntary sector run community transport and reduce bus subsidies by 20% Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 300K	Stop funding voluntary sector run community transport and reduce bus subsidies by 20% Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 300K
<b>Providing a parks and countryside service</b>	Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 200K	Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 200K	Further reduce financial support for parks and open spaces, withdraw support for Areas of Outstanding Natural Beauty and withdraw from Britain in Bloom and introduce modest car parking charges at Queenswood	- 200K

Service	Research for Today options	Cost / Saving £	Herefordshire Voice options	Cost / Saving £	Web-site long questionnaire options	Cost / Saving £
Providing support, funding and grants for voluntary and community organisations	Discontinue financial support for small projects of voluntary and community organisations. And <i>further</i> reduce longer term funding for advice organisations	- 500K	Discontinue financial support for small projects of voluntary and community organisations. And <i>further</i> reduce longer term funding for advice organisations	- 500K	Discontinue financial support for small projects of voluntary and community organisations. And <i>further</i> reduce longer term funding for advice organisations	- 500K
Making charges for vulnerable people receiving Social Care services	Increase charges by 20%	- 100K	No other option chosen	0	Increase charges by 10%	- 50K
Helping vulnerable people choose their own long term care	<i>Further</i> limit choice for people to choose their own long term care	- 400K	Limit choice for people to choose their own long term care	- 200K	<i>Further</i> limit choice for people to choose their own long term care	- 400K
Providing nursery places for three year olds	Reduce provision from 1,500 places to 1,300 places	- 200K	Reduce provision from 1,500 places to 1,300 places	- 200K	Reduce provision from 1,500 places to 1,300 places	- 200K
Providing environmental conservation services	Discontinue historic building grants, the making of tree preservation orders, and <i>reduce</i> community based project work	- 50K	No other option chosen	0	Discontinue historic building grants, the making of tree preservation orders, and <i>reduce</i> community based project work	- 50K
Providing grants for arts organisations and the Courtyard Theatre	Stop grants to the arts and some reduction in support for the Courtyard	- 100K	50% reduction in grants to the arts and some reduction in support for the Courtyard	- 50K	Stop grants to the arts and some reduction in support for the Courtyard	- 100K
Change the way care is provided to vulnerable adults	200 fewer day care places	- 50K	Reduce day care by 400 places a year	- 100K	No other option chosen	0

Service	Research for Today Consultation Options	Cost / Saving Implications	Herefordshire Voice Consultation Options	Cost / Saving Implications	Long Questionnaire Consultation Options	Cost / Saving Implications
Providing museums	Close all except Hereford Museum and Art Gallery	- 50K	No other option chosen	0	No other option chosen	0
Providing information for tourists	Close Ross Ledbury, Queenswood and Leominster TICs.	- 100K	No other option chosen	0	No other option chosen	0
Providing leisure facilities	No other option chosen	0	Increase charges for leisure facilities	- 50K	Increase charges for leisure facilities	- 50K
Helping older people to leave hospital	No other option chosen	0	Increase number delayed from 20 to 25	- 100K	No other option chosen	0
Providing children looked after by the Council with Herefordshire foster carers	No other option chosen	0	No other option chosen	0	No other option chosen	0
Providing Youth Services	No other option chosen	0	No other option chosen	0	No other option chosen	0
Providing a community library service	No other option chosen	0	No other option chosen	0	No other option chosen	0
Improving the street scene	No other option chosen	0	No other option chosen	0	No other option chosen	0
Maintaining roads and footways	No other option chosen	0	22% Reduction	- 300K	No other option chosen	0
Providing public conveniences	No other option chosen	0	No other option chosen	0	Close 6	- 150K
Helping older people to live at home rather than in care homes	Increase from 200 to 250 the number of older people helped to live at home rather than in care homes	+250K	No other option chosen	0	No other option chosen	0
<b>TOTALS</b>		- 2800K		- 3000K		- 3000K





## **SUMMARY OF “YOUTH TIMES” CONSULTATION**

### **Increase expenditure on:**

- leisure services for young people, including music venues; internet café; new cinema and entertainment complex; the proposed new skate-park
- youth services
- public transport
- environmental conservation
- grants for arts organisations, including the Courtyard Theatre

### **Reduce expenditure on:**

- roads and footway maintenance

**A general plea** to give young people a larger input into what happens in the county.



# APPENDIX 3

FRM	2005/2006			2006/2007			2007/2008			2008/2009		
	Total £'000	Education £'000	Other Services £'000	Total £'000	Education £'000	Other Services £'000	Total £'000	Education £'000	Other Services £'000	Total £'000	Education £'000	Other Services £'000
<b>Base Budget</b>	175,320	84,008	91,312	184,788	87,986	96,802	195,118	93,970	101,148	205,090	99,608	105,482
<b>Inflation</b>	5,404	2,527	2,877	5,253	2,647	2,606	5,684	2,837	2,847	5,958	3,007	2,951
	<b>180,724</b>	<b>86,535</b>	<b>94,189</b>	<b>190,041</b>	<b>90,633</b>	<b>99,408</b>	<b>200,802</b>	<b>96,807</b>	<b>103,995</b>	<b>211,048</b>	<b>102,615</b>	<b>108,433</b>
<b>Other Items</b>	911		911	825		825	580		580	580		580
- Waste management - PFI Contract	(323)		(323)	0		0	0		0	0		0
- Transfer of Magistrates Budget	774		774	1,995		1,995	0		0	0		0
- Part transfer of Preserved Rights grant into FSS	620		620	764		764	0		0	0		0
- Incorporation of Residential Allowances into FSS	0		0	187		187	0		0	0		0
- Transfer of Children's Quality Protects Grant into FSS	161		161	0		0	0		0	0		0
- Transfer of Training Support Programme Grant into FSS	50		50	0		0	0		0	0		0
- Other PSS FSS Transfers	72		72	0		0	0		0	0		0
- Civil Defence Grant into FSS	125		125	0		0	0		0	0		0
- Edgar Street Delivery Vehicle	(1,503)		(1,503)	0		0	0		0	0		0
- Direct Funding of Env Agency Levy (Wales)	(30)		(30)	0		0	0		0	0		0
- LPSA expenditure (Youth Offending - one-off expend 2004/05)	(750)		(750)	(750)		(750)	0		0	0		0
- LPSA 1 Performance Reward Grant	750		750	750		750	0		0	0		0
- Pump Priming of LPSA 2	100		100	0		0	0		0	0		0
- Corporate (Increased insurance premiums)	805		805	300		300	0		0	0		0
- Job Evaluation	176		176	1,135		1,135	1,033		1,033	781		781
- Changes in Capital Financing Costs	0		0	0		0	0		0	(453)		(453)
- Repayment of LGR SCA	540		540	775		775	863		863	756		756
- Prudential Code - Capital Implications	135		135	(3)		(3)	(3)		(3)	(3)		(3)
- Purchase of land at Plough Lane via Prudential Borrowing	0		0	300		300	1		1	144		144
- Whitecross School - PFI Contract	2,613	0	2,613	6,278	300	5,978	2,474	1	2,473	1,805	144	1,661
<b>Additional Funding/(Savings)</b>	0	0	0	(4,238)	0	(4,238)	(986)	0	(986)	689	0	689
Savings Required to keep Council Tax at potential cap	0	0	0	(4,238)	0	(4,238)	(986)	0	(986)	689	0	689
	2,613	0	2,613	2,040	300	1,740	1,488	1	1,487	2,494	144	2,350
<b>TOTAL STANDSTILL BUDGET</b>	183,337	86,535	96,802	192,081	90,933	101,148	202,290	96,808	105,482	213,542	102,759	110,783
Reinstated Education budget at FSS	1,451	1,451	0	3,037	3,037	0	2,800	2,800	0	833	833	0
<b>TOTAL STANDSTILL BUDGET</b>	<b>184,788</b>	<b>87,986</b>	<b>96,802</b>	<b>195,118</b>	<b>93,970</b>	<b>101,148</b>	<b>205,090</b>	<b>99,608</b>	<b>105,482</b>	<b>214,375</b>	<b>103,592</b>	<b>110,783</b>
<b>Assumed FSS</b>	182,373			192,586			202,444			210,817		
<b>Council Tax at 'Standstill'</b>	4.6%			5.5%			5.1%			5.1%		
<b>Council Tax increase - Government "Guideline"</b>	4.8%			5.5%			5.1%			5.1% ?		
<b>Assumptions</b>												
Assumed Pay and Price Increase	Employees - 2.95%			Teachers - 2.95%			Employees - 3%			Teachers - 3%		
	Teachers - 2.95%			Employers pension contributions - additional 0.7% on basic pay			Employers pension contributions - additional 0.6% on basic pay			Employers pension contributions - additional 0.6% on basic pay		
	Other Expenditure - 2.5%			Income - 2.5%			Other Expenditure - 2.5%			Other Expenditure - 2.5%		
	Income - 2.5%			Income - 2.5%			Income - 2.5%			Income - 2.5%		
Assumed FSS increase (as per FSS/Spending Review)	5.4%			5.6%			5.1%			4.1%		
Assumed Formula Grant increase	5.4%			5.7%			5.1%			4.2%		
Assumed Collection Fund Surplus	£ 300			£ 300			£ 300			£ 300		

210,817												
5.1%												
5.1% ?												
Employees - 3%				Teachers - 3%			Employees - 3%			Teachers - 3%		
Employers pension contributions - additional 0.6% on basic pay				Employers pension contributions - additional 0.6% on basic pay			Employers pension contributions - additional 0.6% on basic pay			Employers pension contributions - additional 0.6% on basic pay		
Other Expenditure - 2.5%				Other Expenditure - 2.5%			Other Expenditure - 2.5%			Other Expenditure - 2.5%		
Income - 2.5%				Income - 2.5%			Income - 2.5%			Income - 2.5%		
4.1%				5.1%			5.1%			4.1%		
4.2%				5.1%			5.1%			4.2%		
£ 300				£ 300			£ 300			£ 300		



## STATEMENT OF RESERVES AND BALANCES

	<b>£000</b>
<b>General Reserves (estimated March 2005)</b>	5,000
<b>Other Provisions and Reserves at 31st March 2004</b>	
<b>Schools delegated budgets</b>	6,845
Retained at discretion of governing bodies	
<b>Winter Maintenance Reserve (gritting)</b>	
Retained to even out year on year fluctuations	108
<b>Insurance</b>	
Set to meet future insurance excesses and uninsured loss (self insurance)	1,088
<b>Schools Balance of Risk</b>	
Internal insurance for schools	253
<b>Bad debts</b>	
Former Hereford and Worcester liabilities	82
<b>Maintenance of Open Spaces</b>	
Commuted lump sums utilised to meet additional maintenance liabilities	162
<b>Planning</b>	
Section 106 Agreements	78
<b>Initiatives Fund</b>	
To fund projects	227
<b>Miscellaneous</b>	
Other minor provisions retaining funds held for specific purposes	662

