

**To: All Members of Cabinet:  
R.J. Phillips (Leader)  
Mrs. L.O. Barnett  
P.J. Edwards  
Mrs. J.P. French  
J.C. Mayson  
D.W. Rule MBE (Deputy Leader)  
R.V. Stockton  
D.B. Wilcox  
R.M. Wilson**

**Chief Executive's Office**

Chief Executive: N.M. Pringle

Your Ref:

Our Ref: NMP/CD

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22nd February, 2006

Dear Councillor,

**MEETING OF CABINET  
THURSDAY, 23RD FEBRUARY, 2006 AT 2.00 P.M.  
THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

**AGENDA (05/21)**

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2. DECLARATIONS OF INTEREST**

To receive any declarations of interest by members in respect of items on this agenda.

**3. DRAFT REVENUE BUDGET 2006/07**

To receive the Corporate Management Board's (CMB's) proposed revenue budget for 2006/07. *(Pages 1 - 24)*

**4. PROPOSALS FOR 2006/07 CAPITAL PROGRAMME**

To recommend proposals for the 2006/07 Capital Programme to Council. *(Pages 25 - 48)*

**5. THE ANNUAL OPERATING PLAN 2006/07**

To approve the Council's Annual Operating Plan 2006/07. *(Pages 49 - 84)*



**6. INTEGRATED PERFORMANCE REPORT**

To receive a progress report on the arrangements now in hand to integrate the performance and other management activity necessary to successfully implement the Corporate Plan. *(Pages 85 - 214)*

**7. REVIEW OF THE HEREFORDSHIRE PLAN**

To receive a progress report on the review of the Herefordshire Plan, and to endorse revisions to the Herefordshire Plan document. *(Pages 215 - 218)*

**8. JOINT AREA REVIEW - IMPROVEMENT PLAN**

The draft Improvement Action Plan was submitted to the Chief Inspector of the Commission for Social Care Inspection on Thursday, 9th February, 2006. That Plan is now subject to report to the relevant Minister and an oral update will be given at the meeting. If a decision is received prior to the meeting then a copy of the draft as amended and/or with comments will be circulated.

**9. HEREFORDSHIRE LOCAL TRANSPORT PLAN 2006/07 TO 2010/11**

To approve the submission of the Local Transport Plan (LTP2) for the period 2006/07 to 2010/11. *(Pages 219 - 226)*

**10. PUBLIC SERVICE TRUST**

To consider the outcomes of further detailed discussions between Council Officers and PCT Executive Directors on a Public Service Trust for Herefordshire, bringing together certain Council and PCT functions into a single new structure. *(Pages 227 - 242)*

Yours sincerely,



**N.M. PRINGLE  
CHIEF EXECUTIVE**

Copies to: Chairman of the Council  
Chairman of Strategic Monitoring Committee  
Vice-Chairman of Strategic Monitoring Committee  
Chairmen of Scrutiny Committees  
Group Leaders  
Directors

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# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

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

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# DRAFT REVENUE BUDGET 2006/07

## PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006

### Wards Affected

County-wide

### Purpose

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

### Key Decision

This is not a Key Decision. Council will take the final decision on Council Tax levels for 2006/07 on 10th March, 2006.

### Recommendations

- THAT**
- (a) the views of the Strategic Monitoring Committee on the draft budget strategy for 2006/07 agreed on 26th January, 2006 be noted;
  - (b) the budget strategy as outlined in this report (paragraphs 1 – 3 refer) be confirmed;
  - (c) the Council's responsibilities under Sections 25 – 29 of the Local Government and Finance Act 2003 as outlined in this report (paragraphs 4 – 9 refer) be noted;
  - (d) the position on financial standing and risk as outlined in this report (paragraphs 10 – 13 refer) be endorsed;
  - (e) the financial context to the preparation of the budget strategy and detailed budget plans for 2006/07 (paragraphs 14 – 33 refer) be noted;
  - (f) the assumptions for funding the revenue budget outlined in this report (paragraphs 34 – 36 refer) be noted;
  - (g) the revenue budget proposals for 2006/07 outlined in this report be recommended to Council for Council Tax setting purposes on 10th March, 2006 (paragraphs 37 – 40 refer);
  - (h) the efficiency plans outlined in this report (paragraphs 41 – 43 refer) be approved;
  - (i) the need to develop a robust Service Improvement Programme and deliver the benefits as part of the medium-term financial strategy of using reserves flexibly to deliver a soft landing in planned spending (paragraphs 44 – 46 refer) be endorsed.

## Reasons

Cabinet needs to make a recommendation on the detailed revenue budget for 2006/07 to Council on 10th March, 2006 when the Council Tax for next financial year will be set. Its recommendations to Council need to be made having taken into account the Council's current financial standing, resource availability and spending pressures for the future.

## Considerations

### Budget Strategy

1. The approach taken to formulating the Council's budget set out in this report is in accordance with the budget strategy approved by the Cabinet on 26th January, 2006. This strategy incorporated the views expressed by the Budget Panel. The Strategic Monitoring Committee's views also need to be taken into account by the Cabinet as it considers this report.
2. The key elements of the budget strategy approved by Cabinet on 26th January, 2006 are:
  - Minimising the impact of budget decisions on frontline services by using existing financial capacity to maintain current levels of service provision whilst a whole-Council approach to a Service Improvement Programme that will deliver budget savings is developed and implemented;
  - Setting affordable Council Tax increases for 2006/07 and 2007/08 of 4.7%;
  - Transferring unspent Invest to Save budgets in 2005/06 into 2006/07;
  - Maintaining a minimum of £3m in revenue reserves;
  - Writing off significant overspends from 2004/05;
  - Writing off significant overspends from 2005/06;
  - Adjusting ongoing base budget pressures;
  - Funding only the most essential items of growth;
  - Creating a contingency in the event of continued overspend on social care and homelessness services;
  - Carrying out detailed research to understand the exact nature and extent of the financial pressures likely to arise in the future as a result of Herefordshire's changing population structure;
  - Preparing detailed efficiency plans to realise the £1.65m cash savings needed for 2006/07 and 2007/08; and
  - Preparing detailed Invest to Save plans supporting the Service Improvement Programme.
3. The Cabinet also agreed the following principles for future financial management:
  - A 'one organisation' approach to managing cash and other corporate resources in line with the key priorities set out in the Corporate Plan;
  - A 'one organisation' approach to putting the cash and other resources needed to



respond to the recent CPA and JAR inspections in place for:

- Improving the Staying Safe judgment;
  - Improving performance management;
  - Reviewing business processes; and
  - Making progress with the accommodation strategy.
- Ring-fencing adjustments for ongoing base budget pressures for that purpose and returning unused cash to the corporate pot;
  - Managing budgets at Directorate level rather than at service or team level as is the practice in some areas – particularly important if underlying budget pressures have been addressed;
  - Allowing Children’s Services to meet the cost of their base budget pressures from virement within the Directorate; and
  - Developing a robust Service Improvement Programme that would prepare the way for a ‘soft landing’ in the budget given the anticipated reduction in reserves in 2005/06 and impact of the Spending Review 2007 (SR07) in 2008/09.

#### **Budget Calculations – Statutory Duties under the Local Government Act 2003**

4. Sections 25 to 29 of Part 2 of the Local Government Act 2003 impose duties on local authorities designed to ensure they make prudent allowance for risk and uncertainties in their budgets and that they regularly monitor their finances during the course of the year.
5. Section 25 of the Act deals with budget calculations and requires the statutory chief finance officer to report on the robustness of estimates and reserves. This duty was introduced because the Council decides on the Council Tax before the financial year begins and Council Tax cannot be increased during a financial year. It therefore needs to consider the risks and uncertainties that might force them to spend more than planned. The Council has a statutory duty to take the chief finance officer’s Section 25 report into account when it sets the Council Tax.
6. Whilst local authorities have discretion to make their own judgments on a prudent level of budget and reserves, Section 26 of the Act contains reserve powers for the government to set a minimum level of reserves. This means that the government has the right to intervene if it thinks a local authority is acting irresponsibly.
7. Section 27 of the Act requires the statutory chief finance officer to report to Council if reserves have dipped below the minimum agreed level when the next budget is set. That report must include suggestions on how to avoid it happening again.
8. Sections 28 and 29 of the Act deal with budget monitoring issues and make budget monitoring a statutory duty. If monitoring establishes that the budget position has deteriorated, authorities are required to take appropriate action. This might include reducing spending in the rest of the year, increasing income or funding the shortfall from reserves.
9. The Director of Resources will provide her statutory report to Council on 10th March, 2006 when it sets the Council Tax for 2006/07.

## Financial Standing and Risk

10. Sound corporate governance includes consideration of the financial risks facing an organisation. A detailed assessment of the key financial risks affecting the Council's budget strategy and plans is attached at Appendix A.
11. The external auditors have assessed the Council's financial standing as good but they continue to highlight the need to keep a sufficient level of financial reserves to provide the flexibility needed to respond to adverse circumstances.
12. The external auditor has also rated the Council's effectiveness in the Use of Resources as good stating that the Council offers good value for money. The Council needs to protect this reputation and continue to develop it as the Audit Commission's tests in these areas get ever more challenging.
13. The key risks to the Council's future financial standing are as follows:
  - Increasing client numbers in essentially demand led services such as adult and children's social care and homelessness;
  - Increasing costs of waste disposal and recycling services;
  - Increasing costs of Concessionary Fares services due to enhanced statutory requirements;
  - Very high inflationary increases in gas, electricity, heating oil and vehicle fuel prices;
  - Maintaining and improving the overall CPA rating of 3 stars with low Government funding and a below average Council Tax;
  - Developing and implementing a Service Improvement Programme for the whole Council that will deliver more for less spending;
  - Delivering LPSA2 targets within the agreed funding allocation;
  - Delivering the Local Area Agreement;
  - Responding to a new Government funding regime that is less transparent (and even harder therefore to explain to the Council Tax payer) and more judgmental than its predecessor;
  - Making sure that Herefordshire's case is heard at national level as public spending plans and distribution formulae are revised for the future;
  - Reviewing the hidden subsidies provided by Herefordshire in the discretionary fees and charges made for services as a potential contribution toward reducing net expenditure as increases in Council Tax are effectively capped and Government support is fixed; and
  - The outcome of the Lyons Inquiry into the role and responsibility of local government and the review of the funding arrangements that will follow.

## **Financial Context – The National Local Government Finance Settlement**

14. The Government announced the provisional local government financial settlements for 2006/07 and 2007/08 in early December 2005. The final figures were released on 31st January, 2006 – even later than we have grown accustomed to in recent years. The main points are as follows:

### **Government Support for Non Schools Services**

- The Government has introduced a new approach to calculating Formula Grant (FG) allocations known as the 'Four Block Model' that deals in cash grant rather than assumptions about spending;
- The Government made it clear that it was expecting average increases in Council Tax of no more than 5% but capping criteria for 2006/07 will not be announced until after local authority budgets have been set;
- Formula Spending Shares (FSS) have been replaced by Relative Needs Formulae (RNF) in an effort to stop discussion on the notional level of support included in each authority's settlement for any given service;
- Assumed National Council Tax (ANCT) has been replaced by the Relative Resources Amount (RRA) to avoid local comparison to the notional figure for Council Tax used by the Government for grant distribution purposes;
- Formula Grant allocations have been provided for the next two financial years – 2006/07 and 2007/08;
- Population figures have been updated and are now based on 2001 Census information;
- New social services and resource equalisation formulae have been introduced;
- In contrast to the current methodology, the new system does not provide for additional cash outside of the damping process to support borrowing costs faced by local authorities in investing in infrastructure programmes such as the Local Transport Plan;
- Grant for schools expenditure has been transferred out of Formula Grant and is now a specific Dedicated Schools Grant (DSG);
- Additional funding above the amount indicated in the Spending Review 2004 has been provided at national level of £305m for 2006/07 and £508m for 2007/08;
- Formula Grant increases 3% in 2006/07 and 3.8% in 2007/08 at the national level;
- There is no maximum level of grant increase but a damping process involving grant floors has been used to ensure every authority receives a minimum increase in grant in 2006/07 and 2007/08; and
- The grant floors for 2006/07 were set at:
  - 2% for Education/Personal Social Services authorities;
  - 3.2% for Police authorities;
  - 1.5% for Fire authorities; and
  - 3% for shire districts.

## **Government Support for Schools**

- Government support for schools is now provided through a ring-fenced or specific grant called the Dedicated Schools Grant (DSG);
- The overall increase in DSG for England is 6.4% in 2006/07 and 6% in 2007/08;
- The amount of DSG per pupil is guaranteed in 2006/07 and 2007/08; and
- Actual grant paid will be calculated on the basis of pupil numbers on 31st January before the start of each financial year so the cash amounts announced are provisional until pupil numbers have been confirmed.

## **Financial Context – Herefordshire’s Local Government Finance Settlement**

15. The key points of the Local Government Financial Settlement for Herefordshire are as follows:

### **Overall Government Support**

- The overall headline was better than anticipated as the Government put more money into the system than expected based on their public spending plans outlined in SR04;
- Herefordshire’s overall grant increase (FG plus DSG) for 2006/07 is 6.4% and for 2007/08 is 3.4%; and
- Herefordshire is 38th out of the 46 all purpose authorities in terms of overall Government funding per head of population – a situation that is unlikely to improve significantly whilst it receives floor increases in grant.

### **Government Support for Herefordshire’s Non Schools Services**

- Herefordshire’s Formula Grant increase is 2.4% for 2006/07 and 2007/08;
- These increases barely keep pace with expected inflation and therefore represent a standstill position in real terms;
- The new distribution formulae produce a ‘raw’ Formula Grant for Herefordshire of £46.148m in 2006/07 before floor damping. This increases by £394k as a result of the damping process giving a ‘final actual’ Formula Grant for 2006/07 of £46.542m;
- The new distribution formulae produce a ‘raw’ Formula Grant for Herefordshire of £48.32m in 2007/08 before floor damping. This reduces by £670k as a result of the damping process giving a ‘final actual’ Formula Grant for 2007/08 of £47.65m;
- It is important to note that Herefordshire’s Formula Grant allocations are affected by the damping arrangements with an increase in 2006/07 and a reduction in 2007/08; and
- Herefordshire is 33<sup>rd</sup> out of the 46 all purpose authorities in terms of Formula Grant funding per head of population in 2006/07.

### **Government Support for Herefordshire’s Schools**

- Herefordshire’s Dedicated Schools Grant increase for 2006/07 is 4.3% and for 2007/08 it is 4%;

- Compared to non schools services, the increase in funding for schools spending is good;
- The DSG per pupil for Herefordshire will be £3,296.83 in 2006/07 which is an increase of 7.1% over the 2005/06 figure of £3,078.40;
- Herefordshire's DSG per pupil in 2006/07 places it 147 out of 149 in the all Education authorities funding league table;
- Herefordshire's provisional DSG for 2006/07 is £78.679m and for 2007/08 it is £81.852m.

### **Financial Context – Prior Year Over Spends**

16. Cabinet has already decided to write-off the 2004/05 over spend in social care services of £714k. Cabinet's budget strategy also indicates write-off of other significant over spends from 2004/05. The only other large one is £419k in Property Services.

### **Financial Context – Projected Financial Performance for 2005/06**

17. This years net revenue budget was set at £184.889m. Councillors have received regular updates on the budget situation for the current financial year as part of the Integrated Performance Report (IPR) process. The latest IPR is included elsewhere on this agenda. An assessment of current year spending compared to budget is important in terms of setting future budget plans as it provides information on the likely level of reserves available to start the new financial year dependent on whether an over spend or under spend situation is forecast.
18. The latest assessment of financial performance in 2005/06 remains that significant overspends are anticipated in adult social care £1.5m, with the worst case scenario being an overspend of £1.75m and homelessness services £747k. The Integrated Performance Report elsewhere on this agenda provides more detailed information. There is a pattern of over spending in social care emerging that the budget strategy for 2006/07 is designed to address.
19. It is likely that the over spends in service budgets in 2005/06 will be masked by under spending on the Financing Transactions budget of some £1.6m due to out-performance of treasury management targets and delays in taking the funding needed to pay for capital spending and a further under spend on the Invest to Save budget £1.928m.
20. Cabinet has already stated its intention to use the Invest to Save under spend in this financial year in 2006/07. The boost to reserves this under spend represents at 2005/06 financial year-end is therefore only temporary if the budget is committed and spent next year and doesn't roll forward again.

### **Financial Context – Revenue Reserves**

21. The following table summarises the anticipated change in revenue reserves in the current financial year and in 2006/07.

	<b>£m</b>		<b>£m</b>
Balance as 1st April 2005	13,005	Estimated balance at 1st April 2006	7,923
Less Commitments in 2005/06		Less Commitments in 2006/07	
Programme Area Carry Forwards from 2004/05	3,915	Invest to Save	1,928
Capital to Revenue Transfer	1,348		
Overspendings brought forward from 2004/05			
Social Care	714		
Property	419		
Projected Overspends in 2005/06			
Adult Services	1,500		
Homelessness	747		
Add estimated underspendings in 2005/06			
Financing Transactions	-1,600		
Invest to Save	-1,928		
Add estimated Corporate underspendings in 2005/06			
West Mercia Supplies Dividend	-262		
Corporate Insurance	-138		
Environment Contingency	-132		
Local Authority Business Growth Incentive	-564		
Amending Report changes to claw back Revenue Support Grant 2004/05 and 2005/06	165		
Other commitments (some estimated)			
HR Changes	50		
Children's Services			
Change Management	250		
CPA	50		
Land Charges	100		
JE	100		
Gideon House	200		
Funding of Unison post	25		
Office of ODPM	123		
	-----		
Estimated Balance as at 31st March, 2006	7,923	Estimated Balance as at 31st March, 2007	5,995
	=====		=====

22. The above table links back to the latest forecast outturn for 2005/06 and assumes that the outturn for 2006/07 will come in on budget. If all goes according to plan and that happens, the projected level of balances at 31st March, 2007 is currently forecast at £6.0m. This is needed in the event that efficiency savings are not delivered and social care pressures cannot be contained within the contingency funding for this purpose.
23. The £3.0m in excess of the minimum of £3m revenue reserves needed also provides some additional flexibility to fund the Service Improvement Programme and supporting strands of ICT, accommodation and organisational development.

24. As at 31st March, 2005 schools held balances of £8.9m including devolved capital of £1.6m and the main locally managed balances of £7.2m. The latest schools plans suggest that balances will reduce by 10% during 2005/06 due to budget pressures resulting from workforce reform, falling rolls and job evaluation. Schools are entitled to carry their balances forward into the following year. The Schools Forum has approved proposals to claw back any excess balances with any amounts being recovered being spent on capital improvements in schools.
25. Appendix B summarises reserves, balances and provisions as at 31st March, 2005 and projected for 31st March, 2006 for information.

### **Financial Context – Future Spending Pressures**

26. The budget meetings with Directors in November 2005 were used to identify and quantify future spending pressures within each Directorate. The initial long list of spending pressures totalled approximately £20m in 2006/07.
27. The long list of spending pressures has been examined a number of times with increasing rigour by CMB, the Budget Panel, Cabinet and the Strategic Monitoring Committee. This has been necessary to ensure that available cash resources are allocated on a consistent basis for all Directorates in line with corporate priorities and the agreed budget strategy.
28. The initial long list of spending pressures was relatively painlessly reduced by £7m as items that CMB felt could be managed without the need for additional resources were removed.
29. The remaining £13m of growth pressures were examined in detail using an iterative process to identify:
  - base budget pressures;
  - unavoidable growth items where additional resources are essential for delivery;
  - social care demand pressures;
  - growth items where additional resources were not essential for delivery; and
  - growth items that could be potential Invest to Save opportunities.
30. The list of base budget pressures that emerged as a result of this process totals £2.9m in 2006/07 (the total rolling forward into 2007/08 is lower than this figure by £335k). This list was included in the budget strategy report agreed by Cabinet on 26th January, 2006 and is reproduced in Appendix C.
31. The list of unavoidable growth items where additional resources are essential for delivery was whittled down to £1.1m in 2006/07 (£771k in 2007/08). This list was included in the budget strategy report agreed by Cabinet on 26th January, 2006 and is reproduced in Appendix D.
32. The list of social care demand pressures totalled £2.8m in 2006/07 and rises to £4.1m in 2007/08. This information was included in the budget strategy report agreed by Cabinet on 26th January, 2006 and is reproduced in Appendix E.
33. The list of growth items where additional resources were not essential for delivery totalled £4.7m in 2006/07 (£4.8m in 2007/08). The list of growth items with Invest to Save potential totalled £1.4m (£486k in 2007/08).

## Funding the Budget

34. The Financial Resource Model is a key part of the Council's medium-term financial strategy. It sets out the key financial assumptions that affect resource availability into the future. A comprehensive assessment of the corporate financial risks for the revenue spending plan is provided in Appendix A. The key issues are highlighted here:
- **Pay inflation** – rates of pay have been agreed for next year and will rise by 2.9%. The pay settlement for 2007/08 had not yet been agreed. The assumption is that pay inflation in 2007/08 will be 3.0%. Excluding schools, the increase in pay rates including national insurance and superannuation is £1.8m in 2006/07 and a further £1.9m in 2007/08.
  - **Pension costs** – the employers' contribution rate to the Local Government Pension Scheme administered by Worcestershire County Council is 17.1% for Herefordshire. This will rise to 17.6% in 2006/07 and then to 18.2% in 2007/08 to help eliminate the actuarial deficit on the pension fund. The additional contribution will cost £0.210m in 2006/07 and £0.260m in 2007/08.
  - **Price inflation** – price increases in the general economy are moderate at between 2% and 3%. There are some significant exceptions such as utility and vehicle fuel costs.
  - **Council Tax** - an increase of 4.7% has been assumed for 2006/07 in line with the Cabinet's budget strategy. The same level of increase for 2007/08 has been assumed for indicative purposes. Herefordshire's Council Tax is currently just below the average for an all purpose authority.
  - **Formula Grant/Dedicated Schools Grant** – the final settlement figures for 2006/07 and indicative figures for 2007/08 provided by the Government have been used in the FRM.
  - **Efficiency savings** – the FRM assumes that the Gershon cashable savings target of £1.65m in 2006/07 and 2007/08 will be achieved.
  - **Treasury Management** – the revenue consequences of having to borrow to fund the capital programme are fully reflected in the budget projection. Interest rates are judged to be reasonably stable over the next 18 months.
35. The FRM is summarised in Appendix F. The FRM starts with the approved base budget for 2005/06 of £184.889m and adjusts for all the significant known changes and financial planning assumptions outlined above. This enables the capacity in the budget to absorb base budget adjustments and essential growth to be estimated.
36. The FRM indicates spare capacity of £5.308m for 2006/07. This is higher than initial estimates as financial assumptions have been fine-tuned during the course of the budget preparation exercise.

## Funding Allocations to Directorates

37. Allocating the financial capacity for 2006/07 in line with the budget strategy means that the list of base budget pressures (£2.9m) and the list of growth items (£1.1m) can be accommodated leaving £1.3m for a social care contingency.
38. Appendix G summarises the budget calculations for each Directorate. Next year's budget book will show detailed budget calculations for the new Directorates with comparable figures for 2005/06.



39. The Cabinet will want to consider any comments made by the Strategic Monitoring Committee and may have a view on further adjustments to the proposed spending plan for next year. It is suggested that any additions are paid for by a corresponding reduction in the Social Care contingency.
40. In addition to the funding allocations made from the corporate pot, Directorates have access to a range of specific grants that make financial management easier in some areas than others. The specific grant resources expected for 2006/07 and 2007/08 are outlined in Appendix H.

### Efficiency Savings Plans

41. The Gershon saving target for cashable savings is approximately £1.65m a year. It is necessary to identify the exact source of those savings for the Annual Efficiency Statement that has to be submitted in April and in order to maintain our current Use of Resources scores.
42. The following table outlines progress in identifying the target level of efficiency savings in 2006/07 as reported to Cabinet on 26th January, 2006.

Cash Efficiency Plan 2006/07 and 2007/08 (all figures in £000's)

<b>Directorate</b>	<b>2006/07</b>	<b>2007/08</b>
Adult and Community Services	404	624
Children's Services	299	299
Corporate and Customer Services (including HR)	135	130
Environment	145	245
Resources	29	39
<b>TOTAL</b>	<b>1,112</b>	<b>1,337</b>

43. The only further cashable efficiency saving that has been identified since the last budget report is in recruitment advertising (£44k in 2006/07 and £88k in 2007/08). This figure will need to be allocated to Directorates based on staff turnover statistics. The remainder needed to meet the £1.65m target is £494k in 2006/07 and £225k in 2007/08. The target for the next two financial years will be achieved from additional vacancy savings allocated to Directorates on the basis of total base budget for employees in 2005/06. It may be possible to update the efficiency plan for 2006/07 as a result of the Corporate Strategy Review currently underway.

### Service Improvement Programme/Invest to Save

44. A Corporate Strategy Review is currently underway that will result in a Service Improvement Plan (SIP) for each Directorate and ultimately one for the whole Council that includes the priorities identified in each Directorate SIP that most closely match corporate priorities. As well as identifying the key projects that will be taken forward, the overarching SIP will also identify the supporting strands. These are likely to be ICT, accommodation and organisational development.

45. It is suggested that unused element of the 2005/06 Invest to Save budget that will be carried forward into 2006/07 is set aside to help fund the investment needed to deliver the SIP once it has been agreed by members. The service improvement planning process is rigorous and is being applied consistently across all Directorates. Particular attention has been paid to identifying the benefits of the SIP developed by each Directorate and determining whether they are cashable and will lead to a deliverable base budget reduction.
46. The process for developing Directorate level SIPs and the overall SIP for the Council avoids the need to create a separate procedure for assessing the worthiness of a myriad of Invest to Save bids. This approach ensures that the corporate resource available for Invest to Save initiatives – which is what the SIP and associated strands will be – is allocated in line with corporate service improvement priorities.

### **Strategic Monitoring Committee**

47. The Strategic Monitoring Committee considered the Cabinet's budget strategy report of 26th January, 2006 at its meeting on 13th February, 2006. The Committee supported the proposal for a 4.7% increase in Council Tax for 2006/07 noting that this level of increase was likely to be close to the maximum acceptable to the Government. The Committee noted that the Cabinet and Council would need to continue to monitor the Government's advice on what would be regarded as excessive Council Tax increases as the final budget setting decisions were taken.
48. The Strategic Monitoring Committee noted the uncertainty over the pressures on adult social services budgets and sought confirmation that there would be adequate provision within the budget to deal with these issues. The Cabinet is proposing to establish a social care contingency which will be released on the basis of an independent piece of research to establish the financial implications of changes in demand for these services. The Committee also wanted confirmation that the Children's Services Directorate had sufficient resource to deliver the Joint Area Review improvement plan.
49. The Strategic Monitoring Committee considered the medium-term financial constraints within which Herefordshire will have to deliver improving services at less cost. The Committee supported the Cabinet's proposal to transfer the unspent Invest to Save budget in 2005/06 into 2006/07 in order to fund the emerging corporate service improvement plan.

### **Conclusions**

50. This budget cycle has been a difficult one for the Council. Herefordshire faces huge challenges in meeting rising customer demand, statutory duties and rigorous inspection regimes whilst maintaining financial stability into the future.
51. Herefordshire schools are amongst the worst funded in England on a per pupil basis but the increase in Dedicated Schools Grant was comparatively good at 4.3%. In contrast, the 2.4% increase in non-schools funding will barely cover inflation.
52. The scope to make good the shortfall in Government funding is severely limited by the cap on Council Tax increases. Reviewing the scope to raise additional income sensitively through fees and charges may reveal opportunities for bridging the funding gap.
53. The budget outlined in this report represents a significant step towards addressing some of the structural issues within the Council's budget for the future. However, reserves will be significantly depleted in 2005/06 as prior year and current year over spends are written off to help establish a stable budget position going forward.

54. The creation of a Social Care contingency in the event demand continues to increase to the extent currently predicted is an important step towards managing the key financial risks Herefordshire is facing. It is essential that these demand led pressures are fully understood and the resource implications assessed as soon as possible.
55. There will be limited capacity to deal with the level of over spending in key service areas that occurred in 2004/05 and is happening in the current year. These service areas need to consider whether alternative service delivery models may achieve more with less.
56. The medium-term financial prognosis is not good with SR07 looming large. The pressure from the Government to deliver efficiencies whilst improving outcomes and outputs continues to increase. The limited capacity in Herefordshire's financial reserves to provide the flexibility needed to achieve a soft landing in the budget means there is a pressing need to develop a Council-wide Service Improvement Programme supported by implementation of appropriate ICT, accommodation and organisational development strategies. The pay back in terms of budget reductions resulting from the investment needs to be certain **and** delivered if Herefordshire is to maintain its current financial standing.

## **Alternative Options**

The Cabinet considered alternative options prior to confirming its preferred budget strategy on 26th January, 2006. The alternative options were:

- to use all the available capacity in 2006/07 to address base budget pressures and essential growth in the year, cutting back as necessary for 2007/08; and
- to assume no financial capacity in 2006/07, cutting back further as necessary for 2007/08.

These options were discounted as they were likely to lead to immediate cuts in frontline services in favour of the 'soft landing' approach outlined in this report.

## **Risk Management**

The financial risk issues are outlined in this report and Appendix A. The key risks are:

- failure to contain spending within budget approved budget for 2006/07 – formal monitoring arrangements are in place linked to the IPR process to mitigate this risk; and
- failure to deliver the financial benefits in terms of reduced cost of service provision as part of the Service Improvement Programme currently being developed – the SIP will need to identify the risks and action necessary to manage them.

The implications of failing to manage these risks are that the Herefordshire's reserves will fall below the minimum required of £3m, damaging the Council's reputation for being good at the Use of Resources.

## **Consultees**

The public via the January 2006 Community Forum meetings, Budget Panel, Strategic Monitoring Committee and members via a budget seminar.

## **Background Papers**

None identified.

## FINANCIAL RISK ASSESSMENT OF THE REVENUE SPENDING PLAN FOR 2006/07 & 2007/08

### Council Tax

The Financial Resources Model allows for an annual increase of 4.7% in Council Tax. This is the firm proposal for 2006/07 at this stage and an indicative figure for 2007/08 and beyond. A 4.7% increase in Council Tax for 2006/07 is within the 5% guideline suggested by the Government. Capping criteria for next financial year will not, however, be published until all councils have set their budget for the year.

The Financial Resources Model allows for a 1.6% growth in the Council Tax base for 2006/07 as determined by the Council and a 0.4% increase in 2007/08 as provisionally indicated by Government. The level of growth for 2007/08 may be more than indicated, but is a prudent indicator for current purposes. The Council Tax base included in the Financial Resources Model takes into account Herefordshire's policy on Council Tax discounts for second and long-term empty homes.

A neutral position on the Collection Fund is forecast in the Financial Resource Model. Changes in the Council Tax base are regularly monitored. There are many factors that could affect the outturn for each financial year. In practice, the actual position on the Collection Fund at each year-end is rarely neutral because there are so many variables that affect the outturn. A surplus is clearly more desirable than a deficit and the impact of a deficit in both financial and reputational terms depends on its size.

### Formula Grant and Dedicated Schools Grant

The final figures announced by the Government on 31st January, 2006 are as follows:

	2006/07		2007/08	
	£m	%	£m	%
Formula Grant	46.542	2.4	47.650	2.4
Dedicated Schools Grant	78.679	4.3	81.852	4.0
TOTAL	125.221	6.4	129.502	3.4

These are firm figures for the next two financial years. It is difficult to forecast the level of increases for 2008/09 and beyond at this point in time. The Government will begin its triennial review of its public spending plans shortly – this will be known as Spending Review 2007 (SR07) and will impact on local authority spending plans for 2008/09 and the following two financial years. The prognosis for local government is not good given anticipated national priorities. We will continue to ensure local spending pressures are understood at regional and national levels. We will also continue to scan the financial horizon to ensure our spending plans for the future are sustainable.

### Inflation

Pay inflation has been included at 2.95% in 2006/07 and at 3% thereafter for non-teaching staff. Pay inflation for teaching staff has been allowed at 3%.

Pensions inflation has been included at 0.5% in 2006/07 and at 0.6% thereafter. This represents the stepped increase in the employers contribution rate assessed at the last actuarial review of the pension fund.

The Financial Resource Model assumes a 2.5% increase in fees and charges income each year.

A 2.5% increase in other costs have been allowed. This will be a challenging target in some areas. The budget strategy for 2006/07 allows for excess inflation in some areas such as utility costs.

### **Investment Income and Financing Costs**

The level of investment income received and debt financing costs paid clearly depends on economic conditions and overall spending plans for revenue and capital. Our projections on the Financial Transactions budget are based on estimated cash flow taking into account capital and revenue spending plans. Significant slippage in the capital programme in particular can lead to a better than budgeted position. Based on advice from our treasury management consultants, we anticipate that interest rates will remain low with no dramatic change either up or down.

### **Staffing Budgets**

These budgets are not fully funded on the basis that savings arise each year as staff leave the Council. Directors will need to continue to exercise close control over vacancy management to ensure staffing costs are within budget and to generate efficiency savings wherever possible without detriment to service provision.

### **Partnership Working**

Herefordshire will continue to explore the potential for partnership working and procurement on an active basis. The shared services agenda could potentially deliver cost and service improvements over the longer-term. No assumptions on the level of savings and when they are likely to occur are included in the Financial Resources Model at this stage.

### **Changes in the Base Budget**

The Financial Resource Model has been prepared on the assumption that tight financial control at Directorate level will be maintained for the future. Growth items of significant size will clearly impact on the resource forecast. The Government has promised to ensure that new burdens will be properly resourced for the future. It is hoped this will ease pressure in the years to come.

### **Organisational Development**

Herefordshire is going through a period of structural change. This needs to be achieved within the existing base budget although it is recognised that some one-off costs may be incurred as preparations for service improvements are made.

### **Concessionary Fares**

Spending on the Concessionary Fares scheme is notoriously difficult to predict. Introduction of the new statutory scheme for 2006/07 means this budget could be volatile. This budget will need to be closely monitored.

### **Social Care**

2005/06 saw significant levels of overspending particularly in adult services. The overspend from 2004/05 will be written off as will the 2005/06 overspend. The base budget has been adjusted for 2006/07 and a contingency established in the event of further overspend. Further measures are also being taken to manage this risk. An independent assessment of the cost drivers in this area of service provision is underway to help to help establish a realistic base budget.

## **Homelessness**

This is another high risk budget that produced a significant overspend in 2005/06. The base budget for 2006/07 and 2007/08 reflecting the action plan that is in place to bring this budget back under control.

## **Waste Management**

An earmarked reserve has been established to help pay for future costs arising from the Waste PFI project. The Financial Resource Model includes a further contribution of £825k to this reserve in 2006/07. A figure of £580k has been included for future years. This will need to be closely monitored in the event it proves insufficient and the resource assumption needs to be changed.

## **Unforeseen Contingencies**

The recommended minimum level of revenue reserves and balances is £3m. The General Reserves balance is expected to be £6.0m at the end of 2006/07 if all goes according to plan. This is considered sufficient to deal with any other unforeseen events and is in line with Prudential Code requirements.

## **Changes in Taxation**

The revenue spending plan assumes that the current national system of taxation remains the same. The Chancellor of the Exchequer could change employer National Insurance contribution rates, Climate Change levy and VAT rates and exemptions.

## **Changes in the Local Government Finance System**

The balance of funding review is still underway – indeed Sir Michael Lyons' remit has been extended to include consideration of the respective role and responsibilities of central and local government. The Government is in the process of reorganising other elements of the public sector and a white paper on local government organisation in England is expected this summer. Meanwhile, an increasing number of funding streams are being allocated at regional level. All these factors could have significant implications for future service and financial planning.

## **Gershon Efficiency Targets**

The Financial Resource Model assumes a target for cashable savings of £1.65m a year. This target needs to be reviewed as final spending figures for each year are available. The Annual Efficiency Statement for 2006/07 setting out how cashable and non-cashable efficiency savings will be delivered has to be prepared by mid-April.

## **Edgar Street Grid Project**

Herefordshire's spending plans do not recognise the resource implications over time for the Council of this project. These will emerge in the next few weeks now that the Chief Executive of the Joint Venture Company – Jonathan Brotherton – is in post. Local Authority Business Growth Incentive Scheme grant may be an appropriate source of funding for this and other regeneration activity.

## STATEMENT OF RESERVES, BALANCES AND PROVISIONS

Reserve, Balance or Provision	Purpose of the Reserve, Balance or Provision	Actual as at 31st March, 2005 £000	Forecast as at 31st March, 2006 £000	
General Revenue Reserve	General reserve retained to meet unforeseen costs. Includes £3m minimum provision.	13,005	7,923	See note 1 below
Schools Carry Forwards	Retained at the discretion of Schools Governing Bodies.	8,919	6,400	See note 2 below
Waste Disposal	Surpluses brought forward from the budget provision for the Waste PFI contract in previous years. Intended to be used to smooth out costs following renegotiation.	1,386	1,586	
Winter Maintenance	Amount retained to meet costs of very cold winter.	108	108	
IT Support Services	Balance carried forward to meet expenditure in future years.	758	758	
Support Services	Balance carried forward to meet expenditure in future years.	358	358	
Insurance	Set aside to meet future insurance excesses and uninsured losses (self insurance).	885	1,000	
Schools Balance of Risk	Internal insurance for schools.	335	335	
Bad Debts	Former Hereford and Worcester liabilities relating to insurance.	73	50	
Maintenance of Open Spaces	Committed lump sums utilised to meet additional maintenance liabilities.	87	100	
Initiatives Fund	Amount available to fund projects (repayable).	372	420	
Learning and Skills Council	Amount set aside for probable grant repayment.	108	--	
Industrial Estates	Amount set aside for maintenance at the Industrial Estate.	123	123	
SRB Scheme	Amount set aside for possible repayment of grant	96	96	

Legal Claim	Amount set aside to meet costs of a legal claims against the Council	47	--	
Various Small Reserves and Provisions		110	--	
<b>TOTAL</b>		<b>26,770</b>	<b>19,257</b>	

*Note 1: The estimate as at 31st March, 2006 includes £1.928m Invest to Save budget that will be spent in 2006/07.*

*Note2: This estimate is based on the schools current budget plans, but normally the school balances will exceed this estimate.*



## PROPOSED BASE BUDGET ADJUSTMENTS

DIRECTORATE	BUDGET HEADING - explanation	BASE BUDGET ADDITION 2006/07 £000	CHANGE 2007/08 £000
Adult & Community Services	Learning Disabilities – ongoing deficit	758	0
Adult & Community Services	Homelessness – temporary accommodation costs (this figure excludes the £300k one-off virement in 2005/06)	686	-260
Adult & Community Services	Parks & Countryside – loss of contract income from Hereford City Council	85	0
Adult & Community Services	Cultural Services – unrealisable savings in the TIC service	124	0
Adult & Community Services	Older People – independent assessment of the financial implications for the future of Herefordshire's changing population structure on adult and children's social care spending	75	0
Adult & Community Services	Older People – catch up on contractual inflation for the SHAW contract	393	0
Adult & Community Services	Parks & Countryside – catch up on contractual inflation indices	41	0
Children's Services	Transport – catch up on contractual inflation indices	90	0
Corporate & Customer Services	Land Charges – ongoing budget deficit	80	0
Environment	Concessionary Fares – excess over the amount allowed for in the Financial Resources Model needed to implement the new statutory scheme	154	0
Environment	Waste Collection – catch up on contractual inflation indices	200	0
Environment	Street Cleansing – catch up on contractual inflation indices	50	0
Resources	Revenues & Benefits – support for Academy software not included in the budget	76	0
Resources	Property Services – excess inflation in utility costs	75	0
<b>TOTAL</b>		<b>2,887</b>	<b>-335</b>

## ESSENTIAL GROWTH ITEMS

Directorate	Essential Item	2006/07 £000	2007/08 £000
Adult and Community Services	Older people – maintaining services currently funded by Access and Systems Capacity Grant	137	137
Children's Services	Children with Disabilities – contribution to the Joint Agency Agreement from Social Care over and above the contribution from the Direct Schools Grant	279	250
	Children's Commissioning – replacement of one-off funding necessary to maintain current level of service provision	160	--
	Safeguarding children replace reduction in grant funding	149	--
	JAR/Children and Young People Action Plan	100	25
Corporate and Customer Services	Coroners Service – legal obligations to pay increased fees	30	30
Environment	Public Transport – withdrawal of subsidised bus service AMW funding	85	150
Resources	Senior Management restructure. Legal obligation. Commitment ends 2007/08	139	139
	Support for Adult and Community Services. Additional accounting support needs to continue	40	40
	<b>TOTAL</b>	<b>1,119</b>	<b>771</b>

## SOCIAL CARE DEMAND PRESSURES

Directorate	Budget Heading - explanation	2006/07 £000	2007/08 £000
Adult & Community Services	Older People – full year cost of growth placements in 2005/06	204	204
Adult & Community Services	Older People – current assessment of increasing demand for services	476	1,710
Adult & Community Services	Mental Health – full year cost of growth placements in 2005/06	226	226
Adult & Community Services	Mental Health – current assessment of increasing demand for services	115	231
Adult & Community Services	Learning Disabilities – full year cost of growth placements in 2005/06	337	337
Adult & Community Services	Learning Disabilities – current assessment of increasing demand for services	895	895
Children's Services	Secure Placements – anticipated increase in demand for service	250	200
Children's Services	Placements – anticipated increase in demand for service for children with learning disabilities	200	200
Children's Services	Children with Learning Disabilities – anticipated growth in demand for service	50	50
<b>TOTAL</b>		<b>2,753</b>	<b>4,053</b>

## FINANCIAL RESOURCE MODEL FOR 2006/07 AND 2007/08

	2006/2007			2007/2008			2008/2009			2009/2010		
	Total	DSG	Other Services	Total	DSG	Other Services	Total	DSG	Other Services	Total	DSG	Other Services
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Base Budget</b>	184,889	73,963	110,926	196,964	78,679	118,285	204,850	81,852	122,998	214,736	85,126	129,610
<b>Inflation</b>	3,052	0	3,052	3,166	0	3,166	3,274	0	3,274	3,403	0	3,403
	<b>187,941</b>	<b>73,963</b>	<b>113,978</b>	<b>200,130</b>	<b>78,679</b>	<b>121,451</b>	<b>208,124</b>	<b>81,852</b>	<b>126,272</b>	<b>218,139</b>	<b>85,126</b>	<b>133,013</b>
<b>Other Items</b>												
- Waste management - PFI Contract - UNDER REVIEW	825		825	580		580	580		580	580		580
- Part transfer of Preserved Rights grant into FSS	104		104	0		0	1,891		1,891	0		0
- Incorporation of Residential Allowances into FSS	764		764	0		0	0		0	0		0
- Concessionary Fares (TBA)	360		360	0		0	0		0	0		0
- LPSA 1 Performance Reward Grant	(850)		(850)	0		0	0		0	0		0
- Pump Priming of LPSA 2	850		850	0		0	0		0	0		0
- Job Evaluation - UNDER REVIEW	300		300	0		0	0		0	0		0
- Emergency Planning	60		60	0		0	0		0	0		0
- Procurement - WMS Savings	(300)		(300)	0		0	0		0	0		0
- Unison	5		5	0		0	0		0	0		0
- Changes in Capital Financing Costs	(221)		(221)	875		875	603		603	796		796
- Repayment of LGR SCA	0		0	0		0	(453)		(453)	(334)		(334)
- Prudential Code - Capital Implications	732		732	849		849	573		573	628		628
- Whitecross School - PFI Contract	150		150	1		1	144		144	177		177
	<b>2,779</b>	<b>0</b>	<b>2,779</b>	<b>2,305</b>	<b>0</b>	<b>2,305</b>	<b>3,338</b>	<b>0</b>	<b>3,338</b>	<b>1,847</b>	<b>0</b>	<b>1,847</b>
<b>Additional Funding/(Savings)</b>												
P&FG - Support Services (Proposed Budget Reductions)	(59)		(59)	0		0	0		0	0		0
Strategic Housing (Proposed Budget Reductions)	(23)		(23)	(23)		(23)	0		0	0		0
ICT (Proposed Budget Reductions)	(194)		(194)	6		6	0		0	0		0
ICT (Service Development)	194		194	(6)		(6)	0		0	0		0
Invest to Save	(2,048)		(2,048)	0		0	0		0	0		0
Efficiency Savings	(1,650)		(1,650)	(1,650)		(1,650)	0		0	0		0
Capacity in budget	5,308		5,308	915		915	0		0	0		0
	<b>1,528</b>	<b>0</b>	<b>1,528</b>	<b>(758)</b>	<b>0</b>	<b>(758)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>4,307</b>	<b>0</b>	<b>4,307</b>	<b>1,547</b>	<b>0</b>	<b>1,547</b>	<b>3,338</b>	<b>0</b>	<b>3,338</b>	<b>1,847</b>	<b>0</b>	<b>1,847</b>
	<b>192,248</b>	<b>73,963</b>	<b>118,285</b>	<b>201,677</b>	<b>78,679</b>	<b>122,998</b>	<b>211,462</b>	<b>81,852</b>	<b>129,610</b>	<b>219,986</b>	<b>85,126</b>	<b>134,860</b>
Reinstate Schools at DSG	4,716	4,716	0	3,173	3,173	0	3,274	3,274	0	3,405	3,405	0
<b>TOTAL STANDSTILL BUDGET</b>	<b>196,964</b>	<b>78,679</b>	<b>118,285</b>	<b>204,850</b>	<b>81,852</b>	<b>122,998</b>	<b>214,736</b>	<b>85,126</b>	<b>129,610</b>	<b>223,391</b>	<b>88,531</b>	<b>134,860</b>
<b>Council Tax at 'Standstill'</b>	4.70%			4.70%			6.29%			4.11%		

## FUNDING ALLOCATIONS TO DIRECTORATES

	Adult and Community Services	Children's Services	Corporate and Customer Services	Environment	Resources	Chief Executive	Human Resources	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>Inflated 2005/06 Base Budget</u></b>	42,308	94,251	6,944	23,190	19,037	973	1,238	187,941
<b>Less one-off Budget Allocation for 2005/06 (Invest to Save)</b>					-2,048			-2,408
<b>Budget Additions</b>								
<b>Growth Items etc (FRM)</b>	868	150	5	1,185	511	60		2,779
<b>Reinstate Schools at DSG</b>		4,716						4,716
<b>Less 2005/06 Budget Reductions full year effect</b>	-23				-59			-82
<b>Less Share of Efficiency Target</b>	-580	-388	-180	-347	-101		-54	-1650
<b><u>New Base Budget for 2006/07</u></b>	42,573	98,729	6,769	24,028	17,340	1,033	1,184	191,656
<b>Add Proposed Base Budget Adjustments</b>	2,162	90	80	404	151			2,887
<b>Add Essential Growth Items</b>	137	688	30	85	179			1,119
<b>Social Care Contingency</b>					1,302			1,302
<b><u>Proposed 2006/07 Budget</u></b>	44,872	99,507	6,879	24,517	18,972	1,033	1,184	196,964

Note: Disaggregation of budgets into new Directorate groupings still subject to change as new organisational structure is implemented at the detailed level.

## SPECIFIC GRANT RESOURCES

Funding Area	Grant	2006/07 £000	2007/08 £000
R Education	School Development Grant (Provisional Only)	5,406	-
R Education	Ethnic Minority Achievement	35	35
R Education	Targeted Primary Strategy	563	-
R Education	Targeted Secondary Strategy	260	-
R Education	Music Services (a)	230	220
R Education	Music Services (b)	9	73
R Education	School Travel Advisers	32	32
R Education	School Improvement Partners	22	-
R Education	Secondary Strategy: Behaviour and Attendance	68	68
R Education	Secondary Strategy: Central Coordination	-	136
R Education	Primary Strategy: Central Coordination	141	138
R Education	Extended Schools	287	287
R PSS	Youth Opportunity Fund	30	30
R PSS	Sure Start (including Sure Start Local Programmes)	2,439	2,425
PSS	Carers	592	605
PSS	National Training Strategy	304	309
PSS	Preserved Rights	1,722	1,606
PSS	Children's Services	376	466
PSS	HR Development Strategy	141	143
PSS	Access and Systems Capacity	1,971	2,059
R PSS	CAMHS	180	184
R PSS	Teenage Pregnancy	99	99
R PSS	Mental Health	363	368
PSS	Delayed Discharge	374	384
PSS	Preventative Technology	114	193
EPCS	Waste Performance and Efficiency Grant	349	366
EPCS	Planning Delivery Grant (Revised)	2	-
EPCS	Rural Bus Subsidy Grant	855	-
EPCS	Homelessness	28	28
R Unallocated	Supporting People	6,656	6,324
	<b>Total Special and Specific Grants</b>	<b>23,648</b>	<b>16,578</b>
R Education	Dedicated Schools Grant	78,679	81,852

R = Ringfenced

# PROPOSALS FOR 2006/07 CAPITAL PROGRAMME

## PORTFOLIO RESPONSIBILITY: RESOURCES

**CABINET**

**23RD FEBRUARY 2006**

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### **Wards Affected**

County-wide.

### **Purpose**

To recommend proposals for the 2006/07 Capital Programme to Council.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

**THAT it be recommended to Council that the recommendations made in the Cabinet report on 26th January, 2006 be approved.**

### **Reasons**

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

### **Considerations**

1. Strategic Monitoring Committee have now considered the earlier Cabinet report and have no further comments to make.

### **Risk Management**

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

### **Consultees**

None.

### **Background Papers**

None identified.

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





## 2006/07 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY

### PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006

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#### Wards Affected

County-wide.

#### Purpose

To endorse the Prudential Indicators, including the projected Capital Programme, and Treasury Management Strategy for 2006/07 as attached to this report for Council approval.

#### Key Decision

These are not key decisions. The decisions will not be taken by Cabinet but by Council at its meeting on 10th March, 2006.

#### Recommendations

- THAT (a) the Prudential Indicators detailed in Appendix 1, which include the projected Capital Programme, be endorsed;**
- (b) the Treasury Management Strategy in Appendix 2 be endorsed;**
- (c) it be recommended to Council that the borrowing limits outlined in Appendix 2 be approved; and**
- (d) it be recommended to Council that the Treasury Management Policy Statement at Appendix 3 be approved.**

#### Reasons

The setting of Prudential Indicators and the reporting of the Council's Treasury Management Strategy for the coming financial year is required by the CIPFA Prudential Code for Capital Finance CIPFA Code of Practice on Treasury Management.

The primary requirement of the Code of Practice on Treasury Management in the Public Services (2001) is the approval by full Council of a policy statement that sets out the Council's overall approach to treasury management operations.

## Considerations

### Prudential Indicators

1. The key objectives of the Prudential Code are to ensure that capital investment plans and treasury management decisions are made in a manner that supports prudence, affordability and sustainability.
2. The code requires the Council to set a range of Prudential Indicators (PIs) for 2006/07 and where appropriate for at least the subsequent two years, in order to support such local decision making in a manner that is publicly accountable. The PIs must be set before the beginning of each financial year by Council in line with the budget setting process.
3. Regular in-year monitoring of the PIs will take place and any significant deviations from expectations are to be reported accordingly.
4. The framework of PIs has to cover Capital Expenditure plans and Treasury Management and these are set out on **Appendix 1**. These indicators include:
  - Actual and estimated capital expenditure for the current and future years
  - Ratio of financing costs to net revenue stream
  - Capital Financing Requirement
  - Authorised limit for External Debt
  - Operational boundary for External Debt
  - Council Tax implications of the incremental effect of capital decisions
  - Treasury Management Indicators

### Treasury Management Policy Statement and Treasury Management Strategy

5. The Council has adopted and is currently working within CIPFA's Code of Practice on Treasury Management in the Public Services (2001).
6. A new Treasury Management Policy Statement has been prepared for members to consider and is set out in **Appendix 3**. The Policy Statement has been revised since that approved in February 2002 to take account of management changes. It is recommended that Cabinet endorse the draft Policy and request that Council adopts it as a formal policy statement.
7. A Treasury Management Strategy for 2006/07 has been prepared that conforms to the CIPFA Code of Practice 2001. This strategy includes a number of PIs specifically relating to Treasury Management and is set out in **Appendix 2**. The Treasury Management PIs are reproduced from the list of PIs contained in **Appendix 1**.
8. The CIPFA Code of Practice 2001 requires chief financial officers to prepare Treasury Management Practice Statements (TMPs). TMPs outline how the Council's strategic policy objectives for treasury management will be achieved and are supported by schedules that describe the specific procedures to be used by the Council's staff involved in treasury management activities. The Director of Resources has prepared TMPs that conform to the CIPFA Code of Practice 2001.

## **Risk Management**

Risk is managed in accordance with the Treasury Management Policy Statement approved by Cabinet in February 2002. The setting and monitoring of Performance Indicators is designed to be a fundamental process in the management of risk.

## **Consultees**

Treasury Management advisers – Sector Treasury Services Limited.

## **Background Papers**

None

## HEREFORDSHIRE COUNCIL

## PRUDENTIAL INDICATORS 2006/07

## 1. INTRODUCTION

The PIs set out below are recommended by the Prudential Code. However members may prefer additional or alternative indicators that will help with the decision making process. The indicators set out below are based on a minimum level of Prudential Borrowing of £5,843,000 allocated for 2006/07, and £5,000,000 for each year 2007/08 and 2008/09.

## 2. ACTUAL AND ESTIMATED CAPITAL EXPENDITURE

This table takes into account new borrowing for which the government is providing support, government grants, capital receipts, other funding (including s106 receipts) and Prudential Borrowing. The second table shows how this programme would be funded.

Certain specific allocations of Government funding are not expected until March or April 2006. These include Strategic Housing funding and potential funding for the Rotherwas Relief Road. Such allocations of funding will be added to the Capital Programme and reported as part of the Capital Monitoring process.

	<b>Budget 2005/06</b>	<b>Estimated 2006/07</b>	<b>Estimated 2007/08</b>	<b>Estimated 2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Programme Area: -</b>				
Children's Services	7,863	8,024	4,471	1,047
Environment General	11,144	12,556	12,265	10,997
Corporate and Customer Services	4,304	1,760	1,050	93
Resources	641	520	200	0
Adult and Community Services	10,505	13,574	5,575	4,820
Indicative Prudential Borrowing for allocation	0	0	17	4,300
	<b>34,457</b>	<b>36,434</b>	<b>23,578</b>	<b>21,257</b>
<b>By funding</b>				
Capital Receipts Reserve	2,639	6,903	4,429	5,567
Grants	11,456	6,835	1,503	0
SCE(R)	13,783	13,322	12,646	10,690
Revenue Contribution	879	0	0	0
Agreed Prudential Borrowing	5,700	9,374	4,983	700
Indicative Prudential Borrowing for allocation	0	0	17	4,300
	<b>34,457</b>	<b>36,434</b>	<b>23,578</b>	<b>21,257</b>

### 3. RATIO OF FINANCING COSTS TO NET REVENUE STREAM

The net revenue stream is the budget amount to be met from Formula Grant and Council Tax income (the budget requirement) and no longer includes the Education element now funded by the Dedicated Schools Grant. The ratio is the proportion of the budget requirement that relates to the ongoing capital financing costs.

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Net Revenue Stream	110,926	118,285	122,998	129,610
Capital Financing Costs	8,364	8,875	10,599	11,322
Ratio of financing costs to net revenue stream	7.54%	7.50%	8.62%	8.74%

### 4. CAPITAL FINANCING REQUIREMENT

This indicator represents the underlying need to borrow for a capital purpose.

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Capital Financing Requirement (as at 31/3)	110,811	125,807	136,252	146,364

### 5. AUTHORISED LIMIT FOR EXTERNAL DEBT

The Authorised Limit for external debt represents the absolute maximum level of debt that may be incurred. This limit would only be reached in exceptional circumstances.

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Borrowing	133,000	147,000	170,000	185,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000
<b>Total</b>	<b>136,000</b>	<b>150,000</b>	<b>173,000</b>	<b>188,000</b>

### 6. OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

The Operational Boundary for external debt is the prudent expectation of the maximum level of external debt.

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Borrowing	94,500	108,500	125,500	136,500
Other Long Term Liabilities	1,500	1,500	1,500	1,500
<b>Total</b>	<b>96,000</b>	<b>110,000</b>	<b>127,000</b>	<b>138,000</b>

## 7. COUNCIL TAX IMPLICATIONS OF THE INCREMENTAL EFFECT OF CAPITAL DECISIONS

This indicator represents the increases in Council Tax resulting from unsupported Prudential Borrowing decisions taken by Council.

	2006/07	2007/08	2008/09
	£ p	£ p	£ p
Increase in council tax (Band D, per annum) based on Prudential Borrowing of £5,843,000 allocated for 2006/07 and £5,000,000 per year for subsequent years.	3.86	10.54	16.74

## 8. TREASURY MANAGEMENT INDICATORS

These are specific indicators which relate to the management of the Treasury Management process. The upper limit for variable rate borrowing is recommended to be increased in order to allow more flexibility to react to changes in market conditions.

	2005/06	2006/07	2007/08	2008/09
<b>Upper Limit for Fixed Interest Rate Exposure</b>				
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>				
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
<b>Maturity Structure of new fixed rate borrowing during 2006/07</b>	<b>Upper Limit</b>	<b>Lower Limit</b>		
Under 12 Months	50%	0%		
12 months and within 24 months	30%	0%		
24 months and within 5 years	100%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	20%		
<b>Upper Limit for total principal sums invested for over 364 days</b>	<b>2005/06</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>
(per maturity date)	10,000	10,000	10,000	10,000

## HEREFORDSHIRE COUNCIL

### TREASURY MANAGEMENT STRATEGY 2006/07

#### 1. INTRODUCTION

- 1.1 The Financial Policy Team is responsible, under the direction of the Director of Resources for the day-to-day management of the Council's treasury management activities. The Treasury Management Strategy for borrowing and Annual Investment Strategy for 2006/07 details the expected activities for the Team in the coming financial year and has been produced in accordance with the Council's approved Treasury Management Policy Statement.
- 1.2 The 2003 Prudential Code for Capital Finance in local authorities introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of this integrated Treasury Management Strategy.
- 1.3 The Treasury Management Strategy covers the:
- current treasury portfolio position;
  - treasury limits for 2006/07;
  - prudential indicators for 2006/07 – 2008/09;
  - prospects for the economy and interest rates;
  - borrowing strategy;
  - debt rescheduling opportunities;
  - specified and non-specified investments;
  - investment objectives;
  - security of capital: the use of credit ratings;
  - investment strategy;
  - externally managed funds; and
  - end of year report.

#### 2. CURRENT TREASURY PORTFOLIO POSITION

- 2.1 The Council's treasury portfolio position as at 31 January 2006 is as follows: -

<b>DEBT POSITION</b>	<b>Principal (£)</b>	<b>Borrowing Rate (%)</b>
Public Works Loan Board	70,464,193	4.72
Market Debt *	12,000,000	2.23
<b>Total Debt</b>	<b>82,464,193</b>	

Estimated Borrowing Requirement 2006/07 – supported borrowing approvals of approximately £13,151,411, plus the potential for an additional £8,687,000 unsupported borrowing under the Prudential Code (which includes slippage from previous year). In addition refinancing of maturing debt of £443,384 in the year will be required, plus there is the potential for the market debt of £12,000,000 to be recalled and require refinancing.

\* The Market debt refers to two LOBO (Lender Option Borrower Option) loans that were taken out at low interest rates (2.85% and 1.60% respectively) fixed for 2 years with the remaining 48 years of the loans at an interest rate of 4.50%

<b>INVESTMENT POSITION</b>	<b>Principal (£)</b>	<b>Rate of Return (%)</b>
Internally managed funds	36,338,035	4.60
Externally managed funds	7,432,674	4.80
<b>Total Investments</b>	<b>43,770,709</b>	

**Note:** Total investments will decline sharply in the last two months of the financial year as capital projects near completion.

### **3. TREASURY LIMITS FOR 2006/07**

- 3.1 It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". The authorised limit represents the legislative limit specified in Section 3 of the Local Government Act 2003.
- 3.2 The Council must have regard to the Prudential Code when setting their Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.
- 3.3 Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. The Council has already indicated an affordable Prudential Borrowing limit of around £5,000,000 per year and the effect of this is set out in the Prudential Indicators below.

### **4. PRUDENTIAL INDICATORS FOR 2006/07 – 2008/09**

- 4.1 The following prudential indicators are relevant for the purposes of setting an integrated Treasury Management Strategy.

<b>PRUDENTIAL INDICATOR</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
<b>(1). Budget Setting Indicators</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	34,457	36,434	23,578	21,257
<b>Ratio of financing costs to net revenue stream</b>				
Net Revenue Stream	110,926	118,285	122,998	129,610
Financing Costs	8,364	8,875	10,599	11,322
Ratio of financing costs to net revenue stream	7.54%	7.50%	8.62%	8.74%



	2005/06	2006/07	2007/08	2008/09
<b>Incremental effect of Prudential Borrowing</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase in council tax (Band D, per annum) (Prudential borrowing of 2006/07 = £5.843m, 2007/08 = £5.0m, 2008/09 = £5.0m)	£0.00	3.86	10.54	16.74
<b>Capital Financing Requirement (as at 31/3)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total	110,811	125,807	136,252	146,364
<b>PRUDENTIAL INDICATOR</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
<b>(2). Treasury Management Prudential Indicators</b>				
<b>Authorised Limit for External Debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	133,000	147,000	170,000	185,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000
Total	<b>136,000</b>	<b>150,000</b>	<b>173,000</b>	<b>188,000</b>
<b>Operational Boundary</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	94,500	108,500	125,500	136,500
Other Long Term Liabilities	1,500	1,500	1,500	1,500
Total	<b>96,000</b>	<b>110,000</b>	<b>127,000</b>	<b>138,000</b>
<b>Upper Limit for Fixed Interest Rate Exposure</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
<b>Maturity Structure of new fixed rate borrowing during 2006/07</b>	<b>Upper Limit</b>	<b>Lower Limit</b>		
Under 12 Months	50%	0%		
12 months and within 24 months	30%	0%		
24 months and within 5 years	100%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	20%		
<b>Upper Limit for total principal sums invested for over 364 days</b>	<b>2005/06 £'000</b>	<b>2006/07 £'000</b>	<b>2007/08 £'000</b>	<b>2008/09 £'000</b>
	10,000	10,000	10,000	10,000

## **5. PROSPECTS FOR THE ECONOMY & INTEREST RATES**

- 5.1 The Council currently has Sector Treasury Services Limited as its treasury advisers and part of their service is to assist in forming a view on economic trends and the effect on interest rates. This section of the strategy outlines the Council's view of the economy and interest rates based on the advice of its treasury advisers.

### **Economic Background**

#### **UK**

- Gross Domestic Product (GDP) growth weakened from 3.2% in 2004 to 1.7% in 2005 under the impact of monetary and fiscal tightening and the old price shock depressing household spending. Growth expected to recover weakly to about 2.0% in 2006 and then return to the long-term trend rate of 2.5% in 2007.
- House price inflation has fallen to low levels and may now stabilise.
- Inflation forecast to stay around target despite hike in oil prices. MPC on alert for pipeline cost pressures, primarily from oil price increases, feeding through into output prices and then into retail prices.
- Public sector deficit to decline steadily over next few years as the Government cuts back on the rate of growth of its expenditure.

#### **International**

- Boom in world commodity prices driven by strong growth in China and India; potential for further increases in prices but supply side increases and improvements in technology are likely to reduce prices in the medium term
- Inability of oil producers to spend their huge cash surpluses and reluctance of Asian economies to run current account deficits will suppress world demand and dampen world growth
- US – Fed nearing the end of its phase of measured rate raising. Fed rate may now peak at 4.5%.
- US GDP growth expected to weaken from 4.2% 2004 to 3.5% 2005 and 3.0% 2006
- The European Central Bank (ECB) had held repo rate at 2.00% since June 2003; increase in December to 2.25% and further increases expected as the economic outlook has improved.
- Eurozone GDP growth expected to rise weakly and to continue to under perform the UK and US economies.

### **Interest rate forecast**

#### **Base Rate:**

Sector's current interest rate view is that the repo (base) rate will: -

- remain on hold at 4.5% until the end of Q1 2006
- fall to 4% by the end of Q4 2006
- edge up by 0.25% in Q1, Q2 and Q3 of 2007 to end the year at 4.75%

The risk to this forecast is to the downside in as much as the cuts in rates could occur earlier than our forecast suggests, although this will not necessarily affect the timing of the first upward move in Q1 2007.

## Long Term Rates:

- the new 50-year PWLB rate will remain flat at 4% until Q4 2006 when it will rise to 4.25% with a further increase to 4.5% in Q2 2007. As the Sector forecast is in 0.25% segments there is obviously scope for the rate to move away slightly from 4.0% without affecting this overall forecast.
- Similarly the 25-30 year PWLB rate will remain flat at 4.25% until Q4 2006 when it will rise to 4.50% with a further increase to 4.75% in Q2 2007.
- The 10-year PWLB rate will stay at 4.25% in the first two quarters of 2006 but will then rise to reach 4.50% in Q3 2006 and then 4.75% in Q1 2007.
- 5-year gilt yields will follow base rate down and trough by the end of Q3 2006 at 4.00%. Yields will then rise to 4.25% in Q4 2006, 4.5% in Q1 2007 and to 4.75% in Q2 2007 as the interest rate cycle turns up again.

## Interest Rates

- 5.2 Having set the scene in economic terms, the likely impact for interest rates can be assessed and is illustrated in the following tables.

**Table 1 Sector Treasury - Interest Rate Forecast**

(This table represents the view of the Council's Treasury advisors as at January 2006)

%	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>Base Rate</b>	4.50	4.25	4.25	4.00	4.25
<b>10 Year PWLB</b>	4.25	4.25	4.50	4.50	4.75
<b>25 Year PWLB</b>	4.25	4.25	4.25	4.50	4.50
<b>50 Year PWLB</b>	4.00	4.00	4.00	4.25	4.25

**Table 2 Summary of Independent Forecasts of Base Rate**

(This table represents the views of independent forecasters views of base rate as at December 2005)

%	2006 Year end	2007 average	2008 average	2009 average
<b>Average</b>	4.29	4.39	4.54	4.60
<b>Highest</b>	5.00	5.40	5.90	6.20
<b>Lowest</b>	3.50	3.75	3.75	3.75

## 6. BORROWING STRATEGY

- 6.1 Based upon the prospects for interest rates outlined above, the forecast indicates that the borrowing strategy for 2006/07 should be to set to take long dated borrowings in the second and third quarters of the calendar year before PWLB rates rise. This applies particularly to the 50-year area where we forecast the rate to remain at 4.00% until Q3 2006. Variable rate borrowing and borrowing in the five-year area will also be attractive in the second and third quarter of the calendar year while the repo rate is on a falling trend.

6.2 These interest rate expectations provide a variety of options:

- with 50-year PWLB rates at 4.00% borrowing should be made in this area of the market in Q2 and Q3 of the calendar year. This rate will be lower than the forecast rates for shorter maturities in the 5-year and 10-year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.00%. However, to maintain a suitable maturity profile, the Council should consider borrowing short-term fixed and variable borrowing as well and this should be undertaken in the second and third quarters of the financial year as the repo rate declines.
- The Council may consider borrowing longer-term fixed funding if it is believed that there is a risk that the average variable rate over the budget forecast period is going to be higher than the longer term fixed rate. However, over the longer term there may be periods where short-term/variable rates are lower than longer term fixed rates.
- Money Market debt will also be considered where opportunities are available to minimise borrowing costs in the short term. These have recently become more attractive than PWLB rates and therefore the Director of Resources will carefully monitor the interest rates available and take advice from the Treasury Management Consultants over the timing of any new borrowing.

6.3 Against this background caution will be adopted with the 2006/07 treasury operations. The Director of Resources will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

6.4 **Sensitivity of the forecast** - The main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of view:

- ***If it was felt that there was a significant risk of a sharp rise in long and short term rates***, perhaps arising from a greater than expected increase in world economic activity, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- ***If it was felt that there was a significant risk of a sharp fall in long and short term rates***, due to e.g. growth rates remaining low or weakening, then long term borrowings will be postponed, and any rescheduling from fixed rate funding into variable or short rate funding will be exercised.

## 7. DEBT RESCHEDULING OPPORTUNITIES

7.1 Opportunities may exist for restructuring long-term debt into short-term variable rate debt to produce savings later in the year, particularly once base rate has fallen to 4.25%. With variable rate borrowing rates likely to fall significantly during 2006/07, it will be best to avoid restructuring into fixed borrowing for short periods (e.g. one year). Long-term fixed rates, 25-30 years, are not expected to rise back above 4.75% during 2006/07. Consequently long-term debt rates at or above 4.75% would warrant reviewing the potential for undertaking debt restructuring.

7.2 In addition, the Council will actively give consideration during the year to taking

advantage of small movements in PWLB rates to reduce the cost of existing debt in the portfolio by reborrowing at lower rates without making significant changes to the type of debt (fixed / variable) or maturity periods.

7.3 Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 6 above. The reasons for any rescheduling to take place will include:

- the generation of cash savings at minimum risk
- the borrowing strategy outlined above
- In order to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

## 8. SPECIFIED AND NON-SPECIFIED INVESTMENTS

8.1 Under CIPFA's Treasury Management Code of Practice and the ODPM's Guidance on Local Government Investments issued in March 2004 the Council is required to formulate a strategy each year regarding its investments.

8.2 This Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of **Specified Investments** and **Non-Specified Investments** as detailed in **Annex A**.

8.3 This Annex sets out:

- The procedures for determining the use of each category of investment (advantages and associated risk), particularly if the investment falls under the category of "non-specified investments."
- The maximum periods for which funds may be prudently committed in each category.
- Whether the investment instrument is to be used by the Council's in-house officers and/or by the Council's appointed external fund managers (Investec Asset Management); and, if non-specified investments are to be used in-house, whether prior professional advice is to be sought from the Council's treasury advisors (Sector Treasury Services Ltd).

## 9. INVESTMENT OBJECTIVES

9.1 All investments will be in sterling. The general policy objective for Herefordshire Council is the prudent investment of its treasury balances\*. The Council's investment priorities are:

- (a) the **security** of capital; and
- (b) **liquidity** of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

\* This includes monies borrowed for the purpose of expenditure in the reasonably near future (i.e. borrowed 12-18 months in advance of need).

9.2 The ODPM guidance maintains that the borrowing of monies purely to invest or on-

lend and make a return is unlawful and the Council will not engage in such activity.

## **10. SECURITY OF CAPITAL: THE USE OF CREDIT RATINGS**

10.1 The Council relies on credit ratings published by *Fitch Ratings*, *Moody's Investors Service* or *Standard & Poor's* to establish the credit quality of counterparties and investment schemes. The Council has also determined the minimum long-term, short-term and other credit ratings it deems to be "high" for each category of investment in conjunction with its Treasury Management advisor.

### **10.2 Monitoring of credit ratings:**

- All credit ratings will be monitored monthly: The Council has access to Fitch credit ratings and is alerted to changes from its Treasury Management advisor.
- If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately. Any intra-month credit rating downgrade, which the Council has identified, that affects the Council's pre-set criteria will also be similarly dealt with. The Council will also immediately inform its external fund manager of the withdrawal of the same.

## **11. INVESTMENT STRATEGY**

11.1 The Director of Resources manages the Council's investment portfolio. Investments managed by the in-house team are generally temporary in nature and short-term. All decisions are made in the light of the Council's forecast cash flow requirements.

11.2 Sector is forecasting base rates to be on a falling trend from 4.50% to reach 4.00% in Q4 2006 but to rise again to end Q1 2007 at 4.25%. The Council will therefore seek to lock in longer period investments at higher rates before this fall starts for some element of their investment portfolio. Some investments should be aimed to mature during Q1 2007 when the interest rate cycle turns up and the market yield curve should have turned positive. This will enable the Council to lock into higher yielding investments with its maturing deposits.

11.3 In relation to the Council's internally managed funds, the Director of Resources does not currently plan to invest over 364 days. However, the Council's External fund manager could have a maximum 50% of its investment portfolio invested for periods in excess of 364 days. The market will be continuously monitored for opportunities to lock in to higher, longer-term rates, if it is viewed that this will add stability and value to returns.

## **12. EXTERNALLY MANAGED FUNDS**

12.1 A cash fund of £7,432,674 (as at 31<sup>st</sup> January 2006) is currently managed by Investec Asset Management on a discretionary basis. The Council, in conjunction with the Council's Treasury Management adviser, will monitor the external fund manager's performance in 2006/07.

12.2 The fund management agreement between the Council and Investec Asset Management formally documents the instruments it can use within pre-agreed limits.

**13. END OF YEAR REPORT**

- 13.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report.

## SPECIFIED INVESTMENTS

*All investments listed below must be sterling-denominated*

<b>Investment</b>	<b>Security / Credit Rating</b>	<b>Circumstance of use</b>
<b>Debt Management Agency Deposit Facility (DMADF)</b>	Govt-backed	In-house
<b>Term deposits</b> with the UK government or with UK local authorities ( <i>i.e. deposits with local authorities as defined under Section 23 of the 2003 Act</i> )	High security although LAs not credit rated.	In-house and by external fund manager
<b>Term deposits</b> with credit-rated deposit takers ( <i>i.e. deposits with banks and building societies, (including callable deposits), with maturities up to 1 year</i> )	Yes-varied <i>Minimum rating "A" Long-term and "F1" Short-term (or equivalent)</i>	In-house and by external fund manager
<b>Certificates of Deposit</b> issued by credit-rated deposit takers ( <i>i.e. a certificate issued for deposits made with a bank or building society, who agree to pay a fixed rate of interest for the specified period of time and repay the principal at maturity</i> ) up to 1 year.  <i>Custodial arrangement required prior to purchase</i>	Yes-varied <i>Minimum rating "F1+" Short-term (or equivalent)</i>	External fund manager
<b>Gilts: up to 1 year</b> ( <i>a fixed interest security issued or secured by the British Government</i> )  <i>Custodial arrangement required prior to purchase</i>	Govt-backed	(1) Buy and hold to maturity: to be used in-house after consultation with Treasury Management advisor (2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them
<b>Reverse Gilt Repos:</b> maturities up to 1 year ( <i>a transaction where gilts are bought with a commitment (as part of the same transaction) to sell equivalent gilts on a specified date, or at call, at a specified price</i> )	Govt-backed	External fund manager only subject to the guidelines and parameters agreed with them
<b>Money Market Funds</b> ( <i>a AAA credit rated collective investment scheme such as a mutual fund or a unit trust, as defined in Statutory Instrument 2004 No. 534, that invests exclusively in money market securities</i> )	Yes-varied <i>Minimum AAA credit rated</i>	In-house and by external fund manager subject to the guidelines and parameters agreed with them
<b>Forward deals</b> with credit rated banks and building societies < 1 year ( <i>i.e. a deal negotiated before the deposit is paid, with the negotiated deal period plus period of deposit &lt; 1 year</i> )	Yes-varied <i>Minimum rating "A" Long-term and "F1" Short-term (or equivalent)</i>	In-house
<b>Commercial paper</b> ( <i>Short-term obligations (generally with a maximum life of 9 months) which are issued by banks, corporations and other issuers</i> ) <i>Custodial arrangement required prior to purchase</i>	Yes-varied <i>Minimum rating "F1+" Short-term (or equivalent)</i>	External fund manager only subject to the guidelines and parameters agreed with them
<b>Gilt Funds and other Bond Funds***</b> . ( <i>These are open-end mutual funds investing predominantly in UK govt gilts and corporate bonds. These funds do not have any maturity date. These funds hold highly liquid instruments and the Council's investments in these funds can be sold at any time.</i> )	Yes <i>Minimum rating "AA-"</i>	External fund manager only subject to the guidelines and parameters agreed with them (NB: In the selection of a fund the manager will ensure that the fund is not a body corporate by virtue of its set up structure).



## ANNEX A

Investment	Security / Credit Rating	Circumstance of use
<b>Treasury bills</b> <i>[Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value]</i> <i>Custodial arrangement required prior to purchase</i>	Govt-backed	In-house and external fund manager subject to the guidelines and parameters agreed with them
<b>Bonds issued by a financial institution that is guaranteed by the UK Government</b> <i>[As defined by Statutory Instrument 2004 No. 534, with maturities under 12 months].</i> <i>Custodial arrangement required prior to purchase</i>	Govt-backed	1) Buy and hold to maturity: to be used in-house after consultation with Treasury Management advisor (2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them
<b>Bonds issued by a multilateral development bank</b> <i>[As defined by Statutory Instrument 2004 No. 534, with maturities under 12 months].</i> <i>Custodial arrangement required prior to purchase</i>	AAA	1) Buy and hold to maturity: to be used in-house after consultation with Treasury Management advisor (2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them

\*\*\*Open-ended funds continually create new units (or shares) to accommodate new monies as they flow into the funds and trade at net asset value. (NAV).

## NON-SPECIFIED INVESTMENTS

***All investments listed below must be sterling-denominated***

Investment	Security / Minimum credit rating	Circumstance of use	Max % of overall investments	Maximum maturity of investment
<b>Term deposits</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	External Fund Manager. In-house	50%  20%	5 years
<b>Certificates of Deposit</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year <i>Custodial arrangement required prior to purchase</i>	YES-varied <i>Minimum rating "AA" Long-term and "F1+" Short-term (or equivalent)</i>	External fund manager. In-house after consultation with Treasury Management advisor	50%  20%	5 years
<b>Callable deposits</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	External Fund Manager. In-house after consultation with Treasury Management advisor	50%  20%	5 years in aggregate

## ANNEX A

Investment	Security / Minimum credit rating	Circumstance of use	Max % of overall investments	Maximum maturity of investment
<p><b>UK government gilts</b> with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Govt backed	<p>(1) Buy and hold to maturity: in-house after consultation with Treasury Management advisor</p> <p>(2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them</p>	<p>20%</p> <p>50%</p>	10 years (but also including the 10 year benchmark gilt)
<p><b>Sovereign issues ex UK govt gilts:</b> any maturity</p> <p><i>Custodial arrangement required prior to purchase</i></p>	AAA	<p>(1) Buy and hold to maturity in-house after consultation from Treasury Management advisor</p> <p>(2) For trading: by external fund manager only subject to the guidelines &amp; parameters agreed with them</p>	<p>20%</p> <p>50%</p>	10 years
<p><b>Forward deposits</b> with credit rated banks and building societies for periods &gt; 1 year (i.e. negotiated deal period plus period of deposit)</p>	<p>Yes-varied</p> <p><i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i></p>	<p>External Fund Manager</p> <p>In-house after consultation with Treasury Management advisor</p>	<p>50%</p> <p>20%</p>	5 years
<p><b>Deposits with unrated deposit takers (banks and building societies) but with unconditional financial guarantee from HMG or credit-rated parent institution:</b> any maturity</p>	<p>Not rated in their own right, but parent must be rated.</p> <p><i>Minimum rating for parent "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i></p>	In-house	20%	1 year

## ANNEX A

Investment	Security / Minimum credit rating	Circumstance of use	Max % of overall investments	Maximum maturity of investment
<p><b>Bonds issued by a financial institution that is guaranteed by the UK Government</b> (as defined in Statutory Instrument 2004 No. 534) with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	AAA / Govt guaranteed	<p>(1) Buy and hold to maturity: in-house after consultation with Treasury Management advisor</p> <p>(2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them</p>	<p>20%</p> <p>50%</p>	10 years
<p><b>Bonds issued by multilateral development banks</b> (as defined in Statutory Instrument 2004 No. 534) with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	AAA / Govt guaranteed	<p>(1) Buy and hold to maturity: in-house after consultation with Treasury Management advisor</p> <p>(2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them</p>	<p>20%</p> <p>50%</p>	10 years

**HEREFORDSHIRE COUNCIL**

**TREASURY MANAGEMENT POLICY STATEMENT**

**Statement of Purpose**

1. Herefordshire Council adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice (2001)* and: -
  - will put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities
  - will make effective management and control of risk the prime objectives of its treasury management activities
  - acknowledge that the pursuit of best value in treasury management, and the use of suitable measures of performance measures, are valid and important tools to employ in support of business and service objectives;
  - that, within the context of effective risk management, will ensure that its treasury management policies and practices reflect the pursuit of best value;
  - formally adopts Section 5 of the Code
  - will adopt a treasury management policy statement as recommended in Section 6 of the Code
  - will follow the recommendations in Section 7 of the Code concerning treasury management practice statements.

**Definition of Treasury Management**

2. Herefordshire Council defines its treasury management activities as: -

*'The management of the organisations cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

**Policy Objectives**

3. Herefordshire Council regards the successful identification, monitoring and control of risk to the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
4. Herefordshire Council acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.

## Delegation & Reporting

5. Herefordshire Council retains responsibility for approving the Council's Treasury Management Policy and will consider amendments to it on the advice of Cabinet.
6. Herefordshire Council delegates responsibility for approving an annual Treasury Management Strategy to Cabinet as the mechanism for implementing the Treasury Management Policy.
7. Herefordshire Council delegates responsibility for monitoring that treasury management activity is in accordance with the approved policies, strategies and practices to Cabinet.
8. Herefordshire Council delegates responsibility for the development and maintenance of suitable Treasury Management Practice Statements to the Director of Resources.
9. Herefordshire Council delegates responsibility for the administration of treasury management decisions to the Director of Resources who will act in accordance with the approved Treasury Management Policy Statement, Treasury Management Strategy and Treasury Management Practice Statements. If the Director of Resources is a member of CIPFA, he/she shall also comply with CIPFA's Standard of Professional Practice on Treasury Management.
10. Herefordshire Council will receive reports from the Director of Resources on its treasury management policies, strategy, practices and activities, including, as a minimum, an annual strategy in advance of the year and an annual report after its close, in the form prescribed in the Council's Treasury Management Practice Statements.



# THE ANNUAL OPERATING PLAN 2006/07

## PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006

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### Wards Affected

County-wide.

### Purpose

To approve the Council's Annual Operating Plan 2006/07.

### Key Decision

This is not a Key Decision.

### Recommendation

**THAT the Annual Operating Plan be approved, subject to Council's approval of the Corporate Plan 2006/09 and to changes in due course to reflect the new *Herefordshire Community Strategy*, the associated *Local Area Agreement* and the actions agreed following the current review of the Council's corporate strategy.**

### Reasons

Cabinet has agreed that the Council should have an overall Annual Operating Plan (AOP) to ensure that its priorities, as set out in its Corporate Plan, are achieved year by year. It is the basis for the reporting and management of corporate performance.

### Considerations

1. The proposed AOP is attached at Appendix 1.
2. The Corporate Plan 2006/09 was endorsed by Cabinet on 26th January, 2006. Council will be asked to approve it at its meeting on 10th March, 2006.
3. The AOP is not part of the Policy Framework and so does not need to be approved by the Council. It does, however, have to be consistent with the Corporate Plan. The proposed AOP is. In particular, it has identical priorities and performance indicators.
4. The AOP has been prepared so as to be consistent with proposals for the 2006/07 budget, which are also being considered by Cabinet at this meeting and will be put to Council for approval on 10 March. Significant changes to the budget proposals could require changes to the AOP
5. The proposed AOP will need to be updated to reflect the final, agreed new *Herefordshire Community Strategy*, the associated *Local Area Agreement* and the

agreed actions following the current review of the Council's corporate strategy. Nonetheless, the key issues in respect of each have been taken into account in the preparation of the current document.

6. Some targets, milestones and actions have yet to be determined because of the need to establish an accurate baseline. In a number of cases, this depends on the results of the annual public satisfaction survey carried out in late 2005, the results of which will be available in March. The intention is to set the relevant targets etc. in April.
7. The AOP will, in any event, need to be maintained as a living document as part of the in-year reporting and management of performance.
8. Revised, shorter and simpler corporate performance reports will be developed for reporting against the new AOP. These will continue to integrate reporting on service and corporate performance indicators, targets and milestones, financial performance and the management of risks.

## **Financial Implications**

The financial implications of the AOP are intended to be wholly consistent with budget decisions for 2006-07.

## **Alternative Options**

None. Cabinet has agreed to have an Annual Operating Plan.

## **Risk Management**

The Annual Operating Plan will strengthen the Council's ability to deliver its priorities and manage the associated risks successfully.

## **Consultees**

Extensive consultation with the public and partner organisations on service and related budget options was carried out during the autumn of 2004 and then subsequently in the development of the new *Herefordshire Community Strategy*. The results have been taken into account in the development of the AOP. These outcomes are reflected in the Annual Operating Plan.

## **Background Papers**

None identified.



# HEREFORDSHIRE COUNCIL

## OPERATING PLAN 2006 – 07

### Action for a better Herefordshire

"A place where people, business and an outstanding natural environment will together bring about sustainable prosperity and well-being for all."

...**Putting** people first

...**Promoting** our county

...**Providing** for our communities

...**Protecting** our future

***Quality life in a quality county***

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## **Foreword**

Writing this time last year in my foreword to the Annual Operating Plan for 2005-06, I described it as a crucial twelve months for the Council, combining significant challenge with great opportunity. So it proved.

We have achieved much. Some of the highlights include the opening of new children's centres and the Leominster swimming pool, the refurbishment of Eign Gate and the pedestrianisation of part of Widemarsh Street in Hereford, the construction of the new Whitecross School with private finance, and the striking success of the trail-blazing Signposting *Scheme*, which has helped over 1,300 people to maintain their independence in their own homes. We have met our target to make at least £2.5 million of cash-releasing efficiency savings. And we have laid some of the foundations for continuous improvement in services, still greater efficiency and savings, and better value for money, not least with a new, streamlined management structure.

For the first time in our eight years history, our improvement rate is failing to keep pace with our ambitions. The assessment process confirms that overall we have maintained our service performance but are improving only adequately. And, despite the inspectors' judgement that outcomes for most children in Herefordshire are good overall, it is of the greatest concern to the Council that our arrangements for safeguarding children were found to be inadequate.

Our response is to re-double our commitment to improve and to re-energise our improvement programme. I'm in no doubt that we have talented staff, determined to provide the best possible services for the people and communities we serve. But like many a sporting side, having gifted individual players alone isn't enough: we have to raise our game so that we become a consistently successful team. Yes, we need better systems – such as corporate ICT instead of inefficient silos; streamlined accommodation; and an even stronger focus on accessible, one-stop-shop front-line services, with clear customer service standards for which we are held accountable.

But those will be to no avail unless they are accompanied by an equally radical change in behaviours – universal commitment to helping each other achieve common goals; channelling our unquestionable initiative and creativity into the achievement of the Council's priorities; learning from each other and from high performance in other local authorities and other sectors; and the essential underpinning of rigorous planning and performance management in all parts of the Council, at all levels, from Cabinet, scrutiny, directors and heads of service in an unbroken chain that extends to all managers and all members of staff.

These are the objectives of our improvement planning in response to the Corporate Assessment and the Joint Area Review of Services for Children and Young People, integral to which is our comprehensive review of corporate strategy. By April we will have completed all this; the rest of 2006-07 will be about Team Herefordshire Council delivering the improvements, with pace and determination.

**Neil Pringle**                      **Chief Executive**

## Introduction

This Plan sets out what the Council intends to do between 1 April 2006 and 31 March 2007. The crucial issues are:

- ✓ responding successfully to the recommendations from the 2005 Joint Area Review (JAR) of services for children and young people; in particular, ensuring that we have in place rapidly fully robust arrangements to safeguard the vulnerable
- ✓ raising our performance in the areas of relative weakness confirmed by the 2005 Corporate Performance Assessment:
- ✓ securing a consistently high standard of planning and performance management across the Council to drive continuous improvement in services
- ✓ reviewing and, if necessary, reconfiguring political structures in line with our corporate priorities
- ✓ strengthening the scrutiny function's contributions to performance enhancement and policy development; and
- ✓ increasing our capacity to deliver better services by beginning to deliver our ICT and accommodation strategies, and making significant further efficiency savings
- ✓ improving the performance and prospects of social care services for adults, including older people
- ✓ continuing to improve the other services we provide in accordance with the Council's priorities, which have been determined in the light of extensive consultation with the public
- ✓ doing all we can to ensure that Herefordshire has a modern and dynamic economy, with better paid jobs
- ✓ completing the comprehensive review of our corporate strategy as the basis for long-term, sustainable plans for service improvement and greater efficiency

The Council's Corporate Plan 2006-09 describes the demographic, social and economic characteristics of Herefordshire; it identifies the main challenges facing the county and the Council; and it shows what the Council can do to respond to those challenges. On the basis of that analysis and the results of public consultation, it sets out the Council's objectives, priorities and targets for the next three years.

This Operating Plan has been prepared to begin to make a reality of those intentions in the coming year.

The actions, targets and milestones described in this Operating Plan therefore link directly to the Corporate Plan and to the longer-term ambitions we share with our partners, which are embodied in *The Herefordshire Community Strategy 2006 - 2020*.

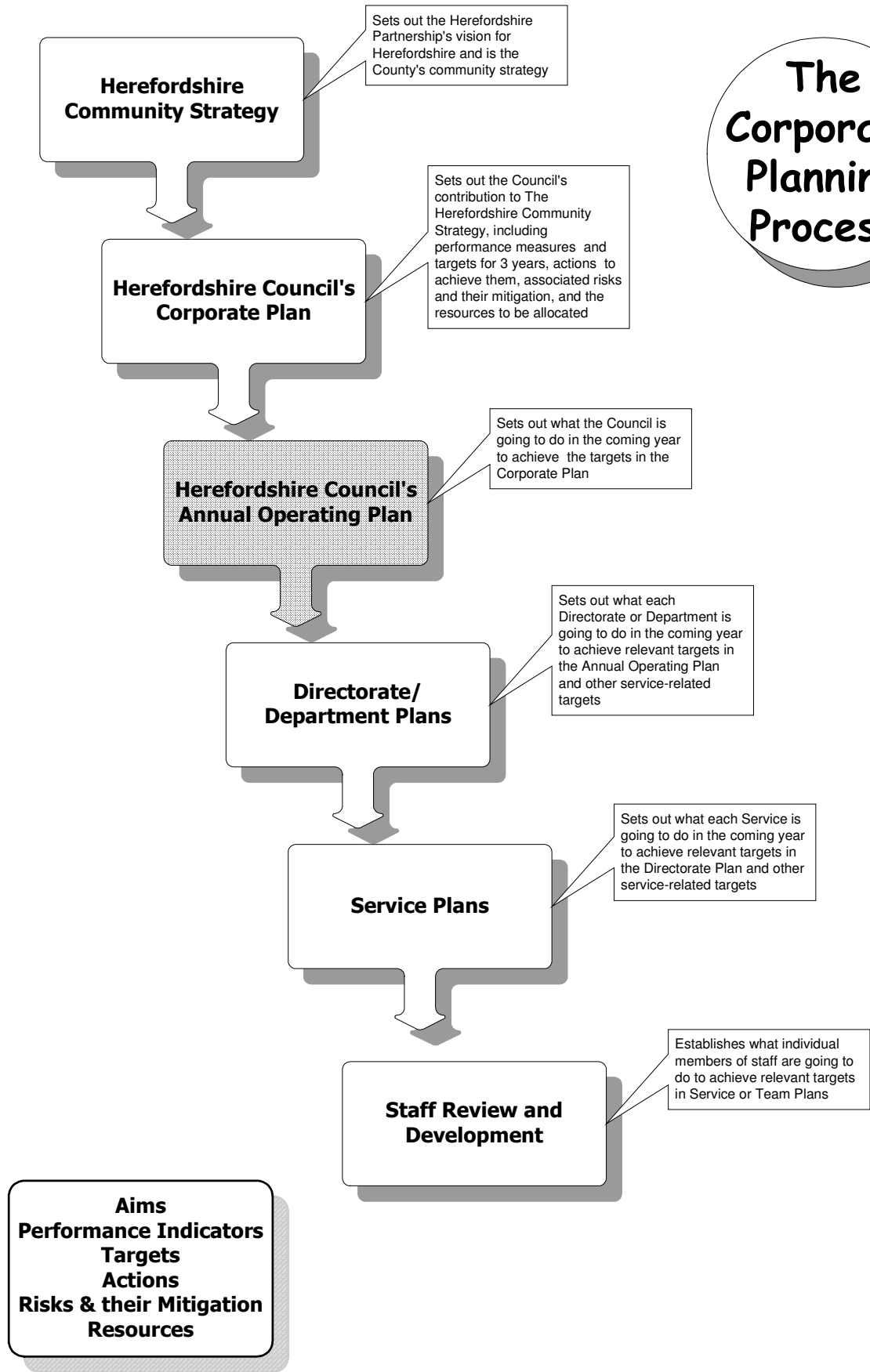
A new *Local Area Agreement* is being negotiated with the Government. Once agreement has been reached, the targets will be incorporated into this Plan.

Draft 15/02/ 06 Annual Operating Plan 2006-07: for Cabinet Feb 06 Appendix 1

In turn, all the Council's plans for individual directorates, departments and services in 2006-07 will give effect to this overall Operating Plan.

The relationship between the *Herefordshire Community Strategy* and these various plans is shown on the following page.

**The Corporate Planning Process**



## The Council's priorities

As set out in the Corporate Plan 2006-09, the Council's **top priorities** are:

- ✓ to **maximise the health, safety, economic well-being, achievements and contribution of every child**, including those with special needs and those in care
- ✓ to build on the already strong performance of the county's schools and continue to **improve the achievement of pupils**
- ✓ to **enable vulnerable adults to live independently** and, in particular, to **enable many more older people to continue to live in their own homes**
- ✓ to **protect the environment**, including by **producing much less waste, recycling much more of what remains** and significantly **reducing carbon emissions**
- ✓ to **improve transport and the safety of roads**, including further reductions in the numbers of people killed or seriously injured
- ✓ to **sustain vibrant and prosperous communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning**
- ✓ to **promote diversity and community harmony** and **strive for equal opportunities** for all the people of Herefordshire, regardless of race, religion, disability, sex, sexual orientation, geographical location, income or age
- ✓ to **develop its community leadership role**, working with partners to deliver the Herefordshire Community Strategy, including the *Local Area Agreement* with Government

To make these things possible, the Council's **organisational priorities** are:

- ✓ to streamline its processes, assets and management structures, and **secure significant efficiency savings**, so as to keep down Council Tax increases and invest in priority service improvements
- ✓ to **ensure that its essential assets**, including schools, other buildings, roads and ICT, **are in the right condition for the long-term cost-effective delivery of services, and ensure business continuity** in the face of emergencies
- ✓ better to **understand the needs and preferences of service users and Council Tax-payers**, and to tailor services accordingly
- ✓ to **recruit, retain and motivate high quality staff**, ensuring that they are trained and developed so as to maximise their ability and performance
- ✓ to **embed corporate planning, performance management and project management systems** so as to continue to drive up service standards and efficiency

The rest of the Plan shows, for each of these priorities, what the Council aims to achieve in 2006-07, and the key actions it intends to take to do so. Many of the actions contribute to more than one of the priorities. Where they are of particular significance to more than one priority they are repeated, but mostly they are described in relation to the priority to which they contribute most.



## Challenges and responses: the action plan for 2006-07

### Part One : Making a reality of the Herefordshire Community Strategy

Maximising the health, safety, economic well-being, achievements and contribution of every child, including those with special needs and those in care

#### The challenge

The Council has four principal challenges in the coming year:

to ensure immediate improvement in the arrangements for safeguarding the county's children

to take the lead in implementing the *Herefordshire Children and Young People's Plan*, driving the first year's priorities with its partners **[add the priorities when confirmed]** as required by *Every Child Matters* and *the Children Act*

to improve services for children and young people with learning disabilities

to secure adequate housing for single young people (including those leaving care) and families

#### The Council's response

- Through the implementation of our JAR Performance Improvement Action Plan, ensure that the arrangements for safeguarding children are fully robust and that all other recommendations are implemented successfully
- In particular, by reviewing and integrating all procedures and policies for children with learning disabilities by April 06, and establishing a Disability Task Force and development plan by June 06, we will deliver service improvements for children with learning disabilities
- We will implement the key initial actions **[to be defined, with timings]** in the *Herefordshire Children and Young People's Plan*
- We aim to ensure that no households that include dependant children have to stay in bed and breakfast accommodation
- We aim to ensure that 85% of 3 year-olds have access to a good quality, free early years education place
- With our partners, we aim to increase from 12 to **[XX]** the number of looked after children engaged in education employment and training in their nineteenth year
- Acknowledging the vital role that breastfeeding has in children's lifelong health, we aim to increase the number of children being breastfed at 6 weeks of age,

Draft 15/02/ 06 Annual Operating Plan 2006-07: for Cabinet Feb 06 Appendix 1  
concentrating in particular on teenage mothers (from 15.1% to 25%) and those  
living in the South Wye area (from 25.4% to 33%)

- By building on the creation of the Herefordshire Youth Council, we aim to increase from 19% to 28% the percentage of young people who think that Herefordshire Council does enough to involve them in decision making

**Building on the already strong performance of the county's schools and continuing to improve the achievement of pupils**

## **The challenge**

The main challenges for the next year are to:

raise overall achievement to new record levels for the County

ensure that this extends to all the Council's schools and all groups of pupils, with a particular emphasis on improving the achievements and life-chances of those suffering disadvantage

## **The Council's response**

- We will work with our schools to aim for the following improvements at GCSE
  - an increase from 45.4% to 47% in the proportion of pupils achieving 5 or more GCSEs, or equivalent, at grades A\* - C including Maths and English
  - an increase from 92.4% to 93% in the number of all children achieving five or more GCSEs, or equivalent, at grades A\* - G
- By working with schools to implement our Behaviour Support Plan, we aim to reduce the percentage of half days missed through absence
  - in secondary schools maintained by the Council, from 7.8 % to 7% of half-day sessions by 2007-08
  - in primary schools maintained by the Council, from 5.2 % to 4.5% of half-day sessions by 2007-08
  - the number of children looked after by the Council continuously for at least 12 months, who missed at least 25 days of schooling during the previous school year, to fall from 14 to no more than 9
  - reduce to 820 the number of half-day sessions (currently 839) missed due to authorised and unauthorised absence in primary schools by children looked after by the Council
  - reduce to 1600 the number of half-day sessions (currently 1,656) missed due to authorised and unauthorised absence in secondary schools by children looked after by the Council

## **Enabling vulnerable adults to live independently and, in particular, enabling many more older people to continue to live in their own homes**

### **The challenge**

The principal challenges for the year are to:

continue to expand provision and improve the quality of services to meet the needs of the rapidly increasing numbers of older people, especially those over 80, and their carers

provide more effective and flexible support for other vulnerable adults and their carers

in respect of all, to maximise independence, well-being and choice

establish, with our partners, a clear picture of future needs for services for older people and adults with learning disabilities, the best way to prioritise and provide them, and put in place the long-term programme to do so

### **The Council's response**

- Working with our partners, we aim to:
  - have in place by October 2006 a completed Older Persons' Strategy, with clear targets and actions to achieve them
  - carry out by the end of August 2006 a comprehensive assessment of future needs for services for older people and adults with learning disabilities, and how they should be met, leading to a long-term programme of service development
  - enable more people to live independently at home, by reducing the waiting times for assessment and care packages; increasing the number of people receiving direct payments; continuing the Trading Standards Doorstep Crime campaign; and promoting the use of the Signposting Scheme
  - In particular, we aim to:
    - increase the number of older people helped to live at home per 1,000 population aged 65 or over
    - reduce the number of emergency unscheduled acute hospital bed-days in NHS hospitals occupied by a person aged 75 or more commissioned by Herefordshire Primary Care Trust
    - increase the satisfaction of people over 65 using home care services provided through Herefordshire Social Care or directly purchasing services using direct payments
    - enable more adults with physical disabilities to live at home
    - enable more adults with learning difficulties to live at home
    - enable more adults with mental health problems to live at home

- increase the number of those over 65 who receive Attendance Allowance  
increase the number of people claiming pension credit
- increase the number of people over 60 claiming Council Tax benefit
- By implementing with partners our Homelessness Strategy Action Plan and developing more affordable housing, we aim to decrease the number of people accepted as homeless during the year to whom the Council has a full statutory duty

N.B. Where measurable targets are not included for this priority, accurate baselines have to be established before targets can be set for 2006-07. We intend to do all this in April.

**Protecting the environment, including by producing much less waste, recycling much more of what remains and significantly reducing carbon emissions**

## **The challenge**

The main challenge in the next twelve months is to build on the strong foundations we have laid in recent years and further improve our performance in respect of:

our safeguarding of Herefordshire's beautiful countryside

reducing waste and pollution

our own direct contribution from the way we conduct our operations

and to do so within tightly constrained resources

## **The Council's response**

- Primarily by using targeted bus subsidies and through improving public transport infrastructure we aim to:
  - control the increase in annual average traffic volumes to 1%
  - increase from 3,447,528 to 3,938,000 (over 14%) the number of passenger bus journeys a year
- By providing improved cycleways, traffic and road safety schemes, the safer routes to schools programme, and highway and footway maintenance, we aim to increase the number of cyclists using public cycle parking facilities by 2.5% and increase by 12% the number of cycling trips
- By putting in place new management arrangements we aim to increase from 2.49% to 2.8% the proportion of Council-owned land without a formal nature conservation designation that is managed for biodiversity
- By increasing participation in the kerbside collection of recyclables, supporting new facilities for waste diversion and recycling, and improving the performance of household waste sites, we aim to:
  - limit the increase in the amount of household waste collected per head in 2006-07 to 530 kilograms (compared to 528.03 kilograms in 2004-05)
  - reduce from 78.28% to 77.4% the proportion of household waste that is landfilled

Improving transport and the safety of roads, including further reducing the numbers of people killed or seriously injured

## **The challenge**

The three main challenges for the coming year are:

to improve the condition of the roads for which the Council is responsible at a time when recurrent Government financial support for highways is falling

to build on our achievements in cutting road casualties

to continue to do all we can to promote sustainable transport that serves all the people of the county, including those who don't have a car.

## **The Council's response**

- Working with the Government's Highways Agency (which is responsible for trunk roads), we aim to reduce to no more than 129 the number of people killed or seriously injured on the county's roads
- By delivering Local Transport Plan safety schemes and through road safety instruction in schools, we aim to limit to no more than 12 the number of under 16s killed or seriously injured annually in road accidents in the county
- Primarily by using targeted bus subsidies and through improving public transport infrastructure we aim to:
  - control the increase in annual average traffic volumes to 1%
  - increase from 3,447,528 to 3,938,000 (over 14%) the number of passenger bus journeys a year
- By providing improved cycleways, traffic and road safety schemes, the safer routes to schools programme, and highway and footway maintenance, we aim to increase the number of cyclists using public cycle parking facilities by 2.5% and increase by 12% the number of cycling trips

***[add re. principal roads' condition]***

**Sustaining vibrant and prosperous communities, including by providing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning**

**The challenge**

We must continue action across a wide range of complementary areas vital to the future of communities across the county:

strengthening the competitiveness of the economy to secure better paid, higher value-added jobs

tackling the growing problems of affordable housing and homelessness

building on success in reducing the overall level of crime, with a particular drive to reduce the number of violent offences, crime related to the misuse of drugs and alcohol, and anti-social behaviour

working in even more effective and focused partnerships, across all sectors, to maintain and improve community services, including the full modernisation of those provided directly by the Council, to make them more cost-effective and user-friendly

the fuller engagement of people of all ages, backgrounds and abilities in the life and development of their communities

maintaining our successful partnerships to ensure that all people are safeguarded at times of emergency

**The Council's response**

- By establishing a new grant scheme to encourage employers and by running a support programme of seminars and event, we aim to increase the number of people employed in technology and knowledge intensive industries
- Through the implementation of the *Herefordshire and Worcestershire Learning and Skills Council Local Strategic Plan*, we aim to increase the number of Herefordshire residents aged 19 and over achieving:
  - a Level 2 qualification, excluding manufacturing and engineering
  - a Level 2 qualification in manufacturing and engineering Level 3 qualification, excluding manufacturing and engineering
  - a Level 3 qualification in manufacturing and engineering
- By implementing with partners our *Homelessness Strategy Action Plan* and developing more affordable housing, we aim to decrease the number of people accepted as homeless during the year to whom the Council has a full statutory duty
- Through a wide-ranging programme of actions we aim at least to maintain access to key local services, measured by the proportion of survey respondents who find it easy to access:



- a local shop: 86%
  - a supermarket: 79%
  - a post office: 82%
  - a doctor: 77%
  - a local hospital: 56%
  - a green space: 81%
  - public transport: 75%
  - a shop selling fresh fruit and vegetables: 80%
  - a chemist or pharmacy: 77%
  - a bank or cash point: 73%
  - a library: 69%
  - a sports or leisure centre: 66%
  - a Council office: 60%
  - a cultural or recreational facility: 53%
- By implementing our *Community Involvement* and *Communications Action Plan*, enabling more communities to draw up their community/parish plans, making the best possible use of the county's Community Fora, capacity-building and training for community volunteers and agencies, and support for activities that enable communities to come together more we aim to:  
increase the proportion of adult residents who feel they can influence decisions affecting their local community  
increase the proportion of adult residents reporting that they have engaged in formal volunteering for an average of two or more hours a week.
  - ***[add key regeneration developments planned in Hereford, Leominster etc.]***
  - By means of promotional campaigns, working in partnership with other agencies and voluntary and community groups (including the provision of cleansing equipment for them to use), a targeted programme of deep cleansing and enforcement action, we aim to reduce from 27% to 21% the proportion of streets and other public areas falling below an acceptable level (Grade B) for cleanliness
  - By leading the Category 1 and 2 Responders' Partnership in the County and implementing an emergency planning programme, we will maintain 100% compliance with the Civil Contingencies Act 2004
  - Through the implementation of the Herefordshire Community Safety and Drugs Partnership Strategy, the Hereford Against Night-Time Disorder Scheme, and the

work of the Community Alcohol Service, including the Alcohol Referral Scheme, we aim to:

- decrease from 2,844 to 2,648 (by 7%) the number of violent crimes
- decrease from 2,524 to 2,206 (by 12.6%) the number of criminal damage incidents
- decrease the proportion of people who think that the following things are a problem:
  - o speeding traffic
  - o vandalism, graffiti and other deliberate damage to property or vehicles
  - o people using drugs
  - o people dealing drugs
  - o people being drunk or rowdy in public places
- We will also measure the adult public's perceptions of improvement in the quality of life in terms of each of the following:
  - access to nature
  - activities for teenagers
  - affordable decent housing
  - clean streets
  - community activities
  - cultural facilities
  - education provision
  - facilities for young children
  - health services
  - job prospects
  - parks and open spaces
  - public transport
  - race relations
  - road and pavement repairs
  - shopping facilities

- sports and leisure facilities
- the level of crime
- the level of pollution
- the level of traffic congestion
- wage levels and the local cost of living

***[targets and actions to be taken to be determined in the light of analysis of the late 2005 Annual Satisfaction Survey]***

- We aim to increase the satisfaction of adult residents with their local community as a place to live.

N.B. Where measurable targets are not specified for this priority, this is because accurate baselines have to be established before targets for 2006-07 can be set. In the case of levels of public satisfaction, this will be in the light of the results of the Council's late 2005 public satisfaction survey. We intend to set the targets in April.

**Promoting diversity and community harmony and striving for equal opportunities for all the people of Herefordshire, regardless of race, religion, disability, sex, sexual orientation, geographical location, income, or age**

## **The challenge**

The challenges in the coming year are to:

achieve Level 2 of the Local Authority Equality Standard and implement the Council's Comprehensive Equalities Policy, based on a programme of impact assessments and consultation with the relevant groups

give immediate priority to current statutory requirements in respect of race, disability and sex discrimination

prepare for future statutory requirements in respect of older people and religion and belief

continue the sound equal opportunities policies and practices the Council has established for the selection and development of its staff, and further increase the diversity of its workforce

## **The Council's response**

- We will work with The Herefordshire Equality Partnership, implement fully our Comprehensive Equality Policy Action Plan, rolling it forward to meet new challenges and targets, and continue our comprehensive programme of elected member, staff and community awareness and development, so as to attain Level 2 of the Local Authority Equality Standard
- Integral to this, we will complete our initial three-year programme of equality impact assessments during 2006-07
- We will keep up-to-date our statutory Race Equality Scheme and Disability Scheme, with the following key targets:
  - updated Race Equality Action Plan by April
  - revised Disability Scheme and Action Plan in place by September
- In doing all this, we will take account of the equalities implications of the results of our surveys that ask the public about ease of access to key services and factors affecting the quality of life, setting future targets and actions accordingly
- By doing **[X Y and Z]**, we will increase the diversity of the Council's workforce to 1.2% **[actions to be added; baseline data for 04-05 is 3.73% - discussion required to review target]**

## **Developing the Council's community leadership role, working with partners to deliver *The Herefordshire Community Strategy*, including the Local Area Agreement (LAA) with the Government**

### **The challenge**

The development, with partners and following extensive public involvement and consultation, of *The Herefordshire Community Strategy 2006-2020* provides the foundations for an even more successful *Herefordshire Partnership*. This is now buttressed by the LAA, with its clear targets and performance management arrangements to ensure delivery.

The challenge is to take full advantage of this unprecedented opportunity to improve significantly the quality of life for the county's whole population.

At the same time, the Council must continue to maintain confidence in local democracy.

### **The Council's response**

The full details are set out in the LAA and many of the targets and key actions are described in the earlier parts of this Action Plan.

Crucial specific areas include:

- the county's *Crime, Disorder and Drugs Strategy*
- the *Learning and Skills Council's Herefordshire and Worcestershire Local Strategic Plan*
- the new public health agenda *Choosing Health*
- *Every Child Matters* and *The Children Act*
- in terms of adult social care, *Independence, well-being and choice*
- *The Older People's Strategy*
- *The Civil Contingencies Act 2004*

### ***[Add here LAA targets and actions not included elsewhere in this Action Plan]***

To maintain high levels of public confidence in local democracy, we will:

- do all in our power to meet the Council's full statutory duties, including under the *Freedom of Information Act* and data protection legislation
- overseen by our independently chaired *Standards Committee*, and through the work of the *Monitoring Officer*, uphold the highest standards of corporate governance, propriety, integrity and impartiality
- working with the *Herefordshire Association of Local Councils*, provide training and support to enable the county's town and parish councils to demonstrate best practice and be at the forefront of national developments

***[Add key specific targets, milestones or actions for 2006-07 to make these aspirations concrete and measurable]***

## **Part Two: Organisational improvement**

**Streamlining processes, assets and management structures, and securing significant efficiency savings in line with the Government's proposals contained in *Delivering efficiency in local services*, so as to keep down Council Tax increases and invest in priority service improvements**

### **The challenge**

The principal challenges are to:

make recurrent and cumulative cash-releasing savings of at least £1.65 million make these savings without detriment to customer services, and wherever possible to improve them

continue to modernise and improve the standard and accessibility of our services, and their positive impact on people's quality of life

### **The Council's response**

- We will complete the review of our corporate strategy by April 2006. This will define the detailed targets and programme of action to achieve the necessary efficiency savings and to provide more efficient and effective customer services across the Council
- In particular, we will:
  - rationalise our front and back-office functions, create a state-of-the-art Info by phone service and deliver other aspects of our Service Improvement Programme
  - through e-procurement, benchmarking against other organisations, streamlining procedures and other initiatives, continue to improve the value for money we get from procuring goods and services
  - implement our Accommodation Strategy, including the disposal of properties, the cessation of leases and the relocation of staff
  - wherever necessary, invest to save in order to achieve recurrent savings, including to continue our comprehensive programme of investment in ICT and meet fully Government targets for e-government
  - develop by September better performance indicators for resources and efficiency, as part of an updated and more detailed Medium-Term Financial Strategy

**Ensuring that essential assets, including schools, other buildings, roads and information and communications (ICT) infrastructure, are in the right condition for the long-term cost-effective delivery of services and ensure business continuity in the face of emergencies**

## **The challenge**

The Council must ensure that –

despite the need for tight control on expenditure, we maintain a prudent programme for the renewal and maintenance of our key assets

we have in place plans and systems to maintain services in the event of disaster

we continue to raise our performance as regards the use of resources to meet the much more demanding standards required under the new framework for Comprehensive Performance Assessment (CPA)

## **The Council's response**

- We will begin to put in place a fully corporate ICT network to streamline and make more effective our operations, raising the availability of the network to at least 98.5%
- With our partners, we will complete the *Herefordshire in Touch* programme
- By beginning to implement our Accommodation Strategy, we will raise the standard of our property portfolio so that the proportion of the gross internal floor space in ODPM categories A and B increases from 86.4% to 90%
- By beginning to embed our business continuity plans for all parts of the Council's activities and services through an annual programme of risk assessment and business continuity management, we will ensure that we comply with the Civil Contingencies Act 2004
- We will continue to embed risk management as an integral part of our corporate, operational and service planning, and the management of performance - and take the other measures necessary to achieve the improvements required by the new CPA Use of Resources framework, including the Government requirements in *Delivering Efficiency in Local Services*, so as to maintain a score of 3.



## **Understanding the needs and preferences of service users and Council Tax-payers, and tailoring services accordingly**

### **The challenge**

As the Council strives to achieve more with fewer resources, makes big efficiency savings and concentrates available resources on priority areas, it must be more than ever careful to ensure that it roots all that it does in a solid understanding of what customers and the public need and want.

### **The Council's response**

- Through the completion of our network of local Info Shops, the creation of a state-of-the-art Info by phone service and the full implementation of e-government, we will provide better, faster and more responsive services to individual customers. Phased implementation will go live in Planning and Environmental Heath & Trading standards by summer 2006
- By means of an action plan to define customer standards for individual services where they don't already exist, the embedding of our new customer relations management and complaints handling systems, a programme to continue encouraging customer feedback, and a rolling programme of training for complaints officers and other staff, we aim to increase from 29 % to **[50% - this is the Corporate Plan target; target for 2006-07 to be set]** the proportion of those making complaints who are satisfied with how their complaint has been handled
- By implementing our *Community Involvement* and *Communications Action Plan*, enabling more communities to draw up their community/parish plans, making the best possible use of the county's Community Fora, capacity-building and training for community volunteers and agencies, and support for activities that enable communities to come together more we aim to increase the proportion of adult residents who feel they can influence decisions affecting their local community
- Through these means and the service improvements described elsewhere in this Plan, and also by enabling more communities to draw up town and parish plans, building community and voluntary sector capacity and enabling more opportunities for people in communities to come together, we aim by 2006-07 to increase the proportion of adults satisfied with their community as a place to live
- Through the implementation of our *Community Involvement Action Plan for Young People*, including the establishment of the *Herefordshire Youth Council* and the operation of the *Community Fora*, we will maintain an up-to-date understanding of the needs and wishes of children and young people. A key measure of our success will be to increase from 19% to 28% the percentage of young people who feel that the Council does enough to give young people the opportunity to influence important decisions
- We will carry out, by the end of August 2006, a comprehensive assessment of future needs for services for older people and adults with learning disabilities, and how they should be met, leading to a long-term programme of service development

- We will continue to operate our robust procedures for complying with the Freedom of Information Act and data protection legislation

N.B. Where measurable targets are not specified for this priority, this is because accurate baselines have to be established before targets for 2006-07 can be set. In the case of levels of public satisfaction, this will be in the light of the results of the Council's late 2005 public satisfaction survey. We intend to set the targets in April.

**Recruiting, retaining and motivating high quality staff, ensuring that they are trained and developed so as to maximise their ability and performance**

## **The challenge**

The Council has loyal and dedicated staff, committed to excellence in serving the people of Herefordshire. But the ever-rising expectations of the public and Government, the fresh challenges of a fast-moving world and the need to work in new ways with our partners to achieve more with less, can only be met if we continue to have the right managers and front-line staff with the right understanding, skills and motivation. These must, therefore, be continually updated and renewed.

Specific challenges are:

- the recent Corporate Performance Assessment and Joint Area Review (JAR) of services for children and young people confirmed that we have many strengths but also the importance of developing key skills in respect of effective planning and performance management to drive continuous improvement in standards of services across the Council
- the JAR highlighted the need for a more effective workforce strategy for social care to address problems of recruitment and retention
- to maximise productivity and contribute to the drive for big efficiency savings, we must reduce sickness absence, strike the right balance in staff turnover, and improve our recruitment processes
- to make even more effective two-way communications between managers and staff at all levels.

## **The Council's response**

- Our *Pay and Workforce Strategy* will continue to be the comprehensive response to these challenges; it will be kept up-to-date to reflect changing needs
- At the heart of the Strategy is our commitment to *Investors in People* accreditation, which we aim to achieve for the whole Council. The timescale for this will be considered as part of the *Pay and Workforce Development Strategy* operational plan and set in 2006-07.
- We will continue our comprehensive programme of staff training and development, basing it on a sound understanding of current skills and future skills needs, identifying the need for NVQs and other formally accredited training, and linking core skills to pay and grading
- In particular, we will deepen and extend our programmes to ensure that all managers are well-equipped to plan their services and manage performance effectively to deliver the Council's priorities

- We will integrate this approach with the annual cycle of individual Staff Review and Development, with the intention of raising from 76 % to 100% the putting into place and implementation of personal development plans
- By improved management of attendance, provision of timely management information, and the active engagement of Human Resources in recommending interventions and improvement, we aim to reduce sickness absence from an average of 10.4 days per FTE in 2004-05 to 9 days in 2006-07.
- Through better workforce planning, including the analysis of skills shortages and national trends, by promoting careers at the Council in schools, colleges, universities, and at national events, and by improving our recruitment and retention procedures, we aim to maintain annual staff turnover at 9%
- We will pay special attention to the recruitment and retention of staff in children's social care, implementing our *Workforce Strategy Action Plan* for this area
- We will centralise the recruitment administration of permanent and temporary employees, and agency workers, to secure efficiency gains across the Council, by creating a new Recruitment Centre, which will reduce the time to recruit, the cost per person recruited and expenditure on agency workers.
- We will continue to improve understanding and motivation throughout the organisation by implementing *our Communications Strategy Action Plan*

***[Wherever possible, all to be finalised as SMART targets]***

**Embedding corporate planning, performance management and project management systems so as to continue to drive up service standards and efficiency**

## **The challenge**

The 2005 Corporate Performance Assessment and the Joint Area Review of Services for Children and Young People confirmed that the Council has sound frameworks for planning and performance management, but also that they have not been operated to a consistent high standard across all departments. In particular, we need:

- a more systematic and rigorous approach to drive continuous improvement in standards of services
- an effective mechanism to maintain an overall view of performance against high-level ambitions and cross-cutting issues

The inspectors also confirmed the need for more effective use of scrutiny to enhance performance and corporate policy development, and recommended the review and, if necessary, reconfiguration of political structures in line with corporate priorities.

Rapid progress in these areas is crucial to the delivery of the Council's ambitious agenda for organisational change, modernisation, greater efficiency and, above all, service improvement.

## **The Council's response**

- We will further develop the corporate planning process by May to align fully corporate, service and financial planning, and so provide a sound basis for systematically achieving value for money across all services
- We will implement performance management systems and tools to facilitate much more effective challenge and so bring greater rigour to the setting of targets and the identification of the necessary milestones, actions, risks and resources, so as to drive up performance
- We will by June review and make much more accessible performance reports to the Corporate Management Board, Cabinet, Strategic Monitoring Committee and subject scrutiny committees, so as to promote more effective challenge and performance improvement
- We will put in place a corporate ICT-based system to make much easier and faster the collection and analysis of all performance information for the Council and its strategic partners. The timescale will be determined following the Corporate Strategy Review; that timescale will not be allowed to stand in the way of the improvements in the quality of plans and performance reporting that are needed urgently
- Directorate and service plans will be quality-assured to ensure that they are of the right standard and will enable the Council to deliver its priorities, including in respect of cross-cutting issues

- Directors and Heads of Service will be required to ensure that all Council-wide policies, strategies, programmes and procedures are delivered in their areas
- By means of our action plan to ensure robust auditable data, we aim to retain the unqualified status of our Best Value Performance Plan (now incorporated into this Corporate Plan [***electronic link to be added in June when BVPI data published***]) and ensure that none of our individual performance indicators is qualified
- We will review and implement any necessary changes to our political structures to provide the best basis for continuous improvement in the Council's performance
- We will strengthen the scrutiny function to maximise its contribution to policy development and performance enhancement
- The operation of the whole *Performance Management Framework* will be audited as part of Internal Audit's annual review of the Council's key processes, providing a sound basis for continuous improvement

**Appendix 1 – Net revenue budget in 2006-07 by directorate**

	<b>2005/06</b>
	<b>£'000</b>
Education (Dedicated Schools Grant)	78,679
Non-Schools (Local Education Authority)	12,189
Social Care	40,164
Policy & Finance - General	15,345
Policy & Finance - Property	1,962
Environment - General	9,871
Environment - Regulatory	11,563
Environment - Planning	1,985
Social Development	7,107
Economic Development	2,138
Strategic Housing	1,407
Financing Adjustments	8,469
2006/07 Items to be allocated:	
Other Base Budget Items	2,479
Base Budget Pressures	2,887
Growth Items	1,119
Social Care Contingency	1,250
Efficiency Savings	(1,650)
Invest to Save budget brought forward	2,048
Invest to Save – removal of 2005/06 base budget	(2,048)
<b>NET REVENUE BUDGET</b>	<b><u>196,964</u></b>

***[Pie chart to be added]***

**Appendix 2 – Capital programme 2006–07**

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Programme Area: -</b>			
Children's Services	8,024	4,471	1,047
Environment General	12,556	12,265	10,997
Corporate and Customer Services	1,760	1,050	93
Resources	520	200	0
Adult and Community Services	13,574	5,575	4,820
Indicative Prudential Borrowing for allocation	0	17	4,300
	<b>36,434</b>	<b>23,561</b>	<b>21,257</b>
<b>By funding</b>			
Capital Receipts Reserve	6,903	4,429	5,567
Grants	6,835	1,503	0
SCE(R)	13,322	12,646	10,690
Agreed Prudential Borrowing	9,374	4,983	700
Indicative Prudential Borrowing for allocation	0	17	4,300
	<b>36,434</b>	<b>23,561</b>	<b>21,257</b>



## **Glossary**

## **Appendix 3**

### ***Herefordshire Community Strategy***

The Community Plan for Herefordshire. It sets out the vision, agreed by the Council and its partners following consultation with the public, for what the county should aspire to be by 2020, together with the objectives and targets to achieve it.

### ***Local Area Agreement (LAA)***

A three-year agreement with the Government (initially for 2006-09) to deliver, with the Council's partners, higher levels of performance than would otherwise have been achieved. This is facilitated by greater freedom and flexibility in the operation of Government rules, including the use of Government grants.

### ***Local Public Service Agreement (LPSA)***

A three-year agreement with the Government (currently for 2005-06 to 2007-08) to deliver higher levels of performance than would otherwise have achieved, in return for pump-priming additional finance to help achieve the enhanced targets and some relaxation in regulation. Achievement of the targets attracts substantial reward payments.

As from 2006-07, will be subsumed within the LAA (see above).

### ***Comprehensive Performance Assessment (CPA)***

The assessment of a Council's current performance and its capacity to improve. It comprises four main components: self-assessment, corporate assessment by an external team, use of resources assessment by external auditors, and service assessment based on an analysis of recent service inspections, reviews and performance indicator results. It is overseen and managed by the independent Audit Commission.

### ***Joint Area Review (JAR)***

The JAR judges the outcomes for children and young people growing up in the area and evaluates how local services work together to contribute to their achievements, progress and well-being. The services being reviewed include council services, health services, police and probation services, and publicly funded services provided by voluntary bodies. Evidence from other inspections, such as schools, further education colleges and residential settings contribute to the review.

### ***Corporate Management Board (CMB)***

The strategic management board of the Council, comprising the Chief Executive, Directors and the Head of Human Resources.

### ***The Senior Management Team (SMT)***

The operational management board of the Council, comprising Heads of Services.

### ***Joined-Up Programme (JUP)***

The complete programme of work undertaken by the Herefordshire Service Delivery Partnership (Herefordshire Council, Herefordshire Jarvis Services and Owen Williams) covering highways, property and related work



# INTEGRATED PERFORMANCE REPORT

## PORTFOLIO RESPONSIBILITY: CORPORATE AND CUSTOMER SERVICES

CABINET

23RD FEBRUARY 2006

### Wards Affected

County-wide

### Purpose

To note performance to the end of January 2006 against the Annual Operating Plan 2006/07, together with performance against budget and corporate risks, and remedial action to address areas of under-performance.

### Key Decision

This is not a Key Decision

### Recommendation

**THAT performance to the end of January 2006, and remedial action to address areas of under-performance, be noted.**

### Reasons

The Council's current Corporate Plan sets out the Council's objectives, priorities and targets for the three years 2005-08. The Annual Operating Plan (AOP) is the detailed action plan for the first of these years, 2005-06. This report summarises progress in the first ten months of this operating year, including action being taken to address under-performance.

### Considerations

1. This is the last Integrated Performance Report before the end of the operating year.  
***Progress against the Annual Operating Plan 2005-06 for the period to January***
2. This section summarises progress against the AOP 2005-06 for the period 1<sup>st</sup> April 2005 to 31<sup>st</sup> January 2006. Fuller details on each of the indicators are given in Appendix A.
3. As before, performance has been monitored for each indicator using the following system:
  - ✓ Everything is OK
  - ? Something's not right
  - ✘ Things aren't going to plan
4. There are considerably more indicators that have been marked ✘, i.e. as areas where performance is expected to fall short of the targets or deadlines for action identified at

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Further information on the subject of this report is available from Steve Martin, Corporate Policy and Research Manager on 01432 261877

the beginning of the year in the Annual Operating Plan. In total, there are 41 such indicators to January, compared to 18 to November and 9 to September. This does not in all cases reflect a fall in performance, but is the result of a clearer picture of progress as the end of the operating year approaches, leading to a realisation that the achievement of targets is unlikely, and a more consistent application of the agreed criteria.

5. The indicators marked ✖ for the period to end January are:

Council Priority	Indicator	Remedial action in hand (where identified)
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>		
Maximise the health, safety, economic wellbeing, achievements and contribution of every child	1. % of babies born in the South Wye area of Herefordshire who are breast feeding at 6 weeks of age (LPSA2G) (p.1)	Increased Health Visitor support; enhanced training; active promotion.
	2. % of babies born to teenage mothers in Herefordshire who are breastfeeding at 6 weeks of age (LPSA2G) (p.2)	
Enable vulnerable adults to live independently	4. The number of people aged 65 and over helped to live at home, per 1000 adults aged 65 and over (p.4)	Data Audit clerks appointed to reconcile data.
	5. Satisfaction with the help received from Herefordshire Social Services by people 65 and over using home care services provided through Social Care and people 65 and over who directly purchased services using Direct Payments (LPSA2G) (p.5)	
	6. Number of emergency unscheduled acute hospital bed days (defined in the Department of Health guidance for Local Delivery Plans 2005-2008) occupied by a person aged 75 or more in NHS hospitals, commissioned by Herefordshire PCT (LPSA2G) (p.6)	
	8. The number of adults and older people receiving direct payments at 31st March per 100,000 population aged 18 years or over (p.7)	Performance clinics and training programmes started; Data Audit clerks appointed to reconcile data.
	9. Adults with physical disabilities helped to live at home per 1,000 population aged 18-64 (p.7)	
	10. Adults with learning disabilities helped to live at home per 1,000 population aged 18-64 (p.8)	

<b>Ambition: Reduce crime and disorder and make Herefordshire safer</b>		
Develop its community leadership role	<b>12.</b> Number of violent crimes in Herefordshire (LPSA2G) (p.9)	
	<b>13.</b> The number of criminal damage incidents (LPSA2G) (p.9)	
	<b>14.</b> To reduce the percentage of people who think that: a) Speeding traffic is a problem b) Vandalism, graffiti and other deliberate damage to property or vehicles is a problem c) People using drugs is a problem d) People dealing drugs is a problem e) People being drunk or rowdy in public places is a problem (LPSA2G) (p.10)	
	<b>15.</b> Assessment of the overall provision and effectiveness of local authority services designed to help victims of domestic violence and prevent further domestic violence – checklist score (p.11)	New system to measure performance has been introduced from October 2005.
<b>Ambition: Reduce poverty and isolation in Herefordshire</b>		
Enable vulnerable adults to live independently	<b>19.</b> The number of people in receipt of pension credit (LPSA2G) (p.14)	Work underway between Revenues and Benefits / Adult Social Care / Voluntary Sector / Dept. of Work and Pensions to set up a joint team.
	<b>20.</b> The number of people in receipt of attendance allowance (LPSA2G) (p.15)	
	<b>21.</b> The number of people in receipt of council tax benefit aged 60 or over (LPSA2G) (p.15)	
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>		
Develop its community leadership role	<b>23.</b> % of young people aged 13-19 who feel that the council does enough to give young people the opportunity to influence important decisions (p.17)	Publicity campaign to establish Youth Council – elections planned for March.
Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>25.</b> % Of Herefordshire adult residents satisfied with their local community as a place to live (LPSA2G) (p.18)	

<b>Ambition: Meet Herefordshire's accommodation needs</b>		
Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>46.</b> The average length of stay in bed and breakfast accommodation of households that are unintentionally homeless and in priority need (p.43)	Prevention Officers recruited and operating.
<b>Ambition: Support business growth and create more and better paid work in Herefordshire</b>		
Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>50.</b> Average weekly earning in Herefordshire compared with the average in the west midlands (p.47)	Implementation of the Economic Development Strategy, although there will be a long period of time before benefits are seen.
	<b>53.</b> Completions of employment land (hectares) (p.48)	
	<b>54.</b> No. employed in technology & knowledge intensive industries (LPSA2G) (p.49)	
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>		
Improve the achievement of pupils	<b>56.</b> Proportion of pupils in lea schools in the previous summer achieving level 4 or above in the key stage 2 mathematics test (p.50)	
	<b>58.</b> % Of all pupils in lea schools achieving 5 or more 5A* - G grades at GCSE, or equivalent (LPSA2G) (p.51)	
	<b>59.</b> The number of those young people who were looked after on 1 <sup>st</sup> April in their 17 <sup>th</sup> year (aged 16) who were engaged in education, training, or employment at the age of 19 (LPSA2G) (p.51)	
Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>60.</b> The number of Herefordshire residents aged 19+ achieving a level 2 qualification (excluding manufacturing & engineering) (LPSA2G) (p.52)	
	<b>61.</b> The number of Herefordshire residents aged 19+ achieving a level 3 qualification (excluding manufacturing & engineering) (LPSA2G) (p.52)	
	<b>62.</b> The number of Herefordshire residents aged 19+ achieving a level 2 qualification in manufacturing & engineering (LPSA2G) (p.53)	

	<b>63.</b> The number of Herefordshire residents aged 19+ achieving a level 3 qualification in manufacturing & engineering (LPSA2G) (p.53)	
Improve the achievement of pupils	<b>65.</b> % of half days missed due to total absence in secondary schools maintained by the authority (LPSA2G) (p.54)	
	<b>66.</b> % of half days missed due to total absence in primary schools maintained by the authority (LPSA2G) (p.54)	
	<b>67.</b> The number of children who had been looked after continuously for at least 12 months and were of school age, who missed a total of at least 25 days of schooling for any reason during the previous school year (LPSA2G) (p.55)	Tracking of individual pupils prone to absence began in the autumn.
<b>Ambition: Children and Young People: A Golden Thread</b>		
Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>70.</b> % of half days missed due to total absence in primary schools maintained by the authority (LPSA2G) (p.57)	
	<b>71.</b> % of half days missed due to total absence in primary schools maintained by the authority (LPSA2G) (p.58)	
	<b>75.</b> % of 16-18 year olds in education, training or employment (p.59)	
<b>IMPROVED SERVICES</b>		
Develop its community leadership role	<b>84.</b> % of Herefordshire adult residents satisfied with their local community as a place to live (LPSA2G) (p.73)	

<b>IMPROVED EFFICIENCY</b>		
Secure significant efficiency savings	<b>85.</b> Net reduction in cost of identified services (SIP) (p.76)	Being taken forward as an integral part of the Corporate Strategy Review Project with each Directorate having produced a first draft Service Improvement Plan.
	<b>87.</b> % of milestone activities completed in the national procurement strategy for local government (p.80)	
	<b>88.</b> Price comparison of 10 commodities (p.81)	
	<b>89.</b> Average minimum cost of raising an order (p.81)	
	<b>90.</b> Total cost of office accommodation at 2004/5 prices (p.81)	Feasibility study started; review of working practices; review of space requirements.
Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	<b>94.</b> % gross internal floor space in ODPM categories a & b (p.86)	

6. The main points are:

- a) There are 26 indicators within the AOP that are linked to the LPSA2G, of which 24 have been marked ✖. As well as there being a lack of performance reported, targets, milestones and necessary actions for the current year have not been identified. The target deadline for this to have been done was August 2005.
- b) Some targets, milestones and actions have yet to be determined because of the need to establish an accurate baseline. In a number of cases, this depends on the results of the annual public satisfaction survey carried out in late 2005, the results of which will be available in March. The intention is to set the relevant targets etc. in April and to include them in the 2006-07 Annual Operating Plan. However, this applies only to a small number of indicators; there are many others that are marked ✖ because there is still an absence of targets and actions, and consequently nothing to report in-year performance against.
- c) Analysis of the data by Ambition shows that:



- 8 of the 11 indicators under the ambition to 'Improve the health and wellbeing of Herefordshire people' are marked ✖. (4 are linked to the LPSA2G)
  - All 4 of the indicators under the ambition to 'Reduce crime and disorder and make Herefordshire safer' are marked ✖. (3 are linked to the LPSA2G)
  - 10 of the 13 indicators under the ambition to 'Provide excellent education, training and learning opportunities in Herefordshire for all ages' are marked ✖. (9 are linked to the LPSA2G)
- d) There are no indicators marked ✖ under the ambitions 'Develop Herefordshire as an active, vibrant and enjoyable place to be', 'Protect and enhance Herefordshire's distinctive environment' and 'Develop an integrated transport system for Herefordshire'. In particular, 6 of the 7 indicators under the ambition 'Protect and enhance Herefordshire's distinctive environment' have already achieved their targets, or are likely to do so.

### ***Revenue and Capital Budget Monitoring***

8. Details of the **revenue budget** position are at Appendix B.
9. Compared with the November report, the net estimated forecast underspend has increased from about £1.5 million to £2.26 million. This is largely due to potentially one-off items: an increased surplus for financing transactions (£400,000); the West Mercia Supplies Dividend (£262,000); and the Business Growth Incentives Scheme Grant (£564,000); as well as a significantly improved position as regards Property (£480,000).
10. These have been partially offset by higher than previously forecast overspending on Adult Services, which is now projected to be £1.5 million, compared to the £1.1 million forecast in November, but could rise to £1.75 million (these figures exclude the written-off overspending of over £700,000 in 2004-05).
11. It is expected that the unused Invest to Save Budget of over £1.9 million will be carried forward into 2006-07 to help fund the Corporate Strategy Service Improvement Plans. Although the carry-forward of this sum and the underspending on Financing Transactions will probably more than offset the overspendings on Adult Services and Strategic Housing to give net underspending in 2005-06, this does not lessen the need to adjust the base budget in respect of Adult Services and Strategic Housing in 2006-07 and beyond. A further call on reserves seems inevitable. Including the prudent reserve of £3 million, these stood at £5,658,000 at the end of January.
12. Details of spending on the **capital programme** are at Appendix C.
13. Compared with the position at the end of November, there has been slippage in expected spending of over £4 million. This is mainly due to the re-profiling of the Extra Care Housing Scheme and delays in the improvements for High Town, Hereford. There is an increasing trend of underspending throughout the programme, which requires continuing monitoring.

### ***Risk monitoring***

14. Details of corporate risk monitoring are at Appendix D.
15. The most urgent issues remain the JAR Assessment, and in particular the reputational

impact of the 'Staying Safe' rating, and the Corporate Budget Position in relation to Adult Social Care and Homelessness. Additional corporate finance support has been identified and utilised to assist in assessing the financial pressure. The additional nine identified corporate risks remain in need of constant monitoring.

### **Alternative Options**

Effective performance monitoring and management are crucial for continuous improvement. Following the 2005 Corporate Assessment, the Council's improvement plan will include further measures to strengthen these arrangements across the Council. These will include simpler, more effective performance management reports against the AOP for 2006-07. Proposals will also be developed for the full integration of corporate, service and financial planning and performance management.

### **Risk Management**

Effective performance reports are an essential element in the management of risks.

### **Consultees**

Relevant internal officers have been consulted. No external consultation has been necessary.

### **Background Papers**

None identified.

The Action Plan 2005-06: The Details

APPENDIX A

Part One – Making a reality of the Herefordshire Plan: service targets

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>									
63	Cllr Rule & Ms Fiennes Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>1</b> % of babies born in the South Wye area of Herefordshire who are breast feeding at 6 weeks of age (LPSA2G)			Advice and support for parents especially through children's centres and Hollybush	Inability to attract parents to advice sessions <i>mitigated by</i> development of Health Visitor and Family Support Work	The most recent publicised figures relate to a period Nov 03 to Oct 04 when figures were 25.3%	✘ Increased Health Visitor support provided from the 2 Children's Centres; all Health Visitors now trained to support breastfeeding; identified Health Visitors with responsibility to promote breastfeeding; County Hospital is actively promoting breastfeeding from birth; Teenage Parent Group actively promoting breastfeeding.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>									
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>2</b> % of babies born to teenage mothers in Herefordshire who are breastfeeding at 6 weeks of age (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by August '05			<b>x</b>	
Cllr Rule & Mr Dunhill	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>3</b> % of 11-15 year olds smoking 1+ cigarettes per week	11%		Agree future measures, targets, actions etc. as part of the Every Child Matters programme		Baseline data needs to be established. Lead Officer/Partner to be agreed. Co-ordinated strategy to be developed and implemented.	<b>?</b> Meeting held on the 15 November with speaker from Schools Health Education Unit Group agreed this would be the best way forward. Awaiting meeting with Director of Environment, Director of Children's Services and Director of Public Health.	Other agencies not prepared to participate All agencies now involved, need confirmation of shared resources <i>mitigated by</i> tolerating risk or accepting risk and continuing commitment.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Improve the health and wellbeing of Herefordshire people**

				Programme of presentations and of test purchases being delivered on time	Investigate traders, carry out test purchases	Programme not achieved mitigated by adequate resource allocation	<p>Number of Enforcement / Advisory / Promotional activities undertaken.</p> <p>Test purchases completed. Reviewing formal action.</p> <p>Warning letters to be drafted and sent.</p> <p>Further test purchases to be planned in New Year dependent on staffing levels and workload.</p> <p>Targeted educational talks to under 16's in 8 schools.</p> <p>Exhibited at 'Crucial Crew' with over a thousand pupils attending.</p>	Trading Standards Officer Interview set for 23 <sup>rd</sup> February.	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>									
					Set up Liaison Group by May-05		Meeting held on the 15 November with speaker from Schools Health Education Unit (EX Exeter University). Group agreed this would be the best way forward. Awaiting meeting with Director of Environment, Director of Children's Services and Director of Public Health.		Other agencies not prepared to participate <i>mitigated by</i> tolerating risk or accepting risk and continuing commitment. Risk reduced as key managers now engaged.
Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>4</b> The number of people aged 65 and over helped to live at home, per 1000 adults aged 65 and over	75		Introduce new CLIX system & monitor team targets monthly by July-05	Delay in availability of new system mitigated by project management	Reported out-turn in September was 54.	<b>x</b> New PI Action Plan in place.	<i>Mitigated by</i> Data Audit Clerks start 13 <sup>th</sup> Feb, to support teams to reconcile data.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>									
Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	5 Satisfaction with the help received from Herefordshire Social Services by people 65 and over using home care services provided through Social Care and people 65 and over who directly purchased services using Direct Payments (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by August '05		Another Meeting taking place in February 06, results available after.	x	
					Develop a framework for delivering an Older Person's Strategy based on active ageing by July '05		A meeting between Adult Services and Community Services has taken place to progress Older Person's Strategy. The jointly developed outline framework for Older People went to CXMT in September.		

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>										
Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>6</b> Number of emergency unscheduled acute hospital bed days (defined in the Department of Health guidance for Local Delivery Plans 2005-2008) occupied by a person aged 75 or more in NHS hospitals, commissioned by Herefordshire PCT (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by August '05		This is reported by Health, figures are not reported quarterly	✘	Resources have been identified; lead officers and timescales agreed.	
Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>7</b> The number of carers receiving a specific carers' service as a % of clients receiving community based services	2%		Set target by May '05		Out turn at Quarter 3 = 3%	✔	Performance Clinics with all Operational Teams are taking place. New Carers assessment to be launched.	<i>Mitigated</i> by Data Audit Clerks start 13 <sup>th</sup> Feb to support teams to reconcile data.



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>										
					Introduce new CLIX system by July '05	Delay in availability of new system mitigated by project management	HARRI solution has been stopped. Procurement of appropriate solution currently being moved forward.		Delay in availability of new system is a serious risk. A new business case drafted for presentation to IPG on 7 <sup>th</sup> September.	
68	Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>8</b> The number of adults and older people receiving direct payments at 31st March per 100,000 population aged 18 years or over	100		Set local targets and introduce monthly reports by April '05	Low take-up mitigated by voucher and brokerage regulation	Outturn as at end of September was 64.8.	<b>x</b> Performance Clinics with all Operational Teams. Training Programme with operational staff taking place.	<i>Mitigated</i> by Data Audit Clerks start 13 <sup>th</sup> Feb to support teams to reconcile data.
	Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>9</b> Adults with physical disabilities helped to live at home per 1,000 population aged 18-64	4.2 (from 2.8)		Management re-structure		Outturn as at end of September was 3.2.	<b>x</b> Performance Clinics with all Operational Teams. All residential placements being reviewed.	Data quality is currently an issue <i>Mitigated</i> by Data Audit Clerks start 13 <sup>th</sup> Feb to support teams to reconcile data.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Improve the health and wellbeing of Herefordshire people</b>										
					Introduce new CLIX system by July '05	Delay in availability of new system mitigated by project management	HARRI solution has been stopped. Procurement of appropriate solution currently being moved forward.		Delay in availability of new system is a serious risk. A new business case drafted for presentation to IPG on 7 <sup>th</sup> September.	
1001	Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>10</b> Adults with learning disabilities helped to live at home per 1,000 population aged 18-64	2.2		Introduce new CLIX system July '05	Delay in availability of new system mitigated by project management	✘	Performance Clinics with all Operational Teams. Change programme to support independent living on target.	Data quality is currently an issue <i>Mitigated</i> by Data Audit Clerks start 13 <sup>th</sup> Feb to support teams to reconcile data.
	Cllr Mrs Barnett & Mr Hughes	Enable vulnerable adults to live independently	<b>11</b> Adults with mental health problems helped to live at home per 1,000 population aged 18-64	1.75		Introduce new CLIX system by July '05	Influence over Partnership and delay in availability of new system mitigated by partnership Board and project management	✓	Performance Clinics with all Operational Teams.	Data quality is currently an issue <i>Mitigated</i> by Data Audit Clerks start 13 <sup>th</sup> Feb to support teams to reconcile data.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Reduce crime and disorder and make Herefordshire safer</b>									
Cllr Phillips & Ms Fiennes	Develop its community leadership role	<b>12</b> Number of violent crimes in Herefordshire (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05			x	
Cllr Phillips & Ms Fiennes	Develop its community leadership role	<b>13</b> The number of criminal damage incidents (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05			x	

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Reduce crime and disorder and make Herefordshire safer**

102	Cllr Phillips & Ms Fiennes	Develop its community leadership role	<p><b>14</b></p> <p>To reduce the percentage of people who think that:</p> <ul style="list-style-type: none"> <li>a) speeding traffic is a problem</li> <li>b) Vandalism, graffiti and other deliberate damage to property or vehicles is a problem</li> <li>c) People using drugs is a problem</li> <li>d) People dealing drugs is a problem</li> <li>e) People being drunk or rowdy in public places is a problem (LPSA2G)</li> </ul>		Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05			x	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Reduce crime and disorder and make Herefordshire safer</b>										
Cllr Mrs Barnett & Ms Fiennes	Enable vulnerable adults to live independently	<b>15</b> Assessment of the overall provision and effectiveness of local authority services designed to help victims of domestic violence and prevent further domestic violence – checklist score			This is a new BVPI for 2005-6 and a timescale for the agreement of targets, actions, risks and their mitigation and resources will be established by June 2005		There are 11 aspects to this indicator. It has proved more complex than anticipated to achieve the system. It is important that a robust system is implemented very soon to minimise the likelihood of this BVPI being qualified.	x	At the time of the last report, the system was expected to be in place from October 2005.	

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Reduce poverty and isolation in Herefordshire</b>									
Cllr Phillips & Mrs Jones	Promote diversity and community harmony and strive for equal opportunities	16 Number of racial incidents recorded by the authority per 100,000 population	>25		Implement Race Equality Scheme & new monitoring system by Quarterly progress reports	Limited understanding; responsibility for actions not clear mitigated by action plan with named individuals	New Council monitoring system launched on 03Oct 05. 2 racial complaints and 5 comments received via CRM.	?	Difficulty in agreeing standard approach with Corporate Complaints Officers; difficulty in finalising requirements with Diversity Group
					Review target in light of new monitoring system by Sep-05				
Cllr Phillips & Mrs Jones	Promote diversity and community harmony and strive for equal opportunities	17 The % of racial incidents that resulted in further action	100%		Implement Race Equality Scheme & new monitoring system by Quarterly progress reports	Limited understanding; responsibility for actions not clear mitigated by action plan with named individuals	2 investigations completed, with further action in hand	?	

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Reduce poverty and isolation in Herefordshire**

105	Cllr Mayson & Mrs Jones	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	18 % of respondents finding it easy to access a (a) local shop; (b) a supermarket; (c) a post office; (d) a doctor; (e) a local hospital; (f) a green space; (g) public transport; (h) shop selling fresh fruit & vegetables; (i) chemist/pharmacy; (j) bank/cash point; (k) library; (l) sports/leisure centre; (m) council office; (n) cultural/recreational facility	(a)86% (b)79% (c)82% (d)77% (e)56% (f)81% (g)75% (h)80% (i)77% (j)73% (k)69% (l)66% (m)60% (n)53%	Map needs (using Parish Plans) to inform priorities		Performance against the indicator will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year. Promoting consultation of Parish Plans by Council departments. Service Planning guidance re-written to include the need to take account of actions needed in response to parish plans.	?	
					support for Community Enterprise Development		Community Enterprise Strategy adopted. Currently being implemented through partners for Social Enterprise.		
					affiliation to ViRSA (Village Rural Shops Alliance)		Council is an associate member of the Rural Shops Alliance.		
					annual training event for rural shops		Proposed target date for event – February 2006.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Reduce poverty and isolation in Herefordshire</b>									
					regeneration programmes funding mobile & outreach services		Debt Redemption Scheme and Transport Broker projects operational in Kington area. Community Access Points project appraised and awaiting approval.		
					support actions arising from parish plans		Four Parish Plan groups have been assisted (target of 12 for the year).		
19 of	Cllr Mrs French & Mrs Jones	Enable vulnerable adults to live independently	19	The number of people in receipt of Pension Credit (LPSA2G)	Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Work has been underway between Revenues and Benefits / Adult Social Care / Voluntary Sector / Department of Work and Pensions to progress 'Joint Team'; Cabinet agreed approach July 2005. Milestones yet to be determined for the LPSA2G benefit take-up targets (ditto for 20 and 21 below).	x	



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Reduce poverty and isolation in Herefordshire</b>									
Cllr Mrs French & Mrs Jones	Enable vulnerable adults to live independently	<b>20</b> The number of people in receipt of Attendance Allowance (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		See above	<b>x</b>	
Cllr Mrs French & Mrs Jones	Enable vulnerable adults to live independently	<b>21</b> The number of people in receipt of Council Tax Benefit aged 60 or over (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		See above	<b>x</b>	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>										
108	Cllr Phillips & Mr Hughes	Develop its community leadership role	22 % of Herefordshire Voice respondents who feel that the Council does enough to give local people the opportunity to influence important decisions	20%		Increased communication with residents through Parish Planning process, publicity, annual Herefordshire Parliament, introduction and use of consultation methods as outlined in Community Involvement Strategy, adoption of additional 5 Parish Plans year on year by as of 2005/6	Failure to communicate with and feed back to residents would leave situation unchanged; mitigated by early review of Community Involvement strategy and rolling out of the Communication strategy.	?	Herefordshire Plan consultation and feedback undertaken (ended in November). Community Involvement Strategy now agreed and placed on the Council's website.	Related Action Plan now agreed and placed on HC website; implementation beginning; review of Community Fora and, Scrutiny Committees underway

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>										
Cllr Phillips & Mr Hughes	Develop its community leadership role	<b>23</b> % of young people aged 13-19 who feel that the Council does enough to give young people the opportunity to influence important decisions	25%		Increased communication with residents through Parish Planning process, publicity, Youth Parliament by 2005/6	Failure to communicate with and feed back to residents would leave situation unchanged; mitigated by early review of Community Involvement Strategy, to include specifics of involving young people	Research into performance against this target will now not take place until 2007	x	Large publicity and outreach programme is taking place encouraging young people to stand for the 20 seats on the Youth council. Elections will take place in March 2006	No long term funding has yet been secured for the Youth Council <i>mitigated by</i> Youth Consultation and involvement is being built into the Community Strategy
Cllr Phillips & Mr Pringle	Develop its community leadership role	<b>24</b> % of parishes uncontested in local elections	N/A (next election in 2006/7)		Increased communication with residents through Parish Planning process and publicity; working with Herefordshire Association of Local Councils	Failure to communicate with and feed back to residents will leave situation unchanged mitigated by early review of Community Involvement Strategy	Meetings held with HALC Executive. Attendance of the Chief Executive and Leader at HALC AGM. Work progressing on review of charter.	N/a		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Encourage communities to shape the future of Herefordshire**

Cllr Mayson & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	25 % of Herefordshire adult residents satisfied with their local community as a place to live (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Series of briefings for HC staff; training sessions re Community Involvement being organised	x	Intensifying programme of activity	Slippage on timescale to deliver actions <i>mitigated by</i> intensify activity to meet actions
					Agree timescale for:					
					- defining an overall vision for the county by Jun-05		Increased logging of consultations Community Forum review to take place in Spring			
					- clarity about what we mean by a sustainable community by Jun-05		As above.			

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>									
111					- determining how the Council is going to approach the systematic assessment of need for the whole population, including areas of deprivation by Jun-05		As above.		
					- rolling out the Community Involvement Strategy by Jun-05		As above.		
					- establishing monthly Herefordshire Matters by Jun-05		As above.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>									
					- setting & monitoring of comprehensive range of customer standards including process for complaints & review of Customer Service Strategy by Jun-05		As above.		
					- developing & implementing formal compact with the voluntary & community sector by Jun-05		As above.		

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>										
Cllr Mayson & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>26</b> % of adult residents who feel they can influence decisions affecting their local community (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year. Community Involvement Strategy and Action plan has been approved. Review of Community Fora and Scrutiny Committees agreed. Parish Plan Surgery took place in October.	?		Community Involvement Officer resigned; impact to be mitigated by rolling out the Community Involvement Strategy and follow-up action from the reviews of the Community Fora and Scrutiny Committees

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Encourage communities to shape the future of Herefordshire</b>									
Cllr Mayson & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	27 % of adult residents reporting that they have engaged in formal volunteering for an average of two hours or more per week (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year. Meeting with VCS Volunteer Coordinators taken place in October. Agreed to work with VCS Steering Group to identify actions. Baseline Survey to be undertaken in November through BVPI survey to establish level of volunteering.	?	Decision re LPSA funding delayed <i>mitigated by</i> meeting with VCS Volunteer Coordinators in October; agreed to work with VCS Steering Group to identify actions. Baseline for level of volunteering to be established from November BVPI survey.

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop Herefordshire as an active, vibrant and enjoyable place to be</b>										
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>28</b> % of people who use sports and leisure facilities at least once a month	25%	Enhanced & improved leisure facilities via the completion of properly-funded initiatives programmed for 2005-6 and development by Halo of marketing capacity	Commissioning of schemes/initiatives according to schedule in Joined Up Programme (JUP); marketing of impact to plan	Scheme slippage, consents delayed; bad publicity mitigated by robust project management; comms. strategy	Out Turn as Quarter 3 = 25% It is likely that performance has well exceeded the target given the recent opening of the North Herefordshire Swimming Pool. This trend is likely to improve even further when the Communities sports Hall at Kingstone High School is made available for use in Qtr4.	✓	None at this stage	Low <i>mitigated</i> by monitoring of utilisation data and responding with appropriate marketing initiatives.

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop Herefordshire as an active, vibrant and enjoyable place to be</b>										
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	29 % of people who use libraries at least once a month		Ledbury Library relocated. Kington Library refurbished	Refurbish / relocate facilities by March '06	Scheme slippage, consents delayed; network resilience not sufficient mitigated by robust project management; new corporate network	Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year. Work on Kington Library started. Further assessment of options for Ledbury underway.	?	Review of options.	Slippage on timescale for Ledbury with implications for meeting the requirements of the DDA <i>mitigated by</i> revised time scale and communication with the local community.
				New mobile library timetables implemented	Revise current mobile library routes and schedules by October '05	Perception of reductions in service mitigated by effective consultation and communication with users	Policy agreed and staff consulted. New schedules drafted. Cabinet Member briefed. Implementation date to be agreed once consultation and publicity plans finalised.		Possible number of individuals adversely affected being identified; phased introduction agreed <i>mitigated by</i> consultation and publicity plans in progress.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop Herefordshire as an active, vibrant and enjoyable place to be</b>										
				New mobile library vehicles ordered	Procure replacement mobile libraries by March '06	Delays in tendering; and/or supplier delivery mitigated by robust project management	Specification for tender being checked with stakeholders. Potential partners for joint delivery sought.			Low risk. Time table on track
117	Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	30 % of people who use museums or galleries at least once every 6 months	26.5	Market Towns funding at Bromyard Heritage Centre to create staffed position in 2005 open season. Increased use of Resource Centre research facility in first full year of operation.	Create annual events plan for 2005/06 with marketing timetable. Temporary exhibition schedule in place at least 6 months ahead at any point by Easter 2005 rolling programme	Poor attendances could reduce ability to reach - but not significantly mitigated by select temporary exhibitions to policy and feed back from non-user survey 2005, plan smaller scale events well ahead and use marketing timetable to guide PR.	Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year.	?	Reduction in volunteers at Ledbury due to old age may reduce opening hours by a day a week.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop Herefordshire as an active, vibrant and enjoyable place to be</b>										
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>31</b> % of people who use theatres or concert halls at least once every 6 months	35%		Continued monitoring of progress and programme with Courtyard at quarterly meetings by October '05 April '06	Financial: that other external funding levels are not maintained mitigated by Council has committed to three-year agreement; that the programme over the year has broad appeal and is marketed as widely as possible; robust monitoring.	Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year.	?	Continue with quarterly meetings and board member representation. Work with the Courtyard on a number of issues included updated business plan and financially planning.	Income targets not met <i>mitigated</i> by continued support of the Courtyard.
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>32</b> % of people who use parks, open spaces, play areas & other community recreational facilities at least once a month	50%	Effective mobilisation of maintenance team at start of season; engagement of "In Bloom" Committees	Partnership working to ensure delivery by Easter	Failure to mobilise/ resource maintenance programme mitigated by robust contract management	Increased demand on the budget allocation could lead to a fall in use and satisfaction. Performance will be measured through the Annual Satisfaction Survey undertaken during the Autumn. An update will be available at end of year.	?	Realignment of resources and investment in services.	Low to medium risk <i>mitigated</i> by uplifts to the base revenue budget and capital investment to support infrastructure

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>										
Cllr Edwards & Mr Dunhill	Protect the environment, including recycling waste and reduce carbon emissions	<b>33</b> % of Council-owned or managed land without a nature conservation designation, managed for biodiversity	2.6%		Define management regimes and establish action plan by Sep-05		Baseline assessment completed early summer 2005 (2.49%) and target revised to 2.6%.  Draft appraisals of management proposals for commons prepared. Assessment available on CD. Priority areas of open space where review of management proposals should be undertaken agreed with Park and Countryside Service.	✓	Detailed work to be undertaken with relevant service by Biodiversity Partnership Coordinator. English Nature contributing to post. Postholder took up post early in January 06. Report on mechanisms to be presented to cabinet when initial assessment by BPC complete.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>										
					Measurement system established, IT resource secured and baseline assessment undertaken by Mar-06	No definition of biodiversity management or criteria for measurement mitigated by establishment of measurement criteria	Discussions in hand with contributory services upon definition and roll out of performance.		Definition of 'managed for biodiversity' will vary for each contributory service – need to determine whether some consistency is possible across these.	
120	Cllr Edwards & Mr Dunhill	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>34</b> Percentage of streets and public areas falling below Grade B for cleanliness (LPSA2G)	25%		Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Performance has improved to 16% in January from 18% at the end of November. StreetScene publicity campaign on track.	✓	
	Cllr Edwards & Mr Dunhill	Protect the environment, including recycling waste and reduce carbon emissions	<b>35</b> % of all new homes built on previously developed (Brownfield) land	60%		Development Control and Policy advice to developers	Insufficient availability of suitable "brown field" development sites mitigated by planning policy and land use allocations	Performance, calculated once per annum in May, was 68.3%.	✓	Continuing determination of applications against planning policy.

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Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
					Publicise available sites.		Through the published UDP. Sites indicated in UDP – awaiting Inspectors report on draft UDP. Results due early 2006.		Many sites are not known in advance of permission being sought <i>mitigated by</i> identifying larger sites in UDP and establish clear policy for other 'windfall' sites.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Protect and enhance Herefordshire's distinctive environment**

122	Cllr Edwards & Mr Dunhill	Protect the environment including recycling waste and reduce carbon emissions	36 CO <sup>2</sup> emissions in tonnes of carbon dioxide equivalent per head of population/year	13.7	Emission Comparison in October	Adopt Herefordshire Partnership targets & agree Council's contribution to Carbon Management Plan and action plan by Jul-05	Failure to adopt & implement Plan mitigated by following through on Carbon Management Plan	Council Part of Carbon Management Plan adopted in Mar 05 and will form part of Herefordshire Partnership Climate Change strategy. National Emissions published and included in Herefordshire Baseline. Baseline and emission reduction targets established in line with July 05 consultations. 'Set Partnership Targets' was due Feb 06, now due Mar 06 Public Consultation re Herefordshire Partnership Climate Change Strategy completed July 05 and results now available Final Climate Change Strategy & Action Plan to be adopted by Partnership in Jul, now due March 06. Data at end of November shows 14.3 tonnes per head (4.3% above target). Raising awareness of Herefordshire County Performance will be undertaken when HP Climate Change Strategy complete (Mar 06).	?	Actions revised to reflect reduction in funding. Council awaiting the next release of Government Invest-to-Save fund. Paper on CC progress & plans sent to HP Board 20/1/06. Efforts made to include CC as outcome in LAA and will be followed up to include in revised Herefordshire Plan Action Plan.	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
Cllr Edwards & Mr Dunhill	Protect the environment including recycling waste and reduce carbon emissions	37 EMAS/ISO14001 certification	Extend EMAS/ISO 14001 to other activities	6 services by Feb 06	Implement GEM action plan in accordance with timescales included in action plan	Lack of commitment from service managers mitigated by regular oversight, monitoring & action by Cabinet & CXMT leads Training and awareness sessions	Strategic Housing, County Treasurers & rest of EHTS included in scope in July 2005. Preparations made, including reviews and audits, to enable Adult Social Care, County Secretary & Solicitors, Development & Building Control to be included in scope Feb 06.	✓ On schedule for Feb 06. Covering the remaining services for the July 06 visit will require careful planning, as they are somewhat disparate. Rollout passed as recommendation by November 05 CXMT. GEM Team to address at Jan meeting.	Senior management reorganisation may complicate roll out <i>mitigated</i> by Directors re-nominating GEM leads. Several responses received.

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
Cllr Edwards & Mr Dunhill	Protect the environment including recycling waste and reduce carbon emissions	38 % of schools registered as eco-schools	65%		Extend take-up of scheme through promotional events by Sep-05	Poor attendance at events mitigated by good publicity campaign/ lead in; on-going work of eco-schools co-ordinator	67.5% registered with Encams at January 2006. ENCAMS list is not always accurate.	✓ Omissions and inaccuracies notified to ENCAMS. Schools must now make progress with award levels to receive grants. Conference planned for spring 06.	Continue to offer support to participating schools Remaining schools may feel too stretched to take on any further commitments

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
Cllr Edwards & Mr Dunhill	Protect the environment including recycling waste and reduce carbon emissions	<b>39</b> Total tonnage of household waste arising – % landfilled	78.2%		Expansion of kerbside collection by Jul-05		<p>Work now completed by ROTATE to evaluate the Vision collection system detailed in the JMWMS. Now need to decide best way to proceed. Performance to end of October (latest data) 75.45%.</p> <p>Work being undertaken by Worcestershire to validate the ROTATE model. Informal discussions completed regarding extending current Waste Collection Contract to ensure that changes to the Collection Contract/Service align with the variation in the Waste Disposal Contract.</p> <p>Negotiations taking place to increase kerbside collection through existing contract</p>	✓ Three additional village locations and seventeen schools provided with paper banks.	<p>Exploring position on Waste Collection Contract. Waste Collection Contract to be extended by two years.</p> <p>Negotiations for increase in kerbside collection awaiting confirmation of two-year extension <i>mitigated by</i> Secure increased kerbside collection through existing contract.</p>

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
					Further promotion of kerbside collection		Increase to 75% participation. Increase participation in kerbside collection through ongoing promotion. E.g. WRAP, Mission Impossible Ongoing promotional work through target 75 – WCC Leading on this initiative plus bulk delivery of refuse and recycling sacks (pilot has shown this increases both levels and participation in recycling	Bulk delivery will require greater resources for which Waste Performance Grant can be used.	Cost of bulk delivery will require additional financial resources in addition to any performance grant
					Assess other method of promotion by Sept-05		Approval has now been received for an initiative (through DEFRA and GOWM) to encourage participation in Kerbside recycling. Householder Incentive Scheme commenced October and will run until March 06. Monitoring of uptake is in place and ongoing.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
					Variation of current waste PFI to enable new facilities for waste diversion & recycling by Apr-05		Negotiations ongoing to vary IWM PFI – likely to be complete by April 06. Target 75 was launched on 16 <sup>th</sup> June 2005. Aims to increase participation rates to 75%.	Need to complete negotiations of IWM PFI Issues was prepared by Waste Collection Authorities within Herefordshire and Worcestershire. Further discussions to take place between WCC, HC and the DCs in Worcestershire over the timing of the Waste PFI Contract Negotiations to facilitate alterations the Waste Collection Services.	Exploring position on Waste Collection Contract Risk of contract negotiations failing have not increased <i>mitigated by</i> Secure increased kerbside collection through existing contract. Also Contracts negotiated with Coventry, Wolverhampton and Dudley to secure 30 – 40,000 tonnes of capacity in their EfW Plants

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
					Address waste challenge by adopting "Waste Hierarchy", home composting etc.		Targets set in JMWMS – targets exceeded during 2004/05. Trend data available.	Work to look at tonnage trends has started. Need to examine ongoing trend of tonnage increases to establish longer-term trend in growth. Sale of home composters increased through one day special sale of 2358 units	Risk of having to purchase Landfill Allowances <i>mitigated by</i> Joint Agreement to be varied to mitigate the risks to both authorities.

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Protect and enhance Herefordshire's distinctive environment</b>									
					Increase joint working with Worcestershire		Current position on LATS shows Herefordshire will probably be in deficit and could need Landfill Allowances. Reduction in tonnage of waste arisings in Herefordshire during 2005/06	Discussions have been held with WCC at JRB to evaluate the trade of Landfill Allowances between HC and WCC to mitigate the risks to both authorities. In Principal agreement now reached with WCC to share liability and profit element of LATS allowances – with free trade between two authorities.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop an integrated transport system for Herefordshire</b>										
Cllr Wilcox & Mr Dunhill	Improve transport and the safety of roads	<b>40</b> Number of people killed or seriously injured in road traffic collisions (LPSA2G)	<187	6 Monthly - Current Performance / 2	Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Target applies to calendar year. Results for 2005 = 147  Original target achieved for 2005 but future year targets have been significantly stretched, reflecting past years' good performance.  The LPSA target is an average in 2006, 2007 and 2008 of 129 KSIs. Despite continuing reductions in KSI casualties on county roads, there was a significant increase in KSIs on trunk roads during 2005.  Discussions in progress with Highways Agency and West Mercia Police to identify opportunities for partnership delivery.	✓	Preparation of 2006/07 Highway Maintenance Plan includes very close focus on road casualty sites. Joint project to be commissioned with Highways Agency and Warwickshire CC to examine scope for improved partnership working.	



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Develop an integrated transport system for Herefordshire</b>										
Cllr Wilcox & Mr Dunhill	Improve transport and the safety of roads	41 Local bus services (passenger journeys per year) (000's)	3,928	Annual / 3 month review of the JUP	Implement Integrated Transport Plan / LTP (Park & Ride Progression)/ Review Bus Strategy by Jul-05	Increase in Public Transport Costs / Static or No Increase in Budget / Lack of Competition - Engagement between Bus Companies mitigated by seek new funding sources. Consolidate bus services to give optimum accessibility	Implement Integrated Transport Plan and Bus strategy being reviewed as part of LTP2 completed July 2005. Review of provisional LTP2 underway with final LTP2 due for completion by April 2005. Figures supplied by bus operators during April / May each year. Delivery of the JUP in progress. First permanent park and ride site being progressed, detailed development work now underway to prepare proposal for submission of planning application. Detailed review of current bus network being commissioned to ensure network is fit for purpose and contributes to accessibility improvements. Proposal for Herefordshire Rural Access to Services Partnership submitted to AWM in December 2005, discussions ongoing.	?	Predicted cost increases in subsidised bus services has required prioritisation of services for re-tender to ensure value for money and a reallocation of resources from car parking income to minimise the reduction in the network	Effective prioritisation of services seeks to minimise impact on passengers. Lobbying Advantage West Midlands regarding withdrawal of Countryside Agency funding, the responsibility for which has transferred to the development agency. AWM have recently indicated that they will support the development of Rural Access to Services Partnerships which may bring forward funding for transport measures.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Develop an integrated transport system for Herefordshire</b>									
Cllr Wilcox & Mr Dunhill	Improve transport and the safety of roads	<b>42</b> Change in Annual Average Daily Traffic (AADT) volumes (index)	104	Annual / 3 Monthly review of JUP	Implement LTP Programme / Subsidies Bus Services by ongoing	Increase in Public Transport Costs / Static or No Increase in Budget / Lack of Competition - Engagement between Bus Companies. Non-delivery by Partners / Lack of change in travel behaviour by the public. Mitigated by seeking new funding sources. Consolidate bus services to give optimum accessibility	Bus strategy reviewed as part of LTP2 completed July 2005. Actual for 2004/5 - 102.1 Hereford and 99.8 rural. Data for 2004/5 more robust following development of collection methods. Baseline year revised in LTP2. Target of restricting traffic growth to 1% p.a. remains. Delivery of the JUP in progress.	?	On track, see above regarding bus service subsidy.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Develop an integrated transport system for Herefordshire**

	Cllr Wilcox & Mr Dunhill	Improve transport and the safety of roads	<b>43</b> No. of cycling trips (index)	118	Delivery against the JUP (quarterly)	Deliver LTP programme in accordance with the programme	Non-delivery of programme mitigated by early contractor involvement or, when necessary, seek delivery by alternative means	Actual for 2004/5 128. Baseline year revised in LTP2 Delivery of the JUP in progress.	?	On track	As indicated. <i>Mitigated</i> by continued promotion of cycling through publicity campaigns.
133	Cllr Wilcox & Mr Dunhill	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>44</b> % of the non-principal road network where structural maintenance should be considered	26	Delivery against the JUP (quarterly)	Deliver LTP programme in accordance with the programme	Non-delivery of programme mitigated by early contractor involvement or, when necessary, seek delivery by alternative means	Results of 2004/05 CVI surveys indicate target on track (29% for classified non-principal roads, 20% for unclassified). Results from 2005 surveys will not be available until March 2006 when new national rules and parameters have been incorporated into the computerised analysis systems. A new baseline is to be established and incorporated into the Local Transport Plan for 2006/07 onwards.	?	Original target no longer valid. Future targets to reflect revised survey methodology for non-principal roads.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Develop an integrated transport system for Herefordshire**

Cllr Wilcox & Mr Dunhill	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>45</b> % of the local authority principal road network where structural maintenance should be considered	3	Delivery against the JUP (quarterly)	Deliver LTP programme in accordance with the programme	Non-delivery of programme mitigated by early contractor involvement or, when necessary, seek delivery by alternative means	Results for 2005 are awaited from the specialist survey company accredited to undertake this work. Results are expected to be close to original target. New baseline will be required to reflect revised national guidance for 2006/07 and will be incorporated in Local Transport Plan.	?	BVPI definition had grossly distorted the comparison with former year figures. Using comparable data, performance was found to be close to target. BVPI definition has been revised for 2005/06 to address the anomalous results of 2004. Preparation of Highway Maintenance programme for 2006/07 has taken account of latest available results.	Targeted maintenance programmes.
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Meet Herefordshire's accommodation needs</b>									
Cllr Mrs Barnett & Mr Hughes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>46</b> The average length of stay in bed and breakfast accommodation of households that are unintentionally homeless and in priority need	0 weeks		Homelessness Prevention focus Develop additional units. Homelessness Strategy ongoing	Lack of sites and property; local support; land availability; delivery mitigated by planning gain opportunities plus RSL developments	Quarter 3 Out Turn = 10 Weeks.	✘ Prevention Officers in Post as of 3 <sup>rd</sup> Jan. Mediation is also in full swing - since the New Year, we have used this facility in 8 cases - 6 chose not to pursue an application any further, and 2 returned home with ongoing support from us.	

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Meet Herefordshire's accommodation needs</b>									
Cllr Mrs Barnett & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	47 No. of people accepted as homeless & towards whom the council has a full statutory duty	490		Preventative interventions Homeless To Home impact. New service delivery model by Mar-06	Continuing affordable housing shortage/ waiting list rise; funding mitigated by early delivery and by seeking "spend to save" options	Quarter 3 Out Turn = 132 acceptances. Cumulative total to date 356.	✓	
					Consideration by Cabinet of urgent action in response to growing homelessness by Jun-05		Spend to save agreed. Project manager appointed for 12 months. Action Plan in place for returning homelessness service in-house.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Meet Herefordshire's accommodation needs**

Cllr Mrs Barnett & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>48</b> Proportion of unfit private sector dwellings made fit or demolished as a direct result of action by the local authority	3.5%	June 2005 Survey Commenced	Private Sector Manager Renewal Policy Implementation and Investment Identify improved measure of performance - ongoing	Regional Allocations reductions to Herefordshire mitigated by regional engagement Range of renewal options increased focus on vulnerable households	Current out-turn = 2.63%. Staff recruitment difficulties have inhibited progress. Staff time has also been focussed on preparing for the introduction of the new decent homes standard and the new Health and Safety Rating System introduced by the Housing Act 2004. The focus of this indicator will necessarily move towards meeting the Decent Homes Target for vulnerable households and away from the Fitness Standard.	?	Stock condition survey, draft report now received  This will provide the baseline position for the new Decent Homes Standard in Herefordshire against which progress in reaching the target will be monitored.	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Meet Herefordshire's accommodation needs</b>										
Cllr Mrs Barnett & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>49</b> No. of new homes & affordable homes built (net of replacements)	100 units		Enabling and Housing Needs Manager Enabling Programme - ongoing	Site availability and RSL delivery Housing Corp funding mitigated by monitoring and liaison; good delivery	Performance to Jan 06 = 94. Development programme is on target.	✓		



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update		
Cabinet and CMB Lead	Council Priority										
<b>Ambition: Support business growth and create more and better paid work in Herefordshire</b>											
139	Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>50</b> Average weekly earning in Herefordshire compared with the average in the West Midlands		Action plans produced, projects assessed, gaps identified	Produce action plans for each theme in the strategy. Assess projects against challenges, identify gaps by Mar-06	Lack of resources for facilitation mitigated by ensuring all partners have formerly agreed to support the implementation of the strategy.	The gap is increasing, rather than reducing. In 2005 Herefordshire workers earned 13% less than the regional average, and 20% less than national average. The median wage is increasing but not as fast as in West Midlands or England	x	This is largely due to outside influences and any work to improve the situation, such as improving business support, will take a long time to show benefits.	Increase in the divide between regional and local earnings <i>mitigated by</i> long-term implementation of the Economic Development Strategy.
	Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>51</b> Gross Value Added (GVA) per head in Herefordshire compared with the West Midlands average			Action plans produced, projects assessed, gaps identified by Mar-06	Lack of resources for facilitation mitigated by ensuring all partners have formerly agreed to support the implementation of the strategy.	Action Plan in progress being worked through with partner organisations, linked to the Economic Development Strategy. This is measured about 2 years in arrears. Figures are not currently available.	?	Roll out of Economic Development Strategy	Lack of up to date data means planning is difficult <i>mitigated by</i> work with partners to assess areas of need.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Ambition: Support business growth and create more and better paid work in Herefordshire**

017 Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>52</b> % of working age in employment (average over year)			Action plans produced, projects assessed, gaps identified by Mar-06	Lack of resources for facilitation mitigated by ensuring all partners have formerly agreed to support the implementation of the strategy.	Average over the year Apr 2004 to Mar 2005 was 81%. This has dropped from 82.6% from Dec 2003 to Nov 2004 but is in line with the target of maintaining this around 80%. Figures for 2005/06 are not currently available.	?	This is a worrying trend with recent redundancies but will be addressed over the longer term by implementation of the economic development strategy.	Increase drop in % of working age employed <i>mitigated by</i> implement actions of the Economic Development Strategy.
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>53</b> Completions of employment land (hectares)			Action plans produced, projects assessed, gaps identified by Mar-06	Lack of resources for facilitation mitigated by ensuring all partners have formerly agreed to support the implementation of the strategy.	There are currently no Council led projects to develop employment land.	x	The Rotherwas Futures study is looking at ways of developing the estate in future and this will give rise to new projects – once the access road is confirmed.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Support business growth and create more and better paid work in Herefordshire</b>										
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>54</b> No. employed in technology & knowledge intensive industries (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Performance against target unknown at this stage. Discussions are under way with HGTA and LSC to provide a scheme to support business development through mentoring and advice.	x	Appointment of dedicated officer through a partnerships arrangement to progress action and intervention.	This PI is measured about 2 years in arrears. Need to source up to date data <i>mitigated by</i> work with partners to identify need

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>									
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>55</b> % of 3 year olds who have access to a good quality free early years education place in the voluntary, private or maintained sectors	85%		Promote and provide support for early years settings to ensure continued viability and possible extension - ongoing	Closure of provision in the voluntary sector; mitigated by support and advice by childcare development workers	Autumn term 2005 – 78% Although this is lower than the Summer term 2005, it is higher than the Autumn term 2004. It also records actual take-up. More places are available if parents wanted to use them.	?	Only 2 settings in the County are on a 1-2 year inspection cycle. 81 settings have joined the QA scheme.
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>56</b> Proportion of pupils in LEA schools in the previous summer achieving Level 4 or above in the Key Stage 2 Mathematics test	82%		EDP Priority 1.3 by Summer 06	Loss of skilled staff to give suitable advice mitigated by recruitment and retention policies	Summer 2005 KS2 results at 75% (76% summer 2004) 'Step' change required to meet challenging national target	x	
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>57</b> Proportion of pupils in LEA schools in the previous summer achieving Level 4 or above in the Key Stage 2 English test	81%		EDP Priority 1.2 by Summer 06	Loss of skilled staff to give advice; mitigated by recruitment and retention policies, and programme to support boys' performance	Summer 2005 KS2 results for English 81% (81% summer 2004)	✓	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>									
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>58</b> % of all pupils in LEA schools achieving 5 or more 5A* - G grades at GCSE, or equivalent (LPSA2G)	95%	N/A	Targeted support to school to improve scores and greater curriculum flexibility to meet needs of all 14-19 yr olds by Summer 06	Loss of skilled staff; gender balance in age cohort; mitigated by programme to support boys' performance	Summer 2005 KS4 results 93%	x	
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>59</b> The number of those young people who were looked after on 1 <sup>ST</sup> April in their 17 <sup>th</sup> year (aged 16) who were engaged in education, training, or employment at the age of 19 (LPSA2G)	94.7% (46)	N/A	Work with LSC & Connexions to identify those NEET and access given to appropriate learning and referrals made to specialists suggest where barriers exist by August 2006	Insufficient learning opportunities and drop-out and problems of statistical measure of small cohorts <i>mitigated by</i> support of post 14-19 agenda	Latest figures based on 1.04.05 when 12 out of cohort of 15 were in education, training or employment i.e. 80%. 100% of those 16 year olds who left care during 04-05 are in education, employment or training. Of those individuals known to Connexions there were in December 05 22 or 40.9% of 19 year olds who were in education, employment or training.	x	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>									
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>60</b> The number of Herefordshire residents aged 19+ achieving a Level 2 qualification (excluding manufacturing & engineering) (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Nil Return. Data not available until next year.	x	
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>61</b> The number of Herefordshire residents aged 19+ achieving a Level 3 qualification (excluding manufacturing & engineering) (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		Nil Return. Data not available at present.	x	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>									
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>62</b> The number of Herefordshire residents aged 19+ achieving a Level 2 qualification in manufacturing & engineering (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		5 completions. 66 Students enrolled to date.	x	
Cllr Stockton & Mr Hughes	Sustain vibrant and prosperous communities, provide more efficient, effective and customer-focused services and clean streets	<b>63</b> The number of Herefordshire residents aged 19+ achieving a Level 3 qualification in manufacturing & engineering (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05		34 Students enrolled to date.	x	
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>64</b> No. of new out of school hours childcare places provided	A net 1300 more		Promotion of funding opportunities, identification of areas of need, working with external providers (Sure Start Action Plan 2004-2006) by 2006	Loss of Government Funding. Mitigated by review of provision in light of available resources, Funding Bids	Net increase of 242 as at 31.09.05	?	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>									
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>65</b> % of half days missed due to total absence in secondary schools maintained by the authority (LPSA2G)	7.4%		Partnership working with schools to reduce disaffection (Behaviour Support Plan) - ongoing	Failing to meet performance targets and indicators mitigated by work of the Education Welfare and Medical and Behavioural Support Services	Absence rate fallen from 7.8% in 2002 2004/05 Annual return (August 2005) 7.44% Autumn Term 05 estimated at 7.7%	x Weekly visits to schools and follow up of school requests suggest that progress to reduce absence will be maintained.	Viral Infection in Spring Term 2006 likely to mean target will not be achieved.
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>66</b> % of half days missed due to total absence in primary schools maintained by the authority (LPSA2G)	4.9%		Partnership working with schools to reduce disaffection (Behaviour Support Plan) - ongoing	Failing to meet performance targets and indicators mitigated by work of the Education Welfare and Medical and Behavioural Support Services	Annual Return for 2004/05 5.05% Autumn Term 2005 estimated at 5.2%	x Weekly visits to schools and follow up of school requests suggest that progress to reduce absence will be maintained.	Viral Infection in Spring Term 2006 likely to mean target will not be achieved.



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Ambition: Provide excellent education, training and learning opportunities in Herefordshire for all ages</b>										
Cllr Rule & Ms Fiennes	Improve the achievement of pupils	<b>67</b> The number of children who had been looked after continuously for at least 12 months and were of school age, who missed a total of at least 25 days of schooling for any reason during the previous school year (LPSA2G)	9		Weekly monitoring of cohort causing concern- more frequently if required. Half termly data collection for remaining cohort and follow pupils causing concern. Detailed spreadsheets developed and monitored.  Link with EWOs for action.  NB NO LPSA2G funds as yet to start this work by August 2006	Dependence on small cohort attendance of a few individuals some of whom live with family or parents <i>mitigated by</i> targeted support for children likely to miss school	Autumn 2005 outturn identified 9.2% of cohort (120) i.e. 11.  So far in 05-06: - 2 of these students have now left school - 2 living at home are still causing concern with last term having attendance at 51.47% and 80.42 %respectively - 3 pupils now in PRUs are attending well- at least one has 100% - 1 pupil in a residential placement now in a secure unit and attendance improved -1 pupil hospitalised last year better attendance to date (awaiting information on the second) -1 pupil living with a relative more information required.  Overall absence (4.68% in primary and 7.66% in secondary) is similar to figures for all pupils.	*	Tracking of individual pupils prone to absence begun in autumn 2005.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Children and Young People: A Golden Thread**

148	Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>68</b> Change in the number of conceptions to females aged under 18, resident in an area, per thousand females aged 15-17 resident in the area, compared with the baseline year of 1998	50% reduction in rate by 2010 (based on 1998 return)	15% reduction by 2004	Continued implementation of 2005/06 Action Plan – various work packages underway to continue to drive down conception rate - ongoing	Ring fenced monies finish March 06. Extraordinary Teenage Pregnancy Board meeting to discuss on 29/09/05 mitigated by Mainstreaming and Sustainability paper being prepared for Children and Young People Strategic Board.	Teenage pregnancy rates are well below the national average and below comparison groups. The Teenage Pregnancy Annual Report for 2004-5 and Action Plan for 2005-6 anticipates hitting the target of a 50% reduction in teenage conceptions by 2010.	✓	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Children and Young People: A Golden Thread</b>										
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>69</b> Number of re-registrations on the Child Protection Register	15%		Implementation of the Child Concern Model and creation of a local Safeguarding Children Board by 2004	Failure to fully implement Child Concern Model; mitigated by evaluation of progress through consultation with partner agencies	Position is monitored in 12-month rolling period. % to end of December is 16.88% Since then there has been only 1 registration	?	Improvement plan to be drawn up in response to the JAR report. Robust safeguarding plans have been put in place that have been effective.	
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>70</b> % of half days missed due to total absence in secondary schools maintained by the authority	7.4%		Partnership working with schools to reduce disaffection (Behaviour Support Plan) - ongoing	Failing to meet performance targets and indicators mitigated by work of the Education Welfare and Medical and Behavioural Support Services	Absence rate fallen from 7.8% in 2002 2004/05 Annual return (August 2005) 7.44% Autumn Term 05 estimated at 7.7%	x	Weekly visits to schools and follow up of school requests suggest that progress to reduce absence will be maintained.	Viral Infection in Spring Term 2006 likely to mean target will not be achieved.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Children and Young People: A Golden Thread</b>										
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>71</b> % of half days missed due to total absence in primary schools maintained by the authority	4.9%		Partnership working with schools to reduce disaffection (Behaviour Support Plan) - ongoing	Failing to meet performance targets and indicators mitigated by work of the Education Welfare and Medical and Behavioural Support Services	Annual Return for 2004/05 5.05% Autumn Term 2005 estimated at 5.2%	x	Weekly visits to schools and follow up of school requests suggest that progress to reduce absence will be maintained.	Viral Infection in Spring Term 2006 likely to mean target will not be achieved.
Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>72</b> Individual young people more fully engaged in (youth work) programmes of various kinds	12% or 1,779		Youth Service is increasing the opportunities for young people to be involved in programmes by termly basis	Poor performance will affect rating in JAR <i>mitigated by</i> additional staffing and resources are being sought for the youth service	7.6% or 1123. Positive progress is being made although to achieve annual target further work is required.	?	Recruitment has been prioritised and additional programmes are being offered	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Children and Young People: A Golden Thread</b>										
	Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>73</b> Percentage of the total youth population aged 13 –19 in contact with the youth service	20% or 2,966		Youth Service is improving its range of programmes on a termly basis	Poor performance will affect rating in JAR <i>mitigated by</i> additional staffing and resources are being sought for the youth service	9.4% or 1400. Positive progress is being made although to achieve annual target of 2966 or 20% there is still some way to go.	?	Recruitment has been prioritised and additional programmes are being offered
151	Cllr Rule & Ms Fiennes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>74</b> Number of racist incidents in schools	TBD	80% of schools using reporting mechanism – target will be set when baseline data available	Advice and liaison with schools. Promotion of school's duty to report incidents. Improve reporting arrangements and establish targets	Failure of online reporting system <i>mitigated by</i> close working with IT services; Business continuity planning	Annual figures are now being collected and target setting is in progress. In the 2004/05 academic year 23 racist incidents in all schools. Nil reporting from all schools improved with 94% of schools reporting.	?	
	Cllr Stockton & Mr Hughes	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>75</b> % of 16-18 year olds in education, training or employment						x	

Part Two - Making it happen through greater customer focus and organisational improvement

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
Cllr Mrs French & Mrs Jones	Understand the needs and preferences of service users and Council-tax payers	76 % of requests answered within the 20 day time limit	95%	90% by October 2005	Streamline processes throughout various Directorates by Mar-05	Lack of resource; bespoke and incompatible systems introduced in various Directorates. Mitigated by management training, control and understanding of requirements, in accordance with agreed corporate approach adopted to supersede pre-existing systems.	1048 requests received; all but 4 answered within the 20-day time limit.	✓	
Cllr Mrs French & Mrs Jones	Understand the needs and preferences of service users and Council-tax payers	77 % of appeals to the Information Commissioner that are upheld	8%	10% by October 2005	Streamline processes throughout various Directorates by Mar-05	As above.	Two referrals not upheld.	✓	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Improved Services</b>										
Cllr Phillips & Mrs Jones	Understand the needs and preferences of service users and Council-tax payers	78 % of Herefordshire Voice respondents who feel that the Council does enough to give local people the opportunity to influence important decisions	20%		Increased communication with residents through Parish Planning process, publicity, annual Herefordshire Parliament, introduction and use of consultation methods as outlined in Community Involvement Strategy, adoption of additional 5 Parish Plans year on year by as of 2005/6	Failure to communicate with and feed back to residents would leave situation unchanged; mitigated by early review of Community Involvement strategy and rolling out of the Comms. strategy.	Herefordshire Plan consultation and feedback undertaken (ended in November). Community Involvement Strategy now agreed and placed on the Council's website.	?	Related Action Plan now agreed and placed on HC website; implementation beginning; review of Community Fora and, Scrutiny Committees underway	
					Develop a Communications Strategy with measurable outcomes by Jul-05		See above.			

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

Cllr Phillips & Mrs Jones	Promote diversity and community harmony and strive for equal opportunities	<b>79</b> The level of the Equality Standard for Local Government to which the authority conforms in respect of gender, race and disability	1	Progress towards level 2 of the Equality Standard	Implement Comprehensive Equalities Policy Development of a Corporate Equalities Plan in accordance with the Equality Standard by Dec-05	Lack of meaningful consultation; inadequate cost effective collection of meaningful data; failure to establish/ implement plans that deliver measurable improvements mitigated by work with partners to establish how best to engage with relevant groups; project to identify robust data & how it can be collected; regular monitoring and action by Diversity Group, CMB and Cabinet; oversight by Strategic Monitoring Committee	CEP action plan completed; presentation to Cabinet scheduled for 12 January 06. EIA year 2 completed; action plans being developed through Service Planning process.	?	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
					Phase 1 impact assessment results included in 2005-6 service plans and implemented. Phase 2 impact assessments undertaken and 2006-7 actions reflected in service plans for that year by Mar-06	Inadequate understanding' lack of concerted follow-through mitigated by training of staff and members; regular monitoring and action by Diversity Group, CXMT and Cabinet; oversight by Strategic Monitoring Committee	CEP action plan completed, presentation to Cabinet scheduled early Jan 06. EIA year 1 actions not reflected in all 2005-06 service plans. Year 1 and year 2 completed action plans being developed through Service Planning process for 2006-07, with quality control exercise being undertaken.		

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

					Adopt updated Race Equality Scheme, after consultation, then implement by May-05.	Lack of meaningful consultation; Inadequate cost effective collection of meaningful data; Failure to establish/ implement plans that deliver measurable improvements mitigated by work with partners to establish how best to engage with relevant groups; project to identify robust data & how it can be collected; regular monitoring and action by Race Equality Group, CMB and Cabinet; oversight by Strategic Monitoring Committee	The Steering Group has presented a report to CMB on progress of scheme over the last 12 months, including initiatives to promote Race Equality.		
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
					Review Disability Scheme with affected groups, then adopt and implement by Dec 05.	Lack of meaningful consultation; Inadequate cost effective collection of meaningful data; Failure to establish/ implement plans that deliver measurable improvements mitigated by work with partners to establish how best to engage with relevant groups; project to identify robust data & how it can be collected; regular monitoring and action by Disability Group, CMB and Cabinet; oversight by Strategic Monitoring Committee.	The Disability Steering Group has met and work has started on reviewing the Action Plan. A mapping exercise has started regarding available disability training.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

158	Cllr Mrs French & Mr Johnson	Recruit, retain and motivate high quality staff	80 % of personal development plans in place & % of planned activity implemented	85%		Implement Pay & Workforce Strategy	Demotivated employees; increased costs as a result of absence & turnover; failure to meet statutory obligations; loss of reputation as major local employer. Mitigated by oversight, monitoring & action by Cabinet & CMB leads	Projects underway in relation to centralising recruitment, e-hr, career grading / generic skills and approach agreed regarding flexible working project. Achieved completion rate of 72% for 2004-5. Staff Opinion Survey figures show improvement in confidence that SRD is worthwhile – 62% in 2005, against 59% in 2004.	?	
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
Cllr Mrs French & Mr Johnson	Recruit, retain and motivate high quality staff	<b>81</b> The number of working days/shifts lost to sickness absence per full time equivalent employees	7		Implement Pay & Workforce Strategy	Demotivated employees; increased costs as a result of absence & turnover; failure to meet statutory obligations; loss of reputation as major local employer. Mitigated by oversight, monitoring & action by Cabinet & CMB leads	12 months to end January has decreased slightly to 10.79 days per FTE from 11.07 days at the end of November.  The outturn for 2004/05 was higher than anticipated meaning that a revised target of 10 has now been set.  Managing attendance will continue to be a priority if the Council is to achieve the full year target.	?	
					Analyse staff sickness to understand impact on services & implications for pay & rewards by Jul-05		HR Team are attending DMTs regularly to highlight issues and improve management of attendance.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

160					Communicate positive elements of Pay & Workforce Strategy to staff by Jul-05		Communication included within Team Brief. Report submitted to CMB, Cabinet and SMC		
					Quality assurance of SRDs by Jul-05		Audit took place of the Council's performance management system including SRD process. Report with recommendations to CMB on 4 <sup>th</sup> October.		
					Review, refresh & communicate Corporate Values by Jul-05		Existing values communicated to Heads of Service for onward communication among directorate teams		
					Commission impact assessment & review formal management development programme by Jun-05		Impact assessment completed. The consultant will meet CMB on 24 January to discuss findings and receive comments.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
161					Assess current position re: IIP accreditation by Jul-05		Report considered by CMB. Heads of Service group will lead implementation of the recommendations.		
					Review & refresh team brief process by Jun-05		This action is with PR/Comms Team		
					Agree timescales for:				
					- skills audit & development to increase productivity & deliver the priorities by Jun-05		Planned for completion by March 31 <sup>st</sup> , 2006. Working with local Skills Partnership to develop a sub-regional approach, supported by LSC.		
					- empower frontline staff to take decisions and meet customers' needs by Jun-05		This is an aspirational statement, not a deliverable, as there are no specific actions.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
162					- coaching/ mentoring programme for planning & performance management by Jun-05		Approach deferred pending appointment of Head of Policy and Performance. Sessions for new managers will continue.		
					- implement review findings for formal management development programme by Jun-05		See above.		
					- implement the Leadership Development Programme by Jun-05		Report received and considered by CMB. IDeA has been engaged to provide CMB development.		



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
<b>Improved Services</b>										
Cllr Mrs French & Mr Johnson	Recruit, retain and motivate high quality staff	82 % staff turnover	9%		Implement Pay & Workforce Strategy (see above) by Jul-05	Demotivated employees; increased costs as a result of absence & turnover; failure to meet statutory obligations; loss of reputation as major local employer mitigated by regular oversight, monitoring & action by Cabinet & CMB	Staff turnover for 12 months to end of January was 7.41%, an improvement on the last reported outturn of 8.05% at September. Interim appointed to support Recruitment Centre set up. Process map completed. KPI development underway. Dialogue with Directorates commenced. Branding and Web upgrade underway. Accommodation issues in hand. Agency provision being looked at re way forward. JD and PS for Centre staffing drafted. Jobs Fair attended in September, Schools Career Fair planned for November. Jobs Fair in Jan 2006, and Spring 2006	✓	Have had dialogue with ICT Service. Sought alternative route to upgrade recruitment website, plus costings. Intention to stay with the Council question in Staff Opinion Survey being monitored – significant improvement (61% against 51% in 2004).	Use of alternative supplier for the upgrade; Reward and Recognition Scheme being actively looked at, model from Shropshire obtained.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

164	Cllr Rule & Mr Pringle	Maximise the health, safety, economic wellbeing, achievements and contribution of every child	<b>83</b> Outcomes of Joint Area Reviews	JAR report in December		Reputational <i>mitigated by</i> factual media briefing, article in February <i>Herefordshire Matters</i> and effective improvement planning and action.	Score of 2 stars overall = adequate, comprising sub-scores of 3 stars for Education and 1 star for Children's social care; the latter the result, primarily, of concerns regarding arrangements for safeguarding the most vulnerable children (but no instance identified of failure to safeguard individuals)  Draft improvement plan submitted to CSCI Chief Inspector on 09-02-06. Next steps will depend on the Minister's response.	?	Draft improvement plan includes proposals for additional external resources for implementation	Pre-publication media briefing conducted; further briefing to take place and articles published as improvement plan developed and implemented. Principal focus on sound improvement plan and putting it into effect.
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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
Cllr Mayson & Mr Hughes	Develop its community leadership role	84 % of Herefordshire adult residents satisfied with their local community as a place to live (LPSA2G)			Identify annual targets, milestones, actions, risks & resources to achieve this LPSA2G target by Aug-05			x Due to staff changes and lack of resources in the voluntary sector, there have been delays taking this forward. Currently being resolved.	
					Agree timescales for:				
					- defining an overall vision for the county by Jun-05				
					- clarity about what we mean by a sustainable community by Jun-05				

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								

**Improved Services**

166					- determining how the Council is going to approach the systematic assessment of need for the whole population, including areas of deprivation by Jun-05				
					rolling out the Community Involvement Strategy by Jun-05				
					- establishing monthly Herefordshire Matters by Jun-05				

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Services</b>									
					- setting & monitoring of comprehensive range of customer standards including process for complaints & review of Customer Service Strategy by Jun-05- developing & implementing formal compact with the voluntary & community sector by Jun-05				

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
<b>Improved Efficiency</b>									
Cllr French & Mrs Jones	Secure significant efficiency savings	<b>85</b> Net reduction in cost of identified services (SIP)			Identify services and target cost reduction by July 05		Corporate Strategy Review Project underway. Partner appointed and staff seconded fulltime to the project. Each Directorate has produced a first draft Service Improvement Plan and the next phase of the project will see further work on the Service Improvement Plans for those projects deemed priorities in line with the corporate plan.	x Fully costed programme (savings and up-front investment required) to be developed.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Firm Service Improvement Plan in place by July 05		Corporate Strategy Review underway. Partner appointed and staff seconded fulltime to the project. Each Directorate has produced a first draft Service Improvement Plan and the next phase of the project will see further work on the Service Improvement Plans for those projects deemed priorities in line with the corporate plan.		Commitment of Directorates wanes, as other service pressures also need addressing.  Corporate Strategy work fails to implement a measurement strategy alongside the SIPs to monitor and "pull out" efficiencies from service budgets.  Capacity of the organisation to support multiple

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Implement new corporate voice and data network, ICT back-office project, and disaster recovery project	Insufficient investment agreed; insufficient user involvement and management of change mitigated by CMB leadership; Strong programme and project management	<p>The network replacement project is slightly behind schedule following issues with laying of the data cables and delays in the accommodation strategy. The delays are not expected to be material.</p> <p>The first phase of the ICT back office project went live in August 2005 and the project is already realising efficiency savings. Further work is now on hold pending outcome of the Corporate Strategy Review.</p> <p>Work is progressing on the ICT Disaster Plan with the data centres having been significantly upgraded and new procedures implemented to back ups and recovery. Progress in integrating this with the overall business continuity work is slower than anticipated.</p>	New technology being installed to improve data back-ups	Risks to the network project include ongoing delay in resolving land ownership and permissions.



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					<p>Further develop Herefordshire in Touch</p> <p>Complete migration to e-gateway</p> <p>Encourage partners to migrate to the e-gateway</p> <p>Implementation of Broadband</p>		<p>Migration of further sites planned.</p> <p>e-Gateway on target. HIT Board encouraging uptake. Marketing campaign underway and county portal due for soft launch April 06.</p> <p>AWM Regional Broadband Project received European clearance and the first 5 rural exchanges are due for enablement week commencing 13/02/06. All 5 of Herefordshire's remaining exchanges are scheduled to be enabled by the end of February 06.</p> <p>Phase 1 of the Community Access Project underway and three sites have been given go ahead for piloting.</p>		<p>Need an agreed forward strategy for the e-Gateway project. To address sustainability post external funding, a new financial model is being developed but partners may not accept.</p> <p>The timescales for the CPAs pilot are extremely tight. Slippage may occur owing to late delivery of equipment of insufficient support and information from pilot locations. Risk of funding being withdrawn for further phases of the project.</p>

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update		
Cabinet and CMB Lead	Council Priority										
Cllr Wilson & Ms Rees	Secure significant efficiency savings	<b>86</b> Cost of procurement	£1m saving		Review Procurement Strategy by Jun-05	Lack of support; failure to agree and deliver specific targets mitigated by CXMT & Cabinet support for Strategy	New Strategy approved by Cabinet on 14 July.	?	None	Lack of resources to progress strategy; mitigated by senior management support of process	
					Publish Procurement Strategy by Jun-05						New Strategy approved by Cabinet on 14 July.
					Agree timescale for implementation of Procurement Strategy by Jun-05						Milestones in National Procurement Strategy now being followed.
Cllr Wilson & Ms Rees	Secure significant efficiency savings	<b>87</b> % of milestone activities completed in the National Procurement Strategy for Local Government		Reduction of 5% in OJEC notice to contract time by October 2005	Reduce average time from OJEC notice to contract by 25%; implement e-procurement; publish "Selling to the Council" guide by Mar-06		Audit Commission has now reported separately on Procurement function. Action Plan being discussed with new Director, and formal response to be sent to AC in December.	x	None	As previous	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation		What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority									
Cllr Wilson & Ms Rees	Secure significant efficiency savings	<b>88</b> Price comparison of 10 commodities			Develop "basket" of commodities to establish baseline and set target by Jul-05		Interim Manager compared prices from a neighbouring LA and commercial suppliers with WMS to complete project.	x		
Cllr Wilson & Ms Rees	Secure significant efficiency savings	<b>89</b> Average minimum cost of raising an order			Establish baseline, set target and review procedures by Sep-05		Corporate electronic ordering arrangement will be considered together with Procurement Strategy. Continuing to roll out Cedar purchase ordering	x	Putting the Procurement Strategy into effect.	Failure to meet target will increase costs mitigated by continued development and investment in IT systems
Cllr Wilson & Ms Rees	Secure significant efficiency savings	<b>90</b> Total cost of office accommodation at 2004/5 prices	£1.65m		Co-locate remaining Highways staff at Rotherwas by investing in modification of fabric of Unit 3 by Jun-05	No move taking place; mitigated by team continue to function at existing premises until alternative available.	Some co-location has taken place	x	Feasibility work in progress Working practices being reviewed, including flexible working. Reviewing space requirements	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Cessation of leased properties and disposal of owned properties by ongoing	Fail to receive anticipated capital receipts	Lease on Kemble House and MEB buildings terminated. Grange House sold at auction 16 Sept. Ongoing discussions with Town Council re future of Grange Court. Berkley Lodge, New St Ross, lease to be terminated 14 Oct. Staff relocated to Swan House.		
					Sign Lease on additional accommodation by 01-Aug	Unable to negotiate terms mitigated by seek alternative accommodation whilst remaining in existing	Cabinet approval obtained on 19 May 2005 to the accommodation strategy. Strategy gives approval to negotiate on lease of additional floor-space at Plough Lane. Negotiations ongoing as at 30 Sept.		
					Publish Accommodation Strategy by Jun-05		Agreed at Cabinet – Delayed by Strategic Monitoring Committee call-in. Published end 23 Sept		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Agree timescale for implementation of Accommodation Strategy by Jun-05		Actions and timescales for actions now agreed. Implementation in progress		
Cllr Phillips & Mr Pringle	Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	91 Overall score on Auditor Scored Judgement (CPA use of resources)	3		Implementation of "Delivering Efficiency in Local Services" Improve approach to risk management Consider and implement the system changes required by any revised approach to the Auditor Scored Judgement	Failure to meet ODPM requirements mitigated by provision of guidance for managers & audit arrangements	Score of 3 achieved	✓	

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The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
Cllr Phillips & Mr Pringle	Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	<b>92</b> % of the non-principal road network where structural maintenance should be considered	26	Delivery against the JUP (quarterly)	Deliver LTP programme in accordance with the programme	Non-delivery of programme mitigated by early contractor involvement or, when necessary, seek delivery by alternative means	Results of 2004/05 CVI surveys indicate target on track (29% for classified non-principal roads, 20% for unclassified). Results from 2005 surveys will not be available until March 2006 when new national rules and parameters have been incorporated into the computerised analysis systems. A new baseline is to be established and incorporated into the Local Transport Plan for 2006/07 onwards.	?	Original target no longer valid. Future targets to reflect revised survey methodology for non-principal roads.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation		What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority									
Cllr Phillips & Mr Pringle	Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	<b>93</b> % of the local authority principal road network where structural maintenance should be considered	3	Delivery against the JUP (quarterly)	Deliver LTP programme in accordance with the programme	Non-delivery of programme mitigated by early contractor involvement or, when necessary, seek delivery by alternative means	Results for 2005 are awaited from the specialist survey company accredited to undertake this work. Results are expected to be close to original target. New baseline will be required to reflect revised national guidance for 2006/07 and will be incorporated in Local Transport Plan.	?	BVPI definition had grossly distorted the comparison with former year figures. Using comparable data, performance was found to be close to target. BVPI definition has been revised for 2005/06 to address the anomalous results of 2004. Preparation of Highway Maintenance programme for 2006/07 has taken account of latest available results.	Targeted maintenance programmes.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation		What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority									
Cllr Phillips & Mr Pringle	Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	<b>94</b> % gross internal floor space in ODPM categories A & B	87%		Update Asset Management Plan by Jun-05		86.4% (measured in July 2005).	<b>x</b>		



The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation		What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority									
Cllr Phillips & Mr Pringle	Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services	95 ICT Network availability (%)	98.50%		Implement new network	Service partner's performance mitigated by pro-active management of SLA	The network replacement project is slightly behind schedule following issues with laying of the data cables and delays in the accommodation strategy. The delays are not expected to be material.  The first phase of the ICT back office project went live in August 2005 and the project is already realising efficiency savings. Further work is now on hold pending outcome of the Corporate Strategy Review.  Work is progressing on the ICT Disaster Plan with the data centres having been significantly upgraded and new procedures implemented to back ups and recovery. Progress in integrating this with the overall business continuity work is slower than anticipated.	?		Risks to the network project include ongoing delay in resolving land ownership and permissions.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Approval of ICT Strategy by Jul-05		ICT Strategy work underway as part of the Corporate Strategy Review.		Capacity of ICT Services staff extremely stretched supporting multiple strategic projects as well as day-to-day operations.

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
Cllr Mrs French & Mr Pringle	Embed corporate planning, performance management and project management systems	96 The status of the Council's Best Value Performance Plan	Unqualified	Publication of BVPI information June 2005	Evaluation of Corporate Plan process; end of year performance review; embedding of new Performance Management Framework by Apr-05		Evaluation presented to Cabinet in May; revised arrangements agreed and put in place BVPIs published in June. Plan was unqualified. CPA and JAR reports confirm our self-assessment that the corporate planning and performance management frameworks are sound but that they are applied inconsistently and, in some cases, inadequately in parts of the Council Audit protocol in place. Audit of performance management presented; action plan agreed.	✓	Further actions/targets to be included in CPA improvement plan by end March. Quality assurance of directorate and service plans as part of this year's corporate planning process
					Weekly meetings of CMB		In place.		
					Monthly meetings of Heads of Service & CMB		Fortnightly meetings of CMB and the Senior Management Team taking place.		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Implement 2005-06 Corporate Planning process by Jun-05	Reviewed corporate planning guidance issued to managers. First draft of corporate plan framework agreed	New process agreed and promulgated on schedule. First draft of Corporate Plan 2006-09 agreed Proposed final Corporate Plan and draft Annual Operating Plan on schedule.		
					Audit service plans to ensure being used to drive performance by Jul-05		As above - plus integrated performance reporting being driven down into Directorates.		
					Agree timescale for:				
					- corporate ICT system for performance management by Jun-05		Part of Corporate Strategy Review		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					- integrating GEM, diversity, rural proofing and Section 17 into the Council's planning and delivery processes by Jun-05		Corporate guidance issued on what is required in respect of all Council-wide policies, strategies, programmes and procedure – in terms of both planning and delivery. Will be audited annually as part of the performance framework		
					- ensuring service plans are in place & operational by Jun-05		Revised and simplified guidance issued on directorate and service plans. Service plans now in place, but target date not met in all cases		
					- programme of business continuity plan preparation by Jun-05		Initial round of activity commenced – to meet requirements of the Civil Contingencies Act		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
Cllr Mrs French & Mrs Jones		<b>97</b> The % of those making complaints satisfied with the handling of those complaints			Implementation of revised Complaints Handling System Development of Complaints Officers by end April 2005	Ownership by Services/ Senior Management in Directorates/ Departments mitigated by regular reporting/ monitoring at CMB, DMT, Cabinet, SMC	All Directors PA's now trained and new complaints system being used. Reporting being finalised and user testing scheduled for level 1 complaints end February 06. Web Services looking at online form for public access on the Internet.	?	Effective operation of the new system.	Level 2 and level 3 reporting behind schedule – now expected May 06.
Cllr Phillips & Mr Pringle	Embed corporate planning, performance management and project management systems	<b>98</b> Comprehensive Performance Assessment Judgement			Undertake self assessment; arrange peer review; develop improvement programme for corporate and individual services	Insufficient integration of JAR / CPA; underestimate / insufficient engagement in CPA process mitigated by robust project management including comms.	Overall score of 3 stars. Corporate Performance Assessment of 2 stars, with judgements about our areas of strength and of weakness broadly in line with our self-assessment. Direction of Travel Statement that we are improving adequately.	?	Improvement plan being developed for end March.	

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update
Cabinet and CMB Lead	Council Priority								
					Implement new Performance Management Framework by Jun-05		CMB and Cabinet reports submitted every 2 months. Monthly reports to Lead Cabinet and CMB members yet to be produced. Performance management internal audit completed: overall judgement of "Satisfactory" but need for more consistent standard across the Council.	Action Plan agreed but to be reviewed as part of post-CPA and JAR improvement plan.	
					Revise service planning guidance by Jun-05		Issued in August.		
					Agree performance indicators, targets and accountabilities for the Herefordshire Plan by Jul-05		Delayed, now being finalised as part of the new Herefordshire Community Strategy		

The Council's Contribution		Indicator	Target	Milestone	Action and By When	Risk	Performance against target & achievement/progress towards milestones, actions and risk mitigation	What, if any, remedial action has been taken, or is necessary?	Risk Update	
Cabinet and CMB Lead	Council Priority									
					Identify the value added by partnerships by Jul-05		Work continuing to bring LAA, LPSA, Partnership health indicators together under guidance of vice chair of Herefordshire Partnership Board Generally positive Probity in Partnership report from District Audit.			
186 Cllr Phillips & Mrs Jones	Develop its community leadership role	99 % of complaints about District, Town and Parish Councillors to the Standards Committee upheld	15%		Set up advice line by Apr-05	Insufficient skilled resource mitigated by training & development of key staff	16% (2 of 12 complaints upheld). 1 complaint is currently waiting determination.	?	Training programme under development. Training presentation made to Kington Town Council in May	Reduction in the number of Members having a lack of awareness; ongoing training programme
					Engage with Town & Parish Councils by Jul-05					



**Notes:**

Shaded boxes are copied from the Annual Operating Plan All unshaded boxes should be completed

Performance highlights -

- ✓ Everything is OK - Performance on target, milestone or required progress towards it achieved, action completed by due date or required progress towards its completion by the due date, appropriate action taken to mitigate risk
- ? Something's not right:  
performance isn't on target, or  
the milestone isn't going to be achieved, or  
the action isn't going to be delivered on time, or  
a risk hasn't been mitigated
- \* Things aren't going to plan – more than one of the following has happened:  
performance isn't on target, or  
the milestone isn't going to be achieved, or  
the action isn't going to be delivered on time, or  
a risk hasn't been mitigated

Delete the two symbols that don't apply



**JANUARY 2005/06 REVENUE BUDGET MONITORING**

1. Appendix B1 shows the details of the projected outturn as at 31st January 2006 for each Programme Area.
2. The budgets shown for 2005/06 include the final carry forwards from 2004/05. Appropriate adjustments have been made to the 2005/06 budgets to reflect the financial implications of Job Evaluation. These adjustments will be recalculated for 2006/07.

**DIRECTOR OF CHILDREN SERVICES**

**Children's Services (Non Schools)**

3. Most (80%) of the former Education budget is delegated to schools. Any under or over spending in school budgets will be automatically carried forward into the next financial year under the statutory arrangements for delegation to schools. Other budgets such as Pupil Referral Units, Standards Fund, and the Schools' sickness scheme are likewise carried forward at the year-end.
4. The projected underspend is £400,000. The main spending variances are underspends projected on transport (£700,000) and early years nursery education funding (£80,000) and overspends on Out-county placements (£440,000) (which are jointly funded by Social Care and the Primary Care Trust.) offset by savings on fees to independent schools. Plans are in place to develop a joint approach to budgeting for all out county placements. Banded funding for the allocation of SEN funding to schools is now expected to be on budget. Additional savings from school transport have been identified to take forward the homelessness young people's spend to save proposal which, if successful, will successfully reduce future cost pressures and deliver a much improved service.

**Children's Services (Schools) (Director Of Children Services)**

5. All schools have submitted their approved budgets for 2005/06 and based on current notifications of school spending plans school balances are expected to be as follows:

	<b>Year End March 2005</b>	<b>2005/06 Original Budget Plans</b>
Primary schools	£4.930m	£3.335m
High schools	£1.993m	£1.174m
Special schools	£0.336m	£0.199m
Total	£7.260m	£4.709m

6. The schools three quarter year monitoring exercise has not provided any more reliable data and the estimate provided by the schools' original budget plans is the best available. Balances in schools are expected to reduce due to budget pressures resulting from falling rolls and the introduction of the balance clawback scheme. Early indications from initial budget planning for 2006/07 are that more schools will

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

have difficulties in setting balanced budgets next year.

### **Children's Social Care (Director Of Children's Services)**

7. The projected overspend on Children's Social Care is £271,000 and is mainly related to secure orders, and care leavers and homelessness spend. This overspend projection does not include the Social Care deficit brought forward from 2004/05.
8. The areas where there are significant projected year-end variances are:
  - **Residential and Family Placements**- projected overspend is £881,000 which is a £90,000 increase from the November forecast. This is due to the costs of 2 new placements; in the forecast it is assumed that these costs will remain until the end of the financial year. There is a risk of additional costs that would worsen the projected outturn. A current placement is being terminated but, if alternative accommodation is required, it is expected that the costs will be higher. There is no current data to quantify any additional costs.
  - **Preventative and Supportive (Section 17 and 24)**-projected underspend of (£80,000).
  - **Care Leavers** - projected overspend of £63,000. This includes the projected cost of bed & breakfast and supportive lodging placements until the end of the financial year.
  - **Fostering** - projected underspend of (£246,000) which is a reduction of £23,000 from last month's monitoring.
  - **Adoption** - projected underspend of (£67,000). This budget was increased this year to cover inflation in allowances.
  - **Social Work Teams** - projected underspend of (£182,000) due to vacancies. The vacancies have yet to be recruited so the underspend is increasing.
  - **Children with Disabilities** - projected overspend of £26,000 on the joint arrangements. There is a risk that the contribution may need to be increased.
  - **Family Centre** - projected underspend of (£294,000) through the identification of early years funding.
9. The main pressures on the budget continue to be in respect of secure orders, care leavers and homelessness. These pressures are expected to continue in the new financial year and will mostly have to be managed within existing resources.
10. An action plan has been developed to increase family support and recruit and retain skilled foster carers, which would impact on the main residential spend. A decision on this Invest to Save proposal is outstanding.
11. The Directorate will have to continue to use routine savings in transport to assist supporting children at risk but in addition a fundamental review of the pressures and the pattern of spend in 2005/06 is to be undertaken in preparation for 2006/07.

## Summary

12. Overall, the Children's Services budgets are showing a small underspend of £130,000. This demonstrates on-going commitment to manage the resources in the best possible integrated way.

## DIRECTORATE OF CORPORATE AND CUSTOMER SERVICES

13. It is expected that the projected shortfall of income from Land Charges (£75,000), the ongoing cost of the Job Evaluation team (£125,000), and the costs of CPA (£95,000) will be met from Reserves.
14. There are also various projected small underspendings on the policy services now forming part of Corporate and Customer Services Directorate, amounting to £174,000.

## ICT

### Knowledge Management

15. Any remaining budget at the year-end will be carried forward as IEG contingency. This is not likely to exceed £45,000 on current projections.

### GIS (Geographical Information Systems)

16. GIS expenditure is coded to one universal budget. This needs to be split into two separate elements to reflect accurately the budgets allocated. These are the corporate GIS project and the corporate electronic records and document management project.
  - **Corporate GIS** - The budget for GIS in 2005/06 was £200,000 and a carry forward from 2004/05 of £95,600. An overspend of £135,000 is anticipated. This is a direct result of the web services costs not having been factored into the original budget.
  - **Electronic Records & Document Management** - A budget for £70,000 was carried forward – actual spend approx £53k. Balance will be rolled forward as contingency.

### ICT Services

17. It is anticipated that of the £500,000 budget, circa £400,000 will be committed in the next month. That would leave a carry forward of £100,000, which will need to be rolled forward for ongoing improvements to ICT provision in 2006/07.

### ICT Services Revenue Budget

18. It is anticipated that this will break even in terms of the overall position. This will result in a reserve position of circa £450,000 on current estimates (although uncertainty with schools SLA income, the delays to the accommodation strategy, and any delays in the procurement of key ICT would increase this).

19. The decision to put a hold on all ICT development pending the outcome of the Corporate Strategy Review has inevitably built in a delay to the implementation of the ICT back-office project. These funds were earmarked for this purpose and this will be an important element in future ICT activity resulting from the review.

## **DIRECTOR OF ENVIRONMENT**

### **Environment**

20. Environment is expected to show a very modest saving of £30,000 for 2005/06 although this does include a projected underspending of £200,000 on the Waste PFI Contract, which will be transferred to General Reserves at the year-end.
21. Overspendings are predicted for Winter Maintenance (£500,000), where the cold weather has resulted in an increase in the number of gritting runs, licensing (£50,000), Waste Collection (£170,000) and Public Conveniences (£50,000). These overspendings are however offset by additional income from planning fees (£390,000) and car parking (£200,000), and a carry forward of planning development grant information 2006/07 of £229,000.

## **DIRECTOR OF ADULT AND COMMUNITY SERVICES**

### **Adult Services**

22. As at December 2005 the projected overspend to year-end on Adult Social Care is £1.5million. This does not include the 2004/05 deficit of £714,000, which has already been written off to reserves following a Cabinet decision earlier in the year. The £1.5 million is made up of:-
- Learning Disabilities – overspend of £875,000;
  - Older Adults & Physical Disabilities – overspend of £516,000;
  - Mental Health – overspend of £85,000;
  - Other Adults – overspend of £24,000;
23. The worst-case scenario, based on the risk assessments carried out, will be a £1.75million overspend. Systems are being continually developed to improve the information on which financial forecasts are based; these include risk assessments at the frontline.

### **Learning Disabilities Budget**

24. This has been the major overspending element of Adult Social Care and, since the last report, the forecast overspend has increased by £145,000. The budget is highly sensitive to individual service users coming on stream; as an example, a dispute exists with Worcestershire CC over a service user the annual cost of whose care is £125,000. It is assumed that the Council will have to fund this care and it is included in the outturn figures.
25. There is also a dispute with the PCT over continuing care of a service user with an additional cost to Council of £50,000 pa.

26. Under the Section 31 risk sharing agreement, the Council will pick up the overspend on the PCT element of £55,000.

### **Older People**

27. There has been an increase over the last report of £200,000, half of which is the additional day care costs with Shaw of £102,000, which is an anomaly between the contract schedule and financial model. The rest of the increase has been attributable largely to additional community care nursing packages and homecare.

### **Mental Health**

28. Under the risk sharing agreement with the PCT, the majority of the total overspend on Mental Health services would be funded by the PCT. The projected overspend has increased to £365,000, therefore the council will have to fund £85,000, which is an increase of £31,000 on the previously reported figure. The overspend is mainly due to service users moving from residential to nursing care, which is more expensive. Because of the negotiation of new rates any new nursing care packages are at an increased cost to existing packages. The revised rates only take effect when a new care package is organised.

### **Strategic Housing**

29. The projected outturn for Strategic Housing is an overspend of £747,000. This is a reduction of £74,000 from the last integrated performance report.

The main reason for the overspend is the homelessness service and the cost of temporary accommodation. Since December the number of homeless people has started to reduce and this has continued into January. The outturn figure assumes that the level of demand for temporary accommodation will remain static as per the last 2 calendar months for the rest of the financial year.

The new homelessness prevention section is now operational and is working to reduce the number of people who become homeless.

### **Community Services (including Social and Economic Development)**

30. The Community Services budgets are showing a projected overspend for 2005/06 of £384,000. There is the balance of the Leisure contracts deficit (£134,000) to recover and an ongoing budget pressure in respect of Parks and Countryside, which is expected to overspend by £250,000 in 2005/06.

## **DIRECTOR OF RESOURCES**

### **Corporate Budgets**

31. The main corporate underspendings are the West Mercia Supplies dividend (£262,000), the corporate insurance budget (£138,000) and the contingency of £132,000 held in case the Environment Agency issue an additional levy. In addition the ODPM has announced a grant of £564,000 for the Council as part of the Local Authority Business Growth Incentives scheme.

## **Resources Directorate**

32. The new Corporate Management Board structure has led to one-off costs currently falling to the Resources Directorate that are expected to produce overspending of £49,000.

## **Property Services**

33. The property deficit has been totally eliminated by the receipt of additional rent income from backdated Industrial Estates rent reviews of £430,000, together with additional income from various retail and corporate properties including Maylord Orchards. Overspending of £520,000 is anticipated for administrative buildings, including the carry forward from 2004/05 (£212,000), plus the running cost of the Plough Lane site, dual running costs on vacated buildings and one-off costs associated with the Accommodation Strategy and Hereford Livestock Market. Markets and Fairs continue to show an ongoing budget deficit estimated as £235,000. These overspendings are largely due to additional income leading to underspending on Management and Admin (£262,000), Retail and Corporate Properties (£236,000) and Industrial Estates (£571,000).
34. The expected deficit on Markets and Fairs has fallen by £95,000 to £255,000.

## **Financing Transactions**

35. Net underspending of £1.6million is expected at this stage in the year. A combination of factors have resulted in a reduction in the forecast for capital financing charges for 2005/06 and future years. Slippages in the capital programme and, in particular, Prudential Borrowing funded schemes, together with brought forward revenue and capital underspends means that borrowing is being taken later than expected and at lower levels. In addition, interest rates are lower than originally forecast.

## **Conclusion**

36. Compared with the November report, the net estimated forecast underspend has increased from about £1.5 million to £2.26 million. This is largely due to potentially one-off items: an increased surplus for financing transactions (£400,000); the West Mercia Supplies Dividend (£262,000); and the Business Growth Incentives Scheme Grant (£564,000); as well as a significantly improved position as regards Property (£480,000).
37. These have been partially offset by higher than previously forecast overspending on Adult Services, which is now projected to be £1.5 million compared to the £1.1 million forecast in November, but which could rise to £1.75 million (these figures exclude the written-off overspending of over £700,000 in 2004-05).
38. It is expected that the unused Invest to Save Budget of over £1.9 million will be carried forward into 2006-07 to help fund the Corporate Strategy Service Improvement Plans. Although the carry-forward of this sum and the underspending on Financing Transactions will probably more than offset the overspendings on Adult Services and Strategic Housing to give net underspending in 2005-06, this does not lessen the need to adjust the base budget in respect of Adult Services and Strategic Housing in 2006-07 and beyond. A further call on reserves seems inevitable. Including the prudent reserve of £3 million, these stood at £5,658,000 at the end of January.



### **Revenue Reserves Position as at 31st January 2006**

39. The level of general reserves as at 31st January 2006 is £5,658,000. There have been no recent approvals of expenditure from reserves. The prudent reserve of £3million is included in this figure. Based on current outturn predictions, for Adult Services, and Strategic Housing a further call on reserves seems inevitable. This is reflected in the summary of reserves being presented with the 2006/07 Budget report.



Summary Budget Monitoring Report 2005/06 - 31st January 2006

Appendix B1

Programme Area	2005/06	2004/05	Budget 2005/06	Projected	Projected	Percentage Variation %
	Original Budget £000	Carry Forwards £000		Out-turn £000	Over/(Under) Spending £000	
Childrens Services	93,412	(1,998)	95,410	95,280	(130)	(0.1)
Adult and Community Services						
Adult Services	30,613		30,613	32,113	1,500	4.9
2004/5 Social Care Overspend		714	(714)	(714)		
Community Services	10,141	(569)	10,710	11,094	384	3.6
Policy and Finance -General	14,344	(2,017)	16,361	15,335	(1,026)	(6.3)
Policy and Finance -Property	1,574	419	1,155	981	(174)	(15.1)
Environment - Highways and Transportation	10,191	439	9,752	10,252	500	5.1
Environment - Environmental Health and Trading Standards	10,364	(170)	10,534	10,454	(80)	(0.8)
Environment -Planning	1,921	(760)	2,681	2,231	(450)	(16.8)
Strategic Housing	1,764	27	1,737	2,484	747	43.0
	174,324	(3,915)	178,239	179,510	1,271	0.7
Financing etc	8,647	3,915	4,722	3,122	(1,600)	(33.9)
Invest to save	1,928		1,928	0	(1,928)	(100.0)
	184,899	0	184,889	182,632	(2,257)	(1.2)



## JANUARY 2005/06 CAPITAL PROGRAMME MONITORING

1. This is the fourth and final round of in-year capital monitoring for 2005/06. The purpose of this monitoring exercise is to update the capital budget position, as at 31<sup>st</sup> January, reporting new funding allocations, managing any slippages or overspends as new schemes and new sources of finance are identified. The Capital Monitoring process helps to ensure that no conditional capital resources are lost and forecast changes are managed in the most effective way.
2. The revised forecast outturn for 2005/06 as at 31<sup>st</sup> January totals £34,457,000, which is a decrease of £4,167,000 from the November forecast, mainly due to the re-profiling of the extra care housing scheme capital expenditure. Explanations of the changes are detailed in the body of this report. This programme is funded as detailed in Appendix C1.
3. A summary of the Prudential Borrowing position for 2005/06 is set out below. The main reason for the slippage into 2006/07 is due to the bulk of the £2,000,000 City Centre Enhancements expenditure falling into 2006/07, with expenditure in relation to feasibility studies only anticipated in this financial year. As Prudential Borrowing funding is unconditional no resources will be lost.

2005/06 Prudential Borrowing Allocation		£7,607,000
Add: Slippage from 2004/05		£2,011,000
Less: Slippage into 2006/07	(£3,656,000)	
Funded by available SCE(R)	(£125,000)	
No longer required	(£137,000)	(£3,918,000)
Forecast use of Prudential Borrowing in 2005/06		<u>£5,700,000</u>

4. Each individual capital project has an expected spend profile and spend in the first ten months totalled 76% of the total revised forecast. The actual spend at £20,121,000 represents 58% of the revised forecast with environment, ICT and housing schemes expecting accelerated spend between now and the year end. A summary of the expenditure for each service area is set out on Appendix C2.
5. Set out in Appendix C3 is a list of all capital schemes with a budget in excess of £500,000. The detailed capital programme listing all capital schemes can be found on the Intranet. (*Info Library > Treasurers > Financial Policy > Capital > Capital Programme*).
6. Capital projects involve significant levels of VAT and the recovery of this VAT is an important issue. VAT is not recoverable on any 'exempt' expenditure, for example capital works on buildings to be leased or crematorium improvements, if the associated VAT represents more than 5% (approximately £700,000) of the Councils total VAT. If this percentage is exceeded the whole amount becomes payable to HM Revenue and Customs. A VAT Partial Exemption calculation is updated following each round of capital budget monitoring so that pre-emptive action can be taken if necessary. The forecast Partial Exemption position is 4.76% for 2005/06 and 4.64% for 2006/07.

### **Children and Young People's Services Directorate**

7. The capital forecast for this area has decreased by £232,000. The budgeted capital spend on site acquisition has decreased due to the Sutton site acquisition slipping into 2006/07.
8. Capital funding of £1,819,000 will be carried forward into future years to fund capital spend on various schemes including Weobley High School sports hall, Sutton Primary replacement school and the amalgamation of Hunderton Junior and Infants school (partly funded through Prudential Borrowing).

### **Resources Directorate**

9. The forecast for this area has increased slightly due to the inclusion of spend required at Grove Farm in order to enable a tenant transfer from an alternative farm that will then be sold. Actual spend is currently lower than expected however this budget has been committed through purchase orders.

### **Corporate and Customer Services Directorate**

10. The forecast for this area has decreased by £365,000. The Info by Phone scheme has slipped into 2006/07, with the revised forecast for 2005/06 subject to the ability to move into Plough Lane.
11. The revised forecast for ICT Disaster Recovery may slip into 2006/07 due to delays on the cable dig and accommodation strategy slowing progress.

### **Environment Services Directorate**

12. The forecast for this area has decreased by £497,000 mainly due to reduced forecast expenditure in this financial year on the crematorium and Grafton travellers' site. These projects have slipped into 2006/07 due to land purchase negotiations and planning permission procedures.
13. Other changes represent a review of all capital schemes to reflect actual anticipated expenditure, including increases in relation to the footways and bridges capital schemes, reflecting the addition of capitalised salary costs incurred.
14. Expected spend, at 82%, exceeds actual spend at 62%. Spend is committed and assurances have been given that the full budget will be spent before the year-end.

### **Adult and Community Services Directorate**

17. The forecast for this area has decreased by £3,115,000, mainly due to the re-profiling of spend in the Strategic Housing Extra Care development budget.
18. Work is expected to start on the Extra Care development site after site set up and ecological issues are addressed. Main construction is anticipated to start in September 2006 and be completed in September 2008.

### **Prudential Indicators**

19. A key objective of the Prudential Code is to ensure that capital investment plans and treasury management decisions are made in a manner that supports prudence, affordability and sustainability.

20. Cabinet have endorsed a range of Prudential Indicators that are to be monitored on a regular basis as part of the existing Capital Programme monitoring process. Cabinet considers these on an annual basis through the Treasury Management report.
21. The framework of PIs covers Capital Expenditure and Treasury Management and the Prudential Code incorporates the PIs as set out below. The PIs included in this report are based on the 2005/06 Capital Programme. Significant changes in the indicators are highlighted at each point. The indicators are set out in Appendix C4.
  - Actual and estimated capital expenditure for the current and future years
  - Ratio of financing costs to net revenue stream
  - Capital Financing Requirement
  - Authorised limit for External Debt
  - Operational boundary for External Debt
  - Council Tax implications of the incremental effect of capital decisions
  - Treasury Management Indicators

## **Conclusion**

23. Compared with the November report, the net estimated outturn has reduced by around £4.2 million to £34.457 million. The main reasons for this reduction is the reprofiling of the extra care housing scheme into 2006/07.
24. Spend at 58% is significantly lower than the 76% expected by the end of January however budget holders have given assurances that spend will accelerate towards the year end and meet the forecast outturn.
25. Expected Prudential Borrowing in the year has reduced by around £3.9 million with the main element relating to slippage in the Hereford City Centre Enhancement project. Although no resource is lost, the effect of slippage of borrowing into the next year is a reduction in interest and a delay in the need to repay debt. This leads to a delay in capital financing costs being incurred.

**APPENDIX C1**

**FUNDING OF REVISED 2005/06 CAPITAL PROGRAMME**

<b>Capital Programme Area</b>	<b>2005/06 Revised Forecast 31/01/06</b>	<b>SCE(R)</b>	<b>Prudential Borrowing</b>	<b>Grants</b>	<b>Revenue Contribution</b>	<b>Capital Receipts Reserves</b>	<b>Unfunded</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Services	7,863	1,032	-	6,411	300	120	-
Resources	641	83	255	26	11	266	-
Corporate and Customer Services	4,304	-	2,352	1,551	392	10	-
Environment Services	11,144	10,480	755	231	-	(322)	-
Adult and Community Services	10,505	2,188	2,338	3,238	176	2,565	-
<b>Total Revised Forecast</b>	<b>34,457</b>	<b>13,783</b>	<b>5,710</b>	<b>11,456</b>	<b>879</b>	<b>2,639</b>	<b>-</b>
<i>Original Budget</i>	<b>37,131</b>	<b>13,679</b>	<b>7,607</b>	<b>11,055</b>	<b>279</b>	<b>4,511</b>	<b>-</b>
<i>Change from original budget</i>	<b>(2,674)</b>	<b>104</b>	<b>(1,907)</b>	<b>401</b>	<b>600</b>	<b>(1,872)</b>	<b>-</b>

<b><u>Reported to date</u></b>							
<i>Original Budget</i>	37,131	13,679	7,607	11,055	279	4,511	-
<i>July 2005 Forecast</i>	36,864	13,773	6,907	11,851	1,009	3,324	-
<i>September 2005 Forecast</i>	36,955	13,877	6,586	13,281	747	2,456	7
<i>November 2005 Forecast</i>	38,624	13,921	6,510	15,680	624	1,889	-
<i>January 2006 Forecast</i>	34,457	13,783	5,710	11,456	879	2,639	-



APPENDIX C2

CAPITAL EXPENDITURE BY PROGRAMME AREA

	Outturn	Original Budget	Revised 2005/06 Forecast as at 31/01/06	Actual spend at 31/01/06	Actual spend as a % of the revised forecast	Expected spend as a % of the revised forecast
Programme area	2004/05	2005/06	2005/06	2005/06	2005/06	2005/06
	£'000	£'000	£'000	£'000	%	%
Children's Services	5,746	6,655	7,863	5,259	67%	75%
Resources	2,568	350	641	247	39%	74%
Corporate & Customer Services	2,786	2,576	4,304	2,015	47%	84%
Environment Services	12,994	13,424	11,144	6,926	62%	82%
Adult & Community Services	9,014	14,126	10,505	5,673	54%	67%
<b>Total</b>	<b>33,198</b>	<b>37,131</b>	<b>34,867</b>	<b>20,120</b>	<b>58%</b>	<b>76%</b>

## APPENDIX C3

### MAIN CAPITAL SCHEMES OF REVISED 2005/06 CAPITAL PROGRAMME

Capital Programme Scheme	Schemes with a Revised Forecast >£500,000
	£'000
<b>Children's Services schemes:</b>	
Kingstone High – Sports Hall (no change)	1,225
Temporary Classrooms (no change)	618
Leominster Family Centre (no change)	771
New Deal for Schools Condition Improvement Works (budget increase)	1,600
<b>Corporate and Customer Services - ICT schemes:</b>	
ICT The Golden Thread Network Enhancement (no change)	1,994
ICT The Golden Thread Disaster Recovery (no change)	514
Herefordshire in Touch E-Gateway (budget increase)	1,079
<b>Environment Services:</b>	
Roman Road Improvements (no change)	1,131
Capitalised maintenance of principal roads (no change)	895
Capitalised maintenance of non-principal roads (budget decrease)	4,125
Footways (budget increase)	650
Capitalised assessment & strength of bridges (budget increase)	700
<b>Adult and Community Services schemes:</b>	
Replacement Swimming Pool for North Herefordshire (no change)	1,169
Eign Gate Refurbishment (no change)	606
Housing Renewal Programme (budget increase)	1,269
Disabled Facilities Grants – Mandatory (budget decrease)	498
Extra Care Housing (budget decrease)	2,738
Affordable Housing Grants (no change)	2,000
<i>Other schemes with a revised forecast of less than £500,000</i>	<i>10,875</i>
<b>Revised Forecast</b>	<b>34,457</b>

## APPENDIX C4

### ACTUAL AND ESTIMATED CAPITAL EXPENDITURE

This table takes into account new borrowing for which the government is providing support, government grants, capital receipts, other funding (including s106 receipts) and Prudential Borrowing. The second table shows how this programme would be funded.

#### FORECAST CAPITAL PROGRAMME AS AT 31 JANUARY 2006

	<b>Outturn</b>	<b>Budget</b>	<b>Estimated</b>	<b>Estimated</b>
	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Programme Area: -</b>				
Children's Services	5,746	7,863	8,024	4,471
Environment General	12,994	11,144	12,556	12,265
Corporate and Customer Services Resources	2,786	4,304	1,760	1,050
Adult and Community Services	2,568	641	520	200
	9,104	10,505	13,574	5,575
	<b>33,198</b>	<b>34,457</b>	<b>36,434</b>	<b>23,561</b>
<b>By funding</b>				
Capital Receipts Reserve	4,327	2,639	6,903	4,429
Grants	8,751	11,456	6,835	1,503
SCE(R)	17,270	13,783	13,322	12,646
UCA	130	0	0	0
Opening Creditor adjustment	(127)	0	0	0
Revenue Contribution	244	879	0	0
Agreed Prudential Borrowing	2,603	5,700	9,374	4,983
	<b>33,198</b>	<b>34,457</b>	<b>36,434</b>	<b>23,561</b>

## RATIO OF FINANCING COSTS TO NET REVENUE STREAM

The net revenue stream is the budget amount to be met from Formula Grant and Council Tax income (the budget requirement). The ratio is the proportion of the budget requirement that relates to the ongoing capital financing costs.

The capital financing costs will change as actual borrowing replaces forecast borrowing and as the outturn of capital spending changes from the expected profile. Future indicators will show the ratio of financing costs to the net revenue stream excluding the Dedicated Schools Grant element.

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000
<b>Original Indicator (prior to PB allocations)</b>				
Ratio of financing costs to net revenue stream	4.23%	4.63%	5.36%	6.03%
<b>As at 31/7/05</b>				
Net Revenue Stream	175,320	184,889	194,100	204,107
Capital Financing Costs	5,288	8,549	9,060	10,784
Ratio of financing costs to net revenue stream	3.02%	4.62%	4.67%	5.28%
<b>As at 30/9/05</b>				
Capital Financing Costs	5,288	8,364	8,923	10,507
Ratio of financing costs to net revenue stream	3.02%	4.52%	4.60%	5.15%
<b>As at 30/11/05</b>				
Capital Financing Costs	5,288	8,364	8,916	10,622
Ratio of financing costs to net revenue stream	3.02%	4.52%	4.59%	5.20%
<b>As at 31/1/06</b>				
Capital Financing Costs	5,288	8,364	8,361	10,242
Ratio of financing costs to net revenue stream	3.02%	4.52%	4.31%	5.02%

## CAPITAL FINANCING REQUIREMENT

This indicator represents the underlying need to borrow for a capital purpose. Future years requirements includes a potential £5 million Prudential Borrowing per year. This indicator has changed following confirmation of the allocation of supported and unsupported borrowing for 2005/06. This indicator is affected by Governments decisions to provide capital funding either in the form of supported borrowing or by direct grant. Supported Borrowing allocations for 2006/07 have been announced. The effect of actual Prudential Borrowing allocations for 2006/07 will also affect the future years Capital Financing Requirement.

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000
Original Indicator	96,486	110,347	123,149	134,341
Revised 31/7/05	95,371	111,965	125,890	136,252
Revised 30/9/05	95,371	110,979	124,790	135,379
Revised 30/11/05	95,371	110,949	125,789	136,329
Revised 31/1/06	95,371	110,949	127,049	138,076

## AUTHORISED LIMIT FOR EXTERNAL DEBT

The Authorised Limit for external debt represents the absolute maximum level of debt that may be incurred. This limit would only be reached in exceptional circumstances.

	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
Borrowing	119,000	133,000	151,000	169,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000
<b>Total</b>	<b>122,000</b>	<b>136,000</b>	<b>154,000</b>	<b>172,000</b>

## OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

The Operational Boundary for external debt is the prudent expectation of the maximum level of external debt.

	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
Borrowing	73,500	94,500	108,500	121,500
Other Long Term Liabilities	1,500	1,500	1,500	1,500
<b>Total</b>	<b>75,000</b>	<b>96,000</b>	<b>110,000</b>	<b>123,000</b>

## COUNCIL TAX IMPLICATIONS OF THE INCREMENTAL EFFECT OF CAPITAL DECISIONS

This indicator represents the increases in Council Tax resulting from unsupported Prudential Borrowing in 2005/06. The figures changed significantly following the 2005/06 round of Prudential Borrowing allocations. This indicator should only change if additional Prudential Borrowing is approved during the year and does not show the effect of the 2006/07 allocations.

	2004/05	2005/06	2006/07	2007/08
	£ p	£ p	£ p	£ p
<b>Original Indicator</b>				
Increase in council tax (Band D, per annum) based on Prudential Borrowing of £5,000,000 taken for 2005/06 and subsequent years.	N/A	3.72	10.42	17.13
<b>Revised Indicator following 2005/06 allocations</b>				
Increase in council tax (Band D, per annum) based on Prudential Borrowing of £7,607,000 taken for 2005/06 with £5,000,000 per year in subsequent years.	N/A	6.95	17.85	30.50

## TREASURY MANAGEMENT INDICATORS

These are specific indicators, which relate to the management of the Treasury Management process. The upper limit for variable rate borrowing has been increased in order to allow more flexibility to react to changes in market conditions.

	2004/05	2005/06	2006/07	2007/08
<b>Upper Limit for Fixed Interest Rate Exposure</b>				
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>				
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
<b>Maturity Structure of new fixed rate borrowing during 2004/05</b>				
	<b>Upper Limit</b>	<b>Lower Limit</b>		
Under 12 Months	30%	0%		
12 months and within 24 months	60%	0%		
24 months and within 5 years	90%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	20%		
<b>Upper Limit for total principal sums invested for over 364 days</b>				
	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(Per maturity date)	10,000	10,000	10,000	10,000

### JANUARY 2005/06 RISK MONITORING

1. This is the fourth and final round of in-year risk monitoring for 2005/06. The key corporate risks are listed in Appendix D1 and show the residual risk assessments following the mitigating actions that are being taken to manage them. There are also separate service risk logs that are continually updated by Directorate Management Teams through regular discussion in the respective management teams. They also serve to inform the corporate risks.

#### **JAR Assessment (CR1)**

2. The Staying Safe rating has been labelled 'inadequate' in the JAR assessment and the Council will not only need to address the reputational impact here but also more importantly ensure that it can prove that there are sound arrangements for protecting the most vulnerable children. Senior officers and members have had meetings with relevant government departments in regard to the assessment and a draft action plan has been drawn up. The response of government to the proposed plan is awaited.

#### **Corporate Budget Position (CR2)**

3. The revenue monitoring reports are highlighting significant budget overspends for the year in Adult Social Care and Homelessness, and action plans are in place to limit these. These will have an impact on the ease to which the Council can set a balanced budget in 2006/07 and beyond. Additional corporate finance support has been temporarily seconded to Adult Services to help in assessing the financial pressures. A contingency has been recommended for the 2006/07 budget specifically to address the demand-led pressures in Social Care and a detailed needs analysis has been commissioned to analyse future pressures on the Social Care budget, with particular reference to older people and learning disabilities.
4. Senior Officers met during November and December to consider a number of key financial issues including efficiency savings; potential budget reductions and unavoidable spending pressures. On the whole this exercise has proven to be successful and CMB has emerged with a clear set of officer priorities in relation to the budget for councillors to consider. Outstanding issues that will need to be addressed corporately as part of the budget will be the delivery of the Corporate Strategy, including ICT, and the Accommodation Strategy.
5. There is still work to be done in identifying further efficiency savings so that the minimum Gershon target of £1.65m for 2006/07 can be met.

#### **Business Continuity Management (CR3)**

6. The Council is developing its approach to Business Continuity (BC) management and is in the process of producing a Corporate BC Plan. The BC Planning week was held in the week 19-23 September, where senior managers from each Directorate completed the Service Impact Questionnaires and BC Plans. The next stage of workshops have taken place in January and the plans submitted will go through validation exercises. Live exercises are planned from April 2006 onwards.
7. ICT Services are working closely with the Emergency Planning Manager and his team to ensure consistency in approach.

### **Comprehensive Performance Assessment (CPA) and Joint Area Review (JAR) (CR4)**

8. The Corporate Assessment results have now been released. Overall the Council has been given 3 stars (= 2 stars were protection of the Corporate Assessment score not in place) and is improving adequately. Capacity has been created at a senior level, including the appointment of Heads of Service for Performance Management and Communications. It has been agreed with the Audit Commission that our improvement action plan will be submitted to them by the end of March. Amongst other improvements, this will require the continuing and effective implementation of the corporate planning and performance frameworks, including the full integration of financial planning.

### **Herefordshire Jarvis Arrangements (CR6)**

9. It has been widely publicised that Jarvis PLC are seeking to release themselves from a number of public sector contracts outside their core areas of business. The Council expects a seamless transition of service and as part of the normal risk management process, contingency plans had been drawn up in the eventuality of Jarvis having to pull out of the partnership.
10. There are no plans however at this time for Jarvis to dispose of the Venture Company and the Council are monitoring the situation closely and services are continuing to be delivered as normal.

### **The second Local Public Service Agreement (LPSA 2) (CR7)**

11. Government ministers have now signed off the agreement and Cabinet approved the ringfencing of the performance reward grant from LPSA 1 to fund the stretched targets for LPSA 2. The key risk now is that the significant level of Performance Reward Grant available to be earned after three years is not maximised. This will require close monitoring and services being prepared to direct resources, both financial and otherwise, into the high priority areas identified in the agreement. The targets themselves are identified as part of the Annual Operating Plan monitoring arrangements.
12. Despite regular monitoring and reporting the experience of LPSA 1 would suggest that further improvement is required in ensuring that performance management arrangements are embedded so the stretched performance targets are met. Crucial is the setting of milestone targets and actions so that progress can be monitored and remedial action taken where necessary. This has only been done so far for a minority of the LPSA2G indicators.

### **Local Area Agreement (CR8)**

13. This is a new corporate risk and is a major initiative for the Council. The Local Area Agreement (LAA) is based around 4 themes and senior officers from across the Partnership have been chosen to lead on these. The risks to the Council largely lie in not being able to reap the benefits accruing from a successful LAA. There will need to be a strong focus on a number of areas such as consistent performance management across the Partnership; effective pooling of budgets; identification of freedoms and flexibilities and innovative ways to improve outcomes for citizens. A key part of the LAA will be the single pot arrangements, which have now been formulated, and a risk-based approach is being adopted in constructing a framework to manage these.



14. The Government Office have issued a timetable for completing the LAA with ministerial sign off scheduled for the end of February.

#### **Adult Care Services (CR9)**

15. The Director of Adult and Community Services has concluded his consultation the new structure for the Directorate and this will be implemented in the New Year.
16. Risks reported last time continue to be important issues and these include the modernisation and change required in Learning Disabilities services to respond to the changing nature of service users. The risk to the Council is that the change is not achieved quickly enough and the rise in demand from school leavers accentuates this. Also the increase in the older population brings increased incidence of dementia related illness and forward planning is required for this increase in demand.
17. An improvement plan is to be drawn up rapidly, with help from a consultant employed by the Department of Health. The work to assess the medium to long-term social care needs for older people and adults with learning disabilities is intended to be completed by August 2006.

#### **Recruitment and retention of employees including the impact of Job Evaluation (CR10)**

18. The implementation of a Pay and Workforce Strategy marks the next phase of the Council's approach to the modernisation of Human Resources management. Issues of recruitment and retention are an integral aspect of this. Promotion and communication of the positive benefits of this for the Council's workforce are important aspects of its implementation.
19. The current action plan includes:
  - Centralisation of recruitment
  - Developing a generic skills framework for implementation
  - Projects focussing on the recruitment and retention of young people
  - Improving leadership and management through a review of management development.
20. The implementation of job evaluation has had no adverse effect on the recruitment and retention of employees, with turnover constant at around 9%.

#### **Corporate capacity to deliver the range of changes that the Council has embarked on (CR11)**

21. The Council is going through a period of extensive change at a time when it has also to respond with major programmes of improvement to the outcomes from the Corporate Assessment and Joint Area Review. This is challenging the corporate capacity of the organisation. The senior management restructuring is designed to take account of and improve corporate capacity. All director posts have now been filled following interviews during 2005. As a result directors are now devoting at least 20% of their time to corporate issues and this is formally reflected in their job descriptions. In addition, the Senior Management Team, comprising the Heads of Service, has been created to more effectively support Directors. This has already

met on a number of occasions and is developing a work plan in support of CMB. A specific responsibility of Heads of Service is the quality assurance of material for the production of the Integrated Performance Reports.

**Corporate Approach to Diversity (CR12)**

22. The Level 1 commitment to Diversity has now been signed off and the risk to the Council is that by March 2007 it has not made the improvements required to reach Level 2. Staff resource has been committed to this and a long-term development plan is in draft.

## Managing Risk - Corporate Risks

Stage One					Stage Two				
Identified	Risk Reference Number	Assessment of Risk (Assume NO controls in place) using risk matrix			Risk Controls Measures	Responsible Directors	Assessment of Residual Risk (With control Measures implemented)		
		Impact (Severity)	Likelihood (Probability)	Priority Rating			Impact (Severity)	Likelihood (Probability)	Residual Priority Rating
Managing the reputational impact of the 'Staying Safe' rating being 'inadequate' in the JAR assessment and more importantly ensuring that arrangements for safeguarding the most vulnerable children .	CR1	4	4	High	Letter sent to all Council staff from Chief Executive. Need to put in place measures to tackle the shortcomings against a planned and timed programme drawing in the assistance of better performing authorities as may be required.	SF	4	3	Medium
Corporate spending pressures outweigh the level of resources available to meet them. Particular pressures prevalent in Learning Disabilities and Homelessness.	CR2	4	4	High	Medium Term Financial Strategy identifies need for significant efficiency savings and use of reserves. Officer Panels have addressed in detail the financial issues. LG Finance Settlement provides little headroom in face of capping threat. Greater corporate resource allocated to identifying underlying budget issues in Social Care. Proposal to procure consultancy work testing demand for Social Care services.	ALL/SR	4	3	Medium
Business continuity management	CR3	3	4	High	Substantial capital investment made in ICT network and disaster recovery arrangements. Workshops held for all directorates and service continuity plans have been prepared.	ALL/NP	3	2	Medium
Failure to maintain CPA "3 star" rating and move from improving adequately to improving strongly	CR4	4	3	High	Capacity created at a senior level and adherence to the CPA action plan to be agreed in January. Required effective implementation of the corporate planning and performance frameworks, including the full integration of financial planning.	ALL/NP	3	3	Medium
Continuity of Herefordshire Jarvis Services	CR6	4	3	High	Ensure Council's financial liabilities are covered. Raise awareness of contingency arrangements following creation of contingency plan. Situation with Jarvis PLC being reviewed.	GD	2	3	Medium
Achievement of LPSA 2 targets and hence the Performance Reward Grant	CR7	3	2	Medium	LPSA agreement signed with government and monitoring to be undertaken within Annual Operating Plan. Funding has now been agreed by Cabinet and clear responsibilities communicated to Directors and managers involved in its delivery.	SF/GH/GD	3	2	Medium



## Managing Risk - Corporate Risks

Stage One					Stage Two				
Identified	Risk Reference Number	Assessment of Risk (Assume NO controls in place) using risk matrix			Risk Controls Measures	Responsible Directors	Assessment of Residual Risk (With control Measures implemented)		
		Impact (Severity)	Likelihood (Probability)	Priority Rating			Impact (Severity)	Likelihood (Probability)	Residual Priority Rating
Delivery of Local Area Agreement	CR8	3	2	Medium	A number of actions have already been taken to ensure the building blocks are in place and these include the setting up of a formal project framework to manage the process. Sessions have been arranged with both GOWM and the IDeA to monitor progress on the detailed Agreement	JJ			
Adult Care Services Green Paper	CR9	3	3	Medium	Director has recommended new restructure in Adult and Community Services Directorate	GH	3	3	Medium
Recruitment and retention of staff where there are national skills shortages and including the impact of Job Evaluation.	CR10	3	3	Medium	Succession planning Utilise SRDs / implement career development posts and conclude job evaluation Centralisation of recruitment; Projects focussing on the recruitment and retention of young people; Implement market forces / supplement. Promote professional development support through training agreements and payment of professional fees. Develop secondment opportunities internally and with partners. · Improving leadership and management through a review of management development  Promote pride in Herefordshire.	ALL/DJ	2	2	Low
Corporate Capacity to deliver a range of changes the Council has embarked upon.	CR11	4	3	High	Programme Management, Clear Leadership and Senior Management Restructuring. Capacity issues identified within CPA inspection and will be part of Improvement Plan. A minimum of 20% of corporate directors' time will be spent on corporate issues.	NP	4	2	Medium
Approach to Diversity: Risk of not achieving appropriate Level and not improving Standard.	CR12	3	3	Medium	Level 1 commitment signed off. Staff resource committed.  Long term development plan in draft.	JJ	3	2	Medium

Signed: \_\_\_\_\_

Position: Chief Executive

Date: \_\_\_\_\_

## REVIEW OF THE HEREFORDSHIRE PLAN

### PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006

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#### Wards Affected

County-wide

#### Purpose

To receive a progress report on the review of the Herefordshire Plan, and to endorse revisions to the Herefordshire Plan document.

#### Key Decision

This is not a Key Decision.

#### Recommendation

**THAT progress to date be noted and the final draft of the Herefordshire Community Strategy document be endorsed (subject to any final alterations).**

#### Reasons

The Herefordshire Plan was first developed in 1999, and has been updated in 2001 and 2003. A significant review of the Herefordshire Plan was scheduled for and undertaken in 2005, leading to a number of recommended changes to the document itself and to the way in which the Herefordshire Partnership will function to deliver the Herefordshire Plan.

#### Considerations

1. During 2005 the Herefordshire Plan and the Herefordshire Partnership were subject to a structured review process. This included reviewing local, regional and national strategies, plans and policies, and pulling together and reviewing the findings from recent consultations and local surveys.
2. The Herefordshire Conversation event was held in June 2005 to test these findings with a wide audience. A further consultation on proposals and recommendations for the Herefordshire Plan and Partnership was held during November 2005, including a specific workshop for Councillors in November 2005.
3. A good number and range of responses were received from the November consultation, giving a sound basis for analysing the findings. The respondents broadly supported the proposals within the consultation document
4. There were two main areas of comments, which related to how the environment and culture were portrayed and included within the proposed guiding principles and

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Further information on the subject of this report is available from  
Jennifer Watkins, Herefordshire Partnership Team Manager on 01432 260610

themes of the new Herefordshire Plan. As a result, there have been a number of word changes to the objectives and supporting text, to ensure that they are adequately included.

5. The respondents broadly supported the changes proposed for the Herefordshire Partnership (the Local Strategic Partnership), moving away from the 10 Ambition Groups to become more action based with time limited task and finish groups to deliver specific actions. The Office of the Deputy Prime Minister is currently consulting on models for Local Strategic Partnerships, and the Herefordshire Partnership is currently considering this consultation paper and its proposals as part of these changes. Herefordshire Council may also wish to consider the proposals within the consultation document, and any implications or opportunities arising for the Authority.
6. The development of a 3 year Action Plan was broadly supported, and respondents felt that a way of identifying and monitoring progress of the Herefordshire Partnership would be beneficial. This Action Plan will include the LPSA2 outcomes and targets and also the Local Area Agreement (LAA) outcomes and targets. The LAA will consequently be delivered through the new Herefordshire Partnership arrangements.
7. The consultation document proposed that the Action Plan would come back to Cabinet and to Strategic Monitoring Committee on an annual basis, and that Cabinet and Strategic Monitoring Committee would receive a progress report on the previous year and consider actions for the following three years.
8. The Herefordshire Plan document is now in the final stages of development. Its name has been changed to the Herefordshire Community Strategy, as it is a strategy rather than a Plan, and more accurately reflects the role of the document. The new Herefordshire Community Strategy document is fuller, contains more information and background/explanatory text than the current document. This is so it will be of more use to more people. A short, non-jargon executive summary is also being produced for wider circulation. The document is being circulated separately to Cabinet Members. A copy will be available for inspection in the Members' Room or on request.
9. The Herefordshire Community Strategy will be launched in April 2006, along with the first Action Plan.

## **Alternative Options**

Local Strategic Partnerships and Community Strategies were introduced as a result of the Local Government Act 2000. The role of Local Authorities within Local Strategic Partnerships has been significant as a result, but is further amplified within the current Office of the Deputy Prime Minister consultation paper on models for Local Strategic Partnerships, with specific roles for Local Authorities and for Councillors.

## **Risk Management**

The new Herefordshire Partnership arrangements should reduce the amount of staff time being spent working with the Herefordshire Partnership, and thereby address capacity concerns. However, time will still need to be spent on delivering the Local Area Agreement and other actions within the Action Plan. This input is likely to rise and fall at various points in the year, particularly when reporting progress. A full risk management framework will be developed.

## **Consultees**

National, regional and local organisations, networks, sectors and partnership groups in the November 2005 consultation.

## **Background Papers**

None identified.





# HEREFORDSHIRE LOCAL TRANSPORT PLAN 2006/07 to 2010/11

## PORTFOLIO RESPONSIBILITY: HIGHWAYS AND TRANSPORTATION

CABINET

23RD FEBRUARY, 2006

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### Wards Affected

County-wide

### Purpose

To approve the submission of the Local Transport Plan (LTP2) for the period 2006/07 to 2010/11 to Government. The Plan is being despatched as a separate appendix to Cabinet Members and will be available for inspection in the Members' Room or on request.

### Key Decision

This is not a Key Decision. Approval of the second Local Transport Plan was included in the Forward Plan as part of the Council's Policy Framework

### Recommendation

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

- (a) **the Local Transport Plan 2006/07 to 2010/11 be approved for submission to Government with any subsequent editorial changes being delegated to officers subject to the approval of the Director of Environment following consultation with the Cabinet Member (Highways and Transportation); and**
- (b) **further representations be made to Government regarding the adverse impact on the Council's future level of funding for integrated transport improvements resulting from the adoption of the new formulaic allocation of Integrated Transport block funding.**

### Reasons

The Local Transport Plan forms part of the Council's Policy Framework and in order to meet Government deadlines it is necessary for the document to be completed and submitted by end of March 2006.

### Considerations

#### About the LTP

1. The second Local Transport Plan will constitute the Council's transportation policies and strategy for the five year period 2006/07 to 2010/11. It includes a costed programme of

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Further information on the subject of this report is available from  
Richard Ball Transportation Manager on 01432 260965

transport improvement schemes for the period which have been developed with the aim of delivering key outcomes including improved accessibility, safer roads, reduced congestion and better air quality. This is Herefordshire's second Local Transport Plan (LTP2) and will follow on from the first LTP that covers the period 2001/02 – 2005/06.

2. It will be recalled that the Provisional LTP2 was considered by Cabinet in July 2005 and submitted to Government by the end of July. The Council has now received Government's feedback which was set out in the Local Transport Capital Settlement letter for 2006/07 issued to the Council on 14 December 2005.
3. The Council is now required to finalise the review of the Provisional LTP2, taking into account the feedback received from Government, feedback from partners and stakeholders and the outcome of ongoing policy development work which has continued since submission of the Provisional LTP2. The final LTP2 must be submitted to Government by the end of March 2006 when a final assessment will be carried out which will influence the level of funding the Council will receive for transport for the period 2007/08 to 2010/11. The assessment of the Plan will also contribute to the overall assessment of the Service area. It is important, therefore, that a high quality Plan is submitted which fully addresses issues raised in the Government's assessment of the Provisional LTP2.
4. As Members have approved the Provisional LTP2, this report focuses on the changes and improvements that have been made to that Plan.

### **Summary of Government Feedback on the Provisional Local Transport Plan**

5. Government has assessed all Provisional Local Transport Plans in three broad categories:
  - very promising;
  - promising; and
  - needing substantial improvement.

The Herefordshire Provisional LTP2 was assessed as 'promising' and Government felt that it was a good overall standard. The Government has awarded authorities that have produced "very promising" provisional plans 12.5% additional funding for integrated transport, as a reward.

6. Government has provided detail on how the assessment has been reached which has enabled further improvement and refinement of the Plan. The assessment is broken down into six key criteria each of which have been scored using the three categories referred to in paragraph 5 above. The assessment of the Herefordshire Provisional LTP2 is set out in the following table:

<b>Criteria for Assessment</b>	<b>Grade</b>
1 CONTEXT – 'The consistency of the plan's objectives, targets and programmes with wider policy and planning context'	VERY PROMISING
2 ANALYSIS – 'The plan is built on a sound analysis of local transport problems and opportunities'	PROMISING

3 MAXIMISING VALUE FOR RESOURCES – ‘The plan will deliver the best possible results, given the likely availability of public funds and the state of infrastructure and transport services’	PROMISING
4 INVOLVEMENT – ‘The effectiveness of consultation and involvement of stakeholders in local transport’	VERY PROMISING
5 PERFORMANCE MANAGEMENT – ‘The robustness and quality of the process for setting and monitoring local targets and trajectories’	PROMISING
6 PRIORITIES – ‘The extent to which the identified shared priorities, and the identified quality of life issues, have driven the development of the LTP delivery programme, objectives and targets’	PROMISING

### Funding Allocation

7. The Government has also confirmed the likely level of funding for the LTP period. The allocations are now primarily formula based for maintenance and integrated transport. The adoption of a new formula for integrated transport has resulted in a reduction in predicted funding levels for the Council of over £3 million over the LTP2 period. The Table below sets out the difference between the provisional allocation that had been indicated in December 2004 and was used for the Provisional LTP and the new formula allocation. The provisional allocation was based on an average of the level of funding provided to the Council during the first LTP period.
8. The Government consulted on proposals for the new integrated transport allocation formula during 2005 and the Council submitted a robust response expressing concern regarding the effect the proposed formula would have on the Council’s funding. The formula that the Government has now adopted has been slightly modified from the version consulted upon but continues to have a significant and adverse effect on the Council’s level of funding. The formula combines a number of factors covering road safety, public transport usage, population and accessibility. With the possible exception of accessibility, the factors used tend to favour areas with a higher population base. As a result, other rural authorities and particularly unitary authorities have suffered similar reductions in potential future funding.
9. It is disappointing that despite the Council’s good performance in delivering transport improvements and the clear need for further investment, funding levels are likely to be reduced over the LTP2 period. It is therefore recommended that representations be made to Government to urge them to reconsider the use of this formula and allocate further funding to better meet the needs of Herefordshire.

**Table 2: Indicative Five Year Allocations for Herefordshire (2006/7 allocation confirmed)**

(£000s)	2006/7	2007/8	2008/9	2009/10	2010/11	5yr total
<b>Provisional LTP2</b>						
Provisional Maintenance Block Allocation	7,802	7,958	8,356	8,774	9,212	42,102
Provisional Integrated Transport Block Allocation	2,738	2,738	2,875	3,019	3,170	14,540
<b>Total Provisional LTP2 Programme</b>	<b>10,540</b>	<b>10,696</b>	<b>11,231</b>	<b>11,793</b>	<b>12,382</b>	<b>56,642</b>
<b>Settlement December 2005</b>						
Maintenance Block Allocation	7,802	7,958	8,356	8,774	9,212	42,102
Integrated Transport Block Allocation for 2006/7 and confirmed guideline	2673*	2307	2241	2163	2071	11,455
<b>Total Confirmed Guideline</b>	<b>10,475</b>	<b>10,265</b>	<b>10,597</b>	<b>10,937</b>	<b>11,283</b>	<b>53,557</b>
Difference (Confirmed guideline compared to PLTP2 programme)	-65	-431	-634	-856	-1,099	-3,085

\*This includes an extra £127K (5%) performance funding awarded for good progress in 2004/05 in delivering the current LTP. Up to 12.5%pa increase or decrease in IT funding may be awarded in future depending upon performance.

10. These are the baseline figures that must be used in developing a programme for implementation. However, good performance, as during the first LTP period, may secure additional funds. Conversely, poor performance could result in further reductions.

11. Inevitably, this overall reduction means that certain programmes have been scaled back and reprofiled to reflect the likely availability of funds. Principles followed in doing this are:

- Protection of the road safety budgets as far as possible;
- Allocation of funds during relevant years to priorities such as the Rotherwas Access Road and development of park and ride; and
- Ensuring a balanced programme of improvements that will benefit all including pedestrians, cyclists, public transport users and other road users.

## Developing an improved final LTP2

12. Given the generally positive feedback from Government on the Provisional LTP2, it has not been necessary to make fundamental changes to the overall strategy and the measures proposed for implementation remain broadly the same. The final plan still contains four key investment strategies:

- Hereford Transport Strategy;
- Rural Transport Strategy;
- Road Safety Strategy; and
- Managing the Road Network (covering highway maintenance).

13. The final LTP2 also continues to identify the Rotherwas Access Road as the top priority major highway scheme for the Council.

14. Sections of the document that have been more substantially revised and hence Members may wish to examine more closely include:

- Chapter 2 – Transport at the Heart of Local Policy, updated to reflect recent policy developments, including the Local Area Agreement and Regional Funding Allocations;
- Chapter 4 – Accessibility Strategy, much expanded to include more detailed analysis of the problems experienced by people seeking to gain access to jobs and services;
- Chapter 5 – Hereford Transport Strategy, expanded to include more detailed evidence to justify the proposed implementation programme; and
- Chapter 10 – Delivering the Strategy, revised to reflect the funding available and expand on details of targets and performance management.

15. Account has been taken of the feedback received from Government and the plan has been improved, particularly those areas which were rated as ‘promising’. Details of the key developments from the Provisional LTP2 that have now incorporated in the final LTP2, including a commentary on how they help address the criteria set by Government, is included in the table below:

Summary of Key Changes to Final LTP2	How this addresses Government Assessment Criteria
<p><b>10.1 Fully developed Accessibility Strategy</b>            This strategy has been developed following further accessibility planning work which has helped clarify access problems in relation to older people, younger people, unemployed and people with long term limiting illnesses. Action plans have been set out to identify how we will work with partners to develop access solutions. This strategy has been brought forward in the Plan (from section 8 to section 4) to illustrate its importance to the overall strategy and as one of Government’s four shared priorities.</p>	<p>The revised Accessibility Strategy helps provide a stronger evidence base for the LTP and includes a more detailed <b>analysis</b> of transport issues. Action plans illustrate how we will <b>involve</b> partners and stakeholders in solving access problems. Bringing the strategy forward in the Plan clarifies it as an important <b>priority</b> and helps illustrate how it links with other strategies in the Plan.</p>
<p><b>10.2 Stronger Emphasis on Performance Management</b>            Targets have been revised, taking into account new guidance, and a more detailed monitoring programme has been included. Further detail is provided on our</p>	<p>Modifications to the Plan and further detail on managing performance through targets and also in terms of managing risk help provide greater certainty of our ability to delivery the strategy through clear and</p>

<p>approach to performance management and what action we would take during the LTP period if we identify areas where we are failing or exceeding our targets. We have also included details on risk management and how we will deliver the strategy if funding for significant schemes is not secured.</p>	<p>sound <b>performance management</b> processes. This also helps clarify commitment to <b>maximising value for the resources available</b>.</p>
<p><b>10.3 A49 Air Quality Modelling</b> Detailed modelling work has been undertaken to clarify how the Hereford Transport Strategy will help address air quality problems associated with the A49 trunk road through the City.</p>	<p>The detailed <b>analysis</b> of how transport improvements will address air quality problems adds strength to the Strategy. The modelling work gives extra weight to proposals and helps clarify the importance of air quality as one of the four shared <b>priorities</b>. It also clarifies the need for the further <b>involvement</b> of the Highways Agency in helping tackle this problem as it largely affects the A49 trunk road.</p>
<p><b>10.4 Strategic Environmental Assessment (SEA)</b> All strategic plans are now required to undergo a SEA following an EU Directive. This has involved a technical appraisal of the likely impact of the proposals contained in the plan on the built and natural environment. This is thought to be the first full SEA carried out for any of the Council's strategic plans. The SEA has enabled us to clarify the major environmental impacts of the LTP and ascertain any mitigation works that may be appropriate to minimise these impacts.</p>	<p>The SEA helps set transport improvements in a wider <b>context</b>, illustrating their potential impacts on a wide range of environmental indicators. This work also adds to the overall <b>analysis</b> base for the LTP, helping illustrate a deeper understanding of the Plan's impacts. This further illustrates a commitment to the Plan's <b>priority</b> of safeguarding the environment.</p>
<p><b>10.5 Rail Station Access</b> A feasibility study has been completed that identifies access improvements for Hereford, Ledbury and Leominster rail stations. These proposals are detailed in relevant strategies.</p>	<p>The study has provided the Plan with greater certainty about the best options and costs for improving access to rail services. This has included <b>involvement</b> of the rail industry and has assisted with <b>maximising value for resources</b>.</p>
<p><b>10.6 Reference to the review of Herefordshire Partnership and Development of the Local Area Agreement</b> Additional text is included to outline the current position as it relates to transport.</p>	<p>This is important in setting the LTP in the strategic local <b>context</b>.</p>
<p><b>10.7 The Programme and other Financial Contributions</b> Government has revised the funding formula which determines the planning guideline (the allocation for integrated transport schemes for the 5 year LTP2 period) and this has resulted in a £3.2M reduction in funding compared with that indicated in the Provisional LTP. The Programme set out in the final Plan has been revised to reflect the reduced allocation. Performance funding during LTP2 period may help address this proposed reduction. More details regarding other contributions to transport are included such as the Council's own revenue programme, Local Public Service Agreement 2G and also the level of contributions likely to be received through planning obligations.</p>	<p>Clarity on the programme and a more comprehensive coverage of additional funding available for transport improvements illustrates how we are <b>maximising value for resources</b>. It also provides additional information on the <b>context</b> in which the strategy will be implemented, particularly in relation to private development and the Council's revenue programmes.</p>

## **Summary of Consultation and Involvement**

16. A great deal of consultation has taken place in the preparation of the Strategy set out in this final LTP2. Consultation and stakeholder involvement has taken place throughout the development of the local transport plan and through a number of key studies which have fed into this Plan.
17. The Provisional LTP2 has been widely circulated to stakeholders, including all Parish Councils, for comment. The Plan was also placed on the website for feedback.

## **What happens next**

18. The Plan will be considered by Council as part of the Council's Policy Framework in March. The final Plan will then be submitted to Government by the end of March.
19. The Plan will be available from the Council's website in April and a printed version will be distributed to Members in May. The Plan will also be circulated to Parish Council's and a wide range of stakeholders. Once submitted, the Government will assess the document alongside those submitted by other authorities. An announcement regarding future funding and an assessment of the document is expected in the Autumn 2006.

## **Financial Implications**

None as a result of this report. However, the LTP2 will be submitted to Government and the quality of the Plan will contribute to overall funding available for Highways and Transportation capital on future years spend. Current indications from Government are that this will be in the region of £10.5M per year and approximately £53M over the whole period (excluding major/exceptional scheme bids). The guideline figures for future years are in real terms and will not be inflated by inflation. However, performance reward funding and opportunities for supplementary bids mean that it may be possible to secure further funding for the Council. LTP2 policy also has an influence on a range of revenue programmes including highway maintenance and supported bus services.

## **Risk Management**

Not submitting a final LTP2 by the end of March 2006 or submitting a plan that does not comply with Government guidance could adversely affect the future level of funding available to the Council for capital investment in Highways and Transportation. The final LTP2 has been prepared following a full review of the Provisional LTP2 and with regard to the Government's assessment of that Plan. Approval of the report will enable the submission to Government to meet the deadline.

## **Consultees**

Consultation with the public

Consultation with stakeholders and partner organisations through the Herefordshire Partnership and associated sub-groups

## **Background Papers**

- Final draft Local Transport Plan 2006/7 – 2010/11 (Hard copy in the Members' Room)





# PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

## PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006.

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### Wards Affected

County-wide

### Purpose

To consider proposal for a Public Service Trust for Herefordshire as a basis for further discussion if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document

### Key Decision

This is not a key decision because Council is not yet at the decision-making stage.

### Recommendations

- THAT (a) the proposals for a Public Service Trust for Herefordshire be endorsed as a basis for further discussion with the Primary Care Trust, if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document.**
- (b) a joint project steering group be established to develop detailed proposals for further consideration by Cabinet in the event that the proposal for a Herefordshire Primary Care Trust is supported by the Secretary of State for Health.**

### Reasons

1. The West Midlands South Strategic Health Authority (SHA) is currently consulting on a reconfiguration of PCTs in the region, as a result of the Department of Health's "Commissioning a Patient-led NHS" proposals. These seek to establish larger PCTs with strengthened commissioning capacity, and to create a clear separation between provider and commissioning roles. The consultation includes a preferred option of retaining a Herefordshire PCT, but the SHA wishes to see how a relatively small stand-alone PCT can deliver the new requirements. Against this background, Council Officers and PCT Directors have considered the concept of a Public Service Trust (PST) for Herefordshire, aligning certain Council and PCT functions to create a larger Herefordshire entity with combined commissioning capacity. The SHA is interested to see further work on the PST.
2. These developments coincide with:
  - Restructuring of the Council's Children's Services and Adult and Community Services with separate commissioning and provider functions, and which is

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Further information on the subject of this report is available from Stephanie Canham, Head of Social Care (Adults) on (01432) 260320

consistent with requirements on PCTs.

- Increasing importance placed on the achievement of the objectives of the Herefordshire Partnership, and effective delivery of the Local Area Agreement.

These factors make this a critical point at which to develop a Public Service Trust to build on the advantages of co-terminosity and joint work to date, with the added strength of providing a single vehicle to deliver on the Local Area Agreement and the Partnership's objectives.

3. On 8 March, SHA Directors will be meeting Council and PCT Officers to explore and test the fitness for purpose of PCT proposals, including the PST. After consultation ends on 22 March, the SHA will then be making recommendations about PCT configuration to the Department of Health.

## **Considerations**

### **Progress to date**

1. An initial proposal for a Public Service Trust for Herefordshire has already been submitted to the SHA with Herefordshire Council's "in principle" support. Since then, the Council's Corporate Management Board has considered further options for a PST, and Council Officers and PCT Directors have considered the proposals in more detail, as set out in this paper.

### **Policy Context**

2. Recent central government policies relevant to this area all set a strong and increasing requirement for PCTs and Local Authorities to work in close partnership. These include children's Trust arrangements, the White Paper "Our Health, Our Care, Our Say, A New Direction for Community Service", Local Area Agreements and the emerging guidance on Local Strategic Partnerships. The Public Service Trust proposals here have been developed specifically to be an innovative and local solution to these policy drivers.
3. Children's Trusts are an important part of the Government's policy for improving Children's services. Children's Trusts are a requirement of Every Child Matters, the Children's Act 2004 and the National Service framework for Children, Young People and Maternity Services. Children's Trusts bring together all agencies and sectors that commission and deliver services for children and young people. They are based on common principles but there is no prescribed form and considerable local flexibility is encouraged to respond to local needs and opportunities. However, the DFES have provided a question and answer document on Children's Trust Governance, which provides useful guidance for establishing a local Children's Trust. This guidance indicates that Local Area Agreements and the Every Child Matters agenda should be mutually reinforcing. In Herefordshire the Children and Young People Partnership Board has agreed to develop into Children's Trust.
4. The new White Paper "Our Health, Our Care, Our Say: A New Direction for Community Services" (January 2006) sets many specific requirements for local authorities and PCTs to co-operate closely to support health and well-being. It anticipates more joint working in community needs analysis, commissioning and shared accountability arrangements. The White Paper tasks both organisations to take on a wider agenda covering community well-being, including services

such as transport, leisure and housing as well as “traditional” health and care services.

Other key White Paper requirements for integrated working are:

- Joint strategic information pooling and needs assessments of the local population.
- Possible joint appointments e.g. Director of Public Health (already applies) and Director of Adult Social Services.
- Public health resources integrated and brought to bear across the local public sector.
- Joint commissioning teams – working to new combined guidance from the Department of Health.
- National performance assessment regimes for PCTs and LAs to be merged, and to assess specifically the integration of commissioning.
- Aligned planning and budget cycles for the NHS and LAs from 2007/08
- A single complaints system for the NHS and Local Authorities.

All of this integrated activity is seen as taking place under the umbrella of the LSP as the “partnership of partnerships” and with the LAA as the framework for delivery. A Public Service Trust offers a real opportunity to step beyond current partnership working to a more radical and streamlined model in response to the White Paper.

5. The Herefordshire Local Area Agreement is currently under development and is one of 13 single pot agreements which are being negotiated for sign off in April 2006. The Local Area Agreement has four key themes which it is proposed will form the basis of the thematic groups supporting the revised Herefordshire Partnership structures. Following a comprehensive consultation process the Herefordshire Plan is being reviewed and new governance arrangements are being developed for the Herefordshire Partnership (Herefordshire’s LSP). The ODPM has also issued a consultation paper on LSPs entitled LSP “Shaping their Futures” which includes advice on the governance of LSPs. This paper proposes that LSPs should be the overarching partnership in a locality and that they should move from the role of advisory bodies to take on a more proactive role as commissioning bodies.
6. The Local Area Agreement process puts LSPs at the centre of negotiation, delivery and monitoring of the priority outcomes of a local area. It is proposed that the Herefordshire Partnership governance arrangements will be reconfigured around the four themes of the Local Area Agreement. The LSP guidance also suggests that Children’s Trusts should be the primary partnership vehicle for delivering the Children and Young People’s theme of the Local Area Agreement. The Public Service Trust proposal is based on the PST being fully embedded in the structures of the Local Strategic Partnership and LAA. It takes as the key content of the PST the “Children’s and Young Peoples” block (or theme) and the “Healthier Communities and Older People” block. Their inclusion would allow integrated working relationships between the Council and PCT within the single PST, and with potential at a later stage for considering further blocks for inclusion

in the PST as the unit to drive and deliver implementation.

### **Local Context**

7. Earlier papers to Cabinet about the PST have also highlighted:
- The importance to local people of maintaining local accountability in the form of a Herefordshire PCT controlling local NHS resources, and of local unitary government.
  - Past achievements of the Council and PCT in realising the benefits of co-terminosity. Besides joint structures and shared teams, some of the tangible examples include:
    - Jointly commissioning and funding a new Community and Social Care facility at Kington.
    - Joint development of the SHAPES programme offering exercise, lifestyle and rehabilitation programmes.
    - Integrated mental health, learning disabilities and other services.
    - Joint COMPACT with the voluntary sector.
    - Joint team working on public involvement for health and social care.
    - Primary care based/attached social workers.
    - Joint approach to emergency planning and health protection – tested to the limit by the Legionnaires outbreak.

Paragraph 12 sets out why the formation of a Public Service Trust can better meet the new and greater expectations of joint working, rather than simply continuing with current joint working arrangements.

### **The Public Service Trust Role and Responsibility**

8. The Public Service Trust would bring together the Council's and PCT's broad commissioning (i.e. needs analysis, planning and contracting ) into a single organisation to deliver the objectives of the LSP and LAA. It would not be a partnership forum, but a unit to implement actions, including the functions of:
- Commissioning and planning, including recognition of locality needs.
  - Public health, and health protection/promotion.

In addition there is scope for the Council and the PCT to explore joint corporate arrangements for performance management and public and service user involvement/information in the wider context of the LSP.

A recent paper by the Local Government Association (“The future of health and adult social care – a partnership approach for well-being”) strongly supports the integration of these functions for Councils and PCTs.

The unit would take responsibility for all relevant aspects of these functions for the PCT and Local Authority in their entirety, to avoid duplicating skills and teams back in the “parent” PCT and LA. Accountability would rest in the PST Board, and from there back to the Council and to the PCT Board (paragraphs 13 to 15 and Appendix 1 describe governance arrangements).

The PST will be responsible initially for services and issues relating to the two LAA “blocks” of:

- Children and young peoples’ services
- Healthier communities and older people

These blocks do not operate in isolation and it will be essential to ensure there are appropriate links with a range of other services such as:

- Leisure, housing, transport and environmental services as they relate to the well-being and health of communities, and the LAA.

The Council will wish to ensure sufficient focus on these areas within the PST, especially in the light of the need to address performance and budget issues here. It will also be essential to sustain closer integration of children's social care with education services, and closer integration of adult social care with community services.

It is proposed that alongside work to establish a new PST, potential additional content is explored, to test whether additional LAA blocks, and broader PCT or Council functions might be added, to streamline functions and avoid wasteful duplication. This work will also need to consider implications for other LSP partners.

9. The proposed PST is a commissioning structure, and as such it would not be appropriate for service provision to be included, however the joint discussions have identified potential for more joint provision of service. The PCT is exploring options for the future of its own provider services, especially social enterprise models (NHS social interest “not for profit” companies) as described in the White Paper. It is proposed that future joint discussions explore whether PCT and relevant Council provider services could come together in a separate “Social Enterprise”, commissioned by and working with the PST as a means of delivering service change.

Over time, it is possible to envisage a scenario in which PCT provider services sat within a separate social enterprise model, allowing remaining “parent” PCT functions to be consolidated into the PST.

The PCT has had discussions with the SHA and other NHS mental health providers about forming a Foundation Trust for mental health. However, the Council would also be interested to explore if a joint provider service vehicle could provide an innovative means of delivering mental health and learning disability services with joint local management within the County.

### **The Vision of the PST**

10. Our vision is that the PST will support and improve the health, well-being and prosperity of Herefordshire people. It will be more effective at delivering this agenda by bringing together the commissioning of a wide range of relevant services in one

organisation, sharing resources and integrating our approach.

### **Benefits**

11. A Public Service Trust should only be pursued if it offers clear benefits for the public, service users, patients and carers. Key benefits to be realised include:
- Creating a more effective force to sustain and develop a vibrant local economy, and deliver the targets of the LAA.
  - Providing stronger commissioning of services for the public, by combining scarce commissioning capacity, with the aim of improved performance and better outcomes for individuals and communities.
  - Providing stronger market management and more opportunity to develop innovative provision through joined-up commissioning.
  - Opportunities for better value for money and cost savings by combining resources/sharing services (see paragraph 19).
  - Creating a formal governance arrangement to deliver:
    - Children's Trust arrangements.
    - Public health joint programme.
    - Key parts of the LAA.
    - A mechanism for GP practice based commissioners to work with commissioners of broader services, beyond health. A HPST could, for example, develop annual accountability agreements with practice based commissioners including public health targets.
  - A “rural proofed” solution to achieve viable services for relatively small rural populations, distant from other population centres, by combining LA and PCT commissioning requirement (e.g. Kington Court).
  - Potential for an integrated team working on public engagement and information within the broader context of the LSP– more opportunity for the public to talk to and have a voice with joined-up local services, and to develop the links between public service information, public health requirements, and community development work.

### **Public Service Trust versus Partnership Working - Beyond Partnership Fora**

12. In theory, at least some of the benefits listed above for the PST could be achieved simply by partnership working. However, experience strongly suggests that an integrated unit will be more effective, especially in:
- Potential for clearer and more targeted working, via work taking place in one unit, rather than requiring ongoing duplication between two organisations.
  - Stronger information pooling and needs assessment, leading to better understanding of overall priority issues. In turn this should lead to better services and improved health and well-being. The Director of Adult and Community

Services, Director of Children's Services and Director of Public Health will be the key individuals in the PST tasked with this.

- Being held accountable, via a single Chief Operating Officer and Board, for delivering change in a more focused and robust way than partnership fora tend to provide.
- Providing a single commissioning focus which practice based commissioners can link with, over social care and various well-being related services, and which recognises locality needs.
- Opportunity to unify and clarify currently disparate Section 31 arrangements, and strengthen the resources needed to deliver the services including reviewing the financial and service risk sharing arrangements.

### **How will the PST deliver the benefits?**

#### **Governance Arrangements**

13. The PST will be a unit consisting of integrated teams, accountable to a PST Board, which in turn has lines of accountability to the Council and PCT. It will be founded on the principles of joint appointments, co-location and a single set of objectives it must deliver. Although the PST is a technically "virtual" organisation rather than a statutory one, almost all individuals in the PST would have all their time allocated there, rather than being split between the PST and either the Council or PCT.
14. The PST governance model needs to be fully embedded in the decision-making and performance management structures of the Herefordshire Partnership and Herefordshire Local Area Agreement. This has been taken account of in these proposals. The new PST Board could subsume and replace the current Section 31 Boards, and could provide the overarching governance structure for Children's Trust arrangements. Resolving this detail features in the attached action plan (Appendix 2).
15. Three options for governance are set out in the appendix, with discussion of the pros and cons of each. Cabinet is asked to support Option 2, to be taken forward for more detailed working up.

#### **Budgets**

16. All relevant commissioning and public health budgets would be devolved to the PST, using Section 31 flexibilities. The PST Board would then be accountable to the Council and PCT for those budgets against the delivery of an agreed plan (see below). The PST should be well placed to take advantage of the aligned planning and budget cycle promised by central government for the NHS and LAs for 2007/08.

#### **Accountabilities/Failure to Agree**

17. The Public Service Trust Board will be accountable to the Council and PCT respectively for delivery of the PST's objectives, including financial balance and statutory responsibilities including the requirement not to act ultra vires. The seniority of membership of the PST Board is intended to support a high degree of devolved responsibility. Accountability mechanisms need to be developed in detail, but are likely to focus on the agreement with the PCT and Council of, a three-year plan combining the LAA and the Local Delivery Plan. The promised alignment of central planning cycles and commissioning guidance for Councils and PCTs should facilitate

this.

18. Clear arrangements to deal with failures to agree are needed. Current Section 31 agreements provide a basis to build on, including an escalation/arbitration procedure involving the SHA and Council Chief Executives, and a protocol for dealing with financial problems which takes into account the organisations' proportional contributions.

### **Shared Services**

19. The PST provides an opportunity for the wider Council and PCT to share back-office functions (whether outsourced or provided by one organisation for the other) to reduce costs and add value but it may well be more productive to consider these in the wider context of the LSP.

The following services are proposed for more detailed consideration:

- ICT
- Finance
- Human Resources
- Communications
- Legal Services
- Estates and facilities
- Transport
- Procurement
- Complaints
- Information/public involvement/public relations.

Shared services arrangements could offer benefits regardless of the progress of the PST, and it is therefore recommended that they be explored in any event.

The potential social enterprise organisation for provider services (see paragraph 9) might provide a base for local shared services.

### **Next Steps**

20. The next key milestones are:
  - 8 March 2006: Meeting of Council Officers and PCT with the SHA, to assess support for and fitness for purpose of the Public Service Trust.
  - April 2006: Decision regarding Herefordshire PCT Public Service Trust.
  - 1 October 2006: New PCT with affordable structure to be in place.
  - End 2008: All PCT management cost savings to be achieved.

## **Risk Management**

Key issues are:

The formation of the Public Service Trust represents the best safeguard currently against the risk of loss of local Herefordshire decision-making and accountability on health matters.



Appropriate joint project planning and management will be essential to ensure the robust formation of the PST.

## **Consultees**

## **Background Papers**

**Appendix 1 - Governance Options**

**Appendix 2 - Action Plan**

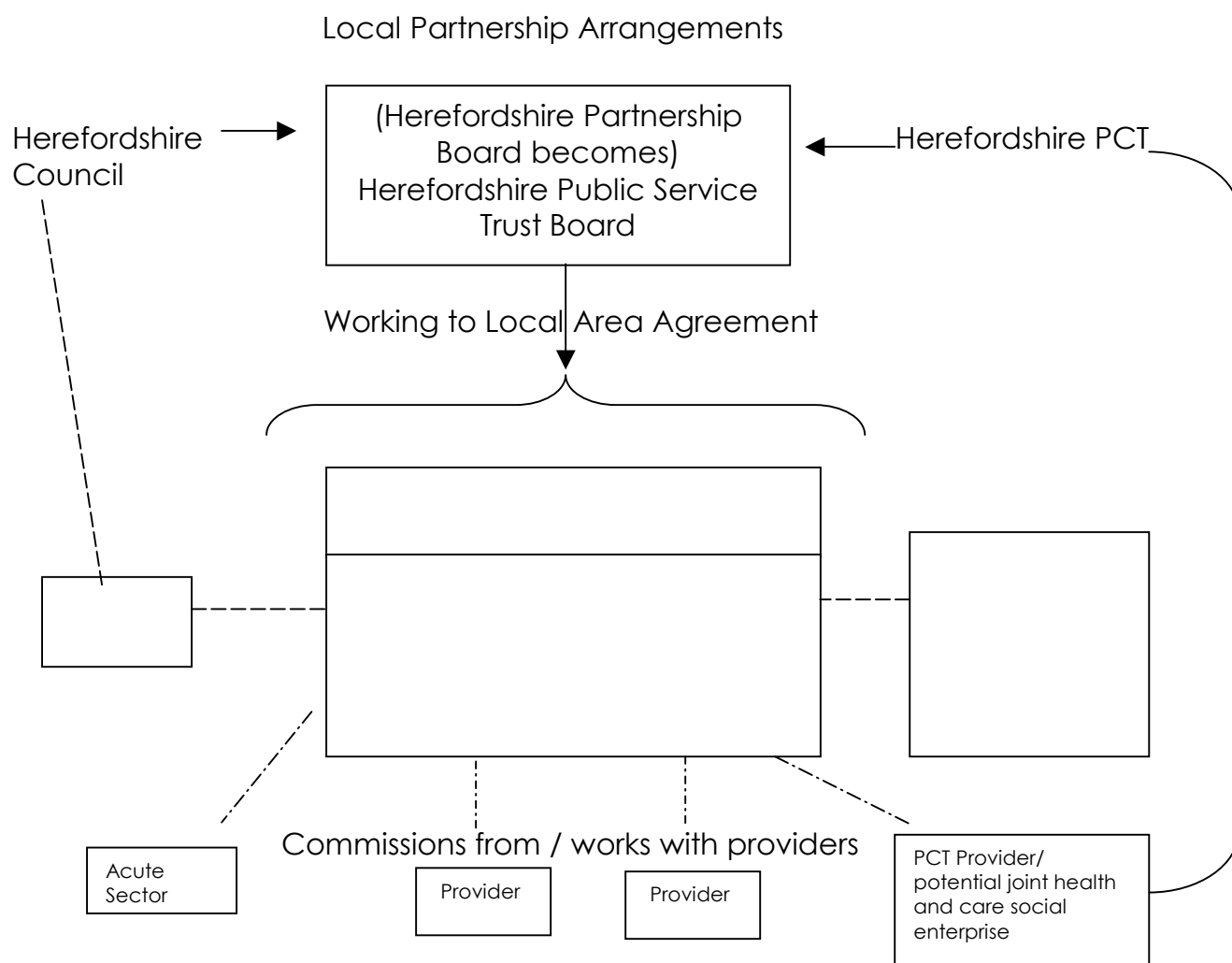


**PUBLIC SERVICE TRUST (PST)**  
**THREE OPTIONS FOR GOVERNANCE**

Three options are presented here, of which Option 2 is the recommended option.

**Option 1**

- Structure consistent with and under umbrella of, local partnership arrangements.
- The current Partnership Board in its entirety becomes the Board of the Public Service Trust, which then forms a separate organisation with a senior management team, and consists of unified, jointly appointed teams from Council and PCT.
- Accountability is from the Council and PCT to the Partnership (now Public Service Trust) Board ie as now.
- Overview and Scrutiny Committee scrutinizes the PST.
- Clinicians and practice based commissioners work with the PST (exact mechanisms to be identified).
- The PST commissions services from a range of providers. One option could be a new joint social enterprise organisation, including PCT provider services and social care provider services.
- The two Local Area Agreement “blocks” of children and young people, and healthy communities and older people, form the basis of the PST’s work.



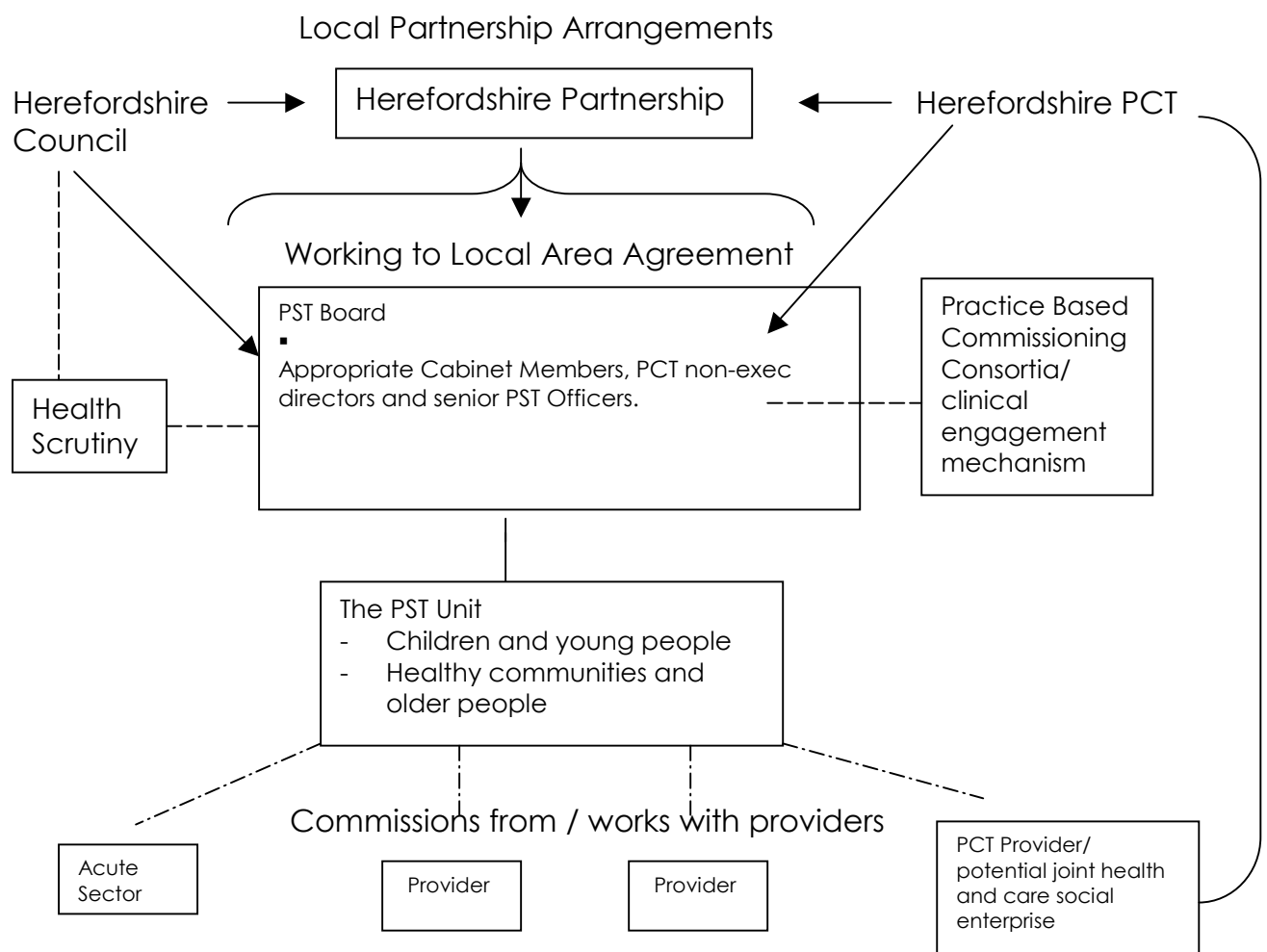
## Pros and Cons

- Many organisations on the Partnership Board are not Herefordshire-coterminous.
- Some have lesser degrees of responsibility for the core remit of the PST.
- PST is likely to be more effective as a new organisation if focuses initially on key functions and therefore key stakeholders, and develops a longer-term plan for wider inclusion.
- Therefore this is not a preferred option.

## Option 2

As per Option 1 but the key difference is that the PST now has its own Board drawn from the Council and PST, rather than the much wider Herefordshire Partnership Board acting as PST Board. However, the PST is still firmly embedded in Partnership arrangements. The Board consists of key elected members (Cabinet members for children and adults), Non Executive Directors and jointly appointed senior managers, including a Chief Operating Officer. Those senior managers lead jointly appointed, unified teams in the PST. Accountabilities are still from the PST Board to the Council and PCT.

Other points as in Option 1.



## Pros and Cons

- Sufficient for governance but remains streamlined.
- Requires appropriate membership to reflect Childrens Trust requirements and subsume Section 31 Boards.
- Sufficient seniority to allow substantial delegation.
- Preferred option.

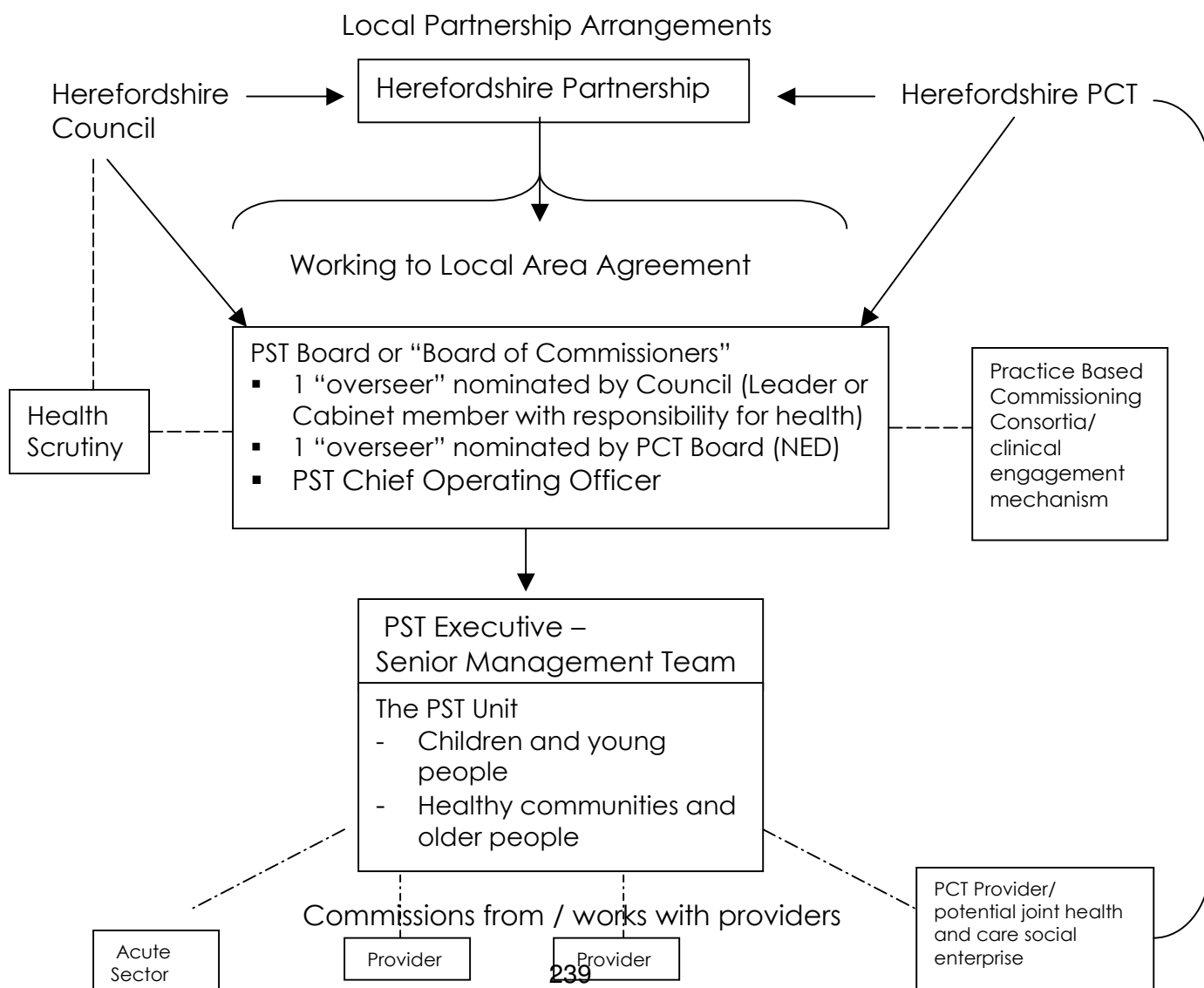
## Option 3

As above but the PST Board or “Board of Commissioners” consists of a very streamlined structure of three individuals ie:

- One Council representative (eg Council Leader or Cabinet member with responsibility for health)
- One PCT representative (eg Chairman or other Non Executive Director)
- Jointly appointed Chief Operating Officer

The PST then has an Executive formed of senior, jointly appointed managers who lead unified, jointly appointed teams in the PST Unit.

Other points as in Options 1 and 2.



## **Pros and Cons**

- Very streamlined but does Board offer enough governance assurance given numbers?
- Significant burden on small number of individuals. Concerns about realism especially if the individuals concerned were the Council Leader and PCT Chairman, with their other responsibilities.
- Could lead to additional recourse (and duplication) back to Council and PCT compared to Option 2.
- Therefore this is not a preferred option.

### Action Plan for Implementing Herefordshire Public Service Trust

Key Area	Action	Timescale
<b>ADDRESSING FUNDAMENTALS</b>		
1. Adopt signals of commitment	Joint consideration of all related posts over £35k for joint appointment; jointly look for available co-locations	Immediate
2. Project arrangements	Establish Project Steering Group, project structure and project plan	March – April
3. Staff engagement	Develop structured plan, including regular briefings and inclusion in working groups	March
4. Stakeholder engagement	As for staff, with other LSP partners, practice based commissioners, clinicians, etc	March
5. Audit	Audit current work, including contracts, providers, work in progress, teams	March – April
6. Needs assessment	Work jointly on information sharing and needs assessment	March & ongoing
7. Self-assess capability	Agree and apply diagnostic tools/benchmarks to take stock	April
8. Shared services	Develop plan to review all relevant services/plan sharing	April
<b>SHAPING THE NEW ORGANISATION</b>		
9. Governance	Confirm detail of governance structures, including fit with Section 31s, Children's Trust arrangements and clinical engagement	March - April
10. Strategy	Set out and validate strategy assumptions – confirm strategy and key objectives	April - September
11. Information	Audit information availability and systems – plan integrated approach	April – September
12. Finance	Establish finance and budgetary systems	April - September
13. Performance management	Establish performance management systems	April – September
14. Accommodation	Identify preferred accommodation solution and explore options	April – September
<b>MANAGING TRANSITION</b>		
15. Posts	Identify and fill most senior posts	June – July
16. Transition	Establish a team to handle practicalities of transition	June – July
17. Practicalities	Handle staffing, location, set-up issues	June – September
<b>BUILDING ORGANISATIONAL CAPACITY</b>		
18. Board	Establish new Board and address board development needs	September
19. Management Team	Determine roles; confirm team structures; address development needs	September
20. Culture	Develop a structured development programme to promote integrated working from all staff. Ensure the culture supports this	October onwards
21. Stakeholders	Develop and review links – including clinical engagement and links to LSP partners	October onwards
22. Functions	Review and address development needs of key functions – commissioning, public health, etc	October onwards

