

CHIEF EXECUTIVE'S OFFICE

Chief Executive: N.M. Pringle

TO: ALL MEMBERS OF THE COUNCIL

Your Ref:

Our Ref: NMP/CD

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2nd March, 2006

Dear Councillor,

YOU ARE HEREBY SUMMONED to attend the meeting of the County of Herefordshire District Council to be held on **FRIDAY, 10TH MARCH, 2006** at **The Assembly Hall, The Shirehall, Hereford** at **10.30 a.m.** at which the business set out in the attached agenda is proposed to be transacted.

Please bring the Budget Book and Corporate Plan which accompany this agenda to the meeting. A copy of the Local Transport Plan is also included for those Councillors who have not yet received a copy. Those who have received a copy already (Cabinet Members, Members of the Strategic Monitoring Committee, Group Leaders and the Chairman of the Council) are asked to bring it to the meeting.

Please note that 30 car parking spaces will be reserved at the Shirehall and 10 car parking spaces at the Town Hall for elected Members.

Yours sincerely,



N.M. PRINGLE
CHIEF EXECUTIVE



A G E N D A

COUNCIL

Date: **Friday, 10th March, 2006**

Time: **10.30 a.m.**

Place: **The Assembly Hall, The Shirehall,
Hereford**

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

For any further information please contact:

*Christine Dyer, Members' Services
Manager and Executive Officer*

**Tel: 01432 260222, e-mail:
cdyer@herefordshire.gov.uk**

**County of Herefordshire
District Council**

AGENDA

for the Meeting of the COUNCIL

To: All Members of the Council

	Pages
1. PRAYERS	
2. APOLOGIES FOR ABSENCE To receive apologies for absence.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on this Agenda.	
4. MINUTES To approve and sign the Minutes of the meeting held on 10th February, 2006.	1 - 16
5. CHAIRMAN'S ANNOUNCEMENTS To receive the Chairman's announcements and petitions from members of the public.	
6. QUESTIONS FROM MEMBERS OF THE PUBLIC To receive questions from members of the public.	
7. QUESTIONS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS To receive any written questions.	
8. NOTICES OF MOTION UNDER STANDING ORDERS To consider any Notices of Motion.	
9. CABINET To receive the report and to consider any recommendations to Council arising from the meeting held on 23rd February, 2006.	17 - 82
10. COUNCIL TAX AND REVENUE BUDGET RESOLUTION 2006/07 To set the Council Tax amounts for each category of dwelling in Herefordshire for 2006/07 and to calculate the Council's budget requirements.	83 - 98
11. WEST MERCIA POLICE AUTHORITY To receive the report of the meeting of the West Mercia Police Authority held on 14th February, 2006. Councillor B. Hunt has been nominated for the purpose of answering questions on the discharge of the functions of the Police Authority.	99 - 104
12. HEREFORD & WORCESTER FIRE AND RESCUE AUTHORITY To receive the report of the meetings of the Hereford & Worcester Fire and Rescue Authority held on 15th December, 2005 and 15th February, 2006.	105 - 110

The Public's Rights to Information and Attendance at Meetings

YOU HAVE A RIGHT TO:-

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public Register stating the names, addresses and wards of all Councillors with details of the membership of the Cabinet, of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50, for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.
- A member of the public may, at a meeting of the full Council, ask a Cabinet Member or Chairman of a Committee any question relevant to a matter in relation to which the Council has powers or duties or which affects the County as long as a copy of that question is deposited with the County Secretary and Solicitor more than seven clear working days before the meeting i.e. by close of business on a Tuesday in the week preceding a Friday meeting.

Please Note:

Agenda and individual reports can be made available in large print, Braille or on tape. Please contact the officer named below in advance of the meeting who will be pleased to deal with your request.

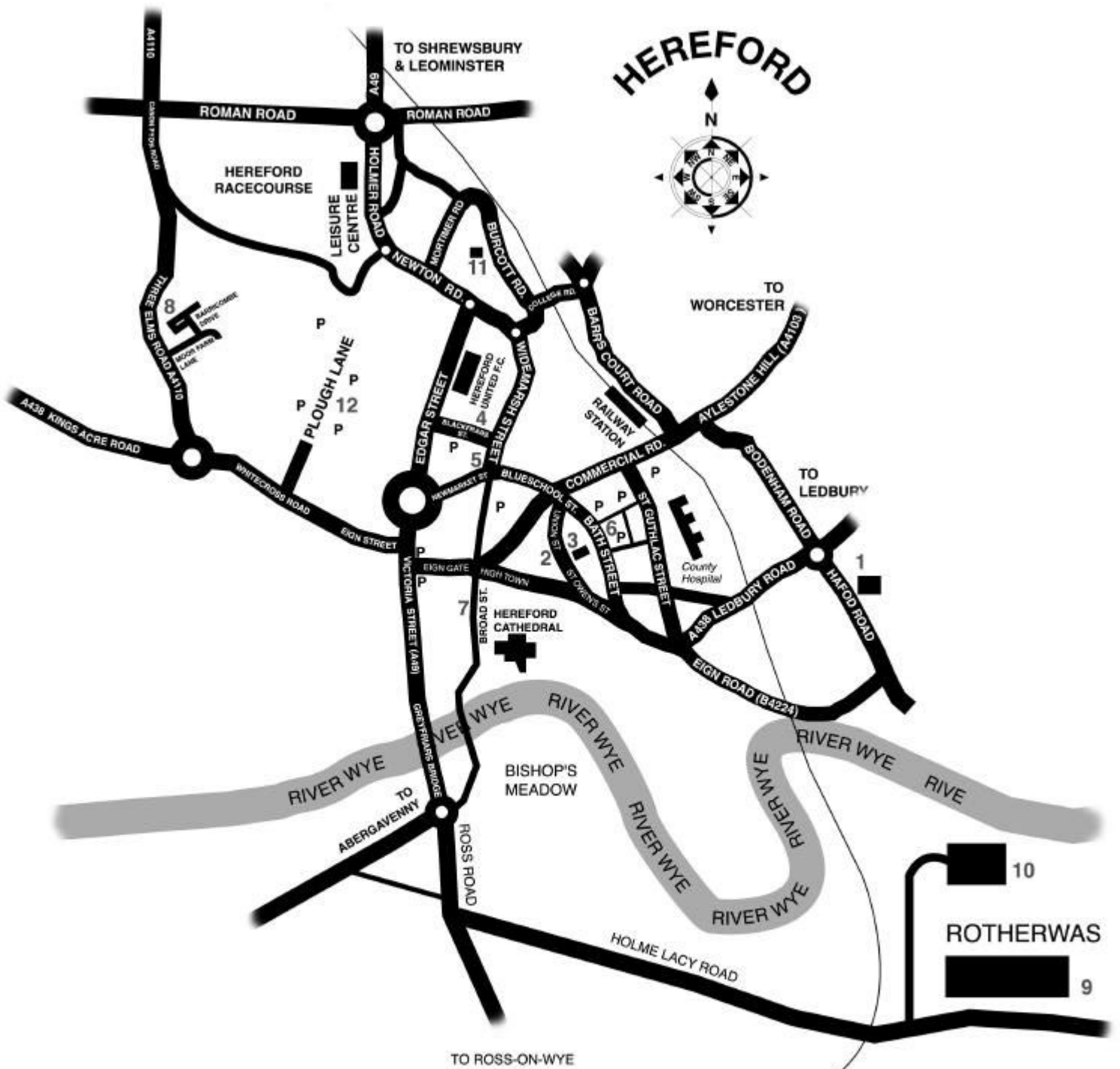
The meeting room is accessible for visitors in wheelchairs via the main entrance by prior arrangement. Please telephone 01432 272395

A map showing the location of the Shirehall can be found opposite.

If you have any questions about this Agenda, how the Council works or would like more information or wish to exercise your rights to access the information described above, you may do so either by telephoning Mrs Christine Dyer on 01432 260222 or by visiting in person during office hours (8.45 a.m. - 5.00 p.m. Monday - Thursday and 8.45 a.m. - 4.45 p.m. Friday) at the Council Offices, Brockington, 35 Hafod Road, Hereford.



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|---|------------------|----|-----------------------------------|
| 1 | Brockington | 7 | Kemble House |
| 2 | Town Hall | 8 | Trinity House |
| 3 | Shire Hall | 9 | Thorn Office Centre |
| 4 | Education Centre | 10 | Herefordshire Commercial Services |
| 5 | Garrick House | 11 | Merchant House |
| 6 | Bath Street | 12 | Plough Lane |

FIRE AND EMERGENCY EVACUATION PROCEDURE

IN CASE OF FIRE

(no matter how small)

1. Sound the Alarm
2. Call the Fire Brigade
3. Fire party - attack the fire with appliances available.

ON HEARING THE ALARM

Leave the building by the nearest exit and proceed to assembly area on:

GAOL STREET CAR PARK

Section Heads will call the roll at the place of assembly.

MINUTES of the meeting of COUNCIL held at The Council Chamber, Brockington, 35 Hafod Road, Hereford. on Friday, 10th February, 2006 at 10.30 a.m.

Present: Councillor J.W. Edwards (Chairman)
Councillor J. Stone (Vice Chairman)

Councillors: Mrs. P.A. Andrews, B.F. Ashton, Mrs. W.U. Attfield, Mrs. L.O. Barnett, W.L.S. Bowen, H. Bramer, R.B.A. Burke, A.C.R. Chappell, M.R. Cunningham, Mrs. S.P.A. Daniels, P.J. Dauncey, N.J.J. Davies, Mrs. C.J. Davis, G.W. Davis, P.J. Edwards, D.J. Fleet, Mrs. J.P. French, J.H.R. Goodwin, Mrs. A.E. Gray, K.G. Grumbley, J.G.S. Guthrie, J.W. Hope MBE, B. Hunt, T.W. Hunt, Mrs. J.A. Hyde, T.M. James, Brig. P. Jones CBE, Mrs. R.F. Lincoln, Mrs. M.D. Lloyd-Hayes, G. Lucas, R.M. Manning, R.I. Matthews, J.C. Mayson, R. Mills, J.W. Newman, Mrs. J.E. Pemberton, R.J. Phillips, Ms. G.A. Powell, R. Preece, Mrs. S.J. Robertson, D.W. Rule MBE, R.V. Stockton, D.C. Taylor, J.P. Thomas, W.J.S. Thomas, Ms. A.M. Toon, P.G. Turpin, W.J. Walling, D.B. Wilcox, J.B. Williams and R.M. Wilson

54. PRAYERS

The Very Reverend Michael Tavinor, the Dean of Hereford, led the Council in prayer.

55. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Mrs. E.M. Bew, P.E. Harling, Miss F. Short and A.L. Williams.

56. DECLARATIONS OF INTEREST

The following declarations of interest were made:

Councillor	Item	Personal/ Prejudicial
Mrs. P.A. Andrews	Cabinet Report Item 9.1(ii) Widemarsh Street, Hereford	Personal
Mrs. W.U. Attfield	Cabinet Report Item 4.1(iii) Hereford City Council Service Level Agreement with Herefordshire Council, and Item 6.1(ii) Voluntary and Community Sector Support Strategy	Personal
A.C.R. Chappell	Cabinet Report Item 4.1(iii) Hereford City Council Service Level Agreement with Herefordshire Council, and Item 6.1(ii) Voluntary and Community Sector Support Strategy	Personal
J.W. Edwards	Cabinet Report Item 8.1(i) - Update on the Operation of the Herefordshire Code of Practice for the Temporary Agricultural Use of Polytunnels	Prejudicial
D.J. Fleet	Cabinet Report Item 9.1(ii) Widemarsh Street, Hereford	Personal
Mrs. M.D. Lloyd-Hayes	Notice of Motion	Personal

R.J. Phillips	Cabinet Report Item 9.1(ii) Widemarsh Street, Hereford	Personal
J.P. Thomas	Cabinet Report Item 12.1(iv) Community Equipment/Independent Living	Personal
Ms A. Toon	Cabinet Report Item 9.1(ii) Widemarsh Street, Hereford, and Item 4.1(iii) Hereford City Council Service Level Agreement with Herefordshire Council	Personal
D.B. Wilcox	Cabinet Report Item 9.1(ii) Widemarsh Street, Hereford	Personal

57. MINUTES

RESOLVED: That the minutes of the meeting held on 4th November, 2005 be approved as a correct record and signed by the Chairman.

58. CHAIRMAN'S ANNOUNCEMENTS

The Chairman congratulated Councillor Mrs. E.A. Taylor on her recent election as Councillor for Tupsley Ward and welcomed her to her first meeting of the Council.

He also welcomed Mrs. Sonia Rees, the Director of Resources.

He announced the death of Mr. Graham Morgan, who had previously served as a Councillor on the Herefordshire Council and prior to that on the South Herefordshire District Council.

He confirmed the appointment of Mr. Clive Richards OBE as Chairman of the Edgar Street Grid Regeneration Company and Jonathan Bretherton as the Chief Executive.

PETITION

The Chairman received a petition prior to the meeting from the Jason Jones Memorial Committee which is seeking to find land where they can supervise youngsters riding their bikes and also offer health and safety advice etc. He passed the petition to Councillor R.V. Stockton, Cabinet Member (Community Services).

59. QUESTIONS FROM MEMBERS OF THE PUBLIC

Under the Constitution a member of the public can ask a Cabinet Member or Chairman of a Committee any question relevant to a matter in relation to which the Council has powers or duties, or which affects the County, as long as a copy of the question is deposited more than six clear working days before the meeting. Eight questions had been received in time to be included in the agenda. The questions and responses are set out below:

Question from Philip Taylor, Hereford

"Following the last full council meeting on 4th November 2005 I was so pleased to hear the leader of the council, Cllr Roger Phillips' reply to the question put to him by Cllr Marcelle Lloyd-Hayes. She asked him whether there were any discussion being held regarding putting a supermarket on the Edgar Street Grid. He replied, "No, not to my knowledge, not at all."

My question is, whether we, the public, can be reassured that Cllr Phillips' assertion at the last full council meeting on 4th November 2005, that he did not know of any

discussions being held regarding putting a supermarket on the Edgar Street grid, will indeed mean that no supermarket will be build on the grid. I am also opposed to the Tesco supermarket being transferred from the Bewell Street site. As a 21 year old post graduate currently training Worcester University for my PGCE, I feel it would be better for Hereford not to have any additional supermarket there. We need many more things for the youth of Hereford, not a supermarket."

Councillor R.J. Phillips, the Leader of the Council responded by saying that the Edgar Street Grid masterplan envisages the development for retail and mixed uses of the Livestock Market site and provision for an enhanced retail development which complements existing city centre uses. The emerging Unitary Development Plan provides for what is described as a Class A1 retail use. This Class embraces all forms of retail, including but not limited to food retail. No specific proposals are yet available for the form that this retail provision will take. The masterplan also lists additional uses for the Edgar Street Grid site, such as cultural and leisure facilities. The final retail use of the Market site will be subject to planning permission which will include further consultation.

Question from Rob Hattersley, Hereford

"Have the Council done an assessment of the economic impact on the city centre of any increase in retail capacity on the Edgar Street grid and if not, do they intend to? Will the Council publicise the results of such an economic impact assessment, and provide time for public debate and scrutiny to allow city centre retailers and their customers a chance to add their voice to the debate? How important do the Council believe it is to prove that the diversity of Hereford city centre will be enhanced and not compromised by competition from big off-centre retailers, before giving those retail developments the go-ahead?"

The Leader replied that work undertaken for the Unitary Development Plan has included a Retail Assessment which identified a range of additional retail provision which is necessary if Hereford is to maintain its role and status as a sub-regional shopping centre. Provision for such development is made in the Plan, including the Livestock Market site. To this end the site has been included within an expanded Central Shopping and Commercial Area. These provisions in the Plan have all been considered by the independent Inspector at the UDP Public Inquiry in 2005. He will recommend on the need for further retail provision and whether such new development should be located as proposed on the Livestock Market site. Impact assessments are not required for town centre uses which are within the defined city centre. The Leader reiterated his previous answer and confirmed that, as part of the planning permission process, reports will be made available for public scrutiny and result in public debate.

Question from Edward Owen, Hereford

"I just wanted to raise a few questions for discussion at the next council meeting about a use for the old Denco car park. I understand there has been some interest in using the site for some sort of skatepark and I wanted to address this issue.

I have been involved in skateboarding for over 5 years now and over that time I have seen that sport, along with BMX and rollerblading, become very popular, to the point where I feel it warrants as much attention as sports like football. However, activities such as football are catered for very well, with facilities for its pursuit widely available, in contrast to skateboarding which is ignored. If skateboarding were even nearly as popular, then why is it so poorly catered for ?

Hereford is a large city, but, after the decommission of the ramps at Whitecross, it has only one real dedicated location for skateboarding, the park in Newton Farm. The construction of the small skatepark in Hunderton is a step towards improving the situation, but it is not nearly enough. There is no easily accessible, well designed skatepark to cater for the large numbers of young people who need somewhere in Hereford. Why does the council treat skateboarding differently ? Obviously skating in schools or other public places is restricted, yet the council does not provide an alternative.

Wouldn't it make perfect sense to use the site in question to construct a skatepark which would fill the void that currently exists? Is the council even aware that it needs to do something to correct the problem of young people not having a dedicated site ?

I have heard news over the past few years of various plans to build a good skatepark in Hereford, but they have all gone nowhere. Does the council realise that this is the best chance to finally give the 'wheeled sport enthusiasts' of Hereford what they need ?

The situation of a skatepark in Hereford needs to be resolved, and this is the perfect opportunity to do so. The site near Denco would be a great location, so why not make use of it?"

Question from Spencer Davies

"My names spencer davies. Im 17 yrs old, i go to HCS college. Im emailing you about the new idea of a skatepark being built near the leisure centre. Im a skateboarder and i skate pretty much all the time out of college hours. I'm so glad to hear that theres actually thoughts about a new park being built north of the river.

However, as good as it is to hear this idea, it could also go horribly wrong.. What do i mean by this?

Ive been and seen a number of places around the UK and USA. Ive recently watched a video where a pro skateboarder was asked to plan a "skate plaza" in the town of kettering, Ohio, USA. What he did was go to the street spots where he skated, take measurements, ideas and whathaveyou and try and REPLICATE these spots. Its not necessarily a skate park but a "park to skate in" if you see what i mean?

It doesnt even need to be so high tech with so many ramps and huge out of proportion obstacles, it could be so much more simple. i.e. these street spots that we want to skate so much yet we get kicked off by the staff, managers, security and then the police. The latter occurs because we go back to the place as we love it so much.

I dont really have any major questions to ask... but all i want to say is dont make a park with no planning and thoughts which will end up not being used to its full capacity (which is what we want right?). If anyone needs a guidance just take a look at recent projects in the UK (stoke-on-trent plaza and prissick plaza in middlesbrough)."

Question from Christian Montez

"Don't you think that it is about time for people of Hereford to get a decent skate park. We skate the streets and get treated like terrorists, frowns and abuse from passers by, stopped and searched by the police. It isn't even illegal to skateboard

through high town, even though we get threatened with legal action and the confiscation of our boards. Even if you ask the police to quote which laws you are breaking they can never tell you. We cant skate the parks because they are either too dangerous due to them falling apart such as white cross, or they are been used as crack dens and or places where prostitutes practice their arts such as under the ramps at newton farm. The council at the moment are surly liable for being sued for the state of the ramps at white cross, if someone comes off and slices themselves open on the splintered de-laminating wood it think you guys would be in trouble.

It is about time the north of Hereford got a skate park, and a decent one at that. Hereford has now got a large growing population of skateboarders, bmx riders and bladers etc that need to be accommodated. Its about time the backwards people in Hereford got down of their high chairs and did something that they didn't directly got a benefit from. If they are that worried about young people in town, build the park at Denco. It is perfect! easy access from town, down the back of Sainsbury and there are already plenty of zebra crossings in place for people to safely cross.

Common guys don't you think its time you did something for us? after all we are going to be the people in charge of your nursing homes ;)"

Question from Eliot Sargeantson, Fownhope

"just a letter to say , lately there has been a lot of hassle from police and members of the public about skaeboarders and bmxers riding in and around town, although i have been told by a member of Hereford council that it is legal to skateboard in town, the police are saying otherwise. there is currently nothing available on the north side of the river and i was wondering whether anything is going to be done about it. i have asked several times over the period of the last six years and nothing has ever come of it. please help us out."

Question from Nick Galloway

"Why? unlike every other major city and country in Europe has Hereford taken so long to acknowledge these activities as serious and permanent sports and leisure activities, that are soon to be acknowledged by other nations as Olympic sports come Beijing 2008, and why it has become such a long winded process since most elder members of the public lived through the boom during the 1970s and why the opinion of Hereford's public has changed so dramatically in the last 30 years?"

Councillor Stockton Cabinet Member (Community Services) said that the acceptance of skateboarding as a legitimate sports and leisure activity by the Herefordshire Council and its predecessor Councils has been well founded. Provision for young people has been afforded at Ross-on-Wye and at two locations in Hereford City over the last decade.

The reasons why such provision has not been extended or developed are twofold: there has never been, until now, a co-ordinated body of support for the activity that have served to develop the sport at a local level, and it has not been possible to identify an appropriate site to develop a large-scale facility to service the needs of experienced participants.

Although it is recognised that significant efforts have been made to resolve these issues, there is still a great deal of work to be done to ensure that these essential building blocks are in place.

Skateboarding and bmx bike racing in themselves are not illegal activities. The question of illegality will depend on the specific location of activity and impact that it

has on the safety and wellbeing of others. On grounds of health and safety, the Whitecross facility was decommissioned in August of last year. A replacement structure of the same material will not be contemplated. Any new facility will be properly commissioned to ensure sustainability and fitness for purpose.

The Council are working in partnership with others, such as Hereford City Council, to try and identify a suitable site for the development of a stand alone facility for skateboarders and practitioners of wheeled sports.

The Council continues to investigate the potential of the site of the former Denco car park for the provision of a dedicated skatepark facility.

Question from Lionel Meredith, Hereford

"Can the tax payers be made aware of the financial cost of the failure of Herefordshire Council to locate relevant case notes in a recent case (September 2005) concerning street trading and what action has been taken to ensure that such mismanagement will not reoccur?"

Councillor Mrs. J.P. French, Cabinet Member (Corporate and Customer Services and Human Resources) replied that the Council's Legal Services Section has an enviable record of success in prosecutions brought on behalf of Herefordshire Council. Most recent available figures demonstrate a success rate of in excess of 95% better than that achieved by other public bodies. Success rate is not the only or best measure of effectiveness. It would be easy to achieve 100% success by only taking the most straightforward cases.

The case in question was one where the defendant was initially convicted in connection with the prosecution brought by the Council in the Magistrates Court. The defendant appealed to the Crown Court on six grounds, all of which, with the exception of one technical argument were rejected by the Court. However, in view of the fact that one of the arguments succeeded, the appeal was allowed. No costs order was made against the Council. The defendant was entitled to costs from "central funds" which means effectively that he will be paid by central government. An order for costs from central funds is the usual order where it cannot be established, to the Courts satisfaction that the prosecuting Council was unreasonable in bringing the case.

The sole ground of appeal, which was allowed by the Court, was a temporary inability to produce a bound volume of resolution of the Council in the shadow period in 1997 prior to it becoming operational from 1st April 1998. Procedures have been reviewed with regard to record keeping in respect of historic resolutions of Council. This will ensure that these can be readily produced in future should technical arguments again be raised by defendants in any future prosecutions.

60. QUESTIONS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS

Councillors may ask questions of Cabinet Members and Chairmen of Committee so long as a copy of the question is deposited at least 24 hours prior to the meeting. A list of questions, set out in the order in which they had been received, was circulated at the beginning of the meeting.

Question asked by Councillor J Stone

"Will the Cabinet Member (Highways and Transportation) raise with the Highways Agency and the Chief Constable the serious impact of traffic diversion on villages like Luston when the A49 is closed due to accidents which happen with increasing

frequency?"

Councillor D.B. Wilcox Cabinet Member (Highways and Transportation), agreed to do so, but reminded Council that there are often few options in choosing the diversion routes which are signed when incidents occur and, even then, some drivers seem to ignore them on occasions. He advised that the Traffic Management Act 2004 had imposed new duties on the Council to facilitate traffic movement on both its own highway network and those of other highway authorities, such as the Highways Agency. In developing a comprehensive Network Management Plan for the County, it is intended that a series of key diversion routes will be reaffirmed or revised, supported by detailed operating plans, to support the use of those routes during emergencies. The Police will be included in consultations about these diversion routes.

In response to a further question Councillor Wilcox agreed that the accident record on the A49 was very bad. He said that he had been involved in discussions with the Director of Environment and the Highways Agency. A speed limit study was being undertaken between Hereford and Leominster and a safety review in Ashton was nearing completion which should lead to the introduction of a package of safety measures. Although the Council could continue to pursue a solution, he was reluctant to commit any Council funding for something which was the responsibility of the Highways Agency. He reminded Council that a reduction in the number of serious and fatal road accidents was a feature of both the Local Area Agreement and the Local Public Service Agreement.

Question asked by Councillor DJ Fleet

"In view of the Council's commitment to re-furbish High Town to a similar level of the recent refurbishment of Eign Gate, can I be informed what was the total cost for the Eign Gate refurbishment including all Design Fees, Hire charges for plant and equipment, together with the Greyfriar's storage compound and other ancillary charges. Also costs for street furniture, lighting and trees etc."

Councillor Wilcox confirmed that the Eign Gate refurbishment project was the first stage of the wider refurbishment of the city centre. The project costs to the end of January 2006 were £650,000 and within budget. These costs included design fees and contractors costs.

Individual parts of the refurbishment work, such as street lighting and trees, form part of the itemised contract for construction of the scheme and were commercially confidential. Contractors plant and equipment, together with temporary storage facilities, were incorporated into unit prices for the works contract.

In response to a further question Councillor Wilcox confirmed that the costs as at January 2006 amounted to £650,000 and that some final invoices were still to be settled. He agreed that £2 million had been allocated to refurbish the City Centre and that, although High Town was the priority, other works would be undertaken within the budget, as appropriate.

Question by Councillor Mrs. E.A. Taylor

"Regarding the pedestrianisation of Widemarsh Street, I realise that the disabled parking bays in Widemarsh Street will be lost and would like to know whether the Council has considered the possibility of making disabled parking available in the area known as Norgate Street, opposite Barclays Bank? This would be approached via West Street, turning left into Norgate Street and parking in up to eight angled bays facing Barclays Bank. Altering this junction, by cutting back the pavement, which juts out, would also assist coaches approaching the Cathedral."

Councillor Wilcox stated that when Cabinet decided to retain the Widemarsh Street pedestrianisation scheme, it also agreed to consider a range of further measures to

address many of the concerns raised during consultation on the experiment.

He advised that a review is currently being carried out of options for improving parking and waiting facilities for disabled drivers, taxis and coaches. This review will incorporate the potential to use the area at the northern end of Broad Street (Norgate Street) for parking or waiting. However, this area is open to through traffic outside the pedestrianised hours and he had some concerns about the potential for conflict between disabled vehicles and through traffic if angled parking bays were to be introduced.

He confirmed that the junction of Broad Street and West Street would be adjusted to assist turning by long vehicles such as coaches, and these works were expected to be put in hand during the summer.

Councillor Mrs. Taylor thanked the Cabinet Member for his response and urged him to look again at facilities for disabled drivers.

Questions to be asked by Councillor Mrs MD Lloyd-Hayes

1. *"Much as I support the Extracare housing project I cannot support the proposed closure of the Rose Garden in Ledbury Road for two years, this large open space is used on a daily basis by many members of the community.*

Additionally the closure of the footpath would cause great inconvenience to the public as it is a much used route by all ages to schools and to the city centre. Why cannot the council make arrangements for part of the site to be available to the public and arrange for the footpath to be diverted during the build?"

Councillor Mrs Barnett, Cabinet Member (Social Care Adults and Health) said that, with regards to the closure of the Rose Gardens open space, a Public Notice was placed in The Hereford Times in December advising of the Council's intentions with particular regard to disposal of a small section of the open space adjacent to the existing access road to enable the creation of an improved access to the proposed Extra Care site, and the temporary closure of the remainder of the open space for a period of two years. Objections or queries were invited to the proposals outlined in the Notice. As a result some concerns were raised by the local Member and some members of the public. These concerns were discussed at a meeting that she had attended along with the Cabinet Member (Community Services), and officers and the disposal of part of the Open Space was agreed together with the temporary closure of the remainder of the site for a maximum period of two years.

Further details were presented at the meeting with regard to the extent of the Flood Alleviation Works and Improvement Works proposed for the Rose Gardens site. A briefing for local members had therefore been arranged for 10th February.

A public consultation event was being arranged for 21st February between 1.30pm and 6.00pm, at Brockington. This would provide an opportunity to view the development proposals and the works proposed to the open space. Written representations will be invited through the Public Notice.

The Housing Association developing the Extra Care Scheme are seeking closure of the footpath only, for a period of eight weeks to enable improvements to the access road running parallel to the footpath. Councillor Mrs. Barnett regretted any inconvenience this would cause to those who used the footpath.

Councillor Mrs. Lloyd-Hayes asked why consultation had not taken place prior to the public notice being published. Councillor Mrs. Barnett replied that, in an effort to progress matters quickly, some things may not have been done in the right order, but these were being put right.

2. *"Following the commendable work by Jarvis of cutting back the dense vegetation from Eign brook alongside the Extracare development, will the Council continue to keep the brook clear of debris on a regular basis as it flows between the Meadowbank development and Brookside area en route to the river?"*

Councillor Mrs. Barnett advised that the Council was responsible for ensuring that the Eign Brook was properly maintained and would continue to discharge its responsibilities for maintenance and supervision of this critical watercourse. The Council is currently liaising with the Environment Agency who will be taking over responsibility for critical ordinary watercourses in the County in the near future.

61. NOTICES OF MOTION UNDER STANDING ORDERS

Councillors Mrs M.D. Lloyd-Hayes had submitted the following notice of motion:

I would like to propose that the recently vacated Denco car park site, adjacent to the Hereford Leisure Centre be the location for a skatepark facility to serve the many young people who have been working towards this objective for more than a decade.

The vacated Denco site is not in a residential area and planning permission for change of use to a Skatepark was granted in November 2005 . This is a unique opportunity for the local authority to actively support young people. No other suitable site has become available for years and the Leisure Centre will benefit from increased usage.

In collaboration with other partners, we believe this site would provide a much needed resource for young people, improving health, reducing anti-social behaviour and providing much needed pleasure. We would welcome the investment of the Herefordshire Council for our younger generation.

Although Urgency had been requested, under SO 4.22.2 the Chairman ruled that the matter was not urgent, as the Leader had provided an assurance that no irrevocable steps would be taken prior to a report being submitted to Cabinet.

Councillor Mrs. Lloyd-Hayes moved urgency and that motion was duly seconded. However, the motion was defeated and the matter was referred to the relevant Cabinet Member for potential consideration by Cabinet.

62. CABINET

The Leader of the Council, Councillor R.J. Phillips, presented the report of the meetings of Cabinet held on 17th November and 15th December, 2005 and 12th and 26th January, 2006.

In relation to Item 1.1 - Review of the Constitution - In response to a query the Leader confirmed that Councillor Mayson, as Cabinet Member (Rural Regeneration and Strategy) would be responsible for all Markets within Herefordshire, including Hereford Livestock Market. If this was not sufficiently clear in the redrafting then the necessary drafting amendments would be made under delegated powers.

In response to a request for the re-instatement of Programme Panels to allow Members a voice when issues relating to their wards were being considered, the Leader advised that best practice indicated a developing role for Members in scrutiny committees rather than the re-introduction of Programme Panels. This also reflected

how other local authorities were operating.

In relation to Item 3.1 - Bargates Air Quality Management Area - In response to concerns about the timescale for improvements, the additional traffic likely to be generated from the additional homes to be built at Baron's Cross and the effect this would have on the health of local residents and on their property values, Councillor P.J. Edwards, Cabinet Member (Environment) advised that the proposals for improvements would be the subject of public consultation. The timing would be closely related to other planned development and improvement in the area. The junction at Bargates would be improved to increase the flow of traffic, reduce the impact of any additional traffic volume and improve air quality. He said he understood the Local Members' frustration but stated there was no intention of putting an additional bypass in place around Leominster. Local Members would be invited to participate in the consultation exercise.

In relation to Item 4.1(iii) - Hereford City Council Service Level Agreement with Herefordshire Council - In response to a query the Leader confirmed that an assessment had not yet been made of the impact any changes to the SLA would have on the services provided in the City.

In response to a number of questions about the provision of a skate park on the Denco car park site the Leader advised that there was still a considerable amount of work to be done before a final decision would be made. Outstanding issues include responsibility for management of the site and responsibility for health and safety. Several members called for a quick decision and further talks with interested parties.

In relation to Item 4.1(iv) - Police Restructuring in England and Wales - A number of concerns were raised about the impending restructuring: including the consultation which was considered inadequate, the cost and who would pay, the effect on service delivery and whether West Mercia Police Authority could be dissolved without the agreement of the constituent Councils. The Leader confirmed that, with the consent of the other political groups, he would write to the Home Secretary expressing the Council's concerns about the proposed restructuring. He would also work with the other local authorities involved.

In relation to Item 4.2(i) - Comprehensive Performance Assessment: Corporate Assessment and Joint Area Review - In response to a number of comments and concerns about the Council's assessment, particularly with regard to "staying safe" the Leader agreed that the matter was serious, but was being addressed through an improvement plan which would seek to provide sufficient capacity and finance to deliver an appropriate level of service. Councillor D.W. Rule, MBE, Cabinet Member (Children and Young People) advised that officers would be looking again at the thresholds for identifying vulnerable children, which would provide the necessary reassurance that no child was overlooked. He praised the work of those responsible for the care of "looked-after" children and agreed that addressing the shortage of staff would be a major factor in improving the service for these and other vulnerable children.

Councillor Mrs. J.P. French, Cabinet Member (Corporate and Customer Services and Human Resources) acknowledged that it was difficult to recruit experienced social workers who seemed to prefer to work for County Councils, rather than rural Unitary authorities. She said the Council must look at how to make the best use of the existing experienced staff and train junior staff to develop the requisite skills. She advised that changes to working practices, including the introduction of front and back office staff would help to improve the service.

Councillor T.M. James, Chairman of the Strategic Monitoring Committee, said that

prior to the inspection Members had been unaware of the scale of the problems relating to recruitment and retention of staff and urged Council to identify sufficient funding to ensure that the proposed improvements can be implemented.

In relation to Item 4.2(iii) - Proposals for 2006/07 Capital Programme - In response to a query the Leader confirmed that the Council would be carrying out a programme of improvement to buildings to comply with the Disability Discrimination Act. The work was scheduled over a number of years because of the large number of premises the Council was responsible for.

With regard to the funding for a replacement school at Hunderton, Councillor Rule, the Cabinet Member (Children and Young People) confirmed that the Council had been unsuccessful in its two bids for government funding.

In relation to Item 5.1(i) - Youth Matters - Green Paper - In response to a number of comments about involving young people in decisions which affected their lives and in particular provision of leisure facilities and access to transport, the Leader reminded Council of the forthcoming elections for a Youth Council which would give young people a greater say in decision making. He said that the Council had a duty to provide facilities for the whole community and access to transport and leisure facilities were big issues for everyone, not just young people, in a rural county like Herefordshire. The Council had a history of forming partnerships with other organisations to help deliver such services.

In relation to Item 7.1(i) - Implementing Electronic Government 5 Return - In response to a question about provision of IT in schools, Councillor Mrs. French, Cabinet Member (Corporate and Customer Services and Human Resources) advised that officers continued to work with schools to resolve issues which were generally to do with information security.

Council noted that, although the Council's website was rated, technically, as the best local authority website in the country, some of the information was out of date.

Councillor French agreed that staff should be trained to receive compliments and complaints, particularly from those who had difficulty or were unable to read or write and proposed that this be done through staff briefings.

Councillor J.W. Edwards, having declared a prejudicial interest in the following item vacated the Chair and left the Council Chamber while the item was discussed

Councillor J. Stone assumed the Chair.

In relation to Item 8.1(i) Update on the Operation of the Herefordshire Code of Practice for the Temporary Agricultural Use of Polytunnels - In response to a number of comments about the operation of the voluntary code, Mr. Kevin O'Keefe, the Legal Practice Manager, advised that it would be premature for the Council to take account of a recent decision in Surrey, which was still subject to appeal, and could be varied, revoked, or confirmed. He confirmed that he was closely monitoring the situation as part of the ongoing review process. Council noted that it was important to balance the sometimes conflicting demands of agriculture and tourism.

Councillor Edwards returned to the Chamber and resumed the Chair.

In relation to Item 8.1(iv) - Herefordshire 'Unitary Development Plan (UDP): Inspector's Report - in response to a query about the lack of Labour and Liberal Democrat members on the Unitary Development Working Group, the Leader advised

that the Working Group would advise Cabinet on the Planning Inspector's recommendations. Councillor P.J. Edwards, Cabinet Member (Environment) said that the Working Group's first meeting would take place in early March and that details of the Inspector's draft report would be released to all Local Members and the public as soon as it was received.

In relation to Item 9.1(i) - Concessionary Fares Scheme - Councillor D.B. Wilcox, Cabinet Member (Highways and Transportation) confirmed that the concessions applied to all those over the age of 60 and the disabled. Although the Government's proposals recommended that the scheme should operate between 9.30 am and 11.00 pm this restriction would not apply in Herefordshire.

In relation to Item 9.1(ii) - Widemarsh Street Hereford - Review of Experimental Pedestrianisation - In response to a request that the street be re-opened to traffic at 5.30 pm rather than 4.30 pm, Councillor Wilcox, Cabinet Member (Highways and Transportation) reported that there was an ongoing survey of traffic to assist in deciding the best time to re-open the street. He said he had had no formal request from the Police to vary the 4.30 pm opening.

In response to a request that the city centre car parks be changed from "pay and display" to "pay on exit", he said this would be unlikely to happen because it would require staff to be on site to deal with any breakdown in equipment, with the associated additional costs of employment.

He did not agree that the pedestrianisation of Widemarsh Street was having an adverse effect on Broad Street and King Street, but confirmed that the proposed changes to the access at West Street would make it easier for coaches and lorries to negotiate the turning.

In response to a query about increased traffic on the Edgar Street Roundabout, he confirmed that the traffic lights at the roundabout, and on the approach roads, would be reprogrammed to improve the traffic flow.

He acknowledged the assistance provided by the Community Services Scrutiny Committee through its consultation with the public. He said that, although it would be impossible to please everyone, he felt that the majority of those consulted, apart from the taxi drivers and the Cathedral, were in favour of the scheme. Councillor A.C.R. Chappell, Chairman of the Community Services Scrutiny Committee regretted the negativity that he had experienced from some of those consulted. He cited previous occasions when various parts of the city had been pedestrianised with no apparent loss of income to the city. He suggested that the local and regional press be approached to publicise the additional benefits pedestrianisation will bring to shoppers and visitors.

In relation to Item 12.1(iii) - Herefordshire Housing Post Transfer Improvement Programme - Councillor Mrs. M.D. Lloyd-Hayes advised that, as the Housing Corporation would be carrying out an inspection of Herefordshire Housing Limited, the Adult Social Care and Strategic Housing Scrutiny Committee did not feel it needed to be included in its workplan.

RESOLVED: That the reports from the meetings of Cabinet held on 17th November and 15th December, 2005 and 12th and 26th January, 2006 be received and the recommendations set out below be adopted:

That (a) the duties previously assigned to the County Treasurer (including Section 151 Officer) be re-assigned to the Director of

Resources;

- (b) the duties previously assigned to the County Secretary and Solicitor (including Monitoring Officer) be re-assigned to the Head of Legal and Democratic Services;
- (c) Cabinet Member portfolios be revised so that the Cabinet Member (Community Services) takes responsibility for Common Land (including Council-owned Commons and determination of any complaints about the management of the Council's Commons) and Public Rights of Way; the Cabinet Member (Children Services) takes responsibility for Youth Services (but see para (d)); and that the Cabinet Member (Resources) takes responsibility for Housing Benefit;
- (d) the Children's Services portfolio be renamed Children and Young People to reflect its enhanced role;
- (e) in the case of unexpected vacancies arising in Cabinet the Leader be authorised to re-assign responsibilities within the Cabinet, until such time as the Council has an opportunity to review the situation or to appoint a Cabinet Member to the vacant post;
- (f) SO 6.2.2.1 - Terms of Reference for Cabinet be amended to include responsibility for Risk Management;
- (g) the following words be added to S.O. 2.11 of the Constitution "There are additional rights of access to documents for Members of overview and scrutiny committees as set out in Regulation 18 of the Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2000."
- (h) Councillors' rights to inspect documents and proposals set out at Appendix 4 of the report be endorsed;
- (i) the rules relating to the co-ordinating role of the Strategic Monitoring Committee be revised as set out in Appendix 5 of the report;
- (j) the Independent Remuneration Panel at its next scheduled meeting in September 2006 considers whether the post of Chairman of the Audit Committee should be entitled to a Special Responsibility Allowance;
- (k) Appendix 4 - Financial Regulations, paragraph 6.2 be amended to include "Where the signature is printed on the cheque by a Council system, the signature will be that of the Director of Resources.";
- (l) Appendix 23 - Allocation of Miscellaneous Functions be revised to correct typographical errors at items 14 and 31;
- (m) a revised Appendix 6 Appointment and Discipline of Employees (attached) be approved; and
- (n) the Political Group Leaders be asked to consider what changes they might wish to make to the membership of the Constitutional Review Working Group to ensure that political proportionality across the Council is more closely reflected, and subject thereto, the Chief Executive be authorised to implement the appointments notified by the four Political Group Leaders.

For the avoidance of doubt Council was also asked to confirm that the Cabinet

portfolio for Cabinet Member (Rural Regeneration and Strategy) be revised under delegated powers to make it clear beyond doubt that the portfolio holder was to take responsibility for all Markets within the County.

63. PLANNING COMMITTEE

Councillor T.W. Hunt presented the report of the meetings of the Planning Committee held on 25th November, 2005 and 20th January, 2006.

In response to a concern about the number of planning applications being submitted retrospectively, Councillor Hunt advised that there were established procedures for dealing with retrospective applications and details would appear in the new Planning Chairman's newsletter. Various views were expressed including lobbying central government for a change in the law, or for some form of penalty to be imposed on those who build without the necessary permissions. Some concerns were raised over whether retrospective applications were treated more or less favourably than others. Members were urged to exercise caution and ensure that all planning applications, including retrospective applications were considered on their planning merits, and that there should be no presumption, either in favour of, or against, retrospective applications.

RESOLVED: That the report of the meetings of the Planning Committee held on 25th November, 2005 and 20th January, 2006 be received.

64. REGULATORY COMMITTEE

Councillor R.I. Mathews presented the report of the meetings of the Regulatory Committee held on 29th November 2005, and 31st January, 2006.

RESOLVED: That the report of the meetings of the Regulatory Committee held on 29th November, 2005 and 31st January, 2006 be received.

65. STANDARDS COMMITTEE

In the absence of Mr Robert Rogers, Councillor J.W. Edwards presented the report of the meeting of the Standards Committee held on 2nd December, 2005.

RESOLVED: That the report of the meeting of the Standards Committee held on 2nd December, 2005 be received.

66. STRATEGIC MONITORING COMMITTEE

Councillor T.M. James presented the report of the meeting of the Strategic Monitoring Committee held on 26th January, 2006.

RESOLVED: That the report of the meeting of the Strategic Monitoring Committee held on 26th January, 2006 be received.

67. RESULT OF THE TUPSLEY BY-ELECTION

Council received formal notification of the results of the Tupsley By-Election held on 1st December, 2005.

The full result of the by-election was as follows:

Elizabeth Ann Taylor	Liberal Democrat	831
John Walter Perris	Conservative	608
Guy Griffiths	Independent	274
John Henry Olivier	Labour	118
Richard Thomas	Independent	56

Council noted that the four political group leaders had agreed to increase the membership of the Children's Services Scrutiny Committee by one to enable Councillor Mrs. Taylor to serve on that Committee pending the review of Committee membership at the annual meeting of Council in May.

68. WEST MERCIA POLICE AUTHORITY

Councillor B Hunt presented the report of the West Mercia Police Authority held on 13th December, 2005. He referred Members to the Newsletter he had circulated at the beginning of the meeting which included an update on the restructuring of the police service. Councillor Hunt was asked if he could ask the Police to look at how incidents of malicious reporting were investigated and agreed to do so.

RESOLVED: That the report of the meeting of the West Mercia Police Authority held on 13th December, 2005 be received.

The meeting ended at 1.08 p.m.

CHAIRMAN

REPORT OF THE MEETING OF CABINET

HELD ON 23RD FEBRUARY, 2006

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

This is the fourth report submitted to Council for the current year. This meeting of Council is set primarily to approve the Council's Corporate Plan 2006/07, the Council's revenue budget strategy for 2006/07 and any decisions on its medium term strategy, together with the Council Tax for 2006/07.

1. DECISIONS RESERVED TO COUNCIL UNDER PART 4 OF THE CONSTITUTION

- 1.1 **Corporate Plan 2006/09** - The Corporate Plan sets out the Council's intentions for its contribution to The Herefordshire Plan and its own organisational improvement. It includes performance measures and targets for three years, actions to achieve them, associated risks and their mitigation and the resources to be allocated. It is the top level plan in the corporate planning process that provides the framework for the Annual Operating Plan and directorate and service plans. At its meeting on 26th January, 2006 Cabinet endorsed a draft Corporate Plan and noted that it is important for the Council's Performance Indicators and those contained in the Herefordshire Plan to be rationalised. The Corporate Plan 2006/09 has been reformatted to reduce it in size without losing any important data. A copy of the Plan is attached as a separate Appendix for Members of the Council and is available on request.

Cabinet recommends to Council that the Corporate Plan 2006/09 be approved, subject to any changes being made to reflect the new Herefordshire Plan, (depending on its timing) the Local Area Agreement with Government and budget decisions.

- 1.2 **Revenue Budget 2006/07** - Cabinet has received the Corporate Management Board's(CMB) proposals for the Revenue Budget for 2006/07. The approach taken in formulating the Council's budget is in accordance with the budget strategy approved by Cabinet on 26th January, 2006. The views of the Budget Panel and the Strategic Monitoring Committee were also taken into account. A seminar on the proposals was held for all Members on 16th February, 2006.

A full set of papers considered by Cabinet and copies of the slides from the seminar are attached at Appendix 1.

Cabinet recommends to Council that:

- (a) **the budget strategy as outlined in the report (paragraphs 1 - 3 refer) be confirmed;**
- (b) **the Council's responsibilities under Sections 25 - 29 of the Local Government and Finance Act 2003 as outlined in the report (paragraphs 4 - 9 refer) be noted;**

- (c) the position on financial standing and risk as outlined in the report (paragraphs 10 - 13 refer) be endorsed;
- (d) the financial context to the preparation of the budget strategy and detailed budget plans for 2006/07 (paragraphs 14 - 33 of the report refer) be noted;
- (e) the assumptions for funding the revenue budget outlined in the report (paragraphs 34 - 36 refer) be noted;
- (f) the revenue budget proposals for 2006/07 be approved for Council Tax setting purposes, (paragraphs 37 - 40 of the report refer);
- (g) the efficiency plans outlined in the report (paragraphs 41 - 43 refer) be approved;
- (h) 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 of the report refer) be endorsed.

1.3 **Proposals for 2006/07 Capital Programme** - At its meeting on 26th January, 2006 Cabinet received a report on the key issues for consideration regarding the capital funding strategy and the allocation of supported and unsupported borrowing for capital expenditure for 2006/07. Its recommendations were reported to the Council meeting held on 10th February. The Strategic Monitoring Committee had no further comments to make. The papers that accompanied the previous report to Council are attached at Appendix 2 for ease of reference.

Cabinet recommends to Council that:

- (a) the Supported Capital Expenditure (Revenue) awarded for Children's Services, Transport and Housing provisionally be ringfenced to those areas;
- (b) a minimum level of Prudential Borrowing of £5,843,000 for 2006/07 be approved as set out below:

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

- (c) **£5,000,000 Prudential Borrowing be approved for each year 2007/08 and 2008/09 to enable commitments from previous years Prudential Borrowing allocations to be funded and to enable future bids to be considered; and**
- (d) **the capital strategy permits the ability to reprofile schemes should slippage occur in projects funded by Prudential Borrowing. This flexibility is retained to ensure projects can be brought forward should any Prudential Borrowing become available through slippage.**

1.4 **Prudential Indicators and Treasury Management Strategy** - 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. The Code requires the Council to set a range of Prudential Indicators 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 Treasury Management Policy Statement outlines how the Council's strategic policy objectives for treasury management will be achieved and is supported by schedules that describe the specific procedures to be used by the Council's staff involved in treasury management activities.

Cabinet recommends to Council that:

- (a) **the Prudential Indicators detailed in Appendix 3, which include the projected Capital Programme, be endorsed;**
- (b) **the Treasury Management Strategy in Appendix 4 be endorsed;**
- (c) **the borrowing limits outlined in Appendix 4 be approved; and**
- (d) **the Treasury Management Policy Statement at Appendix 5 be approved.**

1.5 **Herefordshire Local Transport Plan 2006/07 to 2010/11** - The second Local Transport Plan (LTP2) constitutes the Council's transportation policies and strategy for the period to year 2010/11. It includes a costed programme of 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. The Herefordshire Provisional LTP2 was assessed as "promising" and Government felt that it was a good overall standard. Despite this, funding levels are likely to be reduced over the period of the Plan. Cabinet has recommended that representation be made to Government to urge them to reconsider the basis for the funding and allocate further funding to better meet the needs of Herefordshire. The Local Transport Plan is enclosed as a separate appendix for Members of the Council and is available on request.

Cabinet recommends 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.**

2. KEY DECISIONS BY INDIVIDUAL EXECUTIVE MEMBERS WHICH WERE NOT INCLUDED IN THE FORWARD PLAN

- 2.1 **School Meals Policy** - In order to comply with a commitment by central Government that there will be universal hot lunch provision for all children by September 2008, Councillor D.W. Rule, MBE Cabinet Member (Children and Young People) has approved a new School Meals Policy. Herefordshire's school meal service will be based on each High School, or other appropriate kitchen supplying its feeder primaries with lunches. This will enable existing facilities to be used and keep transport costs to a minimum. Contractual and monitoring arrangements for caterers will be improved to ensure consistency, quality and the health promoting nature of school meals. School catering staff will be trained in healthy cooking techniques; and the amount of fresh, unprocessed and locally produced food used in school meals be increased.

A School Meals Advisory Forum will be convened to oversee implementation and ongoing success of the service.

3. CORPORATE STRATEGY AND FINANCE (Chairman of Cabinet – Councillor R.J. Phillips)

3.1 Report on Decisions Taken

- (i) **The Annual Operating Plan** - The Corporate Plan sets out over a three year period the Council's intentions for its contribution to The Herefordshire Plan and its own organisational improvement, including performance measures and targets, actions to achieve them, associated risks and their mitigation and the resources to be allocated. The Annual Operating Plan sets out how the priorities from the Corporate Plan are achieved year by year and is the basis for the reporting and management of corporate performance. Cabinet has approved the Annual Operating Plan, 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.
- (ii) **Public Service Trust for Herefordshire** - The West Midlands South Strategic Health Authority (SHA) is currently consulting on a reconfiguration of Primary Care Trusts (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.

Cabinet felt it important to include provision for mental health services in any new arrangements.

Cabinet has endorsed proposals for a Public Service Trust for Herefordshire 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. It has also agreed that 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. A further report will be submitted to Cabinet on 16th March, 2006, following a joint meeting of the SHA, Council and PCT Officers. Cabinet will meet jointly with the Health Scrutiny Committee so that a joint response to the consultation can be submitted by the 22nd March, 2006 deadline.

3.2 Report on Items of Interest

- (i) **Integrated Performance Report** - Cabinet has received a report setting out the performance to the end of January 2006 against the Annual Operating Plan 2005/06, together with performance against budget and corporate risks and remedial action to address areas of under-performance. Performance has been monitored using the following system:

- ✓ Everything is OK
- ? Something's not right
- ✘ Things aren't going to plan

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 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. Cabinet has noted that 24 out of 26 indicators linked to the LPSA2G have been marked ✘, many because there is still an absence of targets and actions and consequently nothing to report in-year performance against. These mainly relate to the ambitions to "improve the health and wellbeing of Herefordshire people", "reduce crime and disorder and make Herefordshire safer" and "provide excellent education, training and learning opportunities in Herefordshire for all ages". There are no indicators marked ✘ under the ambitions to "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."

- (ii) **Review of the Herefordshire Plan (Community Strategy)** - The Herefordshire Plan was first developed in 1999 and has been updated in 2001 and 2003. A significant review of the Herefordshire Plan was 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 Plan. The document is now in the final stages of development. Its name has been changed to the Herefordshire Community Strategy. It contains more information and background/explanatory text than the current document. A short, non-jargon executive summary is also being produced. Cabinet has endorsed the draft document, but has requested that more work be done, particularly on the choice of photographs, before it is recommended to Council for approval.

4. CHILDREN'S SERVICES (Cabinet Member: Councillor D.W. Rule, MBE)

4.1 Items of Interest

- (i) **Joint Area Review - Improvement Plan** - Cabinet has noted that the draft Improvement Action Plan was submitted to the Chief Inspector of the Commission for Social Care Inspection on 9th February, 2006. That Plan is now subject to report to the relevant Minister. A response is expected at the beginning of March. It is anticipated that a report will be submitted to the Cabinet meeting scheduled for 16th March, 2006.

**COUNCILLOR R.J. PHILLIPS
LEADER OF THE COUNCIL**

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 33rd 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.

	£m		£m
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)

Directorate	2006/07	2007/08
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
TOTAL	1,112	1,337

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	--	
TOTAL		26,770	19,257	

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
TOTAL		2,887	-335

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
	TOTAL	1,119	771

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
TOTAL		2,753	4,053

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
Base Budget	184,889	73,963	110,926	196,964	78,679	118,285	204,850	81,852	122,998	214,736	85,126	129,610
Inflation	3,052	0	3,052	3,166	0	3,166	3,274	0	3,274	3,403	0	3,403
	187,941	73,963	113,978	200,130	78,679	121,451	208,124	81,852	126,272	218,139	85,126	133,013
Other Items												
- 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
	2,779	0	2,779	2,305	0	2,305	3,338	0	3,338	1,847	0	1,847
Additional Funding/(Savings)												
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
	1,528	0	1,528	(758)	0	(758)	0	0	0	0	0	0
	4,307	0	4,307	1,547	0	1,547	3,338	0	3,338	1,847	0	1,847
	192,248	73,963	118,285	201,677	78,679	122,998	211,462	81,852	129,610	219,986	85,126	134,860
Reinstate Schools at DSG	4,716	4,716	0	3,173	3,173	0	3,274	3,274	0	3,405	3,405	0
TOTAL STANDSTILL BUDGET	196,964	78,679	118,285	204,850	81,852	122,998	214,736	85,126	129,610	223,391	88,531	134,860
Council Tax at 'Standstill'	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
<u>Inflated 2005/06 Base Budget</u>	42,308	94,251	6,944	23,190	19,037	973	1,238	187,941
Less one-off Budget Allocation for 2005/06 (Invest to Save)					-2,048			-2,408
Budget Additions								
Growth Items etc (FRM)	868	150	5	1,185	511	60		2,779
Reinstate Schools at DSG		4,716						4,716
Less 2005/06 Budget Reductions full year effect	-23				-59			-82
Less Share of Efficiency Target	-580	-388	-180	-347	-101		-54	-1650
<u>New Base Budget for 2006/07</u>	42,573	98,729	6,769	24,028	17,340	1,033	1,184	191,656
Add Proposed Base Budget Adjustments	2,162	90	80	404	151			2,887
Add Essential Growth Items	137	688	30	85	179			1,119
Social Care Contingency					1,302			1,302
<u>Proposed 2006/07 Budget</u>	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
	Total Special and Specific Grants	23,648	16,578
R Education	Dedicated Schools Grant	78,679	81,852

R = Ringfenced

BUDGET SEMINAR

16th FEBRUARY 2006

REVENUE BUDGET 2006/07

SUMMARY

- FINANCIAL CONTEXT
- REVENUE BUDGET STRATEGY
- REVENUE BUDGET PLAN
- NEXT STEPS

FINANCIAL CONTEXT

- The settlement
- Current year budget – a reminder
- Reserves – a reminder
- Future spending pressures

FINANCIAL CONTEXT – THE SETTLEMENT

- 2 year settlement – 2006/07 & 2007/08
 - Helpful for planning
- Better than expected
 - More money than SR04
- But not enough
 - Still a significant LGA's 'black hole'
 - Concessionary fares, social care, waste services
 - Need to make sure we continue to lobby

FINANCIAL CONTEXT – NATIONAL SCENE

- Big changes in the distribution system
 - Local government universally opposed
 - Less transparent
- Cash grant system
 - No Formula Spending Shares
 - No Assumed National Council Tax
 - FSS and ANCT were being misused
 - Government offices still trying to hypothecate

FINANCIAL CONTEXT – NATIONAL SCENE

- New 'Four Block Model'
 - Relative needs
 - Relative resource amount
 - Central allocation
 - Floor damping
- Separate Dedicated Schools Grant

FINANCIAL CONTEXT – THE SETTLEMENT

- This settlement covers 2006/07 & 2007/08
- 3 year settlements after that
- National totals will be set in next Spending Review
- SR07 set to be a tough one

FINANCIAL CONTEXT - SETTLEMENT

- Government has headlined the following increases for Herefordshire in 2006/07:
 - Overall grant increase (DSG + FG) - 6.4%
 - Increase in DSG - 4.3%
 - Increase in FG - 2.4%
- %ages based on notional figures as new system
- Funding streams transferring in and out of FG
- Not comparing like with like

FINANCIAL CONTEXT - SETTLEMENT

- Government has headlined the following increases for Herefordshire in 2007/08:
 - Overall grant increase (DSG + FG) – 3.4%
 - Increase in DSG – 4.0%
 - Increase in FG - 2.4%
- Year 2 of new system so like for like comparison possible

FINANCIAL CONTEXT - SETTLEMENT

- Cash amounts are:

	2006/07	2007/08
FG	£46.542m	£47.650m
DSG	£78.679m	£81.852m
TOTAL	£125.221m	£129.502m

FINANCIAL CONTEXT - SETTLEMENT

- Headline increase better than expected
- Herefordshire still 38th out of 46
- Slightly lower than class average CT
- Still achieving much
 - Overall CPA rating of good
 - Use of Resources rating of good
 - Value for Money rating of good

FINANCIAL CONTEXT – CURRENT YEAR SPENDING

- Expecting an under spend in overall terms
- Some major under spends
 - Invest to Save
 - Financing Transactions
 - LABGI grant
 - Other corporate savings
- Masks projected over spending on services
 - Social Care & Homelessness

FINANCIAL CONTEXT – CURRENT YEAR SPENDING

- Looking likely will have over spends at year end in excess of £2.25m to deal with
- Add previous year over spends – big ones are:
 - £714k for Social Care – ‘write off’ agreed
 - £419k for Property Services
- Call on reserves – £3.4m

FINANCIAL CONTEXT – RESERVES

- Forecast of unallocated reserves to start 2006/07 – approx. £6m
- This includes:
 - Writing off historic overspends
 - Writing off current year over spends
 - Adding in current year under spends
 - Setting aside £2m for Invest to Save
- Policy - £3m minimum unallocated reserves

FINANCIAL CONTEXT – FUTURE SPENDING PRESSURES

- £20m spending pressures
- £7m manageable within existing base
- £13m a mixed bag
 - Corporate priorities
 - Directorate priorities
 - Wish list
- Social care budgets in real trouble

REVENUE BUDGET STRATEGY

- **REVENUE BUDGET STRATEGY 2006/07**
 - Starting point
 - The challenge
 - Key points

BUDGET STRATEGY – STARTING POINT

- Resource position for revenue is tight
- Set to get worse with SR07
- Significant spending pressures
- Structural problems with base budget
- More work on efficiency plan needed
- Ability to raise additional cash limited
- Need to plan now for soft landing

BUDGET STRATEGY – THE CHALLENGE

- To deliver more and better services each year using less cash
- To use reserves to deliver a soft landing in the budget
- To avoid having to contemplate service cuts in the near future

BUDGET STRATEGY – KEY POINTS

- Affordable Council Tax increase of 4.7%
 - Band D Council Tax this year £996.94
 - Band D becomes £1,043.80
 - Cash increase is £46.86 for the year
 - Less than £1 a week
- Setting a balanced budget
- Writing off significant over spends
- Prepare detailed efficiency plan to meet targets
- Maintain £3m minimum unallocated reserves

BUDGET STRATEGY – KEY POINTS

- Allocate headroom in 2006/07 budget to:
 - Resolve ongoing base budget pressures
 - Identify other essential growth
 - Contingency funding for social care
- Hold unallocated reserves to:
 - Provide a contingency against unforeseen items
 - Provide a further cushion for social care pressures
 - Pump-prime Service Improvement Plan

REVENUE BUDGET PLAN 2006/07

- Developed in line with budget strategy
- Matching cash to top corporate priorities
- Proposed allocation of additional base budget resources:
 - £2.9m base budget pressures
 - £1.1m essential growth
 - £1.3m social care contingency

REVENUE BUDGET PLAN 2006/07

- £2.9m base budget pressure
 - Ongoing structural problems with budget
 - Replace funding that is reducing / ending
 - Catch-up on contractual inflation
- £1.1m essential growth
 - Contractual / legal obligation

REVENUE BUDGET PLAN 2006/07

- £1.3m social care contingency
 - Preliminary assessment £2.75m next year
 - Will grow to £4m+ year after
 - Independent review to confirm
 - Release contingency as need established

REVENUE BUDGET PLAN 2006/07

- Base budget additions ring fenced
- Budgets managed at Directorate level
- No more over spending

REVENUE BUDGET PLAN 2006/07

- **Efficiency plan**
 - £500k short of the target of £1.65m
 - Additional vacancy management savings
 - Allocated on basis of spend on employees
 - Directors can substitute alternatives
 - Corporate Strategy Review will help

WHAT NEXT?

- **Timetable for decisions**
 - Cabinet on 23 February & Council 10 March
- **But it won't end there ...**
 - Strong financial control essential
 - Review financial policies & procedures
 - Integrate service and financial planning
 - Can't sustain salami slicing approach
 - No room for Invest & Hope to Save
 - Corporate Strategy Review a financial imperative

PROPOSALS FOR 2006/07 CAPITAL PROGRAMME

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

26TH JANUARY, 2006

Wards Affected

County-wide.

Purpose

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

Key Decision

This is not a Key Decision.

Recommendations

THAT it be recommended to Council that:

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

Reasons

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

Considerations

ALIGNMENT OF THE CAPITAL STRATEGY TO THE CORPORATE PLAN

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

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

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

PRUDENTIAL BORROWING ALLOCATIONS 2006/07

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

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

property capital receipts.

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

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

Risk Management

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

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

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

Consultees

None.

Background Papers

None identified.

FORECAST SUPPORTED CAPITAL EXPENDITURE (REVENUE)

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

APPENDIX 2

2004/05 & 2005/06 PRUDENTIAL BORROWING ALLOCATIONS

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

APPENDIX 3

2006/07 SCHEME SELECTION & PRIORITISATION BIDS

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

2006/07 SCHEME SELECTION AND PRIORITY BIDS

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

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

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

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

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

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

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

Bid 3: Resurfacing of Queenswood Car Park

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

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

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

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

Bid 6: Library Diversity Improvement

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

Bid 7: Pembridge Traveller Site

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

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

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

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

Bid 9: Rotherwas Access Road

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

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

Bid 13: Improvements to the Public Toilet Facilities in Herefordshire

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

Bid 14: DDA Compliance Work

Upgrading council property to meet DDA requirements

Bid 15: Re-roofing of units at Rotherwas

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

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

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

Bid 20: Energy Conservation

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

Bid 21: Integrated Community Equipment Store (ICTS)

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

Bid 22: Amalgamation of Hunderton Junior and Infants Schools

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

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

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.

	Budget 2005/06 £'000	Estimated 2006/07 £'000	Estimated 2007/08 £'000	Estimated 2008/09 £'000
Capital Programme Area: -				
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 Resources	4,304	1,760	1,050	93
	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
	34,457	36,434	23,578	21,257
By funding				
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
	34,457	36,434	23,578	21,257

Further information on the subject of this report is available from
Mrs. S. Rees, Director of Resources on 01432 383519

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

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

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
Upper Limit for Fixed Interest Rate Exposure				
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure				
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
Maturity Structure of new fixed rate borrowing during 2006/07	Upper Limit	Lower Limit		
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%		
Upper Limit for total principal sums invested for over 364 days	2005/06	2006/07	2007/08	2008/09
	£'000	£'000	£'000	£'000
(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: -

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

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%

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

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.

PRUDENTIAL INDICATOR	2005/06	2006/07	2007/08	2008/09
(1). Budget Setting Indicators				
	£'000	£'000	£'000	£'000
Capital Expenditure	34,457	36,434	23,578	21,257
Ratio of financing costs to net revenue stream				
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
Incremental effect of Prudential Borrowing	£ p	£ p	£ p	£ p
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
Capital Financing Requirement (as at 31/3)	£'000	£'000	£'000	£'000
Total	110,811	125,807	136,252	146,364
PRUDENTIAL INDICATOR	2005/06	2006/07	2007/08	2008/09
(2). Treasury Management Prudential Indicators				
Authorised Limit for External Debt	£'000	£'000	£'000	£'000
Borrowing	133,000	147,000	170,000	185,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000
Total	136,000	150,000	173,000	188,000
Operational Boundary	£'000	£'000	£'000	£'000
Borrowing	94,500	108,500	125,500	136,500
Other Long Term Liabilities	1,500	1,500	1,500	1,500
Total	96,000	110,000	127,000	138,000
Upper Limit for Fixed Interest Rate Exposure	£ or %	£ or %	£ or %	£ or %
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	£ or %	£ or %	£ or %	£ or %
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
Maturity Structure of new fixed rate borrowing during 2006/07	Upper Limit	Lower Limit		
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%		
Upper Limit for total principal sums invested for over 364 days	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
	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
Base Rate	4.50	4.25	4.25	4.00	4.25
10 Year PWLB	4.25	4.25	4.50	4.50	4.75
25 Year PWLB	4.25	4.25	4.25	4.50	4.50
50 Year PWLB	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
Average	4.29	4.39	4.54	4.60
Highest	5.00	5.40	5.90	6.20
Lowest	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 31st 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

Investment	Security / Credit Rating	Circumstance of use
Debt Management Agency Deposit Facility (DMADF)	Govt-backed	In-house
Term deposits 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
Term deposits 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
Certificates of Deposit 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
Gilts: up to 1 year <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
Reverse Gilt Repos: 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
Money Market Funds <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
Forward deals 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 < 1 year</i>)	Yes-varied <i>Minimum rating "A" Long-term and "F1" Short-term (or equivalent)</i>	In-house
Commercial paper <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
Gilt Funds and other Bond Funds*** . <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
Treasury bills <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
Bonds issued by a financial institution that is guaranteed by the UK Government <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
Bonds issued by a multilateral development bank <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
Term deposits 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
Certificates of Deposit 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
Callable deposits 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>UK government gilts 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>Sovereign issues ex UK govt gilts: 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 & parameters agreed with them</p>	<p>20%</p> <p>50%</p>	10 years
<p>Forward deposits with credit rated banks and building societies for periods > 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>Deposits with unrated deposit takers (banks and building societies) but with unconditional financial guarantee from HMG or credit-rated parent institution: 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>Bonds issued by a financial institution that is guaranteed by the UK Government (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>	<p>AAA / Govt guaranteed</p>	<p>(1) Buy and hold to maturity: 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</p>	<p>20%</p> <p>50%</p>	<p>10 years</p>
<p>Bonds issued by multilateral development banks (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>	<p>AAA / Govt guaranteed</p>	<p>(1) Buy and hold to maturity: 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</p>	<p>20%</p> <p>50%</p>	<p>10 years</p>

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.

COUNCIL TAX RESOLUTION 2006/07

Report By: Director of Resources

Wards Affected

Countywide

Purpose

1. To set the Council Tax amounts for each category of dwelling in Herefordshire for 2006/07 and to calculate the Council's budget requirements.

Financial Implications

2. As detailed in the Cabinet report to Council and itemised in the Budget Book (appended).

Budget Calculations : Personal Assurance Statement by the Director of Resources

3. Section 25 of the Local Government Act 2003 requires the Director of Resources to report to the Council when it is setting the budget and precept (council tax). The Council is required to take this report into account when making its budget and precept decision. The Director of Resources' report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
4. The Director of Resources states that to the best of her knowledge and belief these budget calculations are robust and have full regard to:
 - The Council's corporate plans and strategies;
 - The Council's budget strategy;
 - The need to protect the Council's financial standing and manage corporate financial risks;
 - This year's financial performance;
 - The Government's financial policies;
 - The Council's medium-term financial planning framework;
 - Capital programme obligations;
 - Treasury Management best practice;
 - The strengths of the Council's financial control procedures;

- The extent of the Council's balances and reserves; and
 - Prevailing economic climate and future prospects.
5. The budget estimates have been prepared based on information provided by budget officers. A full risk assessment of the key factors that could affect the budget next year has been carried out and forms part of the budget report.
 6. Financial management has been strong through 2005/06 with regular reports to councillors on the latest budget position. Trend information was used to check that draft estimates were realistic. I therefore consider the budget estimates form a prudent and robust basis for the Council as it takes its Council Tax decision for next financial year.
 7. I also consider that a minimum level of reserves of £3m is prudent given the level of earmarked reserves unallocated reserves and planned contingencies. This policy needs to be carefully monitored for the future by maintaining strong financial management and regular reporting to councillors. I would advise against reducing the minimum in the strongest possible terms.
 8. The spending plans for 2006/07 rely on planned efficiency savings being achieved. Again, performance will need to be monitored closely during the year and reported regularly to councillors.
 9. The financial outlook for 2008/09 onwards currently looks as though it could be difficult for Herefordshire in common with local authorities generally. A service improvement plan needs to be developed and implemented such that cash savings in excess of the investment needed to deliver the improvements start to flow before 2008/09. This is critical to the Council's financial standing for the medium-term and beyond.

Details

10. The report and annexes considered by Cabinet on 23rd February 2006 are reflected in the Cabinet report to Council.
11. Annex 1 (i-v) to this report contains the individual Council Tax amounts for each category of dwelling as required by the Local Government Finance Act 1992 and associated regulations. As a contingency it is also recommended that Cabinet continue to be authorised to draw on reserves and balances from time to time as required during 2006/07.
12. The Parish Precepts for 2006/07 total £2,000,928.69 amounting to an average Band D Council Tax Charge of £29.32 (a decrease of 0.51% over 2005/06). Annex 1 (i) details the Parish Precept requirement and the Band D Council Tax Charge for each Parish. The Parish Precepts are reflected in Section 2 of the recommendations to Council below.
13. Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii).
14. Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv).

15. The recommendations to Council are as follows:

RECOMMENDATION

(1) In respect of the Council's 2006/07 Budget:

- (a) a council tax of £1,043.80 be levied (at Band D);
- (b) service areas contain expenditure within "cash limits" i.e. outturn budgets with no further allowance for pay or price inflation beyond that already provided;

and

(2) in respect of council tax for 2006/07 that the following amounts be approved by the Council for the year 2006/07 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £303,922,929 being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
- (b) £183,637,000 being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
- (c) £120,285,929 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act, as its total net budget requirement for the year;
- (d) £47,041,744 being the aggregate of the sums which the Council estimated will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant, increased by the transfer from the Collection Fund;
- (e) £1,073.12 being the amount at (c) above less the amount at (d) above all divided by the amount of the Council Tax base calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year;
- (f) £2,000,929 being the aggregate amount of all special items referred to in Section 34(1) of the Act;

- (g) £1,043.80 being the amount at (e) above less the result given by dividing the amount at (f) above by the amount of the Council Tax base calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates;
- (h) that the precepting authority details incorporated in Annex 1 (i-v), relating to Special Items, West Mercia Police and Hereford & Worcester Fire and Rescue Authority be approved in accordance with Sections 30(2), 34(3), 36(1) and Section 40 of the Local Government Finance Act 1992.
- (3) Pursuant to the requirements of the Local Government (Functions and Responsibility) (England) Regulations 2000, any decisions on the application of reserves and balances as required from time to time during the financial year be taken by Cabinet.

Annex

- i** Herefordshire Council requirement by Parish, including Band D equivalent
- ii** Council Tax for each valuation band, by Parish, without the Police & Fire precepts
- iii** Police Authority precept requirement for each valuation band
- iv** Fire Authority precept requirement for each valuation band
- v** Council Tax for each valuation band, by Parish, including the Police & Fire precepts

Herefordshire Council requirement by Parish, including Band D equivalent				
Parish	Parish Precept	Tax Base	Parish Precept Basic Tax Rate (Band D)	Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,043.80)
	£		£	£
Abbeydore & Bacton Group Parish Council	4,375.00	157.59	27.76	1,071.56
Aconbury Parish Meeting	50.00	32.50	1.54	1,045.34
Acton Beauchamp Group	1,700.00	169.34	10.04	1,053.84
Allensmore Parish Council	1,000.00	239.79	4.17	1,047.97
Almeley Parish Council	6,000.00	253.40	23.68	1,067.48
Ashperton Parish Council	3,000.00	114.52	26.20	1,070.00
Aston Ingham Parish Council	1,750.00	203.12	8.62	1,052.42
Avenbury Parish Council	1,800.00	104.25	17.27	1,061.07
Aymestrey Parish Council	2,244.00	157.98	14.20	1,058.00
Ballingham Bolstone & Hentland Group Parish Council	3,800.00	279.10	13.62	1,057.42
Bartestree & Lugwardine Group Parish Council	21,000.00	813.21	25.82	1,069.62
Belmont Rural Parish Council	20,000.00	1,382.18	14.47	1,058.27
Birley with Upper Hill Parish Council	1,627.00	118.21	13.76	1,057.56
Bishop's Frome Parish Council	14,000.00	322.63	43.39	1,087.19
Bishopstone & District Group Parish Council	3,450.00	196.26	17.58	1,061.38
Bodenham Parish Council	5,500.00	449.34	12.24	1,056.04
Border Group Parish Council	5,000.00	305.22	16.38	1,060.18
Bosbury and Coddington Parish Council	3,500.00	365.90	9.57	1,053.37
Brampton Abbots & Foy Group Parish Council	2,000.00	206.59	9.68	1,053.48
Bredenbury & District Group Parish Council	1,700.00	162.02	10.49	1,054.29
Breinton Parish Council	5,500.00	395.91	13.89	1,057.69
Bridstow Parish Council	5,750.00	387.17	14.85	1,058.65
Brilley Parish Council	1,750.00	118.16	14.81	1,058.61
Brimfield and Little Hereford Group Parish Council	7,000.00	508.62	13.76	1,057.56
Brockhampton Parish Council	1,600.00	84.49	18.94	1,062.74
Brockhampton Group Parish Council	8,450.00	335.22	25.21	1,069.01
Bromyard & Winslow Town Council	100,000.00	1,504.76	66.46	1,110.26
Burghill Parish Council	9,950.00	699.02	14.23	1,058.03
Callow & Haywood Group Parish Council	1,600.00	197.74	8.09	1,051.89
Clehonger Parish Council	12,000.00	490.65	24.46	1,068.26
Clifford Parish Council	4,700.00	251.70	18.67	1,062.47
Colwall Parish Council	49,973.00	1,155.87	43.23	1,087.03
Malvern Hills Conservators (Colwall Parish Council)	28,300.00	"	24.48	24.48
Cradley Parish Council	13,000.00	752.58	17.27	1,061.07
Credenhill Parish Council	17,000.00	623.51	27.26	1,071.06
Cusop Parish Council	5,000.00	180.34	27.73	1,071.53
Dilwyn Parish Council	10,176.00	306.30	33.22	1,077.02
Dinedor Parish Council	5,000.00	129.82	38.51	1,082.31
Dinmore Parish Meeting	0.00	7.44	0.00	1,043.80
Dormington & Mordiford Group Parish Council	5,000.00	304.38	16.43	1,060.23
Dorstone Parish Council	1,700.00	159.22	10.68	1,054.48
Eardisland Parish Council	9,000.00	229.71	39.18	1,082.98
Eardisley Group Parish Council	6,500.00	471.16	13.80	1,057.60
Eastnor & Donnington Parish Council	1,500.00	146.10	10.27	1,054.07
Eaton Bishop Parish Council	4,000.00	198.26	20.18	1,063.98
Ewyas Harold Group Parish Council	15,528.82	454.85	34.14	1,077.94
Fownhope Parish Council	16,000.00	430.30	37.18	1,080.98
Foxley Parish Council	1,300.00	166.43	7.81	1,051.61
Garway Parish Council	3,500.00	159.90	21.89	1,065.69
Goodrich & Welsh Bicknor Group Parish Council	4,500.00	249.72	18.02	1,061.82

ANNEX 1 (i)

Parish	Parish Precept	Tax Base	Parish Precept Basic Tax Rate (Band D)	Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,043.80)
	£		£	£
Hampton Bishop Parish Council	4,000.00	192.79	20.75	1,064.55
Hampton Charles Parish Meeting	0.00	20.15	0.00	1,043.80
Hatfield and District Group Parish Council	2,500.00	208.71	11.98	1,055.78
Hereford City Council	519,000.00	16,838.27	30.82	1,074.62
Holme Lacy Parish Council	5,600.00	190.75	29.36	1,073.16
Holmer & Shelwick Parish Council	6,000.00	562.09	10.67	1,054.47
Hope Mansell Parish Council	0.00	143.45	0.00	1,043.80
Hope under Dinmore Group Parish Council	2,600.00	158.97	16.36	1,060.16
How Caple, Sollershope & Yatton Group Parish Council	2,250.00	147.36	15.27	1,059.07
Humber, Stoke Prior & Ford Group Parish Council	2,997.00	274.92	10.90	1,054.70
Huntington Parish Council	480.00	47.64	10.08	1,053.88
Kentchurch Parish Council	3,070.00	105.60	29.07	1,072.87
Kilpeck Group Parish Council	6,500.00	203.54	31.93	1,075.73
Kimbolton Parish Council	3,500.00	199.67	17.53	1,061.33
Kings Caple Parish Council	3,500.00	158.36	22.10	1,065.90
Kingsland Parish Council	4,000.00	448.67	8.92	1,052.72
Kingstone & Thruxton Group Parish Council	6,000.00	419.85	14.29	1,058.09
Kington Rural and Lower Harpton Group Parish Council	2,000.00	248.68	8.04	1,051.84
Kington Town Council	49,500.00	915.67	54.06	1,097.86
Kinnersley and District Group Parish Council	3,000.00	241.42	12.43	1,056.23
Lea Parish Council	5,300.00	247.55	21.41	1,065.21
Ledbury Town Council	218,214.37	3,539.93	61.64	1,105.44
Leintwardine Group Parish Council	10,300.00	431.03	23.90	1,067.70
Leominster Town Council	161,647.00	3,936.59	41.06	1,084.86
Linton Parish Council	5,300.00	460.67	11.50	1,055.30
Little Birch Parish Council	1,500.00	95.38	15.73	1,059.53
Little Dewchurch Parish Council	5,500.00	175.32	31.37	1,075.17
Llangarron Parish Council	3,500.00	454.75	7.70	1,051.50
Llanwarne & District Group Parish Council	1,400.00	256.40	5.46	1,049.26
Longtown Group Parish Council	5,320.00	391.40	13.59	1,057.39
Lower Bullingham Parish Council	7,500.00	630.25	11.90	1,055.70
Luston Group Parish Council	3,700.00	360.95	10.25	1,054.05
Lyonshall Parish Council	3,500.00	278.05	12.59	1,056.39
Madley Parish Council	5,775.00	427.30	13.52	1,057.32
Marden Parish Council	17,000.00	537.81	31.61	1,075.41
Marstow Parish Council	3,000.00	163.72	18.32	1,062.12
Mathon Parish Council	3,605.00	146.22	24.65	1,068.45
Malvern Hills Conservators (Mathon Parish Council)	3,800.00	"	25.99	25.99
Middleton-on-the-Hill and Leysters Group Parish Council	2,750.00	172.35	15.96	1,059.76
Monkland and Stretford Parish Council	1,725.00	84.73	20.36	1,064.16
Moreton on Lugg Parish Council	19,000.00	297.15	63.94	1,107.74
Much Birch Parish Council	4,500.00	377.81	11.91	1,055.71
Much Cowarne Group Parish Council	3,255.00	186.55	17.45	1,061.25
Much Dewchurch Parish Council	4,000.00	263.42	15.18	1,058.98
Much Marcle Parish Council	4,571.50	299.17	15.28	1,059.08
North Bromyard Group Parish Council	3,500.00	297.47	11.77	1,055.57
Ocle Pychard Parish Council	3,250.00	252.57	12.87	1,056.67
Orcop Parish Council	3,000.00	167.77	17.88	1,061.68
Orleton Parish Council	11,400.00	350.23	32.55	1,076.35
Pembridge Parish Council	15,000.00	452.46	33.15	1,076.95
Pencombe Group Parish Council	5,750.00	188.56	30.49	1,074.29
Peterchurch Parish Council	7,000.00	403.24	17.36	1,061.16

ANNEX 1 (i)

Parish	Parish Precept	Tax Base	Parish Precept Basic Tax Rate (Band D)	Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,043.80)
	£		£	£
Peterstow Parish Council	2,500.00	174.48	14.33	1,058.13
Pipe and Lyde Parish Council	1,200.00	136.87	8.77	1,052.57
Pixley & District Parish Council	3,000.00	224.31	13.37	1,057.17
Putley Parish Council	4,300.00	109.87	39.14	1,082.94
Pyons Group Parish Council	3,575.00	339.35	10.53	1,054.33
Richard's Castle Parish Council	2,300.00	116.87	19.68	1,063.48
Ross-on-Wye Town Council	182,835.00	3,402.63	53.73	1,097.53
Ross Rural Parish Council	3,468.00	433.89	7.99	1,051.79
Sellack Parish Council	1,000.00	107.71	9.28	1,053.08
Shobdon Parish Council	6,000.00	298.00	20.13	1,063.93
St. Weonards Parish Council	1,400.00	140.33	9.98	1,053.78
Stapleton Group Parish Council	5,000.00	145.13	34.45	1,078.25
Staunton-on-Wye and District Group Parish Council	2,750.00	203.36	13.52	1,057.32
Stoke Edith Parish Meeting	0.00	44.85	0.00	1,043.80
Stoke Lacy Parish Council	3,350.00	161.57	20.73	1,064.53
Stretton Grandison Group Parish Council	1,400.00	191.24	7.32	1,051.12
Stretton Sugwas Parish Council	3,000.00	146.20	20.52	1,064.32
Sutton Parish Council	14,500.00	365.14	39.71	1,083.51
Tarrington Parish Council	8,700.00	241.36	36.05	1,079.85
Thornbury Group Parish Council	1,600.00	175.24	9.13	1,052.93
Titley and District Group Parish Council	3,000.00	212.75	14.10	1,057.90
Upton Bishop Parish Council	7,500.00	258.68	28.99	1,072.79
Vowchurch & District Group Parish Council	4,000.00	305.83	13.08	1,056.88
Walford Parish Council	10,500.00	625.79	16.78	1,060.58
Wellington Parish Council	6,750.00	405.72	16.64	1,060.44
Wellington Heath Parish Council	4,600.00	215.47	21.35	1,065.15
Welsh Newton & Llanrothal Group Parish Council	2,700.00	131.25	20.57	1,064.37
Weobley Parish Council	6,842.00	487.56	14.03	1,057.83
Weston Beggard Parish Council	500.00	82.33	6.07	1,049.87
Weston-under-Penyard Parish Council	4,725.00	446.44	10.58	1,054.38
Whitbourne Parish Council	7,000.00	312.12	22.43	1,066.23
Whitchurch & Ganarew Group Parish Council	7,500.00	515.50	14.55	1,058.35
Wigmore Group Parish Council	9,500.00	349.66	27.17	1,070.97
Withington Group Parish Council	13,500.00	603.29	22.38	1,066.18
Woolhope Parish Council	5,000.00	211.38	23.65	1,067.45
Wyeside Group Parish Council	3,600.00	299.42	12.02	1,055.82
Yarkhill Parish Council	4,500.00	127.29	35.35	1,079.15
Yarpole Group Parish Council	7,500.00	319.25	23.49	1,067.29
Being the amounts given by adding to the amount at 2(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the tax base above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.				

Council Tax for each valuation band, by Parish, without the Police & Fire precepts								
PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbeydore & Bacton Group Parish Council	714.38	833.43	952.50	1,071.56	1,309.69	1,547.81	1,785.94	2,143.12
Aconbury Parish Meeting	696.90	813.04	929.19	1,045.34	1,277.64	1,509.93	1,742.24	2,090.68
Acton Beauchamp Group	702.56	819.65	936.74	1,053.84	1,288.03	1,522.21	1,756.40	2,107.68
Allensmore Parish Council	698.65	815.08	931.53	1,047.97	1,280.86	1,513.73	1,746.62	2,095.94
Almeley Parish Council	711.66	830.26	948.87	1,067.48	1,304.70	1,541.91	1,779.14	2,134.96
Ashperton Parish Council	713.34	832.22	951.11	1,070.00	1,307.78	1,545.55	1,783.34	2,140.00
Aston Ingham Parish Council	701.62	818.54	935.48	1,052.42	1,286.30	1,520.16	1,754.04	2,104.84
Avenbury Parish Council	707.38	825.27	943.17	1,061.07	1,296.87	1,532.66	1,768.45	2,122.14
Aymestrey Parish Council	705.34	822.88	940.44	1,058.00	1,293.12	1,528.22	1,763.34	2,116.00
Ballingham Bolstone & Hentland Group Parish Council	704.95	822.43	939.93	1,057.42	1,292.41	1,527.38	1,762.37	2,114.84
Bartestree & Lugwardine Group Parish Council	713.08	831.92	950.77	1,069.62	1,307.32	1,545.01	1,782.70	2,139.24
Belmont Rural Parish Council	705.52	823.09	940.68	1,058.27	1,293.45	1,528.61	1,763.79	2,116.54
Birley with Upper Hill Parish Council	705.04	822.54	940.05	1,057.56	1,292.58	1,527.59	1,762.60	2,115.12
Bishop's Frome Parish Council	724.80	845.59	966.39	1,087.19	1,328.79	1,570.38	1,811.99	2,174.38
Bishopstone & District Group Parish Council	707.59	825.51	943.45	1,061.38	1,297.25	1,533.10	1,768.97	2,122.76
Bodenham Parish Council	704.03	821.36	938.70	1,056.04	1,290.72	1,525.39	1,760.07	2,112.08
Border Group Parish Council	706.79	824.58	942.38	1,060.18	1,295.78	1,531.37	1,766.97	2,120.36
Bosbury and Coddington Parish Council	702.25	819.28	936.33	1,053.37	1,287.46	1,521.53	1,755.62	2,106.74
Brampton Abbots & Foy Group Parish Council	702.32	819.37	936.42	1,053.48	1,287.59	1,521.69	1,755.80	2,106.96
Bredembury & District Group Parish Council	702.86	820.00	937.14	1,054.29	1,288.58	1,522.86	1,757.15	2,108.58
Breinton Parish Council	705.13	822.64	940.17	1,057.69	1,292.74	1,527.77	1,762.82	2,115.38
Bridstow Parish Council	705.77	823.39	941.02	1,058.65	1,293.91	1,529.16	1,764.42	2,117.30
Brilley Parish Council	705.74	823.36	940.98	1,058.61	1,293.86	1,529.10	1,764.35	2,117.22
Brimfield and Little Hereford Group Parish Council	705.04	822.54	940.05	1,057.56	1,292.58	1,527.59	1,762.60	2,115.12
Brockhampton Parish Council	708.50	826.57	944.66	1,062.74	1,298.91	1,535.07	1,771.24	2,125.48
Brockhampton Group Parish Council	712.68	831.45	950.23	1,069.01	1,306.57	1,544.12	1,781.69	2,138.02
Bromyard & Winslow Town Council	740.18	863.53	986.90	1,110.26	1,356.99	1,603.71	1,850.44	2,220.52
Burghill Parish Council	705.36	822.91	940.47	1,058.03	1,293.15	1,528.26	1,763.39	2,116.06
Callow & Haywood Group Parish Council	701.26	818.13	935.01	1,051.89	1,285.65	1,519.40	1,753.15	2,103.78
Clehonger Parish Council	712.18	830.86	949.56	1,068.26	1,305.66	1,543.04	1,780.44	2,136.52
Clifford Parish Council	708.32	826.36	944.42	1,062.47	1,298.58	1,534.68	1,770.79	2,124.94
Colwall Parish Council (incl. Malvern Hills Conservators)	741.01	864.50	988.01	1,111.51	1,358.52	1,605.51	1,852.52	2,223.02
Cradley Parish Council	707.38	825.27	943.17	1,061.07	1,296.87	1,532.66	1,768.45	2,122.14
Credenhill Parish Council	714.04	833.04	952.05	1,071.06	1,309.08	1,547.09	1,785.10	2,142.12
Cusop Parish Council	714.36	833.41	952.47	1,071.53	1,309.65	1,547.76	1,785.89	2,143.06
Dilwyn Parish Council	718.02	837.68	957.35	1,077.02	1,316.36	1,555.69	1,795.04	2,154.04
Dinedor Parish Council	721.54	841.79	962.05	1,082.31	1,322.83	1,563.34	1,803.85	2,164.62
Dinmore Parish Meeting	695.87	811.84	927.82	1,043.80	1,275.76	1,507.71	1,739.67	2,087.60
Dormington & Mordiford Group Parish Council	706.82	824.62	942.42	1,060.23	1,295.84	1,531.44	1,767.05	2,120.46
Dorstone Parish Council	702.99	820.15	937.31	1,054.48	1,288.81	1,523.14	1,757.47	2,108.96
Eardisland Parish Council	721.99	842.31	962.65	1,082.98	1,323.65	1,564.30	1,804.97	2,165.96
Eardisley Group Parish Council	705.07	822.57	940.09	1,057.60	1,292.63	1,527.64	1,762.67	2,115.20
Eastnor & Donnington Parish Council	702.72	819.83	936.95	1,054.07	1,288.31	1,522.54	1,756.79	2,108.14
Eaton Bishop Parish Council	709.32	827.54	945.76	1,063.98	1,300.42	1,536.86	1,773.30	2,127.96
Ewyas Harold Group Parish Council	718.63	838.39	958.17	1,077.94	1,317.49	1,557.02	1,796.57	2,155.88
Fownhope Parish Council	720.66	840.76	960.87	1,080.98	1,321.20	1,561.41	1,801.64	2,161.96
Foxley Parish Council	701.08	817.91	934.76	1,051.61	1,285.31	1,518.99	1,752.69	2,103.22
Garway Parish Council	710.46	828.87	947.28	1,065.69	1,302.51	1,539.33	1,776.15	2,131.38
Goodrich & Welsh Bicknor Group Parish Council	707.88	825.86	943.84	1,061.82	1,297.78	1,533.74	1,769.70	2,123.64
Hampton Bishop Parish Council	709.70	827.98	946.26	1,064.55	1,301.12	1,537.68	1,774.25	2,129.10
Hampton Charles Parish Meeting	695.87	811.84	927.82	1,043.80	1,275.76	1,507.71	1,739.67	2,087.60
Hatfield and District Group Parish Council	703.86	821.16	938.47	1,055.78	1,290.40	1,525.01	1,759.64	2,111.56
Hereford City Council	716.42	835.81	955.22	1,074.62	1,313.43	1,552.23	1,791.04	2,149.24
Holme Lacy Parish Council	715.44	834.68	953.92	1,073.16	1,311.64	1,550.12	1,788.60	2,146.32
Holmer & Shelwick Parish Council	702.98	820.14	937.30	1,054.47	1,288.80	1,523.12	1,757.45	2,108.94
Hope Mansell Parish Council	695.87	811.84	927.82	1,043.80	1,275.76	1,507.71	1,739.67	2,087.60
Hope under Dinmore Group Parish Council	706.78	824.56	942.36	1,060.16	1,295.76	1,531.34	1,766.94	2,120.32
How Caple, Sollershope & Yatton Group Parish Council	706.05	823.72	941.39	1,059.07	1,294.42	1,529.77	1,765.12	2,118.14
Humber, Stoke Prior & Ford Group Parish Council	703.14	820.32	937.51	1,054.70	1,289.08	1,523.45	1,757.84	2,109.40

ANNEX 1 (ii)

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Huntington Parish Council	702.59	819.68	936.78	1,053.88	1,288.08	1,522.27	1,756.47	2,107.76
Kentchurch Parish Council	715.25	834.45	953.66	1,072.87	1,311.29	1,549.70	1,788.12	2,145.74
Kilpeck Group Parish Council	717.16	836.67	956.20	1,075.73	1,314.79	1,553.83	1,792.89	2,151.46
Kimbolton Parish Council	707.56	825.47	943.40	1,061.33	1,297.19	1,533.03	1,768.89	2,122.66
Kings Caple Parish Council	710.60	829.03	947.46	1,065.90	1,302.77	1,539.63	1,776.50	2,131.80
Kingsland Parish Council	701.82	818.78	935.75	1,052.72	1,286.66	1,520.59	1,754.54	2,105.44
Kingstone & Thruxton Group Parish Council	705.40	822.95	940.52	1,058.09	1,293.23	1,528.35	1,763.49	2,116.18
Kington Rural and Lower Harpton Group Parish Council	701.23	818.09	934.97	1,051.84	1,285.59	1,519.32	1,753.07	2,103.68
Kington Town Council	731.91	853.89	975.87	1,097.86	1,341.83	1,585.80	1,829.77	2,195.72
Kinnersley and District Group Parish Council	704.16	821.51	938.87	1,056.23	1,290.95	1,525.66	1,760.39	2,112.46
Lea Parish Council	710.14	828.49	946.85	1,065.21	1,301.93	1,538.64	1,775.35	2,130.42
Ledbury Town Council	736.96	859.78	982.61	1,105.44	1,351.10	1,596.75	1,842.40	2,210.88
Leintwardine Group Parish Council	711.80	830.43	949.06	1,067.70	1,304.97	1,542.23	1,779.50	2,135.40
Leominster Town Council	723.24	843.78	964.32	1,084.86	1,325.94	1,567.02	1,808.10	2,169.72
Linton Parish Council	703.54	820.78	938.04	1,055.30	1,289.82	1,524.32	1,758.84	2,110.60
Little Birch Parish Council	706.36	824.07	941.80	1,059.53	1,294.99	1,530.43	1,765.89	2,119.06
Little Dewchurch Parish Council	716.78	836.24	955.70	1,075.17	1,314.10	1,553.02	1,791.95	2,150.34
Llangarron Parish Council	701.00	817.83	934.66	1,051.50	1,285.17	1,518.83	1,752.50	2,103.00
Llanwarne & District Group Parish Council	699.51	816.09	932.67	1,049.26	1,282.43	1,515.60	1,748.77	2,098.52
Longtown Group Parish Council	704.93	822.41	939.90	1,057.39	1,292.37	1,527.34	1,762.32	2,114.78
Lower Bullingham Parish Council	703.80	821.10	938.40	1,055.70	1,290.30	1,524.90	1,759.50	2,111.40
Luston Group Parish Council	702.70	819.81	936.93	1,054.05	1,288.29	1,522.52	1,756.75	2,108.10
Lyonshall Parish Council	704.26	821.63	939.01	1,056.39	1,291.15	1,525.90	1,760.65	2,112.78
Madley Parish Council	704.88	822.36	939.84	1,057.32	1,292.28	1,527.24	1,762.20	2,114.64
Marden Parish Council	716.94	836.43	955.92	1,075.41	1,314.39	1,553.37	1,792.35	2,150.82
Marstow Parish Council	708.08	826.09	944.10	1,062.12	1,298.15	1,534.17	1,770.20	2,124.24
Mathon Parish Council (incl. Malvern Hills Conservators)	729.63	851.22	972.83	1,094.44	1,337.66	1,580.86	1,824.07	2,188.88
Middleton-on-the-Hill and Leysters Group Parish Council	706.51	824.25	942.01	1,059.76	1,295.27	1,530.76	1,766.27	2,119.52
Monkland and Stretford Parish Council	709.44	827.68	945.92	1,064.16	1,300.64	1,537.12	1,773.60	2,128.32
Moreton on Lugg Parish Council	738.50	861.57	984.66	1,107.74	1,353.91	1,600.07	1,846.24	2,215.48
Much Birch Parish Council	703.81	821.10	938.41	1,055.71	1,290.32	1,524.91	1,759.52	2,111.42
Much Cowarne Group Parish Council	707.50	825.41	943.33	1,061.25	1,297.09	1,532.92	1,768.75	2,122.50
Much Dewchurch Parish Council	705.99	823.65	941.31	1,058.98	1,294.31	1,529.64	1,764.97	2,117.96
Much Marcle Parish Council	706.06	823.72	941.40	1,059.08	1,294.44	1,529.78	1,765.14	2,118.16
North Bromyard Group Parish Council	703.72	820.99	938.28	1,055.57	1,290.15	1,524.71	1,759.29	2,111.14
Ocle Pychard Parish Council	704.45	821.85	939.26	1,056.67	1,291.49	1,526.30	1,761.12	2,113.34
Orcop Parish Council	707.79	825.75	943.71	1,061.68	1,297.61	1,533.54	1,769.47	2,123.36
Orleton Parish Council	717.57	837.16	956.75	1,076.35	1,315.54	1,554.73	1,793.92	2,152.70
Pembridge Parish Council	717.97	837.62	957.29	1,076.95	1,316.28	1,555.59	1,794.92	2,153.90
Pencombe Group Parish Council	716.20	835.55	954.92	1,074.29	1,313.03	1,551.75	1,790.49	2,148.58
Peterchurch Parish Council	707.44	825.34	943.25	1,061.16	1,296.98	1,532.79	1,768.60	2,122.32
Peterstow Parish Council	705.42	822.99	940.56	1,058.13	1,293.27	1,528.41	1,763.55	2,116.26
Pipe and Lyde Parish Council	701.72	818.66	935.62	1,052.57	1,286.48	1,520.38	1,754.29	2,105.14
Pixley & District Parish Council	704.78	822.24	939.70	1,057.17	1,292.10	1,527.02	1,761.95	2,114.34
Putley Parish Council	721.96	842.28	962.61	1,082.94	1,323.60	1,564.25	1,804.90	2,165.88
Pyons Group Parish Council	702.89	820.03	937.18	1,054.33	1,288.63	1,522.92	1,757.22	2,108.66
Richard's Castle Parish Council	708.99	827.15	945.31	1,063.48	1,299.81	1,536.14	1,772.47	2,126.96
Ross-on-Wye Town Council	731.69	853.63	975.58	1,097.53	1,341.43	1,585.32	1,829.22	2,195.06
Ross Rural Parish Council	701.20	818.05	934.92	1,051.79	1,285.53	1,519.25	1,752.99	2,103.58
Sellack Parish Council	702.06	819.06	936.07	1,053.08	1,287.10	1,521.11	1,755.14	2,106.16
Shobdon Parish Council	709.29	827.50	945.71	1,063.93	1,300.36	1,536.79	1,773.22	2,127.86
St. Weonards Parish Council	702.52	819.60	936.69	1,053.78	1,287.96	1,522.13	1,756.30	2,107.56
Stapleton Group Parish Council	718.84	838.63	958.44	1,078.25	1,317.87	1,557.47	1,797.09	2,156.50
Staunton-on-Wye and District Group Parish Council	704.88	822.36	939.84	1,057.32	1,292.28	1,527.24	1,762.20	2,114.64
Stoke Edith Parish Meeting	695.87	811.84	927.82	1,043.80	1,275.76	1,507.71	1,739.67	2,087.60
Stoke Lacy Parish Council	709.69	827.96	946.25	1,064.53	1,301.10	1,537.65	1,774.22	2,129.06
Stretton Grandison Group Parish Council	700.75	817.53	934.33	1,051.12	1,284.71	1,518.28	1,751.87	2,102.24
Stretton Sugwas Parish Council	709.55	827.80	946.06	1,064.32	1,300.84	1,537.35	1,773.87	2,128.64
Sutton Parish Council	722.34	842.73	963.12	1,083.51	1,324.29	1,565.07	1,805.85	2,167.02
Tarrington Parish Council	719.90	839.88	959.86	1,079.85	1,319.82	1,559.78	1,799.75	2,159.70
Thornbury Group Parish Council	701.96	818.94	935.94	1,052.93	1,286.92	1,520.90	1,754.89	2,105.86

ANNEX 1 (ii)

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Titley and District Group Parish Council	705.27	822.81	940.35	1,057.90	1,292.99	1,528.08	1,763.17	2,115.80
Upton Bishop Parish Council	715.20	834.39	953.59	1,072.79	1,311.19	1,549.58	1,787.99	2,145.58
Vowchurch & District Group Parish Council	704.59	822.01	939.45	1,056.88	1,291.75	1,526.60	1,761.47	2,113.76
Walford Parish Council	707.06	824.89	942.74	1,060.58	1,296.27	1,531.95	1,767.64	2,121.16
Wellington Parish Council	706.96	824.78	942.61	1,060.44	1,296.10	1,531.75	1,767.40	2,120.88
Wellington Heath Parish Council	710.10	828.45	946.80	1,065.15	1,301.85	1,538.55	1,775.25	2,130.30
Welsh Newton & Llanrothal Group Parish Council	709.58	827.84	946.10	1,064.37	1,300.90	1,537.42	1,773.95	2,128.74
Weobley Parish Council	705.22	822.75	940.29	1,057.83	1,292.91	1,527.98	1,763.05	2,115.66
Weston Beggard Parish Council	699.92	816.56	933.22	1,049.87	1,283.18	1,516.48	1,749.79	2,099.74
Weston-under-Penyard Parish Council	702.92	820.07	937.22	1,054.38	1,288.69	1,522.99	1,757.30	2,108.76
Whitbourne Parish Council	710.82	829.29	947.76	1,066.23	1,303.17	1,540.11	1,777.05	2,132.46
Whitchurch & Ganarew Group Parish Council	705.57	823.16	940.75	1,058.35	1,293.54	1,528.73	1,763.92	2,116.70
Wigmore Group Parish Council	713.98	832.97	951.97	1,070.97	1,308.97	1,546.96	1,784.95	2,141.94
Withington Group Parish Council	710.79	829.25	947.71	1,066.18	1,303.11	1,540.04	1,776.97	2,132.36
Woolhope Parish Council	711.64	830.23	948.84	1,067.45	1,304.67	1,541.87	1,779.09	2,134.90
Wyeside Group Parish Council	703.88	821.19	938.50	1,055.82	1,290.45	1,525.07	1,759.70	2,111.64
Yarkhill Parish Council	719.44	839.33	959.24	1,079.15	1,318.97	1,558.77	1,798.59	2,158.30
Yarpole Group Parish Council	711.53	830.11	948.70	1,067.29	1,304.47	1,541.64	1,778.82	2,134.58
<p>Being the amounts given by multiplying the amounts at 2(g) and Annex 1(i) - (Special Items) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.</p>								

Police Authority precept requirement for each valuation band

	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
West Mercia Police Authority	100.16	116.86	133.55	150.24	183.63	217.02	250.41	300.49

On 14th February 2006 West Mercia Police Authority set a Budget Requirement of £176,766,000, requiring a precept from Herefordshire Council of £10,254,740 for 2006/2007. The Band D Council Tax Charge for West Mercia Police Authority amounts to £150.24 (an increase of 4.94% over 2005/2006).

That it be noted for the year 2006/2007 West Mercia Police Authority have stated the above amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown above.

Fire Authority precept requirement for each valuation band

	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hereford & Worcester Fire and Rescue Authority	41.30	48.18	55.06	61.95	75.71	89.48	103.25	123.89

On 15th February 2006 Hereford & Worcester Fire and Rescue Authority set a Budget Requirement of £27,061,000 requiring a precept from Herefordshire Council of £4,228,147.47 for 2006/2007. The Band D Council Tax Charge for Hereford & Worcester Fire and Rescue Authority amounts to £61.95 (an increase of 4.91% over 2005/2006).

That it be noted for the year 2006/2007 Hereford & Worcester Fire and Rescue Authority have stated the above amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown above.

Council Tax for each valuation band, by Parish, including the Police & Fire precepts								
	VALUATION BANDS							
PARISH	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbeystead & Bacton Group Parish Council	855.84	998.47	1,141.11	1,283.75	1,569.03	1,854.31	2,139.60	2,567.50
Aconbury Parish Meeting	838.36	978.08	1,117.80	1,257.53	1,536.98	1,816.43	2,095.90	2,515.06
Acton Beauchamp Group	844.02	984.69	1,125.35	1,266.03	1,547.37	1,828.71	2,110.06	2,532.06
Allensmore Parish Council	840.11	980.12	1,120.14	1,260.16	1,540.20	1,820.23	2,100.28	2,520.32
Almeley Parish Council	853.12	995.30	1,137.48	1,279.67	1,564.04	1,848.41	2,132.80	2,559.34
Ashperton Parish Council	854.80	997.26	1,139.72	1,282.19	1,567.12	1,852.05	2,137.00	2,564.38
Aston Ingham Parish Council	843.08	983.58	1,124.09	1,264.61	1,545.64	1,826.66	2,107.70	2,529.22
Avenbury Parish Council	848.84	990.31	1,131.78	1,273.26	1,556.21	1,839.16	2,122.11	2,546.52
Aymestrey Parish Council	846.80	987.92	1,129.05	1,270.19	1,552.46	1,834.72	2,117.00	2,540.38
Ballingham Bolstone & Hentland Group Parish Council	846.41	987.47	1,128.54	1,269.61	1,551.75	1,833.88	2,116.03	2,539.22
Bartestree & Lugwardine Group Parish Council	854.54	996.96	1,139.38	1,281.81	1,566.66	1,851.51	2,136.36	2,563.62
Belmont Rural Parish Council	846.98	988.13	1,129.29	1,270.46	1,552.79	1,835.11	2,117.45	2,540.92
Birley with Upper Hill Parish Council	846.50	987.58	1,128.66	1,269.75	1,551.92	1,834.09	2,116.26	2,539.50
Bishop's Frome Parish Council	866.26	1,010.63	1,155.00	1,299.38	1,588.13	1,876.88	2,165.65	2,598.76
Bishopstone & District Group Parish Council	849.05	990.55	1,132.06	1,273.57	1,556.59	1,839.60	2,122.63	2,547.14
Bodenham Parish Council	845.49	986.40	1,127.31	1,268.23	1,550.06	1,831.89	2,113.73	2,536.46
Border Group Parish Council	848.25	989.62	1,130.99	1,272.37	1,555.12	1,837.87	2,120.63	2,544.74
Bosbury and Coddington Parish Council	843.71	984.32	1,124.94	1,265.56	1,546.80	1,828.03	2,109.28	2,531.12
Brampton Abbots & Foy Group Parish Council	843.78	984.41	1,125.03	1,265.67	1,546.93	1,828.19	2,109.46	2,531.34
Bredenbury & District Group Parish Council	844.32	985.04	1,125.75	1,266.48	1,547.92	1,829.36	2,110.81	2,532.96
Breinton Parish Council	846.59	987.68	1,128.78	1,269.88	1,552.08	1,834.27	2,116.48	2,539.76
Bridstow Parish Council	847.23	988.43	1,129.63	1,270.84	1,553.25	1,835.66	2,118.08	2,541.68
Brilley Parish Council	847.20	988.40	1,129.59	1,270.80	1,553.20	1,835.60	2,118.01	2,541.60
Brimfield and Little Hereford Group Parish Council	846.50	987.58	1,128.66	1,269.75	1,551.92	1,834.09	2,116.26	2,539.50
Brockhampton Parish Council	849.96	991.61	1,133.27	1,274.93	1,558.25	1,841.57	2,124.90	2,549.86
Brockhampton Group Parish Council	854.14	996.49	1,138.84	1,281.20	1,565.91	1,850.62	2,135.35	2,562.40
Bromyard & Winslow Town Council	881.64	1,028.57	1,175.51	1,322.45	1,616.33	1,910.21	2,204.10	2,644.90
Burghill Parish Council	846.82	987.95	1,129.08	1,270.22	1,552.49	1,834.76	2,117.05	2,540.44
Callow & Haywood Group Parish Council	842.72	983.17	1,123.62	1,264.08	1,544.99	1,825.90	2,106.81	2,528.16
Clethonger Parish Council	853.64	995.90	1,138.17	1,280.45	1,565.00	1,849.54	2,134.10	2,560.90
Clifford Parish Council	849.78	991.40	1,133.03	1,274.66	1,557.92	1,841.18	2,124.45	2,549.32
Colwall Parish Council (incl. Malvern Hills Conservators)	882.47	1,029.54	1,176.62	1,323.70	1,617.86	1,912.01	2,206.18	2,647.40
Cradley Parish Council	848.84	990.31	1,131.78	1,273.26	1,556.21	1,839.16	2,122.11	2,546.52
Credenhill Parish Council	855.50	998.08	1,140.66	1,283.25	1,568.42	1,853.59	2,138.76	2,566.50
Cusop Parish Council	855.82	998.45	1,141.08	1,283.72	1,568.99	1,854.26	2,139.55	2,567.44
Dilwyn Parish Council	859.48	1,002.72	1,145.96	1,289.21	1,575.70	1,862.19	2,148.70	2,578.42
Dinedor Parish Council	863.00	1,006.83	1,150.66	1,294.50	1,582.17	1,869.84	2,157.51	2,589.00
Dinmore Parish Meeting	837.33	976.88	1,116.43	1,255.99	1,535.10	1,814.21	2,093.33	2,511.98
Dormington & Mordiford Group Parish Council	848.28	989.66	1,131.03	1,272.42	1,555.18	1,837.94	2,120.71	2,544.84
Dorstone Parish Council	844.45	985.19	1,125.92	1,266.67	1,548.15	1,829.64	2,111.13	2,533.34
Eardisland Parish Council	863.45	1,007.35	1,151.26	1,295.17	1,582.99	1,870.80	2,158.63	2,590.34
Eardisley Group Parish Council	846.53	987.61	1,128.70	1,269.79	1,551.97	1,834.14	2,116.33	2,539.58
Eastnor & Donnington Parish Council	844.18	984.87	1,125.56	1,266.26	1,547.65	1,829.04	2,110.45	2,532.52
Eaton Bishop Parish Council	850.78	992.58	1,134.37	1,276.17	1,559.76	1,843.36	2,126.96	2,552.34
Ewyas Harold Group Parish Council	860.09	1,003.43	1,146.78	1,290.13	1,576.83	1,863.52	2,150.23	2,580.26
Fownhope Parish Council	862.12	1,005.80	1,149.48	1,293.17	1,580.54	1,867.91	2,155.30	2,586.34
Foxley Parish Council	842.54	982.95	1,123.37	1,263.80	1,544.65	1,825.49	2,106.35	2,527.60
Garway Parish Council	851.92	993.91	1,135.89	1,277.88	1,561.85	1,845.83	2,129.81	2,555.76
Goodrich & Welsh Bicknor Group Parish Council	849.34	990.90	1,132.45	1,274.01	1,557.12	1,840.24	2,123.36	2,548.02
Hampton Bishop Parish Council	851.16	993.02	1,134.87	1,276.74	1,560.46	1,844.18	2,127.91	2,553.48
Hampton Charles Parish Meeting	837.33	976.88	1,116.43	1,255.99	1,535.10	1,814.21	2,093.33	2,511.98
Hatfield and District Group Parish Council	845.32	986.20	1,127.08	1,267.97	1,549.74	1,831.51	2,113.30	2,535.94
Hereford City Council	857.88	1,000.85	1,143.83	1,286.81	1,572.77	1,858.73	2,144.70	2,573.62
Holme Lacy Parish Council	856.90	999.72	1,142.53	1,285.35	1,570.98	1,856.62	2,142.26	2,570.70
Holmer & Shelwick Parish Council	844.44	985.18	1,125.91	1,266.66	1,548.14	1,829.62	2,111.11	2,533.32
Hope Mansell Parish Council	837.33	976.88	1,116.43	1,255.99	1,535.10	1,814.21	2,093.33	2,511.98
Hope under Dinmore Group Parish Council	848.24	989.60	1,130.97	1,272.35	1,555.10	1,837.84	2,120.60	2,544.70
How Caple, Sollershope & Yatton Group Parish Council	847.51	988.76	1,130.00	1,271.26	1,553.76	1,836.27	2,118.78	2,542.52
Humber, Stoke Prior & Ford Group Parish Council	844.60	985.36	1,126.12	1,266.89	1,548.42	1,829.95	2,111.50	2,533.78
Huntington Parish Council	844.05	984.72	1,125.39	1,266.07	1,547.42	1,828.77	2,110.13	2,532.14
Kentchurch Parish Council	856.71	999.49	1,142.27	1,285.06	1,570.63	1,856.20	2,141.78	2,570.12

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Kilpeck Group Parish Council	858.62	1,001.71	1,144.81	1,287.92	1,574.13	1,860.33	2,146.55	2,575.84
Kimbolton Parish Council	849.02	990.51	1,132.01	1,273.52	1,556.53	1,839.53	2,122.55	2,547.04
Kings Caple Parish Council	852.06	994.07	1,136.07	1,278.09	1,562.11	1,846.13	2,130.16	2,556.18
Kingsland Parish Council	843.28	983.82	1,124.36	1,264.91	1,546.00	1,827.09	2,108.20	2,529.82
Kingstone & Thrupton Group Parish Council	846.86	987.99	1,129.13	1,270.28	1,552.57	1,834.85	2,117.15	2,540.56
Kington Rural and Lower Harpton Group Parish Council	842.69	983.13	1,123.58	1,264.03	1,544.93	1,825.82	2,106.73	2,528.06
Kington Town Council	873.37	1,018.93	1,164.48	1,310.05	1,601.17	1,892.30	2,183.43	2,620.10
Kinnersley and District Group Parish Council	845.62	986.55	1,127.48	1,268.42	1,550.29	1,832.16	2,114.05	2,536.84
Lea Parish Council	851.60	993.53	1,135.46	1,277.40	1,561.27	1,845.14	2,129.01	2,554.80
Ledbury Town Council	878.42	1,024.82	1,171.22	1,317.63	1,610.44	1,903.25	2,196.06	2,635.26
Leintwardine Group Parish Council	853.26	995.47	1,137.67	1,279.89	1,564.31	1,848.73	2,133.16	2,559.78
Leominster Town Council	864.70	1,008.82	1,152.93	1,297.05	1,585.28	1,873.52	2,161.76	2,594.10
Linton Parish Council	845.00	985.82	1,126.65	1,267.49	1,549.16	1,830.82	2,112.50	2,534.98
Little Birch Parish Council	847.82	989.11	1,130.41	1,271.72	1,554.33	1,836.93	2,119.55	2,543.44
Little Dewchurch Parish Council	858.24	1,001.28	1,144.31	1,287.36	1,573.44	1,859.52	2,145.61	2,574.72
Llangarron Parish Council	842.46	982.87	1,123.27	1,263.69	1,544.51	1,825.33	2,106.16	2,527.38
Llanwarne & District Group Parish Council	840.97	981.13	1,121.28	1,261.45	1,541.77	1,822.10	2,102.43	2,522.90
Longtown Group Parish Council	846.39	987.45	1,128.51	1,269.58	1,551.71	1,833.84	2,115.98	2,539.16
Lower Bullingham Parish Council	845.26	986.14	1,127.01	1,267.89	1,549.64	1,831.40	2,113.16	2,535.78
Luston Group Parish Council	844.16	984.85	1,125.54	1,266.24	1,547.63	1,829.02	2,110.41	2,532.48
Lyonshall Parish Council	845.72	986.67	1,127.62	1,268.58	1,550.49	1,832.40	2,114.31	2,537.16
Madley Parish Council	846.34	987.40	1,128.45	1,269.51	1,551.62	1,833.74	2,115.86	2,539.02
Marden Parish Council	858.40	1,001.47	1,144.53	1,287.60	1,573.73	1,859.87	2,146.01	2,575.20
Marstow Parish Council	849.54	991.13	1,132.71	1,274.31	1,557.49	1,840.67	2,123.86	2,548.62
Mathon Parish Council (incl. Malvern Hills Conservators)	871.09	1,016.26	1,161.44	1,306.63	1,597.00	1,887.36	2,177.73	2,613.26
Middleton-on-the-Hill and Leysters Group Parish Council	847.97	989.29	1,130.62	1,271.95	1,554.61	1,837.26	2,119.93	2,543.90
Monkland and Stretford Parish Council	850.90	992.72	1,134.53	1,276.35	1,559.98	1,843.62	2,127.26	2,552.70
Moreton on Lugg Parish Council	879.96	1,026.61	1,173.27	1,319.93	1,613.25	1,906.57	2,199.90	2,639.86
Much Birch Parish Council	845.27	986.14	1,127.02	1,267.90	1,549.66	1,831.41	2,113.18	2,535.80
Much Cowarne Group Parish Council	848.96	990.45	1,131.94	1,273.44	1,556.43	1,839.42	2,122.41	2,546.88
Much Dewchurch Parish Council	847.45	988.69	1,129.92	1,271.17	1,553.65	1,836.14	2,118.63	2,542.34
Much Marcle Parish Council	847.52	988.76	1,130.01	1,271.27	1,553.78	1,836.28	2,118.80	2,542.54
North Bromyard Group Parish Council	845.18	986.03	1,126.89	1,267.76	1,549.49	1,831.21	2,112.95	2,535.52
Ocle Pychard Parish Council	845.91	986.89	1,127.87	1,268.86	1,550.83	1,832.80	2,114.78	2,537.72
Orcop Parish Council	849.25	990.79	1,132.32	1,273.87	1,556.95	1,840.04	2,123.13	2,547.74
Orleton Parish Council	859.03	1,002.20	1,145.36	1,288.54	1,574.88	1,861.23	2,147.58	2,577.08
Pembridge Parish Council	859.43	1,002.66	1,145.90	1,289.14	1,575.62	1,862.09	2,148.58	2,578.28
Pencombe Group Parish Council	857.66	1,000.59	1,143.53	1,286.48	1,572.37	1,858.25	2,144.15	2,572.96
Peterchurch Parish Council	848.90	990.38	1,131.86	1,273.35	1,556.32	1,839.29	2,122.26	2,546.70
Peterstow Parish Council	846.88	988.03	1,129.17	1,270.32	1,552.61	1,834.91	2,117.21	2,540.64
Pipe and Lyde Parish Council	843.18	983.70	1,124.23	1,264.76	1,545.82	1,826.88	2,107.95	2,529.52
Pixley & District Parish Council	846.24	987.28	1,128.31	1,269.36	1,551.44	1,833.52	2,115.61	2,538.72
Putley Parish Council	863.42	1,007.32	1,151.22	1,295.13	1,582.94	1,870.75	2,158.56	2,590.26
Pyons Group Parish Council	844.35	985.07	1,125.79	1,266.52	1,547.97	1,829.42	2,110.88	2,533.04
Richard's Castle Parish Council	850.45	992.19	1,133.92	1,275.67	1,559.15	1,842.64	2,126.13	2,551.34
Ross-on-Wye Town Council	873.15	1,018.67	1,164.19	1,309.72	1,600.77	1,891.82	2,182.88	2,619.44
Ross Rural Parish Council	842.66	983.09	1,123.53	1,263.98	1,544.87	1,825.75	2,106.65	2,527.96
Sellack Parish Council	843.52	984.10	1,124.68	1,265.27	1,546.44	1,827.61	2,108.80	2,530.54
Shobdon Parish Council	850.75	992.54	1,134.32	1,276.12	1,559.70	1,843.29	2,126.88	2,552.24
St. Weonards Parish Council	843.98	984.64	1,125.30	1,265.97	1,547.30	1,828.63	2,109.96	2,531.94
Stapleton Group Parish Council	860.30	1,003.67	1,147.05	1,290.44	1,577.21	1,863.97	2,150.75	2,580.88
Staunton-on-Wye and District Group Parish Council	846.34	987.40	1,128.45	1,269.51	1,551.62	1,833.74	2,115.86	2,539.02
Stoke Edith Parish Meeting	837.33	976.88	1,116.43	1,255.99	1,535.10	1,814.21	2,093.33	2,511.98
Stoke Lacy Parish Council	851.15	993.00	1,134.86	1,276.72	1,560.44	1,844.15	2,127.88	2,553.44
Stretton Grandison Group Parish Council	842.21	982.57	1,122.94	1,263.31	1,544.05	1,824.78	2,105.53	2,526.62
Stretton Sugwas Parish Council	851.01	992.84	1,134.67	1,276.51	1,560.18	1,843.85	2,127.53	2,553.02
Sutton Parish Council	863.80	1,007.77	1,151.73	1,295.70	1,583.63	1,871.57	2,159.51	2,591.40
Tarrington Parish Council	861.36	1,004.92	1,148.47	1,292.04	1,579.16	1,866.28	2,153.41	2,584.08
Thornbury Group Parish Council	843.42	983.98	1,124.55	1,265.12	1,546.26	1,827.40	2,108.55	2,530.24
Titely and District Group Parish Council	846.73	987.85	1,128.96	1,270.09	1,552.33	1,834.58	2,116.83	2,540.18
Upton Bishop Parish Council	856.66	999.43	1,142.20	1,284.98	1,570.53	1,856.08	2,141.65	2,569.96
Vowchurch & District Group Parish Council	846.05	987.05	1,128.06	1,269.07	1,551.09	1,833.10	2,115.13	2,538.14
Walford Parish Council	848.52	989.93	1,131.35	1,272.77	1,555.61	1,838.45	2,121.30	2,545.54

ANNEX 1 (v)

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Wellington Parish Council	848.42	989.82	1,131.22	1,272.63	1,555.44	1,838.25	2,121.06	2,545.26
Wellington Heath Parish Council	851.56	993.49	1,135.41	1,277.34	1,561.19	1,845.05	2,128.91	2,554.68
Welsh Newton & Llanrothal Group Parish Council	851.04	992.88	1,134.71	1,276.56	1,560.24	1,843.92	2,127.61	2,553.12
Weobley Parish Council	846.68	987.79	1,128.90	1,270.02	1,552.25	1,834.48	2,116.71	2,540.04
Weston Beggard Parish Council	841.38	981.60	1,121.83	1,262.06	1,542.52	1,822.98	2,103.45	2,524.12
Weston-under-Penyard Parish Council	844.38	985.11	1,125.83	1,266.57	1,548.03	1,829.49	2,110.96	2,533.14
Whitbourne Parish Council	852.28	994.33	1,136.37	1,278.42	1,562.51	1,846.61	2,130.71	2,556.84
Whitchurch & Ganarew Group Parish Council	847.03	988.20	1,129.36	1,270.54	1,552.88	1,835.23	2,117.58	2,541.08
Wigmore Group Parish Council	855.44	998.01	1,140.58	1,283.16	1,568.31	1,853.46	2,138.61	2,566.32
Withington Group Parish Council	852.25	994.29	1,136.32	1,278.37	1,562.45	1,846.54	2,130.63	2,556.74
Woolhope Parish Council	853.10	995.27	1,137.45	1,279.64	1,564.01	1,848.37	2,132.75	2,559.28
Wyeside Group Parish Council	845.34	986.23	1,127.11	1,268.01	1,549.79	1,831.57	2,113.36	2,536.02
Yarkhill Parish Council	860.90	1,004.37	1,147.85	1,291.34	1,578.31	1,865.27	2,152.25	2,582.68
Yarpole Group Parish Council	852.99	995.15	1,137.31	1,279.48	1,563.81	1,848.14	2,132.48	2,558.96
That having calculated the aggregate in each case of the amounts at Annex 1(ii), Annex 1(iii) and Annex 1(iv), the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of council tax for the year 2005/2006 for each of the categories of dwellings shown above.								

**REPORT OF THE MEETING OF THE
WEST MERCIA POLICE AUTHORITY
HELD ON 14 FEBRUARY 2006**

Police Restructuring

1. The Police Authority has gratefully appreciated the unanimous support it has received from MPs and the county, district and unitary councils for retaining West Mercia Constabulary. In addition there has been much support from parish and town councils, other organisations and the public.
2. On 6 February 2006 the Home Secretary, Charles Clarke, invited the four police authorities in the West Midlands region (Staffordshire, Warwickshire, West Mercia and West Midlands) to agree to a voluntary merger to establish a new single Regional Force by 24 February 2006.
3. The four police authorities and forces met with the Home Secretary and expressed their continuing concern, which made it very unlikely that these would be resolved before the Home Secretary's deadline of 24 February. However, the other three authorities are still keen to pursue a single Regional Force, which would include West Mercia, once the assurances they have sought have been received.
4. At its meeting held on 14 February 2006 the West Mercia Police Authority unanimously rejected the Home Secretary's call for West Mercia Police Authority to voluntarily amalgamate into a single Regional Force.
5. The Police Authority remains committed to its view that an enhanced West Mercia Strategic Police Service is the best option for local people.
6. It is expected the Home Secretary will serve a notice of intent in early March to merge the four West Midlands forces. This action will initiate a four month period for objection. At the end of the objection period if he is still minded to force a regional merger an order will be laid before the House of Commons and the House of Lords before Parliament's summer recess.
7. The Authority has agreed to meet on 21 March 2006 to consider any notice issued by the Home Secretary and the options available to challenge any proposals.
8. The Authority's website at www.westmerciapoliceauthority.gov.uk provides further information on the restructuring proposals and options.

Budget 2006/2007

9. The Police Authority has set a budget of £176.8 million for the financial year 2006/2007. £112.0 million of this will be received from central government grants, with the balance coming from local Council Taxpayers. This year the Council Tax for a Band D property will be £150.24, an increase of 14p per week. The budget includes gross expenditure of £197.1 million, which is offset by income of £20.3 million.

10. In order to achieve the following improvements the investment in Community Support Officers and equipment will be funded in 2006/07 from the Government's Neighbourhood Policing Fund. An additional £2.9 million will be invested in Protective Services and this will be funded from within existing budgets, efficiency savings and through a fresh strategy of financing capital expenditure.

11. The following improvements in policing are planned for the year ahead.

Improving Local Policing Services

Local Policing Teams – a further 118 Community Support Officers will be recruited to help provide more responsive policing.

Investing in Protective Services

An additional 95 police posts are being created to provide an enhanced Criminal Intelligence Department (CID), to Counter Terrorism and for Civil Protection.

Investing in the Infrastructure and Equipment – Tools to do the Job.

New buildings; Modernised Equipment; better Call Handling and Responsiveness; implementation of the Quality of Service Commitment; and a new training and development programme for new recruits.

12. West Mercia Constabulary continues to be one of the lowest spenders per head of population of forces in England and Wales, whilst also being one of the top performers, and year on year has exceeded its target of 2% efficiency savings. The budget the Authority has set a budget will continue to provide an efficient and effective police service for the people of Herefordshire, Shropshire, Telford & Wrekin and Worcestershire, whilst also making the police more accessible.

13. Although, once again West Mercia received the minimum level of grant from the Government the Authority and the Chief Constable have been able to limit the impact on the council tax payer by accessing grants, realigning existing budgets and developing a fresh strategy of financing capital.

14. The Police Authority is confident that the Chief Constable and his 4000+ officers and staff will not only be able to maintain their existing excellent performance but also deliver service improvements which will have a big impact on the quality of service the public receive.

Capital Programme

15. The Authority has agreed a Capital Programme of £16,874.4 million for 2006/2007.

16. New projects include a £1.859 million investment in Information Technology to improve performance, support neighbourhood policing and Protective

Services, improve internet communication with the public and enhance e-learning facilities.

17. The Programme also includes £0.500 million to provide works under the Disability Discrimination Act (DDA) to ensure public access to West Mercia's buildings. By April 2006, 57% of buildings will be compliant and continued investment over the next three years will ensure that West Mercia becomes fully compliant with the current DDA legislation by 2008/09.

***West Mercia Three Year Strategic Plan and
Annual Joint Policing Plan 2006/07
Incorporating the Best Value Performance Plan***

18. The Authority has agreed the Three-Year Strategy and Policing Plan, which defines the purpose, aims, priorities and key principles for policing in West Mercia for the period 2006 – 2009. The Policing Plan for 2006/07 is incorporated within the plan and gives particular emphasis to the planned outcomes and priorities for the forthcoming year. It also includes the Best Value Performance Plan.
19. A summary of what will be delivered under the 'Four Better Outcomes' during 2006/2007 is shown below.

Reassurance

- *Following pilot schemes in the North Worcestershire Division expand the introduction of Local Policing Teams and ensure that every part of the Force area is served by a Local Police Officer who is known and accessible to the local community.*
- *Redesign the approach to local policing around electoral ward-based structures to ensure close links with locally elected councillors.*
- *Provide easily accessible information to improve public understanding of force policing priorities and the results achieved, and increase awareness of local policing teams.*
- *Develop improved community consultation arrangements to enable local communities to influence police priorities and actions to address them.*
- *Enhance levels of schools involvement so that young people enjoy a positive experience of the police.*
- *Implement the national minimum standards set out in the Quality of Service Commitment, including the national call handling standards by November 2006.*
- *Enhance victim care, in particular by keeping victims updated as to the progress of their case*
- *Improve public satisfaction by listening to the feedback received and being more responsive to their needs.*

- *Produce a Local Policing Summary for 2006/07 and distribute it to every household.*
- *Allocate appropriate resources to support local, regional and national efforts to tackle terrorism and the illegal intimidation by animal rights and other extremists. Work closely with the Serious and Organised Crime Agency (SOCA) to identify threats and inform actions.*
- *Optimise the recruitment, retention and progression opportunities for people from under-represented groups.*
- *Implement new training arrangements for police officer recruits and, wherever possible, integrate this with training opportunities for all other staff.*
- *Maximise the contribution of volunteers*

Reduced crime, increased detections and more offences brought to justice

- *Work in conjunction with our Crime and Disorder Reduction Partnerships to further reduce crime levels, with particular emphasis upon domestic burglary, vehicle crime, violent crime, taking into account new measures within the Violent Crime Reduction Bill*
- *In tandem with our Local Criminal Justice Board, increase the proportion of sanction detections and the number of offences brought to justice with particular emphasis upon results in relation to our priority crimes*
- *Increase our successes in relation to the prosecution of Class A drug dealers*
- *Invest additional resources in financial investigation and other related skills in order to increase the amount of assets seized and recovered in accordance with the Proceeds of Crime Act*
- *Review the Force Control Strategy every six months, to ensure that our specialist central resources are appropriately tasked and targeted in accordance with the National Intelligence Model*
- *Introduce the new national guidance on the investigation of domestic violence incidents and ensure that our policy and procedures are updated to reflect this*
- *Improve information and intelligence sharing with other forces by working towards implementation of the IMPACT programme (as recommended by the Bichard Enquiry).*
- *Work with partners to establish Local Safeguarding Children Boards and implement our duties in safeguarding and promoting the welfare of children*
- *Ensure the Force's compliance with the NCPE (National Centre for Policing Excellence) Codes of Practice, including implementation of the new Code of Practice on information management.*
- *Increase custody capacity at Leominster and improve the efficient use of other cell accommodation, particularly in Herefordshire and Redditch.*

- *Increase significantly capacity and resilience in the provision of protective services by:*
 - *Increasing the Force's Major Incident (Homicide Investigation) capacity*
 - *Increasing the Force's Serious and Organised Crime capacity*
 - *Increasing the Force's capacity and capability to undertake surveillance and other covert techniques*
 - *Continuing to enhance our capacity and capability in the use of Automatic Number Plate Recognition technology to deny criminals the use of the roads*

Reduced disorder and anti-social behaviour

- *Focus on tackling local issues in order to reduce people's concerns about anti-social behaviour and disorder, including vandalism, graffiti and damage to property.*
- *Reinforce the commitment to Local (Neighbourhood) Policing by increasing the number of Community Support Officers (bringing the total number of CSOs to 301), designated with appropriate powers, for deployment within policing teams.*
- *Continue to work with Local Authorities, other partner agencies and licensees to minimise alcohol-related violence, disorder and anti-social behaviour, and undertake co-ordinated and well-publicised enforcement campaigns in order to target alcohol related crime and disorder at key times of the year.*
- *Work with partners, including the Crown Prosecution Service, to target repeat anti-social behaviour offenders, making use of a wide range of potential responses including Anti-social Behaviour Orders (both civil and post conviction), Acceptable Behaviour Contracts, Fixed Penalty Notices and other new powers available through the Anti-Social Behaviour Act 2003*

Reduced road casualties

- *Support Police Divisions in the achievement of local priorities, by providing specialist support in road policing and operations.*
- *Target rural main roads at night, which have proven records of fatal or serious road traffic collisions.*
- *Implement enforcement and education campaigns, including:*
 - *Drink / drug drive offences*
 - *Bad driving*
 - *Seat belt offences*
 - *Mobile phone offences*
 - *Speed offences*
 - *Hotspot targeting*
 - *Bikesafe initiative*

20. Throughout the year the Authority will monitor the performance of the Constabulary against the targets that have been set and later this year will produce its Annual Report on the performance of the Constabulary against the objectives set in the 2005/2006 Policing Plan.
21. The Three-Year Strategy and Policing Plan will be available on the Internet at www.westmercia.police.uk or from the Director to the Police Authority.

Assistant Chief Constable

22. Mr Peter Wright has been appointed as the force's new Assistant Chief Constable. This followed interviews held in early February 2006 when Mr Wright excelled in a strong field of candidates, which reflected the very high reputation West Mercia has in the policing world.
23. Mr Wright brings with him enormous experience and knowledge of West Mercia having served all over the area, including five years as the Chief Superintendent of the Shropshire Division.

Standards Committee

24. Colonel A A Ward of Offenham, near Evesham has been re-appointed as an independent member of the Police Authority's Standards Committee. This Committee exists to promote good working practices and high standards of conduct by members. Mrs V M Ainsworth of Leominster has also been appointed and replaces Mr J Kent of Clun who has retired. The appointments are for a four-year term.

Ambulance Service

25. The Authority has been advised of the consultation being undertaken by the Department of Health into restructuring proposals for the Ambulance Service. The Hereford and Worcester Ambulance Trusts have decided to submit a proposal for a sub-regional structure to be coterminous with the West Mercia Police Authority area. The Police Authority agreed to write a joint letter of support with the Chief Constable based on the provision of shared services and the advantages of co-terminosity.

Signed on behalf of the
West Mercia Police Authority

Paul Deneen
Chair

Further Information

Any person wishing to seek further information on the subject matter of this report should contact David Brierley or Ian Payne on Shrewsbury (01743) 344314.

List of Background Papers

In the opinion of the proper officer (in this case the Director of the Police Authority) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the West Mercia Police Authority held 14 February 2006.

REPORT OF THE HEREFORD & WORCESTER FIRE AND RESCUE AUTHORITY TO THE CONSTITUENT AUTHORITIES

Meetings Held on 15 December 2005 and 15 February 2006.

OPERATIONAL ACTIVITY

1. During the period 1 April 2005 to 31st January, 2006 the Service attended a total of 7851 incidents. (This includes all types of Fire, All False Alarms and Special Service Incidents). More statistics and details of notable incidents have been reported to the Authority and can be found on the Service's website (www.hwfire.org.uk).

INTEGRATED RISK MANAGEMENT PLAN

2. The Constituent Authorities have previously been advised of the requirement under the Fire and Rescue National Framework that all Fire and Rescue Services must produce an Integrated Risk Management Plan (IRMP) and associated annual action plans. The purpose of the Plan is to provide a strategic overview of all aspects of service delivery and determine current and future policy. It is intended to make the service more responsive to locally identified needs and better able to deliver community safety. Plans must undergo a full public consultation process for twelve weeks before being adopted by the Authority.
3. In September 2005 the Authority approved a draft Plan for consultation covering the period 2006-09. A number of modifications were made to the Plan in response to replies made during the consultation process.
4. The main themes of the proposals in the Plan remain:
 - Strengthen capacity to improve community safety and reduce risk;
 - Ensure that operational resources are best aligned to areas of greatest risk and need;
 - Realign management resources in order to improve support to frontline services.
 - Update incident command structures and arrangements to assess operational performance;
 - Provide improved support to Fire Stations in rural areas and those Firefighters who work the retained duty system;
 - Prepare for anticipated changes to fire safety legislation and enforcement, principally the Regulatory Reform (Fire Safety) Order; and
 - Ensure that Fire Stations are appropriately located and have the necessary facilities to provide an efficient, effective and economic service in compliance with statutory duties.

BUDGET 2006/07

5. The Authority has set a budget which enables the requirements of the Integrated Risk Management Plan to be met. The Authority's Net Budget Requirement is £27.061 million. The effect on the precept is to give a Band D Tax rate of £61.95 representing a 4.9% increase on 2005/06. (This is an increase of £2.90 a year.)

6. In setting this budget the Authority has noted the effects of the “damping” mechanism the Government has put in place to smooth the effects of the introduction of new formula grant arrangements. This has resulted in the Authority receiving £0.442 million (4.2%) less than it was entitled to on the basis of the formula grant calculation.
7. The Authority now receives the lowest government grant per citizen of any Fire and Rescue Authority and receives only 75% of the average for precepting Fire and Rescue Authorities.

REGIONAL FIRE CONTROL CENTRE

8. The Constituent Authorities have previously been advised of the replacement of the existing 46 local Fire Service control rooms across the Country with 9 regional control centres by the end of 2009. The Regional Fire Control for the West Midlands is to be located in Wolverhampton, the expectation being that the new Centre will be operational by 2009.
9. The Authority continues to be mindful of the significant local risks for the Authority in the short to medium term as the project is implemented and is receiving regular updates on the position. The Integrated Risk Management Plan contains specific reference to how these risks will be monitored and managed to ensure that an efficient and effective Fire Control function is provided until the Regional Control Centre becomes operational. The potential financial implications for the Authority have also been highlighted as part of the budget process.

OPERATIONAL ASSURANCE

10. Operational Assurance is a post Comprehensive Performance Assessment (CPA) initiative aimed at assuring the community of the standard of operational performance and provision provided by the Fire and Rescue Service. Her Majesty’s Fire Service Inspectorate produced a guidance document and an interim toolkit linked to a quality standards approach based upon peer or self-assessment and this is part of the ongoing CPA process.
11. The West Midlands Regional Management Board has initiated a project to develop a regional operational assurance process that is due to be delivered during 2006 and the Service will establish permanent systems in line with this initiative and perhaps contribute to its development. However, there are short-term, potentially high risk issues that may need to be addressed before the regional project is implemented. Therefore, a local project has been commissioned to identify areas of immediate risk and implement corrective action where appropriate. The project will also develop a quality assurance process that matches the national and regional development.

COMMUNITY SAFETY

12. The Authority has noted progress on a wide range of Community Safety initiatives.

Community Fire Safety

13. The Service has extended the education programme to include those in higher education. It is essential that this audience is reached as they begin to live independently. Smoke alarm advice and the opportunity for Home Fire Safety Checks were offered to students during their Freshers week at both Bromsgrove and Redditch Colleges of Higher Education. This should help reduce the number of False Alarm Calls from institutes of higher education.

Power Cuts

14. Evaluation of statistical data has highlighted the increased risks from fire both during and immediately after a power cut affecting domestic properties, a risk which increases during the winter months. Additional safety information has been put onto the Service's website which will also be made available in printed format for distribution from local Fire Stations when crews are aware of a potential problem.

Legislative Fire Safety

Regulatory Reform (Fire Safety) Order 2005

15. Preparation for the introduction of the above Order continues, offering an opportunity for the Service to develop and expand links with the business community.

Arson Prevention

16. Fire Investigation Officers have been working closely with the police to establish cases of arson and help secure convictions. The Service's arson prevention project now forms part of the Local Area Agreement for Worcestershire.

Education Activity

17. Following the successful completion of the first year of delivery of a programme of activity to all year 8 pupils across Herefordshire and Worcestershire on the consequences of malicious calls and deliberate firesetting, the Service is busy piloting the use of an interactive, computerised system, 'Qwizdom', in schools. Children answer questions using a keypad allowing the Education Assistant to quickly evaluate their response and use such observations to adapt and determine future delivery as necessary for a particular school. Qwizdom will soon be used as a key education tool during all year 8 delivery across the two Counties. It is expected that this method of delivery will be extended as an additional delivery tool for the year 5 classes.
18. In addition to teaching key fire safety messages to Key Stages 1, 2 and 3 the Service is developing delivery methods for including both road and water safety in the education work. It is envisaged that a full programme will be in place by the end of this academic year working in partnership with the Royal Life Saving Society UK to deliver the programme of water safety education to all schools in the two Counties.
19. Research into Special Educational Needs and delivery of services to Educational establishments in response to the findings is moving forward rapidly. Strong links with North East Worcestershire College have enabled observation of and delivery of key fire safety messages to students with an array of special needs. This is a diverse and complex issue. Partnership links have been established with Chadsgrove special school for children with physical disabilities in Bromsgrove and a joint working venture is underway in this area. Liaison with other Fire and Rescue Services is also planned. As part of the process of strengthening links with students with special needs Redditch Fire Station accommodated 70 students from Redditch College for their annual Christmas party.
20. Numerous requests for work experience with the Service are in the pipeline and the aim is to accommodate these during the Spring and Summer terms. Crucial Crew was again most successful at Bosbury in September when pupils from numerous Herefordshire Schools attended practical water safety sessions.
21. Following the initial pilot of the Service's new road safety initiative 'Dying to Drive' at Bishop Perowne High School in Worcester in July 2005, an event to accommodate all year 10 pupils from Herefordshire schools is on schedule. Liaison continues with the Youth Offending Team, Police and Herefordshire Council and it is planned to run this

exciting initiative in July 2006.

22. As a lead organisation in the Public Social Health Education (PSHE) curriculum for schools across the two counties, the Service liaises closely with the Local Education Authority (LEA) advisory teams and in particular with Worcestershire Healthy Schools Programme. A high profile event was hosted in 27 January 2006 promoting the work of the Service to key specialists within the education community and giving teachers the opportunity to discuss key issues associated with alcohol and tobacco misuse.

Licensing Act 2003

23. Inspecting Officers in both Herefordshire and Worcestershire took part in the Police-lead "Operation Christmas Presence" campaign which targeted alcohol related issues. Premises inspected consisted mainly of nightclubs and the larger public houses, and with the exception of a few it was found that generally fire safety was satisfactory.

Fire Safety Promotional Activity

24. The first in a series of promotional coasters has been produced for distribution at key business seminars. They will profile Legislative Fire Safety Departments, the Service's Training and Development Centre and also remind businesses about the enhanced skills and good working practice that employing Retained Firefighters can bring.

Diwali/Eid

25. The National Community Fire Safety Centre (NCFSC) produced material targeted at UK based S.E. Asian print and broadcast media to help raise fire safety awareness amongst the ethnic S.E. Asian populations who celebrate Diwali. The Service organised a partnership project with West Midlands Fire Service to further promote Fire Safety Awareness using Radio XL, one of the largest Asian radio stations in the UK. During the broadcast the work the Service does to make staff aware of issues surrounding equality and diversity was also promoted. This will help to build long-term trust and enhance the profile of the Fire Service when reaching out to some of our 'at risk' communities.
26. NCFSC Posters were also distributed in key locations to help raise fire safety awareness amongst the Muslim populations who celebrate Eid. The Service was approached by the NCFSC to conduct a live radio interview for broadcast to the Muslim population across central England on behalf of the Regional Fire Services. Key safety messages were promoted in a format suited to the target audience.

National Mela (18-20 November 2005)

27. Along with other Fire Services in the Midlands, the Service supported the National Mela, aimed at individuals with a background or interest in S.E Asian culture. The aim was to promote the Service's safety agenda and highlight the potential career opportunities the Service has to offer. Fifty-five individuals expressed a direct interest in working for Hereford and Worcester Fire and Rescue Service.

Road Safety

28. Working in Partnership with Worcestershire County Council's Road Safety Team, an advert has been placed in the Worcester County Council Road Safety Guide to highlight the increasing number of serious vehicle-related collisions the Fire Service attends, reminding readers about the main causes of these collisions. Both national and local statistics highlight that driver's lack of attention is the most significant factor in the majority of cases where people are killed or seriously injured in road related

incidents. The Service has also formed a partnership with Ambulance and Police Services to promote the issues surrounding road safety at this time of year.

Equality and Diversity

Strategy

29. Steady progress has been made in aligning the Strategy with objectives from the Race Equality Scheme review. Progress has also continued in developing access and services for disabled people and preparing for the 'positive duty' under the Disability Discrimination Act.
30. The global induction process has been finalised, and this is being aligned to approaches adopted by the Training and Development Centre. A comprehensive employee handbook is being developed in line with good practice. Progress is also continuing against individual objectives.

Fairness at Work Advisory Group

31. The Group will begin to consider the broader implications of changes brought about by the regional work and the review of objectives for the Equality and Diversity Strategy. Next year's targets and priorities will also be established in the planning process.

The Regional Management Board Project (improving opportunities)

32. The Regional Management Board Project is now drawing to a close, with an end date of April 2006 for this initial stage. Four areas of work have been considered: Regional approaches to the Equality Standard for Local Government, and current positions of individual Services; individual approaches to the Equality and Diversity training – designed to establish good practice in the region; Current Equality and Diversity Policy portfolios and how effectively they meet organisational and legislative requirements; The Race Equality Scheme - current positions of each individual service, and its subsequent relationship with legislative duties and good practice.
33. This will ultimately result in a regional Equality and Diversity Strategy designed to unify approaches and establish good practice norms.

ETHICAL GOVERNANCE

34. On the recommendation of the Authority's Standards Committee the Authority has adopted a protocol to govern the use of resources by Members. This is consistent with the Authority's Code of Corporate Governance which puts in place proper arrangements for the governance of the Authority's affairs and the stewardship of the resources at its disposal.
35. One of the recommendations on the ethical standards framework for local government in the Committee on Standards in Public Life's Tenth Report proposed that legislation should be introduced requiring Standards Committees to have a majority of Independent Members. The Standards Committee agreed that there would be merit, irrespective of whether or not legislation was to be forthcoming in recommending that the Authority complied with this suggestion. The Authority has now appointed three additional Independent Members to serve on the Committee.
36. The Standards Committee has stated its intention to undertake an ethical audit of the Authority. The Committee considers that this will assist the Authority in demonstrating that it has robust ethical governance arrangements in place as part of the Comprehensive Performance Assessment Process.

CORPORATE ISSUES

37. The Authority has approved proposals for a Service restructure designed to deliver the Integrated Risk Management Plan (IRMP), address issues raised by the Comprehensive Performance Assessment and respond to other service issues.
38. The Authority is participating in the “Real Improvement, Real Time” Performance Improvement Programme sponsored by the ODPM and the Local Government Association and delivered by PriceWaterhouse Coopers and SOLACE Enterprises. The programme is designed to build an organisation’s capacity. The Authority was one of six Authorities selected to participate in the Fire and Rescue Authority pilot. It is considered that the programme will assist the Authority in delivering a step change in performance improvement across the organisation, addressing key priorities identified through the self-assessment process and recent Comprehensive Performance Assessment report and will support the Authority in delivering excellence in the future.

Finance

39. In addition to preparations for the 2006/07 budget the Authority has received the Auditor’s Report produced by PricewaterhouseCoopers, the Authority’s appointed auditor on the 2005/06 Best Value Performance Plan. No significant matters of concern were identified for inclusion in the statutory report on the Plan.

**PAUL HAYDEN
CHIEF FIRE OFFICER/CHIEF EXECUTIVE
HEREFORD & WORCESTER FIRE AND RESCUE AUTHORITY
FEBRUARY 2006**

FURTHER INFORMATION

Any person wishing to seek further information on this report should contact Carole Williams on 0845 12 24454

Further information on the Fire and Rescue Authority and the Fire and Rescue Service can also be found on the Internet at (www.hwfire.org.uk).

BACKGROUND PAPERS

Agenda papers of the meeting of the Fire and Rescue Authority held on 15 December 2005 and 15 February, 2006.