

# A G E N D A

## Strategic Monitoring Committee

Date: **Monday, 13th February, 2006**

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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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***e-mail [tbrown@herefordshire.gov.uk](mailto:tbrown@herefordshire.gov.uk)***

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**County of Herefordshire  
District Council**



# AGENDA

## for the Meeting of the Strategic Monitoring Committee

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

Councillors B.F. Ashton, W.L.S. Bowen, H. Bramer, A.C.R. Chappell,  
J.H.R. Goodwin, Mrs. M.D. Lloyd-Hayes, 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>	1 - 6
To approve and sign the Minutes of the meeting held on 26th January, 2006.	
<b>4. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY</b>	
To consider suggestions from members of the public on issues the Committee could scrutinise in the future.	
<b>5. REVENUE BUDGET STRATEGY AND CAPITAL PROGRAMME 2006/07</b>	7 - 48
To ask the Strategic Monitoring Committee to consider and comment on the Cabinet's budget strategy for 2006/07.	



## **PUBLIC INFORMATION**

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

The Council has established Scrutiny Committees for Adult Social Care and Strategic Housing, Childrens' Services, Community Services, Environment, and Health. A Strategic Monitoring Committee scrutinises corporate 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

Formal meetings of the Committees are held in public and information on your rights to attend meetings and access to information are set out overleaf

## **PUBLIC INFORMATION**

### **Public Involvement at Scrutiny Committee Meetings**

You can contact Councillors and Officers at any time about Scrutiny Committee matters and issues which you would like the Scrutiny Committees to investigate.

There are also two other ways in which you can directly contribute at Herefordshire Council's Scrutiny Committee meetings.

#### **1. Identifying Areas for Scrutiny**

At the meeting the Chairman will ask the members of the public present if they have any issues which they would like the Scrutiny Committee to investigate, however, there will be no discussion of the issue at the time when the matter is raised. Councillors will research the issue and consider whether it should form part of the Committee's work programme when compared with other competing priorities.

Please note that the Committees can only scrutinise items which fall within their specific remit (see below). If a matter is raised which falls within the remit of another Scrutiny Committee then it will be noted and passed on to the relevant Chairman for their consideration.

#### **2. Questions from Members of the Public for Consideration at Scrutiny Committee Meetings and Participation at Meetings**

You can submit a question for consideration at a Scrutiny Committee meeting so long as the question you are asking is directly related to an item listed on the agenda. If you have a question you would like to ask then please submit it **no later than two working days before the meeting** to the Committee Officer. This will help to ensure that an answer can be provided at the meeting. Contact details for the Committee Officer can be found on the front page of this agenda.

Generally, members of the public will also be able to contribute to the discussion at the meeting. This will be at the Chairman's discretion.

(Please note that the Scrutiny Committees are not able to discuss questions relating to personal or confidential issues.)

## **Remits of Herefordshire Council's Scrutiny Committees**

### **Adult Social Care and Strategic Housing**

*Statutory functions for adult social services including:  
Learning Disabilities  
Strategic Housing  
Supporting People  
Public Health*

### **Children's Services**

*Provision of services relating to the well-being of children including education, health and social care.*

### **Community Services Scrutiny Committee**

*Libraries  
Cultural Services including heritage and tourism  
Leisure Services  
Parks and Countryside  
Community Safety  
Economic Development  
Youth Services*

### **Health**

*Planning, provision and operation of health services affecting the area  
Health Improvement  
Services provided by the NHS*

### **Environment**

*Environmental Issues  
Highways and Transportation*

### **Strategic Monitoring Committee**

*Corporate Strategy and Finance  
Resources  
Corporate and Customer Services  
**Human Resources***

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public Register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
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- The nearest bus stop to Brockington is located in Old Eign Hill near to its junction with Hafod Road. The return journey can be made from the same bus stop.

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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 Thursday, 26th January, 2006 at 10.00 a.m.**

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

Councillors: H. Bramer, J.H.R. Goodwin, J.P. Thomas and W.J.S. Thomas

**34. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors B.F. Ashton, W.L.S. Bowen, A.C.R. Chappell and Mrs M.D. Lloyd-Hayes.

**35. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**36. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 14th October, 2005 be confirmed as a correct record and signed by the Chairman.

**37. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY**

No suggestions were made.

**38. COMPREHENSIVE PERFORMANCE ASSESSMENT: CORPORATE ASSESSMENT AND JOINT AREA REVIEW**

The Committee was informed of the receipt of the Corporate Assessment and Joint Area Review undertaken in 2005 and the timetable for preparing an Improvement Plan.

The report outlined the Comprehensive Performance Assessment process noting that the Council was one of the first eight authorities to experience the new process of assessment. The process involved a Corporate Assessment and a Joint Area Review of services for Children and Young People and contained a new assessment on Direction of Travel, expressed in terms of the capacity of the organisation to improve.

He explained that in overall terms the Council had been assessed as being a 3 star authority and that its capacity to improve had been rated as Improving Adequately. He wanted to place the Improving Adequately judgement in context because the Council was one of only 30 per cent of local authorities improving at or below that level. That was significantly below the level of improvement to which the Council should aspire.

He then referred to the Joint Area Review (JAR). The headline here was in relation to the Staying Safe judgement where the overall contribution of services to keeping

children and young people safe was ranked as Inadequate, scoring a grade of 1.

This fed into the separate star rating judgements given by the Commission for Social Care Inspection where overall the Council had received a zero star rating.

This was a serious position for the authority and the overall Inspection results and the process for developing an Improvement Plan in response to the findings were described in the report. The Chief Executive commented specifically on the Staying Safe judgement and to the following summary of the issue drawn from the report.

“On the evidence gathered most children and young people appear to be safe. However not all those at the greatest risk of abuse and neglect get the help they need.”

The report had concluded that there were serious weaknesses in the system overall and that the implementation of the Child Concern Model (which is central to both), the assessment of need, and the planning of provision for children in need had been poorly planned and was giving rise to continuing problems in practice. There was concern that the criteria governing the involvement of local authorities' professional social workers were set too high.

He emphasised the importance of addressing the issue immediately and directly.

There followed a discussion on the thresholds for intervention and, in response to Councillor W.J.S. Thomas, the Chief Executive outlined the risks of drawing conclusions from individual cases without a thorough examination of the circumstances of such cases. The issue was whether the Child Concern Model as currently operated by the Council was effective in managing the risks in such cases. The Committee noted the broadly positive assessments in relation to the other service blocks and noted in particular the issues highlighted by the JAR in relation to the number of 16 year olds taking jobs without training and the provision of housing for young single people. In response to a question about the results for the first eight authorities the Chief Executive gave his understanding that, of the first eight authorities to experience a JAR, four had received initial grades in relation to Staying Safe of Inadequate. Some of those grades were subject to appeal. In making that statement, the Chief Executive emphasised that that should not detract from the serious attention that needed to be paid to that judgement.

It was noted that the issues raised in the JAR crossed the remits of a number of Scrutiny Committees. The relevant Chairmen would therefore need to discuss how the Scrutiny function would continue to contribute to the development of the Improvement Plan and its implementation.

In relation to the Corporate Assessment, the Committee noted the specific finding in relation to the Scrutiny function and accepted that a response to that issue would need to be made as part of the Improvement Plan.

### **39. INTEGRATED PERFORMANCE REPORT**

The Committee has received a progress report on the performance and other management activity necessary to successfully implement the Corporate Plan.

The covering report to Cabinet on 12th January, 2006 was appended to the report, with the detailed Integrated Performance Report itself having been made available separately.

The Chief Executive commented that the recent Corporate Assessment of the Council had identified the need for the scrutiny function to have an increased focus

on Performance Management. Further discussion of how best Scrutiny Committees might fulfil this role and what aspects they should focus upon needed to take place as part of developing the Council's Improvement Plan. It was important to avoid unnecessary duplication and to ensure that the Scrutiny Committees received up to date performance information.

The Corporate Policy and Research Manager informed the Committee that there were currently 18 areas highlighted as "red flags" where performance was not yet going to plan. These were grouped into three main areas of concern. The largest number related to the Local Public Service Agreement (LPSA2G), where the identification of the year by year targets, milestones and actions needed to achieve the 2007-08 ultimate targets was substantially behind schedule; confirmation of previously identified significant under-performance against targets in respect of older people's social care and the use of bed and breakfast accommodation for homeless people ; and a number of other, miscellaneous items, for example a shortfall against target in respect of the condition of principal roads, which had arisen because Government had changed the performance indicator.

He added that work was continuing to simply the collection and presentation of performance information.

In response to questions he commented that there were various reasons why the detailed work in relation to the LPSA targets had not been completed. The Integrated Performance report clearly identified where that work needed to be carried out.

The Committee noted the report.

#### **40. COMPREHENSIVE EQUALITY POLICY**

The Committee received a progress report on the implementation of the Comprehensive Equality Policy.

The report to Cabinet on 12th January, 2006 was appended to the report.

It was noted that the intention was to ensure that the Council met the criteria to reach Level 2 of the Equality Standard by 2007.

The Committee discussed the extent of the consultation to be undertaken in developing the Strategy, the increasing diversity of the community and the implications of this for service delivery and the Council's legal duty to make its services accessible to all.

#### **41. PAY AND WORKFORCE DEVELOPMENT STRATEGY**

The Committee received a progress report on the Council's Pay and Workforce Development Strategy operating plan for 2005/06.

The Head of Human Resources presented the report describing progress in implementing the Strategy, last reported to the Committee in July 2005. The report set out numerous areas where significant progress had been made.

The Committee noted the report.

**42. CORPORATE PLAN 2006/2009**

The Committee received the Corporate Plan noting changes might be needed before the Plan was recommended to Council for approval in March, 2006.

The covering report to Cabinet, meeting on the afternoon of 26th January, 2006, was appended to the report with the detailed Corporate Plan itself having been circulated separately.

The Corporate Policy and Research Manager reported that the development of the Plan was subject to any changes necessary following the approval of the new Herefordshire Plan, the Local Area Agreement and the financial resources available. He drew attention to steps being taken to provide fewer, but more strategic performance indicators and present information in a more helpful way for Members and managers.

The Committee noted the report.

**43. LOCAL AREA AGREEMENT**

The Committee has noted the current position in relation to the development of a Local Area Agreement for Herefordshire.

The report outlined the purpose of the Agreement, how it was being developed and its potential benefits. These included improved collaboration with partners leading to improved service delivery and reduced bureaucracy. The process for approving the Agreement and submitting it to Central Government were also described.

**RESOLVED: That the Local Area Agreement work to date and the proposed submission arrangements be noted.**

**44. REVIEW OF THE CONSTITUTION**

The Committee considered a number of changes to the Constitution designed to reflect changing legislative and Council requirements.

The report detailed amendments proposed to reflect changes to the Senior Management Structure; arrangements for filling unavoidable vacancies in Cabinet Member posts, Members' access to information and availability of reports, a revision to the Scrutiny rules concerning the process for calling in key decisions, and a review of the Members Allowances Scheme.

The report Cabinet, meeting on the afternoon of 26th January, 2006, was appended to the report

It was suggested that there might be some inconsistency between the proposed wording set out at paragraph 16 and 17 of the Cabinet report in relation to arrangements for the circulation of reports containing a key decision and for giving notification that a key decision was not included in the Forward Plan to ensure that these provisions were consistent with one another.

**RESOLVED: the recommendations to be made to Cabinet as set out in the Cabinet report be approved subject to Cabinet clarifying the proposed wording at paragraph 16 and 17 of the report in relation to arrangements for the circulation of reports containing a key decision and for giving notification that a key decision was not included in the Forward Plan to ensure that these provisions**

were consistent with one another.

**45. WORK PROGRAMMES 2006/07**

The Committee considered its Work Programme and those of the other Scrutiny Committees.

Work Programmes for the Children's Services, Community Services and Environment Scrutiny Committee were appended to the report. A position statement was given in relation to the Work Programmes of the Adult Social Care and Strategic Housing Scrutiny Committee and the Health Scrutiny Committee.

The need for the Committee's own work programme and those of the other scrutiny committees to reflect appropriate issues identified in the Council's Improvement Plan, including the need for the scrutiny function to have an increased focus on Performance Management in response to the finding in the recent Corporate Assessment of the Council was noted.

In reply to a suggestion that consideration needed to be given to providing additional resources for scrutiny if the function were to develop the Chief Executive commented that the Committee would have the opportunity to make the case that scrutiny should be a priority at its next meeting when considering the budget for 2006/07. It would, however, be incumbent upon the Committee to identify from where resources should be transferred to fund that increased support.

**RESOLVED:**

**That (a) the Committee's work programme be considered at a future date, reflecting where appropriate issues identified the Council's Improvement Plan, subject to any comments the Committee wishes to make;**

**and**

**(b) the Committee note the position on the development of work programmes for the other Scrutiny Committees.**

**46. SCRUTINY ACTIVITY REPORT**

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

The meeting ended at 11.35 a.m.

**CHAIRMAN**





## REVENUE BUDGET STRATEGY AND CAPITAL PROGRAMME 2006/07

Report By: Director of Resources

### Wards Affected

County-wide

### Purpose

1. To ask the Strategic Monitoring Committee to consider and comment on the Cabinet's budget strategy for 2006/07.

### Background

2. Cabinet will be considering what recommendations to make to Council on 10th March, 2006 on the detailed revenue and capital budget proposals for next year for Council Tax setting purposes. The Cabinet will want to take the Strategic Monitoring Committee's views into account when it finalises its recommendations to Council.
3. The Director of Resources' report on the draft revenue budget strategy, a copy of which is appended, was endorsed by Cabinet on 26th January, 2006.
4. The budget strategy is designed to smooth pressure on Council Tax increases over the next two years, correct structural issues within the base budget, target remaining resources at key spending pressures and develop, implement and realise the cash benefits from Invest to Save/Service Improvement Plans.
5. In deciding to endorse the approach set out in that report, Cabinet noted the following key points:
  - A review of discretionary fees and charges was desirable to ascertain what opportunities might exist to improve revenue – a key principle being affordability.
  - The need to set a balanced budget that addressed budget pressures in areas that were consistently overspending due to increased demand for service.
  - Financial stability in the medium term was dependent on the delivery of a Service Improvement Programme that would also release ongoing savings. Cabinet recognised that doing more of the same was not an option given the national constraints on public spending and Herefordshire's own financial context.
  - The need to fully understand the cost pressures for the future resulting from the aging population in Herefordshire; meanwhile a financial contingency should be established to mitigate the risk of further overspending in Social Care due to this factor.

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Further information on the subject of this report is available from  
Mrs Sonia Rees, Director of Resources, on extension 3519

6. Cabinet was keen to ensure that all members – not just those involved on the Budget Panel or on the Strategic Monitoring Committee – had the opportunity before Council on 10th March, 2006 to consider the budget strategy. A member seminar has been arranged for this purpose on 16th February, 2006.
7. The Director of Resources' report on proposals for 2006/07 Capital Programme, a copy of which is appended, was agreed by Cabinet on 26th January, 2006 for recommendation to Council on 10th March, 2006. In deciding to recommend the proposals to Council, Cabinet noted the need to maintain as much flexibility between years within the overall planning totals.

## RECOMMENDATION

**THAT: (a) Strategic Monitoring Committee considers the Director of Resources' reports on the draft Budget Strategy and proposals for the Capital Programme for 2006/07 presented to and endorsed by the Cabinet on 26th January, 2006;**

**and**

**(b) Strategic Monitoring Committee comments on the Cabinet's budget strategy and Capital Programme for 2006/07 to inform Cabinet's next debate on the detail of next year's budget on 23rd February, 2006.**

## BACKGROUND PAPERS

- Draft Revenue Budget Strategy Cabinet Report 26th January, 2006 (Appendix A).
- Proposals for 2006/07 Capital Programme Cabinet Report 26th January, 2006 (Appendix B).

# DRAFT REVENUE BUDGET STRATEGY

## PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

26TH JANUARY, 2006

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### Wards Affected

County-wide

### Purpose

To receive the Corporate Management Board's (CMB's) suggested revenue budget strategy for 2006/07.

### Key Decision

This is not a key decision. The final decision will not be taken by Cabinet but by Council at its meeting on 10th March, 2006.

### Recommendations

- THAT (a) the revenue budget strategy for 2006/07 outlined in this report be endorsed; and**
- (b) the Strategic Monitoring Committee be invited to consider the revenue budget strategy for 2006/07 in time for their comments to be incorporated into a further report to Cabinet on 23rd February, 2006.**

### Reasons

Corporate Management Board needs confirmation that the approach it has developed to setting the budget for 2006/07 is acceptable in order to be able to complete the detailed budget proposals for next financial year.

### Considerations

#### Background

1. The Budget Panel met on 7th December, 2005 to consider the feedback from the Directors' budget meetings held in November 2005. The Panel decided to ask the Corporate Management Board (CMB) to develop budget options for it to consider within the following framework:
  - Council Tax increases for 2006/07 and 2007/08 of 4.7%;
  - Transfer of unspent Invest to Save budget in 2005/06 into 2006/07;
  - Writing off the significant overspends from 2004/05;

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Further information on the subject of this report is available from  
Mrs Sonia Rees on 01432 383519

- Writing off 2005/06 overspends to reserves;
  - Correcting the ongoing base budget issues;
  - Preparation of detailed efficiency plans; and
  - Preparation of detailed Invest to Save plans.
2. CMB developed the draft budget strategy for 2006/07 and 2007/08 during a team exercise on 13th December, 2005. The Budget Panel considered a report from the Director of Resources outlining CMB's draft strategy on 13th January, 2006. This report describes the draft revenue budget strategy developed by CMB and incorporates the comments made by the Budget Panel.

### Key Assumptions

3. The information available on the settlement available to CMB when it considered budget strategy options indicated that there would be approximately £2.75m of financial capacity in 2006/07 above that previously being indicated by the Financial Resource Model. The situation for 2007/08 was that approximately £500k of savings would be needed. CMB assumed that the Gershon target for cash savings through efficiencies of £1.65m a year would be achieved.
4. It is important to note that the financial planning figures that CMB was working with were **indicative** because the settlement information was still incomplete at the time it was developing this strategy. The accountancy team was updating the Financial Resource Model on a daily basis as settlement information arrived in piecemeal fashion.
5. CMB had to make key assumptions about capping too. CMB felt that a 4.7% Council Tax increase should be low enough to avoid attention given very clear ministerial statements that the government is expecting the average Council Tax increase to be less than 5%.
6. Whilst I believe that the key test for capping will be Council Tax increases, I do not know what other factors the government may take into account as part of the capping mechanism for 2006/07 and 2007/08. The capping principles will not be announced until after local government has set its budgets for 2006/07 so it is impossible for officers to give councillors definitive advice at this stage.
7. The local government minister has said that 'authorities should not use previous capping principles as a guide to capping for 2006/07 and 2007/08'. However, in previous years, the government's capping criteria have included reference to budget as well as Council Tax increases. Given the minister's statement, this criterion may or may not feature as part of the capping principles for 2006/07 and 2007/08. If it does, Herefordshire's budget requirement for 2006/07 would be approximately £118.3m based on a Council Tax increase of 4.7%. This is a 6.6% increase on the notional budget requirement figure for 2005/06 that the government consulted on.
8. To complicate matters further, we are querying the way the government has calculated the notional budget requirement figure for 2005/06. Certain transfers relating to social care grant that are now included in the distribution formulae have been omitted. The headline increase of 6.6% may therefore change – if indeed it is relevant for capping purposes.

9. I have written to the local government minister asking for an indication on whether his capping principles are likely to include reference to budget increases and, if so, what level of increase would give him cause for concern. I have not yet received a reply. For illustrative purposes, if the minister were minded to cap budget increases at say 5% based on the notional budget figure for 2005/06 he has consulted on, the anticipated headroom in the Financial Resource Model indicated in this report would reduce by approximately £1.8m.
10. The gaps in the detailed information, the uncertainty surrounding some of the figures we do have and the absence of capping criteria makes financial planning with any certainty very difficult until the final settlement has been announced.

### **Budget Strategy**

11. CMB worked on the basis that current and prior year over spends would be written off given Herefordshire's overall financial position and the ability of the over spending areas to recover the situation. It also worked on the assumption that the £1.65m cash efficiency gain target would be achieved. CMB then identified 3 potential budget strategy options:
  - **Option 1** - use the £2.75m capacity to address base budget issues and growth issues in 2006/07 and identify cuts of £500k for 2007/08;
  - **Option 2** – assume no financial capacity in 2006/07 as well as a reduction of £500k in 2007/08; and
  - **Option 3** – use up to £2.25m capacity in 2006/07 leaving £500k in reserve to offset the indicative level of savings needed in 2007/08.
12. CMB felt that a strategy that involved immediate service cuts would be unacceptable as well as undeliverable and rejected options 1 and 2.
13. CMB pursued option 3 as it enabled it to use the capacity anticipated over the 2-year period to:
  - smooth pressure on Council Tax increases;
  - correct structural issues within the base budget;
  - target remaining resources at key spending pressures; and
  - develop, implement and realise the cash benefits from Invest to Save and service improvement initiatives (particularly accommodation and ICT).
14. CMB recognise that delivery of a robust Invest to Save and service improvement programme that would start to generate significant cash benefits by 2008/09 at the latest would be fundamental to Herefordshire's financial stability for the future. Current levels of spending are clearly not sustainable given the requirement to maintain at least £3m in reserves and the poor prospects for local government in the government's next Spending Review (SR07) and the 3-year settlement that will follow for 2008/09 and beyond.

### **Base Budget Pressures**

15. CMB reviewed the list of base budget pressures identified during the Directors' budget meetings and agreed which to recommend councillors include in the base budget for 2006/07 and beyond. The updated list is set out in the table below:

<b>CMB's proposed base budget adjustment</b>	<b>Addition in 2006/07</b>	<b>Change in 2007/08</b>
Learning Disabilities – ongoing deficit	758	0
Homelessness – temporary accommodation costs (this figure excludes £300k virement in 2005/06)	686	-260
Loss of income from Hereford City Council	85	0
Unrealisable savings in TIC service	124	0
Land Charges – ongoing budget deficit	80	0
Concessionary Fares – excess over FRM needed to introduce the new statutory scheme	154	0
Revenues and Benefits – Academy support not included in the budget	76	0
Social Care – independent assessment of future demand for service	75	-75
Older People – catch up on contract inflation indices for SHAW contract	393	0
Parks and Countryside – catch up on contract inflation indices	41	0
Waste Collection – catch up on contract inflation indices (net of additional Trade Waste income)	200	0
Children's Services transport costs – catch up on contract inflation indices	90	0
Street Cleansing – catch up on contract indices	50	0
Property Services – excess inflation on fuel costs	75	0
<b>Total</b>	<b>2,887</b>	<b>-335</b>

16. CMB's initial list of base budget adjustments totals £2.9m including catch-up on contractual inflation indices in six areas of £849k. The list does not reinstate the £75k reduction in the Queenswood Country Park budget for 2005/06 to take account of the decision taken last budget cycle to introduce charges for parking.

### **Growth Pressures**

17. CMB then went on to review the list of growth pressures also identified during the Directors' budget meetings. A significant proportion of this sum related to the Director of Adult and Community Services' and Director of Children's Services' assessment of increasing demand for social care services. All Directors agreed this was the highest priority area and recognised that even if current and prior year over spends were written off and the base budget adjustments outlined in paragraph 15 were approved, there were still significant financial risks for these services.

18. CMB was concerned however to base future financial plans for adult social services on a robust assessment of the likely level of future demand. This was felt important as further investment in this service area could lead to reductions elsewhere. CMB therefore propose that independent work linked to that currently being carried out by the Association of Directors of Social Services be commissioned to assess the service and financial impact of changing demographics as a basis for planning for the future. I suggest £75k is earmarked for this purpose and have included it on the list of base budget pressures as one-off funding for 2006/07.
19. Having agreed on this plan, CMB felt it important to recognise the ongoing financial risk for adult and children's social care budgets was significant given past trends in spending, future predictions of need and legal requirements to provide services. CMB therefore propose finding the capacity to create a contingency in the event that demand cannot be managed within the approved budget for the Adult and Community Services Directorate. This resource would not form part of base budget and would not be released without formal approval.
20. Following the CMB away event, Directors were asked to assess the impact of their agreed strategy in terms of the growth items they had previously identified (Appendices – A to F refer). Directors were asked to assess which items:
  - were essential for contractual/legal reasons;
  - did not depend on additional resources;
  - could be dealt with by the social care contingency arrangement; and
  - could be developed as Invest to Save initiatives.

## **Adult and Community Services – Impact Assessment of Growth Pressures**

### **Essential Growth Items**

21. The Adult and Community Services Directorate identified growth items totalling £4.9m in 2006/07 and £6.8m in 2007/08. These items have been further analysed by the Director as set out in Appendix A.
22. The table in Appendix A sets out the reasons for classifying the growth pressures identified by the Director of Adult and Community Services as essential, non-essential or a Social Care Contingency item. The risk associated with being unable to make budget provision for these items is also indicated.
23. The Director of Adult and Community Services has identified one essential, high-risk item estimated at £137k in 2006/07 and 2007/08. This is needed to maintain the level of services currently paid for by Access and Systems Capacity grant.
24. The value of growth items that the Director of Adult and Community Services has agreed he will have to manage within existing resources given the corporate financial context totals £2.292m in 2006/07 and £2.844m in 2007/08.
25. Based on the information available at the present time, the financial implications of demand led pressures in Adult Social Care Services is estimated at £2.253m in 2006/07. This figure rises to an estimated £3.603m in 2007/08. CMB propose that the risk of over spend due to increasing demand for social care services is recognised by creating a separate social care contingency.

### **Efficiency Gains**

26. The Director of Adult and Community Services has not identified any further efficiency savings since the Budget Panel report on 7th December, 2005. This Directorate's contribution to the overall cash target of £1.65m in 2006/07 remains at £404k – this is the largest contribution to the target.

### **Invest to Save**

27. The Director of Adult and Community Services has not identified any Invest to Save options at this stage.

## **Children's Services – Impact Assessment of Growth Pressures**

### **Essential Growth Items**

28. The Children's Services Directorate identified growth items totalling £2.606m for 2006/07 at the Director's budget meeting including £786k of Invest to Save Items. This figure has been adjusted upwards to £2.815m due to the addition and deletion of items that have emerged since the November meeting. The items now included on the growth list have been further analysed by the Director as set out in Appendix B.
29. The table in appendix B sets out the reasons for classifying the growth pressures identified by the Director of Children's Services as an essential, Social Care Contingency or non-essential item. The risk associated with being unable to make budget provision for these items is also indicated.
30. The Director of Children's Services has identified four essential, high-risk items totalling £688k in 2006/07 and £275k in 2007/08. These are needed to:
- maintain current levels of service provision as external support is lost / reduced;
  - support pooled budget arrangements with the Primary Care Trust; and
  - support implementation of an improvement plan following the recent JAR inspection.
31. The value of growth items that the Director of Children's Services has agreed she will have to manage within existing resources given the corporate financial context totals £841k in 2006/07 and £450k in 2007/08.
32. Based on the information available at the present time, the financial implications of demand led pressures in Children's Social Care Services is estimated at £500k in 2006/07. The corresponding figure for demand led pressures in Children's Social Care Services in 2007/08 is £575k. CMB propose that the risk of over spend due to increasing demand for adult and children's social care services is recognised by creating a separate social care contingency.

### **Efficiency Gains**

33. The Director of Children's Services has not identified any further efficiency savings since the Budget Panel report on 7th December, 2005. This Directorate's contribution to the overall cash target of £1.65m in 2006/07 remains at £299k – this is the second largest contribution to the target.



## **Invest to Save**

34. The Director of Children's Services has identified 3 potential Invest to Save options totalling £786k as identified at the end of the table in Appendix B.

## **Corporate and Customer Services – Impact Assessment of Growth Pressures**

### **Essential Growth Items**

35. The Corporate and Customer Services Directorate identified growth items totalling £283k in 2006/07. This figure grows slightly to £303k in 2007/08. The items included in this growth list have been further analysed by the Director as set out in Appendix C.
36. The table in Appendix C sets out the reasons for classifying the growth pressures identified by the Director of Corporate and Customer Services as essential, non-essential or an Invest to Save item and the risk associated with being unable to make budget provision for these items.
37. The value of essential, high-risk items for Corporate and Customer Services is £30k for 2006/07 and 2007/08.
38. The Director of Corporate and Customer Services has agreed that she will have to manage £253k of growth pressures in 2006/07 within existing resources for the Directorate given the corporate financial context. The corresponding figure for 2007/08 is £273k.

### **Efficiency Savings**

39. The Director of Corporate and Customer Services has identified £135k of potential efficiency savings in 2006/07.

### **Invest to Save**

40. The Director of Corporate and Customer Services has not identified any Invest to Save options at this stage.

## **Environment – Impact Assessment of Growth Items**

### **Essential Growth Items**

41. The Environment Directorate identified growth items totalling £1.33m in 2006/07 including £250k for an Invest to Save proposal (see paragraph 45). This figure reduces to £995k in 2007/08. The items included in this list have been further analysed by the Director as set out in Appendix D.
42. The table in Appendix D sets out the reasons for classifying the growth pressures identified by the Director of Environment as an essential, non-essential or Invest to Save item. The risk associated with being unable to make budget provision for these items is also indicated. The value of essential, high-risk items is £85k in 2006/07 and £150k 2007/08.
43. The Director of Environment has agreed that he will have to manage the remainder of the list of growth items within existing resources for the Directorate given the corporate financial context.

## **Efficiency Gains**

44. The Director of Environment previously identified £245k of efficiency gains. This total remains the same and includes:

- Reduction in supervision between client and HJS contractor (£100k);
- Reduction in HJS rates (£45k); and
- SIPS programme in planning, environmental health and trading standards (£100k).

## **Invest to Save**

45. The Director of Environment has identified a potential Invest to Save item needed to deliver the SIPS improvement outlined above. An investment of £250k is required to enable the electronic capture of the Planning Statutory Register.

## **Human Resources – Impact Assessment of Growth Items**

### **Essential Growth Items**

46. The growth items for Human Resources totals £124k in each year. The items included in this growth list have been further analysed by the Head of Service as set out in Appendix E.

47. The table in Appendix E sets out the reasons for classifying the growth pressures identified by the Head of Human Resources as essential, non-essential or an Invest to Save item and the risk associated with being unable to make budget provision for these items.

48. There are no essential, high-risk items for Human Resources. The Head of Human Resources has agreed he will have to manage all his growth items either within existing resources or as Invest to Save bids given the corporate financial context.

### **Efficiency Gains**

49. The proposals to restructure the Human Resources team include setting up a Centralised Recruitment Team. Work is currently taking place to determine the level of efficiency savings that will be generated as a result of reduced recruitment times and reduced reliance on agency workers. The Human Resource team is currently leading a project to put in place a contract by which a single agency is retained rather than the current inefficient and costly method of using over 65 different agencies. The proposed approach has many advantages including generating savings leveraged from agreed contracted agency pay rates.

### **Invest to Save**

50. The Head of Human Resources has identified potential Invest to Save options as identified in the table in Appendix E.

## **Resources – Impact Assessment of Growth Items**

### **Essential Growth Items**

51. The Resources Directorate identified growth items totalling £717k in 2006/07. This figure reduces to £678k in 2007/08. The items included in this list have been further analysed

by the Director as set out in Appendix F.

52. The table above sets out the reasons for classifying the growth pressures identified by the Director of Resources as an essential, non-essential or Invest to Save item. The risk associated with being unable to make budget provision for these items is also indicated. The value of essential, high-risk items is £179k in 2006/07 and 2007/08 although this figure will fall to £40k in following years.
53. The Director of Resources has agreed that she will have to manage the remainder of the budget pressures for her Directorate within existing resources given the corporate financial context providing the budget strain in respect of implementing the Accommodation Strategy is treated as an Invest to Save item.

### **Efficiency Savings**

54. The Resources Directorate is currently operating using the management structures inherited from the former County Treasurer's Department and the Property Services Section that transferred from the Environment Directorate. The Director is starting to review the Directorate structure with a view to improving efficiency by:
- Creating a dedicated resource for procurement to support corporate efficiency gains and compliance with the national procurement strategy for local government;
  - Strengthening where appropriate the professional and managerial links between the Director of Resources and 'out posted' finance teams / staff;
  - Consolidating similar activity currently carried out in other Directorates – e.g. customer services and custodian services;
  - Consolidating similar activity currently carried out in different parts of the Resources Directorate;
  - Aligning accountancy support with new Directorate structures;
  - Reviewing potential for shared services across all service areas – be that joint working at one end of the spectrum to outsourcing at the other;
  - Review potential for earning additional income by providing services to others;
  - Providing capacity within Property Services to deal with the corporate property agenda; and
  - Establishing property as a support service that provides asset and facilities management services under a service level agreement in line with client requirements.
55. There may be some one-off costs associated with the restructuring of the new Directorate that will need corporate support at least at the outset to help drive the efficiency and improvement agenda for the Resources Directorate. Critical to success will be the Corporate Strategy Review that will involve the development of a Service Improvement Programme for the Directorate. A draft plan will be ready by the end of March 2006. I believe there is potential for the Resources Directorate to contribute more significantly to the efficiency agenda but am not yet able to identify how or quantify the benefits.

## Essential Growth Items - Summary

56. The following table summarises the outcome of the further analysis of the growth pressures identified by Directors for the Budget Panel on 7th December, 2005 (all figures in £000s).

### 2006/07 Summary of Essential Growth Items

Directorate	Essential Items	Additional Resource Not Essential	Social Care Contingency	Invest to Save	Total
Adult & Community Services	137	2,292	2,253	0	4,682
Children's Services	688	841	500	786	2,815
Corporate & Customer Services (& HR)	30	291	0	86	407
Environment	85	995	0	250	1,330
Resources	179	269		269	717
<b>Total</b>	<b>1,119</b>	<b>4,688</b>	<b>2,753</b>	<b>1,391</b>	<b>9,951</b>

### 2007/08 Summary of Essential Growth Items

Directorate	Essential Items	Additional Resource Not Essential	Social Care Contingency	Invest to Save	Total
Adult & Community Services	137	2,844	3,603	0	6,584
Children's Services	275	450	575	300	1,600
Corporate & Customer Services (& HR)	30	311	0	86	427
Environment	150	845	0	0	995
Resources	179	399	0	100	678
<b>Total</b>	<b>771</b>	<b>4,849</b>	<b>4,178</b>	<b>486</b>	<b>10,284</b>

## Efficiency Savings – Summary

57. The cash efficiency plan for 2006/07 and 2007/08 still does not achieve the £1.65m a year target required by Gershon and assumed in the Financial Resource Model. Whilst opportunities have identified resulting from the Corporate Strategy Review, structural changes and the accommodation strategy, many cannot yet be quantified in financial terms and require an Invest to Save approach to delivering them. Such programmes will have to be managed closely to avoid the risk that the investment is made and the saving not achieved.

58. The efficiency cash plan is therefore still work in progress. The following table summarises the position as at 13th January, 2006. CMB still need to identify £538k of efficiency savings for 2006/07 and a further £313k in 2007/08.

### CMB's Cash Efficiency Plan 2006/07 AND 2007/08

(All figures in £000's)

Directorate	2006/07		2007/08	
	As at 07/12/05	As at 13/01/06	As at 07/12/05	As at 13/01/06
Adult & Community Services	404	404	624	624
Children's Services	299	299	299	299
Corporate & Customer Services (& HR)	135	135	130	130

Environment	145	245	145	245
Resources	29	29	39	39
<b>Total</b>	<b>1,012</b>	<b>1,112</b>	<b>1,237</b>	<b>1,337</b>

### **Invest to Save – Summary**

59. CMB has identified approximately £1.4m of growth pressures for 2006/07 that could be treated as an Invest to Save initiative (see paragraph 56). Each of these ideas needs to be the subject of a robust business case setting out the management arrangements for ensuring that the savings that result from the investment will be achieved.
60. The list of potential Invest to Save bids does not include the investment that may be required to support the outcome of the Corporate Strategy Review currently underway or the full delivery of the Accommodation Strategy. The £2m Invest to Save pot that CMB propose carrying forward from this financial year into next is already under significant pressure. Any investment decisions will need to be clearly prioritised.

### **Key Principles**

61. CMB identified a number of key principles for future financial management during the course of its deliberations on budget strategy. These principles are set out below.
62. The list of base budget pressures set out in paragraph 15 does not include any items from the Children’s Services Directorate. CMB have worked on the assumption that savings in non-schools education budgets will be used to offset pressures across the Directorate. This would include any budget pressures relating to services transferring into the Directorate as a result of the recent senior management restructure such as youth services. CMB recognise that spare capacity in budgets are a corporate resource but felt that virement within this Directorate alleviated pressures elsewhere in trying to establish a balanced budget.
63. CMB agreed that all Directors should manage their budgets at Directorate level to come in at or below approved budget for the year. CMB recognised that future over spending would be very difficult to manage given reserves would be depleted following write off of historic and current year over spends. CMB also recognised that councillors would not be best pleased if having adjusted the base budget and having written off current and prior year over spends continued.
64. CMB agreed that the base budget adjustments identified in paragraph 15 should be ring-fenced for that purpose and not used to offset overspends elsewhere within a Directorate. Directors agreed that if they could manage without the cash they would and that any surplus would be returned to the corporate pot.
65. CMB agreed the principle of a ‘one organisation’ approach to managing the use of corporate resources such as Human Resources, performance management, policy development, property management, financial management, procurement, risk management etc. CMB accepted that Directorates should find the resource to pay for any increase in demand on support services such as legal and finance rather than it being assumed that this cost will be met corporately. It was agreed that all support services expenditure should be recharged in line with best practice and that a review of Service Level Agreements would be needed.
66. CMB noted that SR07 was likely to be more incisive in terms of value for money and efficiency. It also recognised the importance of the current efficiency agenda both in terms of meeting Gershon targets and setting a budget with saving proposals clearly

identified and quantified. Directors therefore agreed to firm up on efficiency plans at the target level of £1.65m a year.

67. The recent CPA report highlights the need to continue developing a consistent approach to performance management and for further progress in rationalising office accommodation and reviewing business processes (whether ICT based or not). CMB accepted that Directorate based performance management resources need to be transferred to Director of Corporate and Customer Services to support this key corporate objective and to support the principles agreed in her Directorate restructure. CMB also committed to developing clearly defined Invest to Save, accommodation and ICT programmes with the investment requirement and pay back clearly identified in amount and over time.

### **Corporate Financial Risks**

68. CMB identified the following corporate financial risks:

- **SR07 and future settlements** – Her Majesty’s Treasury is already planning for the next spending review that will set out public spending plans for the 3-year period starting 2008/09. This will inform the next local government settlement covering 3 financial years from April 2008. It is clear that recent growth in public spending cannot be sustained and that the Treasury is already gearing up to carry out a much more incisive efficiency review and a zero based review of the effectiveness of government spending programmes. With national priorities likely to be education, health and security services, the prognosis for local government settlements would appear fairly bleak.
- **Efficiency programme** – plans for delivering the Gershon efficiency target in 2006/07 and 2007/08 are not fully developed and are £538k short of the £1.65m target needed. Directors were asked to review their budgets with a view to firming up their efficiency plans following the CMB away day event. The current situation is outlined in paragraph 58.
- **Invest to Save/Service Improvement Programmes** – plans for driving out cash efficiencies as a result of Invest to Save and service improvement programmes need to be developed and implemented. The draft budget contains neither the investment needed to deliver the accommodation and ICT strategies nor the cash benefits that will result.
- **Accommodation** - the draft budget doesn’t include the cost of Directorate moves into Plough Lane planned for 2006, dual running costs and other one-off costs associated with this part of the accommodation strategy. The draft budget also does not allow for other premises issues e.g. Registration Service.

### **Conclusion**

69. Herefordshire Council has a strong track record for providing good services and achieving good value for money. It has made significant changes in service delivery arrangements over the years to this end – e.g. contracting out, strategic partnership, transfer of the housing stock and purchasing supplies and services through West Mercia Supplies. The obvious routes to achieve a reduction in net spending to match the level of government funding and Council Tax income available have been largely exhausted. The scope is reduced further by the fact that a large element of the budget is now ring fenced to schools.

70. Looking to the future, CMB has identified budget pressures of some £20m for next financial year. Their initial list of base budget adjustments totals £2.9m in 2006/07 (see paragraph 15). In addition, CMB has identified essential growth items of £1.1m and social care pressures of £2.8m for 2006/07 (see paragraph 56). CBM has accepted that it will have to manage other growth pressures of some £4.8m in 2006/07 given the corporate financial context.
71. This report sets out the approach CMB propose to developing a better-balanced budget for 2006/07 and 2007/08 given the constraints. The Budget Panel has endorsed this approach and the priorities identified by the CMB. Each Director has worked within the planning framework collectively agreed at the CMB away event in December and has avoided 'over-egging' Directorate issues in recognition of the corporate financial position. This is a positive development for the Council overall but the financial and service risks at Directorate level are still potentially significant.
72. CMB also considered the potential for raising extra income to reduce net spending as an option for promoting financial stability for the future. It asked the Budget Panel for a steer on this option for protecting services at the current level due to the sensitivities surrounding changes in charging policies. The Budget Panel's view was that officers should carry out a review of fees and charges to establish:
- whether the range of services Herefordshire charges a fee for is comparable with similar authorities;
  - whether the level of fees and charges in Herefordshire is comparable with similar authorities;
  - which fees and charges it would be appropriate to give concessions for and at what level; and
  - which fees and charges could be automatically uplifted for inflation each year.
73. If Council ultimately approves the approach set out in this report, next years budget will reflect more accurately the Council's priorities and service pressures given the level of additional resources we anticipate will be available. There is however much more work to do in order to secure financial stability over the medium term. Improving services with a cash resource that is reducing in real terms will present major challenges for each Directorate.

### **Budget Process**

74. This report marks the start of the Cabinet's consideration of the budget situation for 2006/07 and 2007/8. It is hoped that final settlement figures will have arrived by the date of the meeting. There is potential for the provisional figures and hence anticipated headroom in the budget to change.
75. The scrutiny process will run through February. The Cabinet will consider comments from the scrutiny process on 23rd February, 2006 when it makes its final budget recommendations to Council for Council Tax setting purposes in March. Both Cabinet and the Strategic Monitoring Committee will take the Budget Panel's views into account as they consider the budget issues.
76. Proposals for capital spending will be considered alongside those for revenue as outlined above.

## **Alternative Options**

### **Alternative Option 1**

Outlined in paragraph 11 of the report.

## **Risk Management**

Outlined in paragraph 68 pf the report.

## **Consultees**

Corporate Management Board, Budget Panel, Community Forum events.

## **Background Papers**

None identified.



**ADULT AND COMMUNITY SERVICES**

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Older People – maintaining services currently funded by Access and Systems Capacity Grant	137	137	Essential – high risk of budget pressure	This item is seen as essential in order to protect current levels of service provision.
Older People – improving performance in intensive home care services	827	1,614	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Older people – improving performance in community equipment services	300	350	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Older People – increase in cost of Shaw contract development	207	207	Additional resource not essential	Still assessing extent of budget pressure
Older People – potential extension of anti bed-blocking measures to community hospitals	200	200	Additional resource not essential	Still unsure when this might come into effect
Older People – full year cost of net growth in 2005/06 placements	204	204	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications
Older People – current assessment of increasing demand for services	476	1,710	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications

Mental Health – full year cost of net growth in 2005/06 placements	226	226	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications
Mental Health – current assessment of increasing demand for services	115	231	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications
Learning Disabilities – full year cost of net growth in 2005/06 placements	337	337	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications
Learning Disabilities – current assessment of increasing demand for services	895	895	Social Care Contingency – high risk of budget pressure	Provisional figure pending independent research and assessment of financial implications
Social Care performance management – production of PAF statistics from CLIX	270	0	Additional resource not essential	A plan to replace CLIX is one of the outcomes anticipated from the Corporate ICT Strategy Review. Growth that needs to be managed within the existing base budget for the Directorate
Homelessness – further development of prevention and mediation services	28	28	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Strategic Housing Enabling Services – further development of Rent Deposit Scheme and HNS	111	96	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Parks, Countryside and Rights of Way – a number of service improvements plus shortfall in funding due to declining s106 availability	159	159	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context. The proposed restructure of the Legal Services team will ensure there is increased capacity for s106 management.

Social and Economic Regeneration – providing extra CCTV services	80	80	Additional essential	resource	not	Increase in demand as a result of extended opening hours not yet established. Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context.
Cultural Services – Phase 3 of Museums Resource Learning Centre	40	40	Additional essential	resource	not	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Cultural Services – supporting the Bromyard Centre following grant reduction	20	20	Additional essential	resource	not	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Cultural Services – support for Olympic project	20	20	Additional essential	resource	not	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Cultural Services – increasing libraries book stock	30	30	Additional essential	resource	not	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
<b>Total</b>	<b>4,682</b>	<b>6,584</b>				

**CHILDREN'S SERVICES**

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Children with Disabilities	279	250	Essential – joint budget with health	Contribution to the Joint Agency Agreement from Social Care over and above the contribution from Direct Schools Grant
Children's Commissioning – replacement of one-off funding	160	0	Essential – high risk of budget pressure	Necessary to maintain current level of service provision
Safeguarding Children – replace reduction in grant funding	149	0	Essential – high risk of budget pressure	Necessary to maintain current level of service provision
JAR / Children and Young People Action Plan	100	25	Essential – however an indicative figure at this stage	Funding necessary to deliver JAR improvement plan – a key corporate priority
Secure Placements – anticipated increase in demand for service	250	200	Social Care Contingency	Smooth impact on revenue account by managing this pressure through the proposed Social Care Contingency arrangement
Placements – anticipated increase in demand for service for children with learning disabilities	200	200	Social Care Contingency	Smooth impact on revenue account by managing this pressure through the proposed Social Care Contingency arrangement
Children with Learning Disabilities – anticipated growth in demand for service	50	50	Social Care Contingency	Provisional figure pending independent research and assessment of financial implications

New transport policy with LSC for post 16 NVQs	60	35	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Foster Carers and Adopters Allowances – above inflation allowances anticipated as a retention measure	46	23	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Recruitment and Retention of social workers	25	12	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Early Years EPPE Birth to Three	30	30	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Early Years Area SENCO	40	40	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Family support - transitions Post	40	40	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Family Support – provision of services falling outside the Joint Agency Arrangement	70	100	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Family Support - NCH contract	30	50	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context

Youth Service – development of Youth Council	73	25	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Youth Service – increased provisions as set out in LAA	85	50	Additional resource not essential	Mainstream activity – LPSA2 allocations have been made separately
Youth Service – voluntary sector grants	26	0	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
CASS – increase in level pupil support service provision	45	45	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
CASS – TLR payments	6	0	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
CASS – correct over spend	50	0	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
CASS – specialist PD teaching assistant	22	0	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Children’s management costs – assume current additional costs continue	93	50	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
ICT issues – change programme / information sharing	100	75	Additional resource not essential	Growth that needs to be managed within the existing base budget for the Directorate or as part of the Corporate ICT Strategy Review Programme

Children's Commissioning	306	100	Invest to Save	Potential bid to improve service provided is being worked up.
Homelessness	320	100	Invest to Save	Potential bid to improve the housing available to care leavers and young people is being worked up.
Out County Placements	160	100	Invest to Save	Potential bid is being worked up.
<b>Total</b>	<b>2,815</b>	<b>1,600</b>		

**CORPORATE AND CUSTOMER SERVICES**

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Coroners Service	30	30	Essential – high risk of budget pressure	Legal obligation to pay increased fees.
Electoral Services	30	10	Non Essential – medium risk of budget pressure	Director has concerns about the adequacy of current base budget for elections and postal voting. Director to manage within context of Directorate's overall budget as far as possible.
Member IT Support	25	25	Additional resource not essential	Growth due to increasing number of users. Director to manage within context of Directorate's overall budget.
CA improvement plan	56	56	Additional resource not essential	Growth bid to support improvement work in readiness for next inspection. All Directorates will need to contribute to creating the capacity to deliver their aspects of the improvement plan.
Policy and Research	24	24	Additional resource not essential	Growth bid to improve the Council's research capacity. All Directorates will need to contribute to creating this capacity as a corporate resource in line with the structure principles paper for Corporate and Customer Services.
Communications Strategy	28	28	Additional resource not essential	Growth bid to improve the Council's PR capacity in line with the Communications Strategy. All Directorates will need to contribute to creating this capacity as a corporate resource in line with the structure principles paper for Corporate and Customer Services.



Web development	50	90	Additional resource not essential	Growth bid to recognise need to replace external funding for this work which is coming to an end. Service risk is inability to maintain current status of best local authority web site. Director to manage within context of Directorate's overall budget.
<b>Total</b>	<b>283</b>	<b>303</b>		

**ENVIRONMENT**

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Subsidised Bus Services – withdrawal of AMW funding	85	150	Essential – high risk of budget pressure in maintaining existing service level	This growth item is considered essential if the current level of service provision is to be maintained.
Winter maintenance – improving level of service current provided for by base budget	200	200	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context. Some contingency is available.
Gully emptying – increased cost of disposing of contaminated detritus	150	150	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Street Cleansing – development of enforcement services relating to littering and dog fouling	50	50	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context.. Director to investigate as a potential Invest to Save option.
Flood Alleviation – increased levy from Midland Regional Flood Defence Committee	70	70	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context.
Clinical Waste Collection – increase in demand for service	30	30	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context. Director to investigate as a potential Invest to Save option.

Regulatory Services – creating capacity to meet new statutory duties and utilise new powers under the Cleaner Neighbourhood and Environment Act 2005	75	75	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context.. Director to investigate as a potential Invest to Save option.
Trading Standards – creating capacity to meet new statutory obligations	45	45	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Licensing – anticipated shortfall in income	80	80	Additional resource not essential	Need to monitor the position and manage any shortfall within the existing base budget for the Directorate.
Out of Hours Services – provision of service to meet statutory duties	50	50	Additional resource not essential	Growth that the Director recognises will have to be delivered from existing resources given the corporate financial context
Planning – e-enabling the service	95	95	Additional resource not essential	There is potentially £236k of unused PDG that could help offset this cost
Planning - outstanding costs of the UPD Inquiry and Adoption Process	60	0	Additional resource not essential	There is potentially £236k of unused PDG that could help offset this cost. There may be scope to use under spends carried forward from the current financial year to help offset this cost as it is one-off in nature.
Planning – cost of transition from UDP to LDF development plan	90	0	Additional resource not essential	There is potentially £236k of unused PDG that could help offset this cost. There may be scope to use under spends carried forward from the current financial year to help offset this cost as it is one-off in nature.
Planning – electronic capture of Planning Statutory Register	250	0	Invest to Save	Investment required to support the Service Improvement Programme for the Directorate – could also be linked to the Corporate ICT Programme Review.
<b>Total</b>	<b>1,330</b>	<b>995</b>		

**HUMAN RESOURCES**

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Employee Relations and Rewards – service development	30	30	Invest to Save	Following the deletion of the post of HR Manager – Employee Wellbeing structural changes are required to ensure compliance with Health and Safety legislation. Employee sickness levels are currently 11 days per employee. This Invest to Save bid will enable HR to target resource to reduce sickness levels.
Organisational Development and Workforce Planning – service development to provide statutory performance statistics	31	31	Invest to Save	Growth that needs to be managed within the existing base budget for the Directorate. Potential for Invest to Save if linked to the Corporate ICT Strategy Review.
Training and Development Services – service development	25	25	Invest to Save	A large proportion of employee training and development is bought in. This post would enable the Council to reduce the amount spent on external trainers.
HR support to Directorates – service development to ensure statutory compliance	38	38	Additional resource not essential	Whilst recognising there is a risk this is growth that needs to be managed within the existing base budget for the Directorate
<b>Total</b>	<b>124</b>	<b>124</b>		

## RESOURCES

Growth Item	Amount (£000)		Impact Assessment	Reason
	2006/07	2007/08		
Senior management restructure	139	139	Essential – high risk of budget pressure	Legal obligation. Commitment ends 2007/08.
Support for Adult and Community Services	40	40	Essential – high risk of budget pressure	Social care budgets are a corporate financial risk. Additional accountancy support needs to continue.
Gideon House	269	269	Additional resource not essential	Aim to manage cost within housing benefit subsidy budget. Actively seek alternatives.
Edgar St Grid development	0	130	Additional resource not essential	Loss of rent income on Livestock Market – this is a genuine budget pressure but may arise later than 2007/08. This is a client rather than a support service budget.
Accommodation Strategy	269	100	Invest to Save – high risk of budget pressure	Revenue implications of the Accommodation Strategy - link to Service Improvement Programme
<b>Total</b>	<b>717</b>	<b>678</b>		



# PROPOSALS FOR 2006/07 CAPITAL PROGRAMME

## PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

26TH JANUARY, 2006

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### Wards Affected

County-wide.

### Purpose

To receive a report on the key issues for consideration regarding the capital funding strategy and the allocation of supported and unsupported borrowing for capital expenditure for 2006/07.

### Key Decision

This is not a Key Decision.

### Recommendations

**THAT it be recommended to Council that:**

- (a) **the basis of distributing supported borrowing for Children's Services, Transport and Housing as outlined in paragraph 6 be endorsed;**
- (b) **a minimum level of Prudential Borrowing of £5,843,000 for 2006/07 be approved as outlined in paragraph 15; and**
- (c) **£5,000,000 Prudential Borrowing be approved for each year 2007/08 and 2008/09 to enable commitments from previous years Prudential Borrowing allocations to be funded and to enable future bids to be considered.**

### Reasons

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

### Considerations

#### ALIGNMENT OF THE CAPITAL STRATEGY TO THE CORPORATE PLAN

1. The Council's Capital Strategy needs to be integrated with the Medium Term Financial Plan and consequently the Corporate Plan. It cannot be seen in isolation and decisions made in regard to the capital programme over the medium term need to be aligned with the priority objectives set out in the Corporate Plan.

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Further information on the subject of this report is available from Steve Cameron, Principal Financial Policy Manager on (01432) 261865

2. Capital investment by its nature is very different to revenue expenditure and certain factors need to be borne in mind when making decisions on the programme. This report is set out into two parts, firstly providing a view on the broader financial constraints and service issues, and secondly providing detail on the affordability aspects and how the programme is financed.
3. Following the introduction of Prudential Borrowing the main financial constraint now is affordability in terms of the impact capital financing costs have on Council Tax levels. The significant source of capital funding is Supported Capital Expenditure (Revenue) (SCE(R)) that is provided directly by the government through the Revenue Support Grant. This is directed towards Children's Services, Transport and Strategic Housing although not formally ringfenced. The second main source of funding, which is largely the subject of this report, is Prudential Borrowing. **Appendix 1** details the 2006/07 SCE(R) allocations totalling £13,151,411. (2005/06 SCE(R) totalled £13,920,847).
4. For planning purposes Council has already indicated a limit for Prudential Borrowing of £5,000,000 per year. It is proposed that in line with previous commitments that this level of borrowing is maintained in the next three years as it creates the right balance between investment in Council assets without overburdening either the Council Tax payer or the long term indebtedness of the Council. The position will be reconsidered on an annual basis to reflect any change in circumstances.
5. The medium term budget projections currently provide for a level of borrowing at this level and members will therefore need to decide whether they want to borrow more which may have a direct impact on Council Tax. Alternatively members have the option of using some of the SCE(R) provisionally earmarked for Children's Services, Transport and Strategic Housing or extend the repayment periods for borrowing. This would be contrary to the agreed capital strategy and members will need to take this into account when making a decision in this respect.
6. The capital programmes for Children's Services, Housing and Transport are in line with the investment plans developed by these areas. These plans are based on analysis of need and have been developed through rigorous appraisal processes in order to attract supported borrowing approvals from Government. The SCE(R) awarded for these areas has provisionally been ringfenced to those areas accordingly. The capital funding strategy is therefore that unsupported borrowing needs to be considered to resource projects for other areas. Non-ringfenced SCE(R) for Social Care is not earmarked for specific projects and has previously been used to supplement Prudential Borrowing capacity.

## **PRUDENTIAL BORROWING ALLOCATIONS 2006/07**

7. Prudential Borrowing allocations were made in 2004/05 and 2005/06 and these included future year commitments which are detailed on **Appendix 2**. The future years allocations agreed in 2004/05 and 2005/06 become the first call on 2006/07 and 2007/08 allocations.
8. The Capital Scheme Selection and Prioritisation (SSP) process has been used again to collate new capital bids for 2006/07 and future years. The bids are scored against various detailed criteria to enable comparison between bids and against corporate objectives. The criteria includes alignment with the Corporate Plan, business criticality, the levering of external funds and revenue implications.



9. 15 bids were considered by officers in the Capital Strategy Group (CSG) and are summarised in **Appendix 3**. The total value of these exceeds the level of funding provisionally agreed. Further details of each SSP bid are provided in **Appendix 4**. The CSG has reviewed these bids and the following parts of this report are based on the Group's recommendations.
10. There are a number of major scheme bids submitted which include the replacement of Hunderton School, Rotherwas Access Road and the investment needed in Social Care ICT. Members will also be aware of other significant capital projects which may have an impact on future prudential borrowing allocations. These include the relocation of the livestock market and the corporate accommodation project. No prudential borrowing bid has been submitted for these schemes at this stage.
11. 5 schemes are recommended by the CSG for funding whilst the remaining 10 bids require further consideration. A brief summary of the reasons for recommending or deferring each bid are set out below.
12. Recommended Bids:
  - Bid 2: The Museum Resource & Learning Centre Phase 3. Significant external funding of over £1,200,000 has been committed by Heritage Lottery Fund subject to the contribution from Herefordshire Council.
  - Bid 7: Redevelop Pembridge Travellers Site. Significant positive impact and effect on diversity agenda.
  - Bid 13: Improvements to Public Toilet Facilities. Minimum funding recommended to allow a rolling programme of improvements.
  - Bid 14: DDA Compliance Work. Legal requirement.
  - Bid 22: Hunderton School replacement. New school required for September 2006. Highest service priority.
13. Bids requiring further consideration:
  - Bid 1: Phase 2 of The Children's Centre Strategy. Affordability concerns. Priority is to provide funding for Hunderton School replacement.
  - Bid 3: Resurfacing of Queenswood Car Park. This is to be considered as an Invest to Save bid.
  - Bid 5: Gas Flare, Stretton Sugwas Landfill Site. Risk assessment needs to be stronger. Possibility of alternative funding available.
  - Bid 6: Library Diversity Improvement. To be included as part of corporate DDA compliance work.
  - Bid 8: Leominster Area MTI Business Project. Stronger and more specific business case required.
  - Bid 9: Rotherwas Relief Road. Strong business case. Awaiting confirmation of regional funding allocations.
  - Bid 15: Re-roofing units at Rotherwas (Tarsmill Court). Possibility of funding

through property capital receipts.

- Bid 17: 2nd Phase of Drainage Work - Broad Street, Leominster. The allocation of funding for the first phase has not been spent.
  - Bid 20: Energy Conservation Schemes. To be resubmitted as an Invest to Save bid.
  - Bid 21: Integrated Community Equipment Store. Stronger business case to be provided.
14. The largest bid still pending is the Rotherwas Relief Road. The total cost of the scheme is in the region of £12,000,000. The outcome of the regional funding allocation process is still awaited. Should funding from the Council become necessary, then adjusting the timing of future capital allocations for other approved schemes may be necessary to accommodate this project. The capital financing costs for this scheme would be £45,000 in the first year rising to £296,000 in the final year.
15. The table below sets out the Prudential Borrowing requirements of meeting those bids recommended by the CSG. The table does not reflect slippage, which is managed and reported through the capital monitoring process. Meeting the shortfall will not impact upon the sums currently provided in the FRM.

<b>PRUDENTIAL BORROWING REQUIREMENTS</b>				
	<b>Total</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2006/07 Bids Recommended by CSG	6,063	3,105	2,258	700
Allocations agreed in 2004/05 to be funded	1,863	813	1,050	
Allocations agreed in 2005/06 to be funded	3,850	2,050	1,800	
Non-earmarked SCE(R) able to fund SSP bids	(250)	(125)	(125)	
<b>Net Prudential Borrowing Required</b>	<b>11,526</b>	<b>5,843</b>	<b>4,983</b>	<b>700</b>
Indicated level of Prudential Borrowing Available	(15,000)	(5,000)	(5,000)	(5,000)
<b>Additional Requirement / (Capacity)</b>	<b>(3,374)</b>	<b>843</b>	<b>(17)</b>	<b>(4,300)</b>

## Risk Management

This report concerns the risk management of carrying long term debt and the impact this has on the financial position of the Council.

A risk is that if SCE is diverted from Education, Transport and Housing then this might prejudice future funding from Government.

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

## **Consultees**

None.

## **Background Papers**

None identified.

## APPENDIX 1

### FORECAST SUPPORTED CAPITAL EXPENDITURE (REVENUE)

	Allocation	Initial Allocation	Provisional Indication		
	2005/06 £	2006/07 £	2007/08 £	2008/09 £	2009/10 £
<b>Children's Services</b>					
New pupil places - formulaic	435,725	470,320	477,479		
Prior basic need commitments	339,863				
Schools Access Initiative	256,623	255,583	255,583		
Targeted Capital - Sutton		304,350			
Targeted Capital - Weobley		221,350			
Modernisation – all schools need	1,064,162	985,005	1,015,611		
Modernisation – primary need	774,137	1,028,080	1,028,008		
Less – 1/3 modernisation funded through SCE(C)		(805,205)	(613,085)		
<b>Total Education SCE(R)</b>	<b>1,032,211</b>	<b>2,459,411</b>	<b>2,163,596</b>		
<b>Environment</b>					
Integrated Transport Allocation (Single Pot)	2,900,000	2,673,000	2,307,000	2,241,000	2,163,000
Maintenance Block Allocation (Single Pot)	7,559,000	7,802,000	7,958,000	8,356,000	8,774,000
Ross-on-Wye Broadmeadows Flood Alleviation Scheme	103,950				
	<b>10,562,950</b>	<b>10,475,000</b>	<b>10,265,000</b>	<b>10,597,000</b>	<b>10,937,000</b>
			<i>(figures do not include potential SCE funding sought for Rotherwas Relief Road)</i>		
<b>Housing</b>					
Housing (Single Pot)	1,935,500	774,200	580,650		
To be received as Capital Grant		(774,200)	(580,650)		
Private Sector Renewal Kick Start Funds (Ringfenced)	127,500	-	-	-	
	<b>2,063,000</b>	<b>-</b>	<b>-</b>		
			<i>Housing Allocations TBA - but there is a safety net of 40% in 2006/07 and 30% in 2007/08 of 2005/06 HIP SCE allocation</i>		
<b>Adult Social Care</b>					
Mental Health SCE(R)	137,686	92,000	93,000		
	<b>137,686</b>	<b>92,000</b>	<b>93,000</b>	-	-
<b>Social Care - Single Pot funding used to supplement Prudential Borrowing</b>					
Adults (Single Pot)	95,000	95,000	95,000		
Children (Single Pot)	30,000	30,000	30,000		
	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	-	-
<b>Total SCE(R)</b>	<b>13,920,847</b>	<b>13,151,411</b>	<b>12,646,596</b>	<b>10,597,000</b>	<b>10,937,000</b>

## APPENDIX 2

### 2004/05 & 2005/06 PRUDENTIAL BORROWING ALLOCATIONS

	Total	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000	£'000
<b>Approved in 2004/05</b>					
North Herefordshire Swimming Pool	2,258	1,800	395	63	
Friar St Museum Resource & Learning Centre	140	140			
Aylestone Park	100	100			
Ross Creative Learning Centre	117	117			
Ross Library	10	10			
Hereford City of Living Crafts	120	60	60		
Hereford City Shop Front Scheme	150	50	50	50	
Hereford City Eign Gate	500	100	400		
Hereford City High Town & High St	145	145			
Hereford City Victoria Foot Bridge	300	100	100	100	
Ledbury Info	4	4			
Disabled Access	200	200			
Energy Conservation	100	100			
Crematorium Hereford	100	100			
Leominster Landfill Infrastructure	45	45			
Public Toilets Improvements	150	150			
Hereford Cemetery	100	100			
Network Enhancement	3,170	770	950	500	950
Continuity / Disaster Recovery	950	250	500	100	100
Community Equipment	200	200			
Disabled Facilities Grants	200	200			
<b>Approved in 2005/06</b>					
Disabled Access	200		200		
Leominster Broad Street Car Park	100		100		
Powell Croft Sewage Plant	50		50		
Restore Leominster Landfill Site	710		210	500	
Crematorium	3,050		450	800	1,800
Aylestone Park - Canal Safety	166		166		
Improvements to Toilet Facilities	215		215		
Relocation Ledbury Library	53		53		
Kington Library Refurbishment	535		535		
Info by Phone	1,500		750	750	
Hereford City Centre Enhancement	2,000		2,000		
4 x Minibuses (Soc Care)	97		97		
Holistic Resource at St. Owens	9		9		
Queenswood Car Park	137		137		
2 x Mobile Libraries	180		180		
<b>Total</b>	<b>18,061</b>	<b>4,741</b>	<b>7,607</b>	<b>2,863</b>	<b>2,850</b>

## APPENDIX 3

### 2006/07 SCHEME SELECTION & PRIORITISATION BIDS

Ref	Total £'000	06/07 £'000	07/08 £'000	08/09 £'000
<b>2006/07 Bids Recommended by CSG</b>				
2 Museum Resource & Learning Centre phase 3	703	645	58	
7 Redevelop Pembridge Travellers Site	60	60		
13 Improvements to Public Toilet Facilities	600	200	200	200
14 DDA Compliance Work	600	200	200	200
22 Hunderton School replacement	4,100	2,000	1,800	300
<b>New Prudential Borrowing Required</b>	<b>6,063</b>	<b>3,105</b>	<b>2,258</b>	<b>700</b>
<b>Allocations agreed in 2004/05 to be funded</b>	<b>1,863</b>	<b>813</b>	<b>1,050</b>	
<b>Allocations agreed in 2005/06 to be funded</b>	<b>3,850</b>	<b>2,050</b>	<b>1,800</b>	
Non-earmarked SCE(R) able to fund SSP bids	(250)	(125)	(125)	
<b>Total Prudential Borrowing Required</b>	<b>11,526</b>	<b>5,843</b>	<b>4,983</b>	<b>700</b>
Indicative Prudential Borrowing Available	(15,000)	(5,000)	(5,000)	(5,000)
<b>Shortfall / (Excess) in indicative funding</b>	<b>(3,474)</b>	<b>843</b>	<b>(17)</b>	<b>(4,300)</b>
<b>2006/07 Bids for further consideration</b>				
1 Phase 2 of The Children's Centre Strategy	1,010	400	610	
3 Resurfacing of Queenswood Car Park	50	50		
5 Gas Flare, Stretton Sugwas Landfill Site	55	55		
6 Library Diversity Improvement	33	33		
8 Leominster Area MTI Business Project	240	160	80	
9 Rotherwas Relief Road	3,400	1,805	1,595	
15 Re-roofing units at Rotherwas (Tarsmill Court)	150	150		
17 2nd Phase of Drainage Work - Broad Street, Leo	75	75		
20 Energy Conservation Schemes	150	150		
21 Integrated Community Equipment Store	100	100		
<b>Total 2006/07 Bids for further consideration</b>	<b>5,263</b>	<b>2,978</b>	<b>2,285</b>	

## 2006/07 SCHEME SELECTION AND PRIORITY BIDS

### **Bid 1: Phase 2 of the Children's Centre Strategy**

A critical element in the delivery of integrated services for children and families in Hereford is the development of 6 additional Children's Centres. To add to 3 which were provided in Phase 1, the DfES require a further 6 to be operational by March 31st 2008, and to that end have given a capital allocation of £940k.

Feasibility work suggests that to provide accommodation to deliver the 'core' services a budget of at least £2,000,000 is needed. There is a further DfES Sure Start Capital Grant for extended schools that can be used, but this would leave a shortfall currently estimated at £610,000. Bids are being made for European Funding, but only 2 of the projects would be eligible.

In the normal course of events further funding would be found with the Education Capital Programme. However, all available resources are being applied to the project to amalgamate Hunderton Junior and Infant Schools. Unless the funding position improves funding of £610k is sought to support the delivery of Children's Centres in 2007/08'.

### **Bid 2: Museum Resource and Learning Centre phase 3 (Friar Street, Hereford)**

Match funding is required for a major Heritage Lottery award of £1.2 million to undertake phase 3 of the project. This will extend the building to create an interpretative display area, a learning centre, staff and volunteer accommodation, purpose build storage for the county fine and decorative art collection and future collection care and management capacity for all county collections. Phases 1 & 2 of the project have been successfully completed on time and within budget, with 63% contribution from Heritage Lottery Fund. Phase 4 of the project will create an enhanced and enlarged museum and art gallery at the Broad Street site with re-located new library.

The total budget requirement is £1,878,000 in 2006/07 and £90,000 in 2007/08. External funding from HLF towards this is £1,233,000 receivable in 2006/07 and £32,000 receivable in 2007/08. Net Prudential Borrowing is therefore sought of £645,000 for 2006/07 and £58,000 in 2007/08. Repayment of the borrowing would be over 25 years.

### **Bid 3: Resurfacing of Queenswood Car Park**

To resurface Queenswood Country Park car park using a process that reuses waste Highway planings that would normally be disposed of as contaminated waste to landfill at considerable cost. The scheme involves the cleansing & re-use of the waste material and will be a county pilot of a process that is well established elsewhere. If the scheme works well it will lead to consideration of this application for further sites where a more natural surface is appropriate, i.e. non-black top surfaces without demarcated bays. The surface is expected to last a similar period to a blacktop finish.

A total of £100,000 is needed but £50,000 will be provided over a 5 years period from the Parks & Countryside Service resources. The asset will last 10 years.

### **Bid 5: Replacement Gas Flare, Stretton Sugwas Closed Landfill Site.**

The existing landfill gas flare is of poor design and does not burn the gas at the correct temperature resulting in potentially harmful emissions from the various trace components in landfill gas. The current flare does not comply with the requirements of current Waste Management Licensing conditions.

### **Bid 6: Library Diversity Improvement**

To purchase appropriate signage and equipment to improve access to services - in particular to collections targeted at priority groups identified in the Equalities Impact Assessment. This includes those with visual and hearing impairment, low literacy levels and for whom English is not their first language. 9 out of 10 libraries will benefit from this investment.

### **Bid 7: Pembridge Traveller Site**

Redevelop site providing new access, safe dedicated parking area for Primary Care Trust, Play and Sure Start buses. Secure adjacent industrial estate access road so as to discourage unauthorised traveller encampments.

### **Bid 8: Leominster Area Market Towns Initiative (MTI) Business Project**

Leominster Area MTI is currently funding a Leominster Area Business Feasibility Study by Dr Rick Ball Staffs University Centre for Economic and Social Regeneration. The study will propose projects that meet identified local business needs and AWM capital/economic criteria to lever up to £350k MTI funding into the Leominster Area. The indicative project will involve purchase of land or a building (possibly on the Enterprise Park) to provide sustainable, need driven business services, generate income, and support the generic development of the local economy.

Total cost of scheme would be £460,000 for 2006/07 and £230,000 in 2007/08. External funding of £300,000 and £150,000 could be levered meaning a net £160,000 2006/07 and £80,000 2007/08 is required from Prudential Borrowing.

### **Bid 9: Rotherwas Access Road**

The Hereford Integrated Transport Strategy is set out in the Herefordshire Local Transport Plan 2001/2 - 2005/6. Maintaining the economy of Hereford City is important to achieve the overall aim of this Strategy. The Rotherwas Industrial Estate, located to the south east of Hereford provides approximately 2000 jobs and in light of the significant transport constraints the Council proposes a package of measures including the construction of a new access road to the Estate. The access road is necessary in order that the development strategy of Regional Planning Guidance and current Development Plan is implemented. The access road is also necessary in order to improve the living conditions of the residents along Holme Lacey Road and is a key element in a package of measures designed to reduce congestion and improve access to the estate for staff by sustainable modes of transport. The Provisional second LTP was published in July 2005 and covers the period 2006/7 to 2010/11. The Rotherwas Access Road is identified as the Council's top priority major transport scheme and forms an essential part of the overall transport strategy for Hereford and the County as a whole.

Total cost of scheme would be £6,290,000 for 2006/07, £4,960,000 for 2007/08 and £570,000 in 2008/09 (a total of £11,820,000). LTP funding of £4,485,000, £3,365,000 and £570,000 might be allocated by Government towards this. Confirmation of this funding will not be known until early 2006. This would leave a net £1,805,000 for 2006/07 and £1,595,000 for 2007/08 required from Prudential Borrowing.



### **Bid 13: Improvements to the Public Toilet Facilities in Herefordshire**

Works to implement the recommendations of the Improvement Plan (appendix 1 to the Best Value report). This will provide improved facilities, reduction in anti-social behaviour associated with Public Toilets and an improved image to visitors to Herefordshire.

### **Bid 14: DDA Compliance Work**

Upgrading council property to meet DDA requirements

### **Bid 15: Re-roofing of units at Rotherwas**

These are major works which have resulted in claims against the Council for disruption in production. In view of the reduction in the Maintenance Budget there are no additional funds from the Revenue account to fund this type of work.

### **Bid 17: 2nd Phase of Drainage Work - Broad Street, Leominster**

£75,000 is required to complete the drainage work in the car park.

### **Bid 20: Energy Conservation**

Improvements to the energy conservation measures within Council property. Scheme will cost £150,000 but will ensure efficiency savings through the avoidance of using increasingly expensive energy.

### **Bid 21: Integrated Community Equipment Store (ICTS)**

To lease and refurbish a more suitable premise for ICES, which would allow the service to grow in line with Dept of Health's ICES guidance. The capital costs would cover the infrastructure and refurbishment costs.

### **Bid 22: Amalgamation of Hunderton Junior and Infants Schools**

In April 2004, approval was given to amalgamate Hunderton Junior and Infants schools from September 2006. The proposal is to provide a new 3-form entry primary school in new buildings. A bid for external funding from the DfES was made in March 2005, but unfortunately, this was unsuccessful. With Statutory Proposals published, the expectation is that the new building will be provided. However, the scheme costs cannot be contained within the Education Capital Programme alone, and therefore additional funding is sought for the shortfall.

Total cost over four years is £2,542k £3,084k £880k and £125k (£6,631k) totalling £from 2006/07 to 2009/10. Income from DfES Formulaic Allocations towards this is £542k, £1,284k, £500k and £125k. This leaves a net sum required from Prudential Borrowing of £2,000k, £1,800k and £300k totalling £4,180k.

